



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

ESTIMATES

(Budget Estimates)

TUESDAY, 26 MAY 2009

CANBERRA

BY AUTHORITY OF THE SENATE

THIS TRANSCRIPT HAS BEEN PREPARED BY AN EXTERNAL PROVIDER
TO EXPEDITE DELIVERY, THIS TRANSCRIPT HAS NOT BEEN SUBEDITED

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

SENATE FINANCE AND PUBLIC ADMINISTRATION

LEGISLATION COMMITTEE

Tuesday, 26 May 2009

Members: Senator Polley (*Chair*), Senator Bernardi (*Deputy Chair*), Senators Cameron, Jacinta Collins, Ryan and Siewert

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

Senators in attendance: Senators Bernardi, Brandis, Cameron, Jacinta Collins, Forshaw, Fielding, Heffernan, Joyce, Lundy, Marshall, Minchin, Moore, Parry, Polley, Ronaldson, Ryan, Siewert and Trood

Committee met at 9.04 am

PRIME MINISTER AND CABINET PORTFOLIO

Consideration resumed from 25 May 2009

In Attendance

Senator Faulkner, Special Minister of State

Office of the Official Secretary to the Governor-General

Program 1: Support for the Governor-General and Official Activities

Mr Stephen Brady, Official Secretary

Mr Mark Fraser, Deputy Official Secretary

Ms Sharon Prendergast, Director, Australian Honours and Awards Secretariat

Mr Stephen Murtagh, Director, Corporate Services

Department of the Prime Minister and Cabinet

Overview

Mr Mike Mrdak, Deputy Secretary, Governance

Economic and Industry Policy

Output group 1

Mr Stephen Clively, Acting First Assistant Secretary, Industry, Infrastructure and Environment

Division

Mr Dominic English, First Assistant Secretary, Economic Division

Mr Ron Perry, Assistant Secretary, COAG Unit

Social Policy**Output group 2**

Ms Liza Carroll, First Assistant Secretary, Families, Immigration and Social Support
Ms Michelle Patterson, Assistant Secretary, Social Inclusion Unit
Ms Yael Cass, Acting First Assistant Secretary, Social Policy Division
Ms Helen McDevitt, Assistant Secretary, Employment, Education and Skills
Bob Eckhardt, Acting Assistant Secretary, Indigenous Policy
Joe Castellino, Acting Assistant Secretary, Health and Ageing
Ngaire Hosking, Assistant Secretary, Office for Work and Family

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

Mr Angus Campbell, Deputy National Security Adviser
Dr Richard Davis, Acting First Assistant Secretary, Defence, Intelligence and Research Co-ordination Division
Dr Rob Floyd, Acting First Assistant Secretary, Homeland and Border Security Division
Mr Patrick Suckling, Acting First Assistant Secretary, International Division
Mr Duncan Lewis, Associate Secretary (National Security Adviser)

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
Alex Anderson, Acting First Assistant Secretary, Government Division
Dr Wendy Southern, First Assistant Secretary, Cabinet Division
Mr John Cairns, First Assistant Secretary, Ministerial Support Unit
Dr Susan Ball, Acting First Assistant Secretary, Corporate Services Division
Ms Kym Partington, Chief Financial Officer
Ms Alex Marsden, Acting Assistant Secretary, Official Establishments Unit
Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality

Office of the Privacy Commissioner**Output Group 1.1—Complaint handling, compliance and monitoring and education and promotion**

Ms Karen Curtis, Australian Privacy Commissioner
Mr Timothy Pilgrim, Deputy Privacy Commissioner
Mr Mark Hummerston, Assistant Privacy Commissioner
Mr David Richards, Finance and Services Manager

Australian Institute of Family Studies

Professor Alan Hayes, Director, Australian Institute of Family Studies
Dr Matthew Gray, Deputy Director (Research), Australian Institute of Family Studies
Ms Sue Tait, Deputy Director (Corporate & Strategy), Australian Institute of Family Studies

Australian National Audit Office (ANAO)**Outcome 1: Program 1.1 – Assurance Audit Services**

Mr Steve Chapman, Deputy Auditor-General
Mr Anthony Howatson, Chief Financial Officer
Ms Anya Moore, Executive Director, Corporate Management Branch
Mr Warren Cochrane, Group Executive Director, Assurance Audit Services Group
Mr Brian Boyd, Executive Director, Performance Audit Services Group
Mr David Crossley, Executive Director, Performance Audit Services Group

Outcome 2: Program 2.1 – Performance Audit Services

Mr Steve Chapman, Deputy Auditor-General
Mr Matt Cahill, Group Executive Director, Performance Audit Services Group
Mr Peter White, Group Executive Director, Performance Audit Services Group
Mr Michael White, Executive Director, Performance Audit Services Group
Mr Tom Clarke, Executive Director, Performance Audit Services Group
Ms Fran Holbert, Executive Director, Performance Audit Services Group
Mr Grant Caine, Senior Director, Performance Audit Services Group

Australian Public Service Commission

Ms Lynelle Briggs, APS Commissioner
Ms Annwyn Godwin, Acting Deputy Public Service Commissioner
Mr Patrick Palmer, Group Manager, Corporate
Ms Clare Page, Group Manager, National Business Centre
Ms Nicole Pietrucha, Group Manager, Research and Evaluation
Ms Karen Wilson, Group Manager, Workforce Policy
Ms Jacqui Curtis, Group Manager, National Leadership Programmes Centre
Ms Karin Fisher, Group Manager, Ethics
Mr Steve Ramsey, Principal Adviser, Review and Legal
Mr David Mylan, Chief Finance Officer

Office of the Inspector-General of Intelligence and Security

Mr Ian Carnell, Inspector-General

Office of National Assessments

Mr Peter Varghese, Director General
Mr Derryl Triffett, Assistant Director General Corporate and IT Services
Mr Patrick Keane, Director Business Management
Ms Linda Arnold, Accountant Corporate Services

Office of the Commonwealth Ombudsman

Professor John McMillan, Commonwealth Ombudsman
Mr Ronald Brent, Deputy Ombudsman
Ms Diane Merryfull, Acting Deputy Ombudsman
Ms Jill Jepson, Senior Assistant Ombudsman

National Archives of Australia

Mr Ross Gibbs, Director-General
Ms Cheryl Watson, Assistant Director-General, Corporate Services Branch
Ms Karen Sheppard, Director, Finance Section, Corporate Services Branch

Old Parliament House

Ms Jenny Anderson, Director, Old Parliament House.

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 Blair Comley, Deputy Secretary

Outcome 1

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

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

Mr Barry Sterland, First Assistant Secretary, Emissions Trading Division

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

Mr Robert Twomey, Chief Financial Officer

Ms Helen Grinbergs, Assistant Secretary, Coordination and Frameworks Branch

Dr Steve Hatfield-Dodds, Assistant Secretary, Analysis and Projections Branch

Ms Harinder Sidhu, Assistant Secretary, Strategic Policy and Partnerships Branch

Mr Russ Campbell, Assistant Secretary, Electricity Sector Branch

Ms Jenny Wilkinson, Assistant Secretary, Household and Industry Assistance Branch

Ms Anthea Harris, Assistant Secretary, Carbon Market Linkages Branch

Mr Tas Sakellaris, Assistant Secretary, Legislation and Governance Branch

Ms Bernadette Welch, Assistant Secretary, Carbon Pollution Reduction Scheme Implementation Branch

Office of the Renewable Energy Regulator

Mr Amarjot Singh, Acting Renewable Energy Regulator

CHAIR (Senator Polley)—Good morning and welcome back. I declare open this public hearing of the Senate Finance and Public Administration Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2009-10 and related documents for the parliamentary departments, the Prime Minister and Cabinet, Finance and Deregulation, and Human Services portfolio. The committee must report to the Senate on 23 June 2009 and it has set Friday, 10 July 2009, as the date by which answers to questions on notice are to be returned. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised, and which I now incorporate into *Hansard*.

The document read as follows—

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

-
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
- (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
 - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
 - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
 - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
 - (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
 - (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
 - (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
 - (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
 - (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

Department of Prime Minister and Cabinet

CHAIR—The committee will begin today's proceedings with the Department of the Prime Minister and Cabinet and then we will follow with the order as set out in the circulated program. I welcome back the Special Minister of State, Senator the Hon. John Faulkner; the Deputy Secretary, Governance, Mr Mike Mrdak; and other officers of the Department of the Prime Minister and Cabinet.

Senator TROOD—I have some questions about managing pandemics. Can someone help me about that?

Mr Mrdak—We will just get our officers to the table.

Senator TROOD—As I understand it, there is a pandemic emergency task force; is that correct?

Dr Floyd—In the pandemic plan there is a Pandemic Emergency Taskforce, which we stood up initially when the swine flu incident began and which we have currently stood down into a standby mode.

Senator TROOD—There was a task force and it is in border protection; it comes under that area of the department's responsibilities?

Dr Floyd—It is within the Homeland and Border Security Division of the department. That is correct.

Senator TROOD—You stood it up, as you said. When did you do that?

Dr Floyd—We stood it up within a couple of days of the swine flu cases starting to be reported in Mexico and in the US.

Senator TROOD—That was somewhere towards the end of April; is that right?

Dr Floyd—Yes, it would have been.

Senator TROOD—You have now stood it down? Is that also right?

Dr Floyd—That is correct. The role of the Pandemic Emergency Taskforce is to coordinate whole-of-government responses and activities around a pandemic, or pandemic like disease situation, such as the one we have. The primary work of coordination of the health response comes through the Department of Health and Ageing. So the decisions which are about appropriate health measures are all done through the Department of Health and Ageing in consultation with the states and territories through the Australian Health Protection Committee. When there are broader whole-of-government issues that need to be considered, then the Department of the Prime Minister and Cabinet is called together. You would be aware of the recent decisions around school closures. That was driven by health concerns, so the health committees came up with advice. It was then considered through the National Pandemic Emergency Committee that our pandemic emergency team supports. We then stood up that committee to consider that particular issue and the decisions were taken over this last weekend.

Senator TROOD—Forgive my apparent ignorance in this area, but my understanding is that the incidence of swine flu across the country is increasing daily. Yesterday there were, I think, 17 cases and this morning I hear there are 23 cases, so the numbers are increasing. If this is not a pandemic—and it would seem to be somewhat short of it—but there is an incidence and, nevertheless, that needs to be managed, I am a bit mystified as to why a task force was created, stood up, as you said, and then at precisely the time the incidence of infection is increasing around the country and seems to be gaining speed, if I may say so, the task force is actually being stood down. I do not quite understand the logic of that.

Dr Floyd—The task force was originally stood up on 28 April. The focus of activities then were around the delay phase of our response to a pandemic, so it was then considering issues to do with border control measures. That group was very much involved in that activity. Since then, we have had a steady increase around the world of a number of deaths and a number of confirmed cases and then, more recently, in Australia we have had these numbers rising. It is quite conceivable that the Pandemic Emergency Taskforce may stand up again somewhere, and it could even be in the near future. We are continuing to assess this matter. When there is a substantial body of whole-of-government coordination required the Pandemic Emergency Taskforce will stand up again. Now that we are in the 'contain phase' there are new sets of issues and that group will consider them as and when we need to.

Senator TROOD—Isn't the task of managing this activity or this phenomenon more complicated across governments? You said we have moved from the delay phase into a contain phase, which is obviously a more demanding phase of managing the outbreak, I would have thought. It is clearly not something that the Commonwealth itself can do and, as I understand it, the pandemic plan in fact actively involves the states in managing the incidence of outbreak. Why would we not now be in a situation where there is in fact a need for whole-of-government management, not just across the Commonwealth government but in fact across the states and the federal jurisdictions?

Dr Floyd—We are involved in standing up the National Pandemic Emergency Committee as issues come up where we need to coordinate with jurisdictions and with the Australian government. That committee stood up late last week for the purpose of considering the schools' issues and it will stand again, as it needs to. Those senior officials are from first ministers' departments, emergency service departments and health departments in all jurisdictions and the Commonwealth. The NPEC is a mechanism that we are responsible for bringing together as is required and we have done that over the history of this event.

Senator TROOD—How large was the task force originally? How big a group of people is the PET?

Dr Floyd—We had about 12 people in that task force in the early stages as we were coming to grips with this event. It will expand to whatever size is required. There are arrangements for support across the department, as well as across other agencies, to assist in the work of the task force.

Senator TROOD—So 12 is the nominally agreed number which is appropriate to staffing the task force?

Dr Floyd—It was the number that were required in the early stage.

Senator TROOD—Is there a nominal figure as to how big the task force should be?

Dr Floyd—No, there is not.

Senator TROOD—I understand Mr Eckhardt is in charge of that. Is that correct?

Dr Floyd—At the early stage Mr Eckhardt was in charge of the task force, but he has gone back to other areas.

Senator TROOD—He was there on 28 April, was he?

Dr Floyd—Yes, he would have been.

Senator TROOD—Is he still there or is he nominally—

Dr Floyd—Now, he has returned to other duties in the department.

Senator TROOD—In your department or in some other department?

Dr Floyd—In our department.

Senator TROOD—When did that happen?

Dr Floyd—I will get that information for you.

Senator TROOD—The 12 people you are referring to; are they across agencies or are they essentially PM&C folk?

Dr Floyd—The 12 that we used to stand up the Pandemic Emergency Taskforce in the first instance were all from within the department.

Senator TROOD—If you feel the need to reconstitute the task force, will it comprise 12 again?

Dr Floyd—No, we will form the task force with as many people as are required for the task at hand. We would expect that if there were a full-blown pandemic there would be a very large number of people who would be working in this task force.

Senator TROOD—When do we get to that stage?

Dr Floyd—There are defined phases according to the World Health Organisation and also through the Australian health plan and the national pandemic plan. That has determined the kinds of responses that would be appropriate. You are probably well aware that the World Health Organisation at the moment is at level 5 of a possible scale of six.

Senator TROOD—Where are we comparatively?

Dr Floyd—We have our phases which are set, in part, by the World Health Organisation's phases and then we take decisions on the Australian situation. It depends on the incidence and prevalence of the disease within Australia as well as globally.

Senator TROOD—Do we have a numerical system in determining where we are or some other means?

Dr Floyd—At the moment we have some descriptive labels. As I mentioned earlier, we were in the delay phase when we were seeking to keep it out. We are now in the contain phase where we are seeking to limit the spread of the disease within the country.

Senator TROOD—Is 'delay' the lowest phase one can be in? I suppose 'nothing happening' is the lowest.

Dr Floyd—That is right.

Senator TROOD—Is 'delay' equivalent to the WHO's No. 1?

Dr Floyd—I will just have to find the table which compares those levels for you. The lowest phase that we have recognised is called 'alert' and that maps across to the pandemic, the WHO phase No.3.

Senator TROOD—Do you then go to ‘delay’? Are ‘delay’ and ‘contain’ part of our—

Dr Floyd—From ‘alert’ to ‘delay’. ‘Delay’ is the next step up from ‘alert’.

Senator TROOD—That is equivalent to No. 4, is it?

Dr Floyd—The delay phase in our system runs across the WHO’s four, five and into the first part of six. Senator, I can provide you a table which shows the different phases and the definitions as to when you would move into those phases.

Senator TROOD—That would be helpful, Dr Floyd. I would be very grateful for that. Thank you.

Dr Floyd—I would be very happy to do that.

Senator TROOD—‘Contain’ is obviously higher than ‘delay’ and, from what you have just said, ‘delay’ is somewhere between four, five and six. Presumably ‘contain’ is somewhere higher than that, or is it more clearly in five and six?

Dr Floyd—‘Contain’ sits within phase 6.

Senator TROOD—That is one level short of the WHO’s highest emergency or alert level? Is that right?

Dr Floyd—It is still short of the full-blown pandemic phase.

Senator TROOD—How many levels do we have after ‘contain’?

Dr Floyd—Beyond ‘contain’ we move into the ‘sustain’, ‘control’ and then into ‘recover’ phases.

Senator TROOD—I see. The WHO is sufficiently troubled by the situation globally in that it has put the world or its organisation on a six ‘alert’, out of seven, as I understand it. That is clearly very high in the rankings. Is that correct? Do you agree with that? And yet we are, as you have said, in a phase where we are somewhere equivalent to a ranking of five and six and seven, but we do not have any kind of central management arrangements in place. In fact, our Pandemic Emergency Taskforce has been stood down. As I understand it, from what you have told me, you are monitoring the situation but currently there is no plan to reconstitute the taskforce. Is that an accurate understanding of the situation?

Dr Floyd—Yesterday we held discussions about whether we needed to stand up the pandemic emergency task force again or not, so this is very actively and constantly monitored. It does depend on the circumstances within Australia, and the need for the pandemic emergency task force is in the area of whole of government coordination, not in terms of the health response, which is being managed through the Department of Health and Ageing with jurisdictional colleagues. So we are constantly monitoring and working very closely with our health colleagues on the emergence of whole of government issues that may need to be attended to, and as those come along we deal with them. We have a number of staff who are continuing to work full-time on the pandemic issue; although we do not have it formally constituted as a pandemic emergency team, they are still fulfilling that kind of role. So there is a proportionate staffing response that we use, and we continue to engage and monitor whole of government issues as required.

Senator TROOD—How many people are doing that?

Dr Floyd—There are two people most of whose time is still focused on pandemic issues at the moment.

Senator TROOD—We have got two people in PM&C who are doing this. So we have got a situation where, globally, the WHO is telling us that this particular infectious outbreak is at six on their scale of seven; we have got a situation in Australia where incidents of infection are increasing daily, and seem to be increasing not just by modest numbers but significantly—not exponentially, obviously, but increasing. And clearly the Commonwealth as a whole is involved; we are talking about states and territories and the federal government. Yet you do not see the need to improve our capacity to manage the situation.

Dr Floyd—We are constantly monitoring the need for any whole of government coordination; we are responding quickly to any of those needs as they arise and we have arrangements in place to be able to scale up the pandemic emergency task force to meet those needs as they arise.

Senator TROOD—What sorts of numbers of Australians would need to be infected before we might move to the next phase after ‘contain’ and reconstitute the task force?

Dr Floyd—The issue for moving to ‘sustain’ is when the pandemic in Australia is considered to be widespread. At the moment, we have particular outbreaks in particular areas. But I would draw the senators’ attention to the Department of Health and Ageing, who are responsible for determining the phases that we are at within Australia—that is their responsibility, not ours. We are responding to those whole of government issues. So questions on the precise details of the phasing would be best directed to the Department of Health and Ageing.

Senator TROOD—I will take that opportunity when I have a moment to do that, but I am concerned at the moment with PM&C’s response to the situation. We had, I thought, incidents of infection throughout the Commonwealth now. Am I not correct in saying that there were incidents in places yesterday where there had not previously been incidents of infection?

Dr Floyd—There was a least one additional case yesterday which was from Western Australia.

Senator TROOD—So the numbers are increasing and the geographical spread is increasing?

Dr Floyd—That is correct. The case in Western Australia is of a person returning from North America who flew back to Western Australia. So the response there is to work closely with that person—home quarantine and control and observation of any people around that person. So those kinds of actions have now been stood up in Western Australia surrounding that particular person.

Senator TROOD—I see. Just to finish this, Dr Floyd, you were discussing—yesterday, did you say?—the possibility of reconstituting the task force?

Dr Floyd—That is correct.

Senator TROOD—And what was the result of those deliberations?

Dr Floyd—The result of those deliberations is that at this stage we are still working with the two staff that are focusing on this issue. There were not any pressing whole-of-government issues that needed attention being communicated to us from the health department or other colleagues. We had our last national pandemic emergency committee with the jurisdictions last Friday. It was notified to them that we would have another meeting as soon as there were issues that needed to be addressed. We have a high level of vigilance in watching this issue to see when we need to ramp up our response to a higher level.

Senator TROOD—I am assured by that, because I think Australians across the country are anxious—if not even agitated—about this. I think it would behove the Commonwealth government to pay closer attention to the need to manage the situation. It can rapidly get out of hand, as we have seen occur around the world. There was a new incidence in Western Australia yesterday, and I suspect it will not be the last incidence. If it has occurred there then it will occur elsewhere. I would encourage you to pay rather closer attention than you seem to have been paying so far. That is all I have on that.

Senator RONALDSON—Mr Mrdak or Minister, since the Rudd government was elected we have seen a variety of so-called moves toward openness and transparency. I think they include the standard of ministerial ethics, the code of conduct for ministerial staff and the register of lobbyists. Is that right?

Senator Faulkner—Those initiatives have been taken since the election of the government, although you would appreciate that there was a code of ministerial standards that Mr Howard tabled in 1996. Then it was revised on a couple of occasions. But I know you appreciate that that did exist. The other measures that you mentioned were new initiatives, yes.

Senator RONALDSON—In April this year there was very wide media reporting of the Prime Minister's VIP flight from Port Moresby to Canberra, where it was alleged that a 20-something female RAAF attendant was berated and reduced to tears by the Prime Minister because his required meals were not on the plane. I do not particularly want to go back over that ground, but I want to ask this morning relates to what would appear to be attempts coming out of the Prime Minister's office from the Prime Minister's press secretary to actually cover up the true nature of those events and what should have and did not, indeed, flow from there. I will quote an article from Steve Lewis and Ian McPhedran from around that time. It said:

... Mr Rudd's chief spin doctor Lachlan Harris initially tried to cover up the incident with a flat denial that it had occurred. But ... an official report by the Commander of the VIP fleet Group Captain Peter Wood—

leaves no doubt about Mr Rudd's behaviour. There was then a report in the *Sunday Telegraph* that stated:

PRIME Minister Kevin Rudd has expressed full confidence in press secretary Lachlan Harris, despite Mr Harris having been caught out lying last week.

Minister, are you aware of the details of that incident and the subsequent media reporting?

Senator Faulkner—I have read similar media reporting to that that you have outlined to the committee. I am obviously not aware of the details of the incident, nor was I privy to any

conversations between any member of the Prime Minister's staff and any journalist. I have certainly seen the sort of press coverage that you have referred to.

Senator RONALDSON—There does not seem to be any doubt that the incident occurred. There does not seem to be any doubt that there was an attempt from one of the Prime Minister's most senior officers to cover this up with a flat denial. There does not seem to be any doubt that Mr Harris then clarified the record or changed his version of the story. There was a further news story on 5 March under the headline 'PM says adviser has his full trust'. The lead paragraph of that article stated:

PRIME Minister Kevin Rudd has expressed full confidence in press secretary Lachlan Harris, despite Mr Harris having been caught out lying last week.

Mr Harris denied Mr Rudd had reduced a 23-year-old flight attendant to tears by verbally abusing her for serving him the wrong meal on his VIP plane.

He was later forced to admit the story was correct, and Mr Rudd apologised for his behaviour.

Mr Rudd's chief of staff, Alister Jordan, said yesterday: 'The Prime Minister and I have full confidence in Mr Harris.'

There was no mention there as to whether indeed the press secretary had, in any way, been disciplined. Are you able to say what disciplinary measures were taken against Mr Harris?

Senator Faulkner—Could you say that again, Senator. Am I aware of—

Senator RONALDSON—What disciplinary action was taken by the Prime Minister or anyone else in relation to the actions of the Prime Minister's press secretary?

Senator Faulkner—I am not aware whether any disciplinary action has been taken.

Senator RONALDSON—Mr Mrdak.

Senator Faulkner—I doubt if Mr Mrdak would know, but let him answer for himself.

Mr Mrdak—No, Senator, it is not a matter in which the department would be involved.

Senator Faulkner—I will confirm for you, if it is of assistance, that I certainly have read the same reports, which you have reflected here in your question, that the Prime Minister's Chief of Staff expressed full confidence in Mr Harris. I have certainly seen that.

Senator RONALDSON—I will get to that. Under item 16 of the Rudd government's code of conduct for ministerial staff, it says:

Ministerial staff and consultants and Ministers' electorate officers employed under the Members of Parliament (Staff) Act 1984 (MOP(S) Act) must:

16. Not knowingly or intentionally provide false or misleading information in response to a request for information that is made for official purposes in connection with their employment.

Would you agree that press inquiries certainly fit that description and would fit that definition of requests for information?

Senator Faulkner—Often press inquiries, of course, are requests for information, as you would appreciate. But what I cannot speculate—

Senator RONALDSON—Does section 16, the requirement of 'not knowingly or intentionally providing false or misleading information' apply to press inquiries?

Senator Faulkner—Let me just go on to say that what I cannot speculate on and would not speculate on is the terminology that you also quoted, which relates to ‘knowingly’ or ‘intentionally’. Of course, I cannot comment on that.

Senator RONALDSON—But you agree that it forms part of item 16 of the code? Well, you have got to, surely, because it is there.

Senator Faulkner—Please let me finish.

CHAIR—Senator Ronaldson, can I just remind you and everyone that if we ask a question we need to allow the witness to respond and then we have the opportunity to ask further questions. It is very hard if you keep speaking over the top of witnesses.

Senator Faulkner—Let me make it absolutely clear: the code of conduct for ministerial staff relates to all ministerial staff and all ministerial staff are expected to comply with it.

Senator RONALDSON—Item 16 says that staff must:

Not knowingly or intentionally provide false or misleading information in response to a request for information that is made for official purposes in connection with their employment.

I ask you: does that include press inquiries? Do press inquiries come within that definition of a request for information that is made for official purposes? Yes or no?

Senator Faulkner—Inquiries are not defined, but—

Senator RONALDSON—No, they are not—

Senator Faulkner—My assumption is that inquiries certainly should be defined broadly, so it would include a whole range of inquiries. But let me go on and make clear to you, and I think that you need to understand this; it is a pretty critical report in relation to this. The ministerial staff member in question, Mr Harris, who works in the Prime Minister’s office, has not accepted the journalist’s—in this case, Mr Lewis of News Limited—interpretation of the conversation. I have been advised—and I use that terminology to be absolutely accurate—that Mr Harris has said that directly to Mr Lewis, and I can certainly provide that level of information for you.

Senator RONALDSON—You seem to have a far more intimate knowledge of the matter than you initially indicated. You have discussed this matter with Mr Harris—is that it?

Senator Faulkner—I am indicating to you the level of my knowledge—

Senator RONALDSON—Have you discussed this matter with Mr Harris? Clearly, if you are communicating a conversation—

Senator Faulkner—As a matter of fact, from time to time I do have conversations with Mr Harris, but while I have not—

Senator RONALDSON—But have you discussed this with him?

CHAIR—Senator Ronaldson, allow the minister to answer the question.

Senator RONALDSON—I can understand, Madam Chair, but it is quite a simple question whether the minister has discussed the matter with Mr Harris or not. I can only assume from his answer that he has so why not just say, yes, I have—

Senator Faulkner—Senator, you are asking a question and I am about to answer it. The answer is—and I am giving you a full answer—not yes.

Senator RONALDSON—So the answer is ‘not yes’?

CHAIR—Let him answer, Senator Ronaldson.

Senator Faulkner—If you let me answer the question I could provide it to you.

Senator RONALDSON—The answer must be no then, is it?

CHAIR—You are repeating your questions. If you allow the witness to answer the question then you can proceed and, if you are not satisfied, then you can rephrase your question. But the minister was trying to respond to the first of many questions on the same issue.

Senator RONALDSON—We will be here until 11 o’clock if we keep on—

CHAIR—That is up to you, Senator Ronaldson.

Senator Faulkner—I think that is important that the record be accurate. I was about to say that while I have had many conversations with Mr Harris I have not asked him specifically that question. I was advised of the information I have provided to you by a senior member of the Prime Minister’s staff.

Senator RONALDSON—Who advised you of Mr Harris’s conversation with Mr Lewis?

Senator Faulkner—I was informed of the information that Mr Harris did not accept Mr Lewis’s interpretation of that conversation and that Mr Harris put that to Mr Lewis by the Prime Minister’s chief of staff.

Senator RONALDSON—Did Mr Harris, in the light of the conversation, demand a retraction from Mr Lewis?

Senator Faulkner—I do not know that, Senator. If you would like and if it is of any assistance to you on that, I can take it on notice. But just so that you are clear, I do not want you to think for a moment—because obviously it would be a follow-on question that I have not communicated with Mr Harris about a range of matters and I did not want anyone to think that, or for a suggestion to be made to that effect—that I have not had conversations with Mr Harris. Of course I have conversations with Mr Harris—regularly in fact—but I have not asked him that direct question. So it is always important, Senator, that the record be absolutely accurate—

Senator RONALDSON—Absolutely. I could not agree more.

Senator Faulkner—and that is why I said it.

Senator RONALDSON—Hence my questions this morning.

Senator Faulkner—That is fair enough, Senator, but what I am saying to you—

Senator RONALDSON—Nothing is more appalling than an inaccurate record. I could not agree more.

Senator Faulkner—What I am saying to you, Senator, is if answers are expected from ministers in precise terms, that is all very well, but sometimes an accurate answer requires

more than just a simple yes or no and I have tried to provide you with a very full response to what I think is an important question that you have asked.

Senator RONALDSON—Under item 16 of the Code of Conduct for Ministerial Staff do press inquiries come within the definition of requests for information—yes or no?

Senator Faulkner—Senator, I certainly believe that press inquiries are an example of the sorts of inquiries that would be included under that item.

Senator RONALDSON—Is that answer, yes? So why has it taken us 15 minutes to get an answer to a very simple question about whether press inquiries fit under the definition of requests for information?

Senator Faulkner—It has not taken 15 minutes to provide you with that answer. You have asked a range of other questions to which I have responded fully, and I am also indicating to you what my interpretation is of inquiries. As I have said to you on a number of occasions, and I will say to you again, I think the normal dictionary definition should apply.

Senator RONALDSON—We now have extracted the tooth after nearly 15 minutes and the press inquiries come within item 16 of the code of conduct. In relation to the Government Staffing Committee did you seek to bring the Government Staffing Committee together to discuss the alleged transgressions of Mr Harris in relation to what has been described in the newspaper as a lie in relation to the events that occurred on this day?

Senator Faulkner—No, Senator, I did not.

Senator RONALDSON—Why not?

Senator Faulkner—There was no need to, Senator.

Senator RONALDSON—There has been an allegation that one of the Prime Minister's senior advisers has lied to cover up an incident that occurred on a VIP plane, which caused him massive, and quite frankly rightly so, embarrassment and you do not believe that is an issue that is worthy of bringing the Government Staffing Committee together?

Senator Faulkner—Senator, as I have said to you before, the Prime Minister's staff member in question, Mr Harris, has not accepted the journalist's, who is Mr Lewis I believe, interpretation of that conversation. I have been advised that he has put that to Mr Lewis. As you have heard before in answer to another of your questions the Prime Minister's Chief of Staff has expressed his full confidence in Mr Harris and in answer to your most recent question I have certainly seen no need to convene the Government Staffing Committee about this matter.

Senator RONALDSON—So is Mr Lewis lying?

Senator Faulkner—Nor has any other member of the Government Staffing Committee suggested that course of action.

Senator RONALDSON—So Mr Harris is saying that Mr Lewis lied?

Senator Faulkner—No, not that I am aware of, Senator. What I have been advised—

Senator RONALDSON—Well either Mr Lewis's story is correct or Mr Harris's is correct.

Senator Faulkner—Senator, that is your view.

Senator RONALDSON—Mr Harris is now saying that Mr Lewis lied in relation to this matter?

Senator Faulkner—With respect, I do not think any such allegation has been made. I am not aware of any, anyway, Senator. What I do understand to be the case is that there is a difference of view here and Mr Harris has put his view to the journalist concerned.

Senator RONALDSON—Mr Harris's story now is that he did not deny it or he did not seek to correct it? Which one? What is Mr Harris's version of events in relation to this as given to you by the Prime Minister's Chief of Staff? What is his version of events?

Senator Faulkner—I have informed you of what I know, Senator, and the record stands on that.

Senator RONALDSON—Will you take it on notice as to what Mr Harris's version of these events is and come back to the committee?

Senator Faulkner—I am happy to take it on notice—

Senator RONALDSON—Thanks.

Senator Faulkner—but with this qualification: I have actually provided to the committee my understanding of that and I am not sure I can provide any further information. Let me make it clear again: Mr Harris has not accepted in this case the journalist's—that is, Mr Lewis's—interpretation of the conversation.

Senator RONALDSON—Which part?

Senator Faulkner—I cannot say which part; I was not privy to the conversation. I am providing you the information that I have been made aware of. I also understand—

Senator RONALDSON—You acknowledge that it is second-hand information?

Senator Faulkner—If you are going to define it, a lot of the evidence given at estimates committees is second-hand. That is fair enough. That is why I am careful before committees to ensure the nature of the evidence I give and its nature is clear. I have indicated to you that I have been advised about this. There is a second element to it, which is that that has been put to Mr Lewis directly by Mr Harris. I am happy to take it on notice and to say to you that if there is anything else I can add I will.

Senator RONALDSON—When you take it on notice can you please clarify which part of this newspaper report Mr Harris denies. Does he deny that Mr Rudd reduced the flight attendant to tears by verbally abusing her for serving the wrong meal? Does he deny that he was later forced to admit that the story was correct or does he dispute the fact that Mr Rudd apologised for his behaviour? If you can come back and clarify that, that would be a terrific step forward in relation to some openness and transparency in relation to this matter. I thank you for offering to do so.

You might now please explain to me why in relation to the CMAX affair you were happy to convene the government staffing committee but in relation to a very serious allegation against one of the PM's very senior staff you did not believe it was appropriate to do so. Just so we understand the principles of what is required to convene a meeting of the government

staffing committee, could you perhaps explain to me what some of the rules are which determine the convening of that committee.

Senator Faulkner—In that case, as you know, there was an allegation made about a conflict of interest. There was a suggestion of impropriety. I have just turned it up and can read now the full item 16 of the ministerial staff code. I can assist you now with that. It says:

Not knowingly or intentionally provide false or misleading information in response to a request for information that is made for official purposes in connection with their employment.

So—

Senator RONALDSON—Minister, I am sorry to interrupt you but that is actually the full quote that I read out at the start of this discussion.

Senator Faulkner—Sure. I have just turned it up. It says ‘a request for information that is made official purposes in connection with their employment’. What you asked me is: do all media requests fall under official purposes in connection with their employment? I would have to say that, as you would be aware, that is a matter which would have to be treated on a case-by-case basis. Just so we are clear on it, I suspect some would fall into that and some would be of a different nature.

Senator RONALDSON—If a journalist rang the Prime Minister’s senior press secretary and said, ‘What did you have for breakfast this morning?’ that would probably not, I accept, fall within the definition.

Senator Faulkner—Sure.

Senator RONALDSON—When a reporter rings Mr Harris in relation to an alleged incident on a VIP aeroplane involving the verbal abuse of a young RAAF staffer, I would think that most people would say that was probably part of his official duties. I assume that you would probably say that—

Senator Faulkner—I thought you might have been suggesting—and I hear that you are not now, so we are clear on that—that all requests to media advisers or press secretaries, call them what you will, might fall within that item. Clearly they do not. You make that point yourself, and I accept that obviously some do not. You then go on to say that in this case you believe that the request in relation to Mr Harris from Mr Lewis does. I have provided as much information to you as I can.

Senator RONALDSON—But you do not believe that inquiry fitted within this definition?

Senator Faulkner—I am not saying that.

Senator RONALDSON—Well, do you or don’t you?

Senator Faulkner—I have indicated to you very clearly that I have given to you the level of information that I have. You have asked me to take on notice more detail about it, which I have agreed to do. I have also indicated to you that I am not sure whether a huge amount more information can be made available. But I have given you the level of my knowledge of this particular matter.

Senator RONALDSON—While you are not prepared to acknowledge that that inquiry fitted within it, I think perhaps the court of public opinion will not be with you. But I will move on.

Senator Faulkner—No, Senator. The point I am making is—and I want you to be really clear on this—

Senator RONALDSON—I think I am very clear on it.

Senator Faulkner—I do not think you are.

Senator RONALDSON—I think I am very clear that you are trying to bat away what was an extremely embarrassing incident for the Rudd government when the Prime Minister of this country verbally abused a young woman on a plane doing her job, because she did not have the right food. That is what we all understand about this incident. If you want to use estimates to make excuses for that behaviour by trying to bat away on a definitional basis then that is entirely your call.

Senator Faulkner—What I do want to use estimates to do is to provide you with as much information as I can, but I also want to make sure that responses that are given to you are as complete as they can be. I think that is a very appropriate course of action for me to take. I want to point out to you how clause 16—and I have had an interchange with you about this particular clause—might be interpreted. I do not want to make judgments myself at an estimates table about conversations I have not been privy to, but, as you and I have both said, of course it would be ridiculous for us to suggest that every issue that is raised by a journalist with a media adviser would fall into such a definition.

Senator RONALDSON—I think we both agree that official business would not include whether Mr Harris has muesli for breakfast, but I would think that in his official capacity as the Prime Minister's press secretary, when there is an inquiry about whether the Prime Minister has verbally abused a young woman on a RAAF flight because she did not have the right food for him, most people would view that as being within his official capacity. You are not prepared to acknowledge that. You are trying to bat it away, so I want to move on to other matters involving the Prime Minister.

Senator Faulkner—Let me just say this to you: it is important for the record to be clear that neither you nor I were privy to that conversation. That is a fact.

Senator RONALDSON—Privy to which conversation?

Senator Faulkner—The conversation between Mr Harris and Mr Lewis. That is a fact: neither of us were. It is also the case, I am informing you—

Senator RONALDSON—But you have taken on notice that we can find out exactly what the conversation was, so that is very good.

Senator Faulkner—That is fine. The fact is: neither you nor I are aware of the content of the conversation. I have taken, as you say, your question on notice. I am also relating to you another fact, which is that there are differing accounts of the conversation. On that basis, it is pretty hard to come to the sort of conclusion that you would like me to come to. I cannot on the basis of item 16 of the code. However, what I have done is taken the question you have asked on notice and I will provide any better or further information if it is available.

Senator RONALDSON—Do you know whether Mr Jordan said to Mr Harris, ‘This is a very serious allegation that has been made against you and you should demand an apology—

Senator Faulkner—No, I do not know whether that was said.

Senator RONALDSON—and that the integrity of the Prime Minister has actually been called into question and we need to get this clarified’?

Senator Faulkner—No, I do not know, Senator.

Senator RONALDSON—Why would he have not done that, do you think, given the serious nature of the incident?

Senator Faulkner—I said I did not know whether he had done that.

Senator RONALDSON—Do you think it would have been wise to do so?

Senator Faulkner—I do not know whether he has done that. What I do know—

Senator RONALDSON—Could you take that on notice too?

Senator Faulkner—Sure. What I do know, however, is that Mr Jordan, the Prime Minister’s chief of staff, has expressed his full confidence in Mr Harris. I certainly know that.

Senator RONALDSON—That is probably the least surprising news we have had today, Minister. You are hardly likely to say he does not have his confidence, particularly in relation to this incident. I referred yesterday to your October speech. Could I just remind you of that for the purposes of today’s discussions. It will be a long day. I hope you will take this on board and reflect on it in the course of giving your answers to me and my colleagues during the day: there is no better way to achieve integrity and accountability within government and government transactions than by promoting transparency and openness. I remind you of your quote of Abraham Lincoln recently: ‘Let the people know the facts, and the country will be safe.’ During the course of the discussions today, please reflect on your own words in relation to this matter.

Senator Faulkner—I do not know about misleading the committee in some way—

Senator RONALDSON—I have asked you to reflect on your words when you are giving answers to very important questions which go to the integrity of this government. I hope that you will view these estimates as an opportunity for both integrity and accountability via the promotion of transparency and openness. That is a requirement that you tell me that you take very seriously, and I am prepared to accept that, but, when you are giving answers today, can you please reflect on your own words?

Senator Faulkner—I would have to say, Senator, that is a little patronising. I do not need to be lectured about—

Senator RONALDSON—What is patronising about reminding you of your words in relation to transparency and openness? I do not think there is anything patronising about that at all.

Senator Faulkner—It is a bit patronising.

Senator RONALDSON—Are you resiling from those words?

Senator Faulkner—It is a bit patronising because I do not need to be reminded. I have always –

Senator RONALDSON—I think you do, Minister, given that you will not—

CHAIR—Senator Ronaldson, could I just remind you that you have put a question to the witness and, if we could pay some courtesy in allowing the witness to respond, it would be most helpful for smooth proceedings of these hearings.

Senator Faulkner—Let me respond to you, Senator Ronaldson. I have always argued that the process that is occurring at the moment—that is, the Senate estimates hearings—is the best accountability mechanism that this parliament has. I think I have always respected it regardless of what side of the table I happen to be on. If I could perhaps say to you, in response to your question to me, that one critical thing in relation to this is an opportunity also for people who are asked questions to provide complete answers. That is what I have been trying to do, and I hope I have done and I believe I have done, in relation to the matter you have just raised with me. But it does mean giving the witness at the table an opportunity to answer directly and fully, if they are able to, the question that has been asked.

So, as you ask me to treat my accountability responsibilities seriously, I say to you that I need no reminding of that but I certainly accept it is critically important for all of us. I also respectfully say to you: please give me an opportunity to answer your questions fully at the committee.

Senator RONALDSON—Minister, I do not think you were ever precious on this side of the table and I am sure that you are not going to start becoming precious now that you are on that side.

Senator Faulkner—I will treat that as an editorial comment, Senator, and ignore it.

Senator RONALDSON—Okay. I thought it might have been a question—

Senator Faulkner—It wasn't a question, was it? Because if it was a question, let me answer it. No, I have never been precious. In fact no-one has ever accused me of that before today, so there you are.

Senator RONALDSON—Now you are becoming precious.

Senator Faulkner—There is a new accusation.

Senator RONALDSON—Now you are becoming precious again. Mr Mrdak, did you—

Senator Faulkner—It is the first time in a very long time anyone has accused me of that.

Senator RONALDSON—I know. That is why I am a bit surprised that you have become precious because—

Senator Faulkner—I think you are slashing outside the off stump, Senator.

Senator RONALDSON—that is not the minister that I know.

Senator JACINTA COLLINS—Back to the question.

Senator RONALDSON—Thank you, Madam Chair.

CHAIR—It was not me, Senator Ronaldson.

Senator RONALDSON—I am sorry. My apologies. Mr Mrdak, are you aware of media reports that the Prime Minister had another temper tantrum in the Middle East when his hair dryer failed to work?

Mr Mrdak—Senator, I am aware of the media reporting of such an incident.

Senator RONALDSON—Where did that event occur? Do we know?

Senator Faulkner—Your questions suggest that the event did occur, and the Prime Minister has made it quite clear that it did not.

Senator RONALDSON—So it did not occur?

Senator Faulkner—Sorry?

Senator RONALDSON—It did not occur?

Senator Faulkner—Your question assumed. You asked where the event took place, and I am just pointing out the Prime Minister has made it clear that it did not take place. You asked that of Mr Mrdak, and I responded in that way.

Senator RONALDSON—If it were to have occurred, would it have occurred in Kuwait or Afghanistan? Where would it have occurred, do we think?

Senator Faulkner—Senator, I am assuming that you have asked that question with your tongue firmly planted in your cheek.

Senator RONALDSON—You are right, but only to the extent that I do not expect to get an answer.

Senator Faulkner—I would be reluctant to answer ‘if it were to occur’ type questions, and my reluctance remains intact.

Senator RONALDSON—Minister, can I ask you a question? As a senior member of the Rudd government, does it concern you that the Prime Minister of this country is abusing young women on VIP planes and that there are allegations that in Kuwait or Afghanistan or somewhere there was a temper tantrum because the Prime Minister’s hair dryer failed to work? As Cabinet Secretary have you pulled him aside and said, ‘This is just not a good look’, that you cannot—

Senator Faulkner—I said just a moment ago that the incident you referred to did not take place. I will answer what, again, I think is a question that you probably know has no basis—but let me answer it seriously. Since I have been a minister in the Rudd government, I have seen a Prime Minister who brings credit and dignity that office. That is what I have seen of Mr Rudd. You ask me and that is my answer to your question.

Senator RONALDSON—Is it dignified to be verbally abusing a 20-year-old RAAF flight attendant?

Senator Faulkner—In relation to that issue, which again you sum up in those words—

Senator RONALDSON—Are you denying that occurred?

Senator Faulkner—What I am aware of is that I certainly saw the Prime Minister’s comment in relation to that incident that if there had been any offence he certainly apologised for it. You know that; I know that.

Senator RONALDSON—You would not condone that sort of behaviour, would you?

Senator Faulkner—I think—

Senator RONALDSON—The fact that my colleagues on the left do not like the question probably is totally irrelevant to the discussion.

Senator JACINTA COLLINS—Who is being precious now?

Senator RONALDSON—Do you condone that—

Senator Faulkner—I wish I had the Prime Minister's equanimity.

Senator RONALDSON—Is that right? We will be here a long time if we start discussing that on the evidence we have seen today! Can I take you to the code of conduct for ministerial staff.

Senator Faulkner—Yes.

Senator RONALDSON—I will read item 18. It is the same code of conduct, as you know, that refers to knowingly or intentionally providing false or misleading evidence. Item 18 says staff must comply:

... with any authorised and reasonable direction received in the course of their employment.

Are you aware of that?

Senator Faulkner—This is the staff code of conduct?

Senator RONALDSON—Yes.

Senator Faulkner—I am sorry, I thought you said the ministerial code of conduct.

Senator RONALDSON—The ministerial staff code of conduct. I referred to it earlier on. I think Mr Mrdak wants to get a copy. I am happy to wait until he does.

Senator Faulkner—I think we believed it was the ministerial code of conduct.

Senator RONALDSON—No, it is staff code I referred to before. I referred to item 16 of the same document.

Senator Faulkner—Keep shooting, Senator.

Senator RONALDSON—It says that staff must comply:

... with any authorised and reasonable direction received in the course of their employment.

Senator Faulkner—Yes, that is true.

Senator RONALDSON—In relation to the verbal abuse of the RAAF flight attendant incident, was Mr Harris, the Prime Minister's chief of staff, actually complying with the ministerial staff code of conduct when he complied with the request of the Prime Minister to initially deny that this incident occurred?

Senator Faulkner—First of all, so we are clear, you are referring to Mr Harris. Mr Jordan is the Prime Minister's chief of staff.

Senator RONALDSON—Mr Harris, the press secretary; yes.

Senator Faulkner—I have provided to you and the committee the information I have in relation to this matter. I cannot speculate on other matters but I have certainly provided to you the information I do have available.

Senator RONALDSON—I ask you again, Minister: rather than actually breaching the code of conduct for ministerial staff, has the Prime Minister's press secretary, Mr Harris, actually complied with the code under section 18, where he is required to 'comply with any authorised and reasonable direction received in the course of their employment'? Did the Prime Minister direct Mr Harris as to how he was to initially respond to inquiries in relation to the verbal abuse of this young RAAF flight attendant on the VIP flight?

Senator Faulkner—As far as I know, Mr Harris has complied with the code. As far as I know, Mr Harris certainly has not breached the code, and I am not aware of any conversation or instruction that the Prime Minister might have had with Mr Harris.

Senator RONALDSON—I now take you to the Fitzgibbon affair, as it is referred to—an affair in relation to undisclosed travel by the Minister for Defence. I am sure you have a full brief on this matter so I will just go over the matters that I think are not in dispute very quickly so that we can get onto the other matters. My understanding is that in 2002 and 2005 the Defence Minister took two all-expenses-paid business-class trips to China, paid for courtesy of a Miss Helen Liu, and that Mr Fitzgibbon failed to declare that travel—which was obviously worth many thousands of dollars—in his register of interest until many years after the event. Do we accept that they are factual statements?

Senator Faulkner—What I know to be the case is that the Minister for Defence did omit to declare to the Register of Members' Interests two occasions of sponsored travel. So I certainly know that to be the case.

Senator RONALDSON—Thank you. So you do not disagree with that?

Senator Faulkner—Not at all.

Senator RONALDSON—That, of course, is strike one against Minister Fitzgibbon. Throughout the 18 months of his tenure as the Minister for Defence, would you accept that Minister Fitzgibbon was in violation of several sections of the Standards of Ministerial Ethics? I will read section 5.1 in its totality:

Ministers are expected to be honest in the conduct of public office and take all reasonable steps to ensure that they do not mislead the public or the Parliament. It is a Minister's personal responsibility to ensure that any error or misconception in relation to such a matter is corrected or clarified, as soon as practicable and in a manner appropriate to the issues and interests involved.

Do you accept that Minister Fitzgibbon's failure to correct the record during the period of his 18 months as a minister was a breach of section 5.1 of the code?

Senator Faulkner—The situation is this: it is true, as I have indicated before and as you have said, that Mr Fitzgibbon did omit to declare the two occasions of sponsored travel. I would say to you what has not been said in your questioning but perhaps should go on the public record that that sponsored travel, of course, took place some time—perhaps even years, I think—before he was appointed to the ministry. Yes; Mr Fitzgibbon should have declared

that to the House of Representatives Register of Members' Interests. It was an error on Mr Fitzgibbon's part. He has apologised for that error and Mr Fitzgibbon corrected that oversight.

Senator RONALDSON—On that point, he only corrected when this scandal broke in the media, so it was not driven by him taking any personal ownership of the thing until after it became a media issue. But you acknowledge—

Senator Faulkner—Let me respond to that, because it is an important point. Mr Fitzgibbon corrected the record when he became aware of his oversight, and that is the obligation on not just ministers but all members of parliament. As you know, this sponsored travel did not occur when Mr Fitzgibbon was a minister. So when he became aware of the fact that the declaration had not been made, he corrected it. You only correct something when you become aware of it.

Senator RONALDSON—Or when events occur that might actually give you an indication that you have indeed made an oversight and needed to correct the record. I will get onto that in the second. Are you aware that Mr Fitzgibbon did remember to declare a free trip to New Zealand to play rugby on 26 April 2006? Are you aware of that, Minister?

Senator Faulkner—I have not examined—

Senator RONALDSON—No.

Senator Faulkner—Let me finish, please. I have not examined Mr Fitzgibbon's statement of pecuniary interests closely but I accept what you are saying, that Mr Fitzgibbon did make that declaration as appropriate.

Senator RONALDSON—Are you aware that in question time on 19 March—and I have consulted *Hansard* to ensure that Minister Fitzgibbon was indeed in the chamber during question time—there was a following question by Mr Robb, the member for Goldstein, as follows:

My question is to the Prime Minister. Will the Prime Minister advise the House of his relationship with Beijing AustChina Technology, including their sponsorship of his round-the-world trip in 2006 and the reasons for that sponsorship?

I do not expect you to have a knowledge of that question, but are you prepared to accept that I am indeed quoting that question correctly? Otherwise we will need to go back and get it.

Senator Faulkner—No, no. I would expect you to quote it correctly. I do not actually have any direct knowledge of it but I certainly accept that, if you are quoting the *Hansard*, I am sure you are quoting it accurately.

Senator RONALDSON—So do you not think that, given that Minister Fitzgibbon remembered to declare a free trip to New Zealand to play rugby and given that on 19 March he was sitting in question time and heard a senior member of the opposition asking the Prime Minister about sponsored travel, that that might not have alerted Minister Fitzgibbon to the fact that he had neglected to declare two trips in 2005 and 2006, particularly given that he had remembered apparently to declare the rugby trip?

Senator Faulkner—I do not necessarily draw that conclusion at all. Sometimes when there is a focus on these matters ministers or parliamentarians do realise that they have not made a full declaration. As you know, this occurs from time to time. Yes, in a perfect world

no-one would make such a mistake, no-one would make such an oversight. But on this occasion there are two occasions of sponsored travel taken years before Mr Fitzgibbon was appointed to the ministry that were not declared on the register of members' interests in the House of Representatives. Yes, he should have done it. He has acknowledged he should have done it. He apologised for making the error and he corrected it when he became aware of it. I think that is absolutely a proper course of action in the circumstances. Of course you correct these things when you become aware of them.

Senator RONALDSON—Minister, you are calling it a mistake. Many others—as I am sure you would accept, given the information to hand—say that it is nothing but a cover-up. I refer you to an impromptu press conference held by the defence minister on 26 March in which he claimed, I understand, that he and his family had exchanged only small gifts with Ms Liu and that Minister Fitzgibbon explicitly denied a specific question as to whether any of these gifts had encompassed trips or travel. Are you aware of that?

Senator Faulkner—Not specifically, Senator, but I—

Senator RONALDSON—And are you aware that just a few hours later he changed his story claiming that a lapse of memory had caused him to misspeak in relation to these two trips? This beggars belief, Minister, does it not? It absolutely beggars belief.

Senator Faulkner—I have explained the situation in relation to this. It is entirely consistent, of course, with the oversight or error that I have referred to. When the minister became aware of the oversight or error, for which he has apologised, he corrected the record.

Senator RONALDSON—This is almost tooth fairy stuff, is it not? This minister remembered a rugby trip. He was sitting in question time when the member for Goldstein asked a question in relation to sponsored travel. He went to a press conference and denied that he had taken sponsored travel, then he was caught out and was forced to come back a couple of hours later to say that he had taken it. This was nothing more than a significant cover-up in relation to matters that should have been declared beforehand. It is not surprising that a respected journalist like Michelle Grattan said that Mr Rudd's failure to dismiss Fitzgibbon makes a mockery of the government's talk of propriety.

Senator Faulkner—That may or may not be. I accept that you have quoted Ms Grattan correctly and Ms Grattan is entitled to her view on this; you are entitled to your view. I believe in circumstances where an omission—which I have outlined—was made, that the appropriate steps were taken by Mr Fitzgibbon. This is a very easy thing to do. I suppose if we had enough time I could go through a litany of far more egregious examples in the life of the Howard government about these sorts of issues.

Senator RONALDSON—Does that excuse this behaviour?

Senator Faulkner—No, not at all but—

Senator RONALDSON—Are you telling the committee that that excuses this behaviour?

CHAIR—Senator Ronaldson, need I remind you again that the witness was in the process of answering your question. If you allow the witness to continue and finish, then you can move on. It does not help Hansard at all when you speak over the top of the witnesses and me.

Senator RONALDSON—As always, I respect your ruling.

Senator Faulkner—I think there was a recent example where the shadow Treasurer had failed to declare an item—it might have been a family trust, just going on memory. These things do occur. Again, one should try to be consistent in your approach. What is the obligation here for a minister? Are you suggesting that the Standards of Ministerial Ethics should be applied retrospectively to the actions a minister took when they were not actually a minister? I would suggest to you that, really, the obligation here in relation to Mr Fitzgibbon is one for the House of Representatives and its requirements in relation to the Register of Members' Interests. I think you know that to be the case too.

Senator RONALDSON—Come on! I have quoted to you paragraph 5.2 of the Standards of Ministerial Ethics, and you can look at 2.2 and 2.3. You are not seriously suggesting that, because these matters occurred before the defence minister was the defence minister, that in any way excuses his behaviour under the ministerial code of conduct, particularly given the fact that he had ample opportunity to address the record, but he was dragged kicking and screaming to do so. And, even when initially asked about this at a press conference, he denied it. If that is not a breach of the Standards of Ministerial Ethics then surely that bit of paper is not worth an iota. It cannot be worth an iota.

Senator Faulkner—Senator, I think you have really failed to understand here that the Standards of Ministerial Ethics apply to ministers and parliamentary secretaries. I have said clearly, yes, Mr Fitzgibbon, when he was not a minister, omitted on two occasions to declare to the Register of Members' Interests in the House of Representatives sponsored travel taken years before he was appointed to the ministry. I have said, yes, Senator, it was an error; yes, Senator, Mr Fitzgibbon has apologised for that error; and, yes, Senator, Mr Fitzgibbon has—as he should do—corrected that oversight.

Senator JOYCE—So for an association with Ms Liu, an association with the People's Liberation Army of the communist People's Republic of China, all that is required is an apology and he can continue on as the Crown Minister for Defence?

Senator Faulkner—I beg your pardon?

Senator JOYCE—So an apology is all that is required, is it?

Senator Faulkner—I think it was an appropriate course of action for the minister to apologise in this circumstance. As you may or may not appreciate, Senator Joyce, and as I have been explaining to Senator Ronaldson, in this case the trips were undertaken before Mr Fitzgibbon became a minister, and I have explained that it was an error. Of course it should not have happened; it should have been declared. It was not. It was an error, a mistake, and it is a mistake for which Mr Fitzgibbon has apologised. When he became aware of it, as he is obligated to do he corrected the record.

Senator JOYCE—You are comfortable with Ms Liu?

Senator Faulkner—I'm sorry?

Senator JOYCE—You are comfortable with Ms Liu—her associations in China?

Senator Faulkner—Am I comfortable with Ms Liu?

Senator JOYCE—Yes. Is your government comfortable with Ms Liu's associations?

Senator Faulkner—As you know, Senator, that is not a matter that is being discussed here, but it is an extraordinary intervention from you. The first thing I should say, I suppose, on that is that, as you would probably appreciate, in my role as Cabinet Secretary I have ministerial responsibility for the Inspector-General of Intelligence and Security, and in relation to this matter—the matter that you have just raised—the inspector-general in fact commenced an inquiry into allegations that an individual or individuals employed by the Defence Signals Directorate may have improperly accessed information technology equipment used by the Minister for Defence, and related matters.

I can assure you, Senator, that I think, first of all, your question is quite inappropriate. But I do not propose in any way, shape or form to make any comment that could be seen in any way as prejudicial to or pre-empting the outcome of that inquiry. I do know I find it quite extraordinary that you would ask the question: am I comfortable with any particular Australian citizen? I am treating it seriously because it is such an inappropriate question. I know that the Australian Security Intelligence Organisation has informed the Attorney-General that it has got no information relating to Ms Liu which would have given rise to any security concern regarding her activities or associations and I know the Attorney-General made a statement about this in, I think, late March. Some senators may not have heard your sotto voce comments, Senator, but I am treating your question very seriously even though I think it is quite an inappropriate one.

Senator JOYCE—It is serious.

Senator Faulkner—I can go on about that. I can speak in greater detail about that matter if it is required, but I do not think so in the circumstances of ongoing inquiries and what has been said on the public record. I know there was an inquiry undertaken in the Department of Defence. Senator, I do not have any briefing about where that inquiry is up to but if you care to ask me at defence estimates next week I will be certainly happy to provide whatever information I can in the interests of transparency. Again, I would not want to make any—and would not make any—comment that would be seen to pre-empt the outcome of the defence inquiry. I do not know its current status. I have not been briefed on that, obviously, for this estimates hearing, which I assume you would appreciate. But if you care to ask me questions about this when the Department of Defence is at the estimates table next week then I will be happy to answer them.

Proceedings suspended from 10.33 am to 10.53 am

CHAIR—Senator Ronaldson, you have the call.

Senator RONALDSON—Minister, on 28 March Minister Fitzgibbon said that he had disclosed everything that he needed to disclose. The actual words were: ‘I’m absolutely confident that I’ve now disclosed everything that is necessary to disclose.’ It was reported on 9 April in an *Age* article by Richard Baker, Philip Dorling and Nick McKenzie that:

Mr Fitzgibbon has denied having a commercial link to Ms Liu or any of her companies. He has refused to answer questions about whether his family have received cash or company shares from Ms Liu.

Minister, given that Minister Fitzgibbon has announced that he has declared everything that needs to be declared, if indeed there were cash or company shares from Ms Liu that had not

been declared, would you acknowledge that that would be a clear breach of the standards that have apparently been set under the ministerial code of practice and that the minister would then undoubtedly be forced to resign?

Senator Faulkner—That, even for you, I have to say is an extraordinary hypothetical question. I think, instead of some hypothetical case, we are better off dealing with the facts that are clear in this instance. When these matters were first raised in the media, the Minister for Defence undertook a review of his previous declaration of interests and realised that he had overlooked some sponsored travel. As I said before, that travel was taken before he was appointed to the ministry. At that stage the Prime Minister was overseas, so the minister advised the Acting Prime Minister that he had made that error. He apologised for it and then took the appropriate steps to declare the sponsored travel. Going on, then, to talk about some other hypothetical situation is inappropriate. I know nothing about that. The obligations on ministers in terms of declaration, however, are clear. They are obviously enhanced obligations than the obligations parliamentarians have to their respective chamber departments. I know that you are aware of that. Mr Fitzgibbon is in no different position from any other member of the executive. They are required to comply with declarations to the respective chamber departments and there are additional responsibilities to declare information to the Prime Minister, which has been a situation that has applied under a range of governments.

Senator RONALDSON—Minister, what is not hypothetical is that the defence minister has said on the public record that he is absolutely confident he has now disclosed everything that it is necessary to disclose. Also on the public record, he has refused three times to answer questions about whether his wife, children or other members of his family have received cash or company shares from Ms Liu.

Senator Faulkner—Surely the first statement is the critical one. If there is an obligation on the part of the minister to disclose it, he should disclose. He has made a clear statement in that regard. The rest of it is just speculation. You could ask the same question about me. Senate estimates is not a hypothetical. I am happy to deal with any reasonable questions asked. If I cannot answer them or if Mr Mrdak or another official cannot then we will get an answer for you, but not to hypothetical questions like that, which you, I am sure, I am sure, appreciate.

Senator RONALDSON—Can I just finish on this note. I referred to an article before by Mr Lewis, about which you took a range of questions on notice. That article was co-authored by Ian McPhedran. I presume that you will take on notice any discussions that Mr Harris might have had with Mr McPhedran as well as any discussions with Mr Lewis, given that the article was co-authored?

Senator Faulkner—I am happy to do that, Senator; but, in saying that, I need to make it clear to you what I was told. I have been very clear in my evidence in that regard, which indicated, as I said, that Mr Harris had raised that difference of view with Mr Lewis. So I will take on notice the question you have asked. Nevertheless, I have accurately reflected to you what I was informed. I appreciate the point you are making. You are saying that there is not one author of the article but that there are two. I will seek further advice on that.

Senator RONALDSON—Can I go very quickly back to the Government Staffing Committee and the fact that a meeting of that committee was not called in relation to the

allegations against Mr Harris. Do I take it that the new rules now are that, if a staffer denies an allegation, the Staffing Committee will not meet? You said that in the CMAX affair there was—and I quote your earlier words—‘an allegation against a senior Rudd staffer and that was investigated by the Government Staffing Committee’. There was an allegation in relation to Mr Harris, but the Government Staffing Committee was not put together to discuss it. Has there been a change of rules such that, if you deny an allegation, the Government Staffing Committee will not be required to meet? Is that the new rule?

Senator Faulkner—No. It is like the issue that we were speaking about before, which was about requests for information that are made for official purposes in connection with their employment. Item 16 from the staff code talked about those issues. Obviously, one has to bring some good sense and objectivity to making these sorts of assessments. I indicated that, in the particular matters in relation to journalists’ contact with staff, these are case by case assessments. There is a very significant difference, I think, between the two cases that you referred to. One was the CMAX issue; the other related to Mr Harris and Mr Lewis and Mr McPhedran’s article. One related to significant—

Senator RONALDSON—It was a ‘jobs for the boys’ allegation, wasn’t it? It was a ‘contract for the boys’ allegation.

Senator Faulkner—You might use that terminology, but I think far more serious was the suggestion that there might be a conflict of interest or impropriety. I thought the very thorough way in which the Government Staffing Committee dealt with that was very appropriate. But I also think it is chalk and cheese with this other exercise. So I would say to you that you should not read anything particularly into that. These things are determined on a case by case basis. I tend to be pretty cautious on these things and try—

Senator RONALDSON—Who makes the judgment then?

Senator Faulkner—As you know, under the staff code of conduct a process is outlined. But if, as a member of that committee, I made a judgment that a matter should be addressed by the Government Staffing Committee, I have absolute confidence that my colleagues would agree with that. With the way this government works, I think if there were any concerns held by any member of the committee they would be treated seriously by the committee. You cannot be too careful when you are dealing with these sorts of issues—what you have broadly described as integrity type issues. I think you would find my colleagues who serve on the Government Staffing Committee—the Deputy Prime Minister and the Prime Minister’s Chief of Staff—would share that view.

Senator RONALDSON—If there is an allegation that you have given a contract to a friend out of the PM’s office, that will mean an inquiry by the Government Staffing Committee; but, if the allegation is that you have lied about the Prime Minister’s behaviour on a VIP plane where it is alleged that he verbally abused a 20-something RAAF employee, that allegation is not worthy of an inquiry by the Government Staffing Committee.

Senator Faulkner—It is not a question of not—

Senator RONALDSON—Clearly these rules are going to be interpreted by this government to suit the purposes of the government and not in any way relate to openness,

transparency, integrity or accountability. That was probably a statement and not a question. I will leave it there.

Senator Faulkner—I do not accept that. I have made the point to you that in relation to the conversation between Mr Harris and Mr Lewis there were differing accounts. On that basis, I find it difficult to make a judgment. I indicated to you that I was advised that Mr Harris informed Mr Lewis of his concerns in that regard. I would ask you to reflect on the two instances. They are very, very different. They are chalk and cheese. The opposition saw fit to refer one instance to the Auditor-General. That is how serious the opposition treated it. The government staffing issue—

Senator RONALDSON—The Harris matter was not a matter that could be referred to the Auditor-General, was it?

Senator Faulkner—No. Of course not.

Senator RONALDSON—So do not use that as an argument for the seriousness or otherwise of the matter.

Senator Faulkner—It is much more about the argy-bargy of the political process. It is about differing accounts of a conversation that took place. It is chalk and cheese, as I said. Again, like our discussion on part 16 of the code, I think these things are appropriate for people to bring good judgment, objectivity and a rational assessment to and to deal with them on a case by case basis.

Senator RONALDSON—I quote again:

Transparency ensures appropriate visibility to government actions and the political process ... I've personally taken the view, after many years in both politics and parliament, that there's no better way to achieve integrity and accountability within government and government transactions than by promoting transparency and openness.

These are your words minister. I put them in light of the evidence that has been given today with what I think is, quite frankly, a pathetic attempt to justify the decision to get the Government Staffing Committee together in relation to the CMAX affair but not when there is an allegation of a senior member of the Prime Minister's staff lying to journalists. These rules and these codes are nothing more than a complete and utter joke.

Senator Faulkner—That comment is not a question directed to me; it is a comment—

Senator RONALDSON—I said it was a comment.

Senator Faulkner—It is a comment but—

Senator RONALDSON—It was quite clear that it was a comment.

Senator Faulkner—it is an attempt to take an egg beater to something that has no eggs. That is a bit of a problem.

Senator RONALDSON—I think there is egg on the faces of a few people in the Prime Minister's office after this little performance—

Senator Faulkner—Hardly—

Senator RONALDSON—where the chief person involved in media contact is alleged to have lied to the very people who he is meant to be there to serve. You are quite right: there is a lot of egg and the egg is on the faces of the Prime Minister's office and the person involved and those who defend their actions.

Senator Faulkner—If I may respond. As I have said to you on a number of occasions now, there are differing accounts of the conversation between Mr Lewis and Mr Harris. I was not privy to them and you were not privy to them. I find it difficult on that basis to form judgments. You formed a judgment but I do not form a judgment. But what I have said to the committee is that what has taken place in relation to the information that has been provided to me by the Prime Minister's Chief of Staff is, in my view, appropriate in the circumstances. You, Senator, have a different point of view. You are entitled to your point of view but my task is to try to answer the questions that are asked of me, to explain the circumstances as they are—

Senator RONALDSON—But you have acknowledged that you do not know the circumstances.

Senator Faulkner—I know some of the circumstances; I do not know about the content of the conversations which—

Senator RONALDSON—That is the circumstance, surely, that we are talking about in relation to the government staffer. That is the very thing we are talking about.

Senator Faulkner—What I have explained to you are the consequential circumstances of what occurred in relation to what I was informed—and I will not go there again and repeat it—by the Prime Minister's Chief of Staff and what I had been advised in relation to Mr Harris's later or follow-on contact, if you like, with Mr Lewis. So, of course, neither of us directly heard the original conversations, but at least you have more information now than you had before.

Senator RONALDSON—I do not think I have any more information. I certainly have not got any more information which would justify why the government staffing committee would not have been called. I will pass to my colleagues.

Senator FIELDING—Moving to something a bit more homely, I am interested in the budget statements that provide for an increase in funding of \$262,000 for the Prime Minister's official residence. Can you explain the reason for this funding.

Mr Mrdak—Is this in relation to the budget measure? I am just looking for the right section.

Senator Faulkner—Would you give us a page in the PBS you are looking at.

Senator FIELDING—I do not have that on me. I have just come here from another committee. But it will be there, I can assure you.

Senator Faulkner—Could you repeat the question.

Senator FIELDING—The Prime Minister's official residence budget statements provide for an increase in funding to the Prime Minister's official residence of \$262,000.

Senator Faulkner—Just give us a moment and we will look for it.

Mr Mrdak—I am not aware of any additional resourcing for the Prime Minister's official residence. The annual administered appropriation for the Prime Minister's residences, which are contained on page 46 of our portfolio budget statement, are simply parameter adjustments going forward. The current budget for the Prime Minister's official residences—the administered budget—is \$1.8 million. In 2009-10 it is \$1.854 million. That is the only additional funding that has been provided. I am not aware of any additional funding for the residence or official establishments.

Senator FIELDING—I may have to come back with that one. There is still time this morning for me to come back.

Mr Mrdak—Certainly. As I said, I am not aware of any changes to the administered funding. Separately, under the new revised PBS, we then set out the departmental costs for support for official establishments. The year's budget previously was just over \$1 million. The forecast for 2009-10 of departmental resourcing is \$869,000. There is a reduction there in terms of departmental support.

Senator FIELDING—Going to the Australiana Fund, I refer you to the point there about September 2008—I do not know if this was covered before—

Senator Faulkner—The Australiana Fund has not been dealt with in this round of Senate estimates. It has on many previous occasions.

Senator FIELDING—On 4 September 2008 there was a grant of \$117,000. Does that sound correct?

Mr Mrdak—That sounds right. We make an annual grant to the fund.

Senator FIELDING—From what I understand, the grant is or was to be used for the purposes of obtaining professional assistance and the purpose of the fund is to acquire Australian objects for display in the residences of the Prime Minister and the Governor-General. That money, \$117,000, seems a lot to spend on what I would call interior design. That is a lot of money.

Mr Mrdak—This is a long-established arrangement whereby the Australian government provides a grant each year to support the work of the Australiana Fund. As you would be aware, the Australiana Fund was established many years ago. I think that it dates back to the 1970s. It has been established to collect and preserve pieces of Australian furniture and art, which are largely displayed at official residences and other public buildings. The grant we provided last year was to support the work of a senior curator. A number of the pieces are in need of restoration and preservation advice. We provide a small component of the overall funding for the fund. My understanding is that a large amount of the fund's income comes from the open days that are held at the two official residences, which support their activities in collecting and preserving Australian art and the like. I will take on notice, if you do not mind, the breakdown of how much our grant sits vis-a-vis the overall funding for the Australiana Fund. I will get that for you this morning if I can and provide that to you.

Senator FIELDING—The reason I am asking is that on its own you can probably justify it from the point of view that you are keeping a bit of Australiana for everybody to see. But where do you draw the line on it? How much is too much versus not enough? We are all

pulling our belts in, or have been told to? I am trying to work out whether that is an area that you could look at a bit further. I believe that you can be excessive in this area. I do not know where that line is drawn, but it is a question that needs to be asked.

Mr Mrdak—Certainly. I am happy to provide you some information in relation to that particular grant. We look annually at the provision of the grant. It is made from departmental funds. We look at it very hard. I recollect that last year in relation to the grant we worked quite closely with the Australiana Fund as to their requirements. As you will appreciate, the collection would certainly much more Australian government funding. But we, given budget restrictions and the like, need to tailor our grant to the most effective use. Hence, the bulk of the funding that was provided last year was for expert curatorial advice, which would not otherwise be able to be funded by the Australiana Fund. I will check if there is any further information that I can give to you. I can certainly assure you that we look closely at that grant each year to make sure that it is an effective use of money by the Australiana Fund. But it is generally recognised that that is a unique national collection of Australian art, furniture and cultural items.

Senator FIELDING—Again, you could probably justify it. But it is a heck of a lot of money.

Mr Mrdak—As I said, we look very closely at it to make sure that it is an appropriate and effective use of the funds.

Senator FIELDING—Are any of the 65 extra staff dedicated to this sort of thing or is it a separate area?

Mr Mrdak—No. We have a small number of people who work in our official establishments unit. Some of the funding that has been provided in the budget is to assist our ministerial support unit, so there will be a small resourcing increase in that area coming out of the additional funding. But not for this area of the Australiana Fund. We do not provide any dedicated staff to that.

Senator FIELDING—Thank you.

Senator RYAN—I have some questions about the COAG reform council and staffing, which we briefly covered yesterday. If I heard you correctly, Mr Mrdak, you said that the COAG reform council was based in Sydney.

Mr Mrdak—That is correct.

Senator RYAN—Who chose Sydney?

Mr Mrdak—I would have to check. I think that it came out of a COAG decision when the COAG reform council was formed in 2007.

Senator RYAN—So it would have been a ministerial decision?

Senator RONALDSON—We know who it was.

Senator Faulkner—I had no involvement, Senator. But it was a question spoken like a Melburnian, I would have to say.

Mr Mrdak—I will check, but I think it was a decision reached by COAG in 2007 when it agreed to the national reform agenda. As you know, that was the change from the former

arrangements for monitoring COAG reforms to the new COAG Reform Council, which was a reform initiative of the former government.

Senator RYAN—I think you mentioned there were 17 staff members when we discussed this at length yesterday.

Mr Mrdak—Yes.

Senator RYAN—Who appoints the COAG staff? Are they appointed by the department?

Mr Mrdak—The staff are all APS employees. The head of the COAG Reform Council is the chair and then there is a head of the office, which is Ms Mary Ann O’Loughlin, who has been appointed as a dep sec level equivalent in our department. She has responsibility for appointing the staff within the COAG Reform Council. There was interim staffing put in place over the last 18 months or so while the council was being formed. That is now in place and she has responsibility for staff in that unit.

Senator RYAN—So they are all APS employees, all appointed through normal APS processes?

Mr Mrdak—That is correct. They are all recruited through our normal advertising and recruitment processes. That has been done in the appointment of these positions, including the head of the secretariat, Ms O’Loughlin.

Senator RYAN—And the head of the secretariat reports to whom?

Mr Mrdak—She reports to the CRC chair and the CRC.

Senator RYAN—I would also be interested in whether or not there were any members of that secretariat who were on secondment from state governments.

Mr Mrdak—I will take that on notice. I think there were some officers initially in the setup on secondment from state governments until the secretariat was fully formed, but I will take that on notice and come back to you.

Senator RYAN—With respect to the Office of the Coordinator General—I am not sure if this is directly related but it would be in the same sphere of activity, I would imagine—you were appointed coordinator, I understand, on an interim basis earlier this year?

Mr Mrdak—Yes. I was appointed by the Prime Minister on 3 February when he announced his intention to implement the nation-building program. Effectively I have been offline from my normal responsibilities within the department since that time as the Coordinator General to coordinate and ensure the implementation of the nation-building program and both the December and February fiscal stimulus packages for infrastructure.

Senator RYAN—Have you been appointed to the role on an ongoing basis or is it interim? Will you be vacating it?

Mr Mrdak—The Prime Minister envisages it as an ongoing role. With the recent announcement of my moving back to the infrastructure portfolio, I will be retaining the position of Coordinator General as well as taking on that role with the infrastructure department.

Senator RYAN—So you will no longer be a member of the Department of the Prime Minister and Cabinet?

Mr Mrdak—That is correct. I will be joining the Department of Infrastructure, Transport, Regional Development and Local Government from 29 June.

Senator RYAN—If I understand correctly, Senator Faulkner, the original announcement was that the Office of the Coordinator General and the Coordinator General would reside within the Department of the Prime Minister and Cabinet.

Senator Faulkner—I do not have the announcement in front of me. Let me just to check with Mr Mrdak. As I have the Coordinator General beside me, perhaps if you do not mind I will ask—

Senator RYAN—I addressed it to you because I understand—

Senator Faulkner—I do appreciate that. I probably should note for the record that Mr Mrdak will be leaving and becoming an agency head, given that he has now been a far too regular an attendee from his own point of view, I suspect, at this committee. I certainly want to acknowledge his efforts before the committee. Of course, as far as the Senate Standing Committee on Finance and Public Administration is concerned, this will be his last attendance here. I appreciate his efforts, and I know that is a view that is reflected around the table. But, Senator Ryan, you have asked me specifically about the Coordinator General's role and, given that he is sitting here beside me, I am going to handpass this one to him.

Mr Mrdak—When it was established, the Office of the Coordinator General was within the Prime Minister's portfolio and department. Since that time, I have established a small team of four who operate and report to me within the department. When I move to the department of infrastructure it is intended that the team will remain within PM&C, so the unit will maintain its coordination role. I will oversight the unit wearing both hats—that is, as the secretary to the department of infrastructure and as the Coordinator General—but the coordination team will remain in the Prime Minister's department.

Senator RYAN—So they will report to you. In that capacity to whom will you report?

Mr Mrdak—To the Prime Minister.

Senator RYAN—When this issue was discussed earlier this year, which I think was in response to UEFO and the associated bills, there was some talk around the appointment of similar officials in the various states. I presume you as the Coordinator General would be aware of such appointments. Have those appointments been made?

Mr Mrdak—Yes. This was one of the initiatives agreed by first ministers at the COAG meeting on 5 February. It was agreed that the Commonwealth and each of the jurisdictions would appoint a coordinator general with responsibility for the delivery of the infrastructural elements of the fiscal stimulus package. Each of those appointments was made shortly after the COAG meeting and, since early February, I have been working with those coordinators in each of the states and territories. They are generally senior officers within the portfolios of either the Premier or the Treasury, and in some jurisdictions they have brought in dedicated officers and have set up separate offices to do that.

We meet weekly via a phone hook-up to ensure that the projects are all on track. As well as having coordinator generals with responsibility for all of the elements within each jurisdiction there are also coordinators responsible in each of the line agencies—that is, in the education, housing and infrastructure departments at the Commonwealth, state and territory levels. Essentially, our role is to coordinate all of those and to make sure that any issues are resolved quickly and that the projects move forward according to the COAG time frames. So all of those governance arrangements for the nation-building program have been in place since early February.

Senator RYAN—It was up to each state to appoint their own coordinator general, was it not—that is, the equivalent of your position at the state or territory government level?

Mr Mrdak—That is correct.

Senator RYAN—Was there any Commonwealth oversight, involvement, advice or consultation on the appointments?

Mr Mrdak—Certainly a number of jurisdictions advised us of their intention to appoint particular people. That was a decision that they made, and they simply advised us of their intentions as to whom they were going to appoint.

Senator RYAN—Were any views expressed by you or the department or the Commonwealth in respect of such appointments?

Mr Mrdak—Not in relation to individuals, no. In our discussions with the Prime Minister and senior ministers here we did indicate the sorts of people we thought were necessary in some jurisdictions in order to make this work. But we certainly did not comment on any individuals it was proposed to appoint.

Senator RYAN—I appreciate that you did not make any comments on any of the individuals whom the states or territories proposed. When you provided advice, or when information was flowing the other way, did your advice propose any names?

Mr Mrdak—No.

Senator RYAN—To your knowledge, no other advice was forthcoming from the department?

Mr Mrdak—Not from the department.

Senator RYAN—If it was different from that, I would appreciate your letting me know.

Mr Mrdak—Certainly.

Senator RYAN—The last time that this was discussed there was comment about whom these state and territory coordinators general report to. If I am correct the terms of employment, the appointment, as you have just outlined, and their reporting lines are up to each state or territory?

Mr Mrdak—That is correct.

Senator RYAN—Do they report to you? Is it a dotted line? I have read the various communiques and I have not seen any detail on how you could provide coordination, because to me that implies some sense of direction.

Mr Mrdak—No, they do not report to me. Generally, the state and territory coordinators general report to the premiers in each jurisdiction. One of the advantages of adopting this model is that all the jurisdictions are committed to the idea that the coordinators general have very senior access and in all jurisdictions have access to first ministers, which enables them to, essentially, leverage outcomes much more strongly by involving first ministers. The coordinators general certainly do not report to me in that sense. What I do, essentially, is chair the coordinators general group. It is a very cooperative arrangement. If there are emerging issues I will deal bilaterally with each coordinator general individually, but, generally, we meet regularly and resolve things as a group.

Certainly the reporting arrangements to their coordinators general will vary in each state. Through our line agencies, our education, housing and infrastructure departments, we have established reporting arrangements. Each jurisdiction reports to us monthly in relation to project outcomes, and that flows through to their line agencies. For instance, education departments will report to the Commonwealth education department, and so we are tracking school programs through that model. Coordinators general have built a reporting model which sits above that and which gives us overall program outcomes, which we as coordinators general then monitor.

Senator RYAN—I cannot grab the exact date from this, but earlier this year one of the things you said to this committee was that this arrangement was:

... to ensure the key milestones in the national partnership agreement are met in relation to delivery of the infrastructure projects; also to ... deal with blockages or implementation issues;

I would assume that your experience across all the coordinators-general, partly because of their different arrangements, has not been equal.

Mr Mrdak—No. There have been different experiences and different issues faced in different jurisdictions. Certainly all of the COAG milestone dates at this point have been met and progress is on track, as I outlined to the Senate yesterday. In each jurisdiction, though, because of the differences—say in planning laws or in some of the other regulatory requirements or in relation to issues like land availability for housing developments and the like—there are different issues. Also, different jurisdictions have different procurement models, in relation to how they procure contracts, and different relationships with industry. So all those things need to be worked through.

It is fair to say that what I do is work with each of those jurisdictions. Quite early on we met as a group to understand each of the different approaches being adopted. What has been happening through the exchange of information from coordinators-general is jurisdictions are picking up best practice, essentially. Where one jurisdiction has put in place a better method of procurement or, for instance, a jurisdiction has had template designs for school buildings, they have been shared with other jurisdictions. So we have actually done that as a means of keeping the program moving.

Coming back to your point, Senator: yes, there are different approaches being adopted, but what we have tried to do through the coordination arrangements is to make sure we are picking those up. Similarly, a number of jurisdictions have made changes to their planning

laws and regulations to facilitate the faster development of these projects. That has been, in a couple of cases copied by other jurisdictions.

Senator RYAN—With respect to managing their own coordinator-general processes, is that solely sourced from states' own revenues?

Mr Mrdak—Yes. The costs of their coordination arrangements are met by the states and territories.

Senator RYAN—There is no capacity for them to cross-subsidise, double-dip—or however it may be described—to utilise some of these Commonwealth funds to provide their own coordination arrangements?

Mr Mrdak—Not that I am aware of. The Building the Education Revolution component of the COAG agreement did include an amount which could be utilised for administrative expenses. I think it was 1.5 per cent of program costs. There was not a similar arrangement in place for the social housing or infrastructure programs. The states are essentially picking those costs up—all of the delivery costs and the coordination costs—themselves.

Senator RYAN—What oversight arrangements do you have in place to check up that the states and territories do not try and play with accounts to, shall we say, siphon off some of the money so that they do not have to bear all those costs?

Mr Mrdak—The most important one is that, as part of the COAG agreement in February, the states and territories agreed to maintain their effort in relation to existing forward estimates spending in education, housing and infrastructure. That is locked into the national partnership agreement. That is monitored by the Treasury. The heads of Treasury process monitors that. States and territories have been required to provide details of their forward estimates spending in each of those portfolios where the Commonwealth is putting additional investment in. That is then monitored on a quarterly basis by the treasurers to ensure that there is no diminution of state effort and spend. That is the main process that is taking place at the macro level. At the micro level, in relation to individual project costs, we look closely at the project proposals that have been put forward for states to make sure that we do have a look at issues like project management fees and the like that are proposed in there. I am not aware at this stage that any state is using any Commonwealth program funds to fund the coordination process.

Senator RYAN—When you are comparing the forward estimates to try and keep an eye on their behaviour with respect to their spending, is that based on last year's estimates and projections by the states?

Mr Mrdak—Yes. It is based on what they would have in their budget papers and—

Senator RYAN—But only as at last year and not based on previous years?

Mr Mrdak—That is my understanding.

Senator RYAN—Other than for the education program that you mentioned earlier, the states—if I am correct—do have a capacity to charge project management fees for various other parts of the spending plans.

Mr Mrdak—There is always that capacity. Every project involves some project management fee requirement. In some jurisdictions the projects are being managed in-house. For instance, Queensland is utilising its existing Department of Public Works. I am not aware of what project management fee is being charged by them for individual projects. I am happy to check that for you. Other jurisdictions are using private-sector project managers and they are obviously subject to commercial rates of project management fees for projects. To give you an example, most of the jurisdictions are appointing project managers for each of the schools and housing projects. Some states have bundled them into larger bundles of projects, some have done it on an individual school contract basis, but each of those arrangements would have a project management fee component. We do look at that and we have had discussions with Coordinator-General's about what is an appropriate benchmark. We do look quite closely at how much that is. But very much that is driven by the market for project management skills at the moment.

Senator RYAN—So you would specifically compare projects where some states might use private-sector project managers versus those doing it in-house. I am sure you would agree that doing projects in-house probably provides more opportunity for administrative expenses or other expenses to be transferred or cost-shifted.

Mr Mrdak—We are currently doing an analysis of project management fees being charged across the jurisdictions. This is happening as we speak at the moment. One of the things we are looking at is some level of detail around that. I do not have the quantities of what is being done in-house vis-a-vis the private sector, but what I am seeing at the moment, from the information I have seen, is that project management fees are generally in line with industry standard, round that four per cent mark, which we think is not unreasonable.

Senator RYAN—So your work thus far has not thrown up any issues of concern with respect to specific projects or specific state or territory governments?

Mr Mrdak—Not the work I have done to date, but, as I say, we are initiating some work at the moment to get information from the states and territories on what they are finding. One of the areas we are starting to look at is industry capabilities and costs, and this is one area where we do want to get a better understanding of what the picture is on project management costs.

Senator RYAN—When do you expect to complete that analysis, or at least this particular stage of it?

Mr Mrdak—I would expect to do that in the next couple of weeks.

Senator RYAN—Is that the sort of information that is made public?

Mr Mrdak—I can certainly provide that overview to the Senate.

Senator RYAN—Along with any issues of concern. I think the committee would be particularly interested in something that was outside what you would desire to be the ballpark figure that would keep the Commonwealth happy.

Mr Mrdak—Certainly, Senator.

Senator RYAN—Finally I want to ask about the development and coordination of spending and output benchmarks. I am looking at the national partnership agreement where it actually talks about, as you mentioned earlier, previously budgeted state expenditure, section

(b)(iii). Are there any more specific benchmarks that have been developed or are in the process of being developed? These are reasonably broad.

Mr Mrdak—There are, and I would be happy to provide to you on notice further details. But the heads of treasury process has essentially applied a pro forma to the jurisdictions of the type of reporting information required. Coming back to your early question of what basis their forward estimates are based on, I am happy to take out on notice and provide you with some further details of the benchmarks against which the heads of treasury are benchmarking the maintenance of effort by the states and territories.

Senator RYAN—Sure. You mentioned earlier that the benchmarks thus far had been met. I assume therefore there had been no application of any sanctions to this point.

Mr Mrdak—That is right. At this stage we are meeting all the COAG time frames. The most critical one at the moment is to enable the first round of primary schools, P21 projects, the first 20 per cent of primary school projects, which are due to commence in June. That is the most critical path we are on at the moment. As I indicated yesterday, at this stage of the 1,400 schools under that there are some 500 which are now under way and I anticipate that over the next few weeks the bulk of the remainder will get underway at a number of schools across the country.

Senator RYAN—I have not been able to gather from this a sense of how a determination is made on either these broad benchmarks or the more specific ones you said you have taken on notice. Who makes the determination about whether they had been met and how is that determination made?

Mr Mrdak—At the end of the day we have developed reporting systems and, as I say, we are requiring the states and territories to report every month on expenditure and project process against every project, so for every school and every housing project we get a monthly report. The first detailed monthly report will be for this month, May, now that a number of projects are underway.

On top of that we have built a more analytical reporting system, which looks at spend as an indicator of project progress. That enables me and my officers, with our colleagues in the education, housing and infrastructure departments, to start to make some detailed analysis of how individual jurisdictions are tracking. It will also enable us to look comparatively at how jurisdictions are operating. If we start to see there is a slow progress, say, in schools in one jurisdiction, we can start to go back to that jurisdiction and ask why that is happening. As I say, my fortnightly and weekly meetings are really designed to get that level of detailed information and thus far we have been very cooperative with the states. We know, for instance, there have been some delays in a couple of jurisdictions in relation to particular projects. We understand those; we have worked those through. We have been working with them on strategies for how we might address that.

It will be around the third quarter of this calendar year, I think, when we will start to get a better picture of project progress. We will have had all of the primary school and housing projects approved by around July-August. We will start to see substantial building in place. I think in about the third quarter, around that September-October period, I will be in a better position to know the deliverability of the range of the projects.

Senator RYAN—You mentioned that this month is likely to be the first month of detailed reporting. Has there been since the announcement of this plan any alteration—specifically, any pushing back or relaxation—of the benchmarks that were initially either publicly announced or developed in house?

Mr Mrdak—No. All of the jurisdictions are continuing to operate to the timetable set by COAG in February.

Senator RYAN—Finally, if at some point—and the realistic amongst us may say ‘when’ rather than ‘if’—you get a report that something is not being fulfilled or a benchmark is not being met, what I am interested in is this. How will a decision be made to say, ‘This benchmark has not been met and sanctions are going to be applied’? Is that a decision that you will make and make a recommendation to the Prime Minister on? Is it a decision for COAG?

Mr Mrdak—I think in the first instance it would be a judgment I would make following discussions with the jurisdiction to ascertain what the problem is and what is driving it. Obviously I would provide advice to the Prime Minister and the parliamentary secretary, Senator Arbib, who has responsibility for the program. I would provide them with advice of my analysis of what the issue is, what may have led to the problem and what some options are to address it. Obviously, the first option would be to try and find operational measures which can get the program back on track if we reach that point. It would then be a matter for the ministers at the Commonwealth level to take that up with their state or territory colleagues and make some judgments about if in those circumstances any action should be taken against that jurisdiction or if there are options to try and address it rather than move to any penalty regime.

Senator RYAN—Thank you.

Senator RONALDSON—In relation to COAG, there was a contract, CN166043, with the sum of \$28,017 for the COAG Reform Council corporate branding services.

Mr Mrdak—I am not personally familiar with that one. Just bear with me.

Senator RONALDSON—I am happy to come back to that. I appreciate you might not have the information there.

Mr Mrdak—I would be happy to do that if you would like me to get some information for you in relation to it. What number was that, sorry, Senator?

Senator RONALDSON—It was CN166043. The publish date was 12 March—Department of the Prime Minister and Cabinet and Equation Corporate Design.

Mr Mrdak—I have it. I have the details from the AusTender site. Yes, 12 March and \$28,017.

Senator RONALDSON—Yes. I take it that the objective of this contract was the design of a symbol or logo for the COAG Reform Council. Is that right?

Mr Mrdak—I would have to check, if you did not mind. I will try to find some details for you through the course of this morning and come back to you, if I might.

Senator RONALDSON—Sure.

Mr Mrdak—I do not have the details with me of what that contract is about.

Senator RONALDSON—If you could get the breakdown, that would be great.

Mr Mrdak—I could certainly do that.

Senator RONALDSON—We will still be on this for at least another hour and a half or two hours. Can I take you to the budget and additional resourcing of PM&C. Are any of those additional resources being devoted to augmenting the economic analysis capacity within PM&C?

Mr Mrdak—Yes. We have not determined the final allocation of resources across our line divisions, but, as I indicated yesterday, we envisage that a large proportion of the money that the government provided in UEFO to strengthen the central agencies' capacity will be put into our domestic policy group and our international area, which have been heavily involved in the economic analysis of the global financial crisis and global economic crisis issues, and also to strengthen our economic analytical skills.

Senator RONALDSON—How many staff do you anticipate at the moment will be recruited into this economic analysis area?

Mr Mrdak—I do not have that information, but I am happy to take that on notice. We are currently in the process of commencing our internal budgeting process for 2009-10. That is happening in the next week or so. We will start to get indicative allocations across the divisions, which will then enable us to determine what the final staffing outcomes will be for divisions.

Senator RONALDSON—What deficiencies in the advice of Finance and Treasury were identified which necessitated such a move?

Mr Mrdak—I do not think it was a deficiency; it was reflecting the fact that there has been a very large increase in workload for all three central agencies over the last eight or nine months in relation to the global financial crisis. Our economic division, which is normally very busy anyway with the budget process, as are the other central agencies, has been devoting a substantial amount of resourcing to, for instance, as I indicated yesterday, some of the G20 reform processes that the government has engaged in, some of the analysis of the implications of the global financial crisis and economic crisis for Australian industry and the like. So it is not a comment in relation to existing capacities; it is the fact that all three agencies are very heavily engaged in the analysis and development of response measures by the government.

Senator RONALDSON—Hopefully you do not employ people for no good reason, so what specific appraisal was made that PM&C required further economic analysis capacity that was presumably unable to be provided from Finance and Treasury?

Mr Mrdak—As I say, it was not a case of what was not available; it was a sense that we have a distinct role in terms of the number of those response issues. In particular, we were quite heavily involved in the lead-up to London G20 conference, where PM&C senior officers were quite heavily involved in the work that led up to that, and the earlier meetings in Washington which the Prime Minister and the Treasurer attended. In relation to those activities, our deputy secretary, Gordon de Brouwer, has been quite heavily engaged and a

support team has been assisting him in relation to all of those international prudential and regulatory reform agendas.

Senator RONALDSON—Why couldn't this work have been done through Finance and Treasury? Why was there a need to put additional staff into PM&C when you have massive resources in Finance and Treasury and, presumably, the expertise to provide that advice as required?

Mr Mrdak—The UEFO provided resourcing to all three agencies, reflecting the fact that the resources of all three agencies have been heavily stretched by the work of the global financial crisis. So it is not a reflection on the skills availability in any agency; it simply reflects the increased workload and the types of issues that had to be addressed which we were not previously involved in, such as some of the international prudential regulation issues that we have become involved in as part of the G20 reform agenda.

Senator RONALDSON—What discussions took place prior to this augmentation and with whom?

Mr Mrdak—It was a decision of the cabinet to provide these additional resources. Proposals were prepared for cabinet, as would be the case for normal budget resourcing decisions, for cabinet to consider. They were dealt with by the strategic policy and budget committee of cabinet as part of their response to the global financial crisis, which was outlined in the UEFO document.

Senator RONALDSON—Were the Finance and Treasury secretaries, for example, consulted about this decision prior to it being put up to cabinet?

Mr Mrdak—These resourcing proposals were developed in the same way as normal budget proposals are developed. Certainly, those agencies also received additional resourcing at that time.

Senator RONALDSON—Were any queries raised by those secretaries as to why this capacity would now be taken on by PM&C as opposed to what one would have thought were the legitimate agencies, such as Finance and Treasury?

Mr Mrdak—No. I think it recognised the fact that all three agencies are working very closely together on these types of economic issues.

Senator RONALDSON—So who will that group that will be set up within PM&C be responsible to—or will officials in Finance and Treasury be responsible to them? What is the pecking order?

Mr Mrdak—This is not an additional group in that sense. We have created a new branch in our Economic Division to handle international economic matters which is a branch that did not previously exist. There are also supplementary resources for our existing fiscal and economic branch teams. That will operate within our normal structures within PM&C.

Senator RONALDSON—Mr Mrdak, would you accept that there is probably not an unreasonable view that there is a bit of an empire being built up within PM&C? You are taking on the economic analysis, you have had a huge increase in staff; is there a bit of empire-building going on in PM&C?

Mr Mrdak—I do not think so, Senator. The resourcing the government has given us reflects the range of tasks we are now taking on. As you would be aware, the department has been working in very difficult circumstances for some time in relation to handling some of the issues that have been emerging, as has the government. The resourcing reflects the additional resourcing that the government has decided to provide to the central agencies.

Senator RONALDSON—Certainly, I agree with you that the government has been struggling in relation to addressing some of the issues that have been before us. So I very much agree with that—

Mr Mrdak—I do not think I was saying that, Senator.

Senator Faulkner—No. I am actually sure that Mr Mrdak did not say that, Senator Ronaldson.

Senator RONALDSON—Well, if he did not say it, I am sure, like us, he is thinking it. Now—

Senator Faulkner—You thought he was thinking it, did you? Well, there we are. We are now reduced to thought crime. I doubt that he even was thinking it, Senator. You will probably never know.

Senator RONALDSON—Yes, well, I am sure he took the comment in the vein in which it was given. Mr Mrdak, can I now take you to a press report that appeared on, I think, 22 April this year in the *Courier-Mail*. It relates to catering for the Prime Minister on VIP aircraft. I will just read the appropriate section of the report—no doubt you have got it there:

TAXPAYERS are forking out thousands of dollars to ensure Kevin Rudd is served a gourmet three-course meal on RAAF VIP flights - even 30-minute trips.

Since an angry and hungry Prime Minister reduced a flight attendant to tears over food quality on a trip from Port Moresby to Canberra in January, every RAAF flight must now carry a full meal service—

Senator JACINTA COLLINS—This is tedious repetition.

Senator RONALDSON—Sorry? I will start again:

Since an angry and hungry Prime Minister reduced a flight attendant to tears over food quality on a trip from Port Moresby to Canberra in January, every RAAF flight must now carry a full meal service - even the 30-minute Sydney-to-Canberra shuttle.

Is it correct, Mr Mrdak, that these VIP flights are carrying a 24-hour supply of full-course meals?

Senator Faulkner—You have asked Mr Mrdak, and I will certainly allow Mr Mrdak to respond, but perhaps just a little bit of context here might be helpful, Senator, because of course, as you would appreciate, the Department of Prime Minister and Cabinet is not responsible for the provision of special-purpose aircraft for either the Prime Minister or other officeholders. I make this point just so we understand that it is likely that, if there is going to be extensive questioning on special-purpose aircraft, it is going to be very, very difficult for this portfolio, this department, to answer because it is something that ordinarily would be a matter for Defence. However, having said that, Senator, I am sure you also appreciate and understand the agency responsibilities here. I will ask Mr Mrdak if he can assist you, because you addressed a question to him.

Senator RONALDSON—Just on that point, Minister. The reason I am asking you and Mr Mrdak is that, in the same article, a spokesman for the Prime Minister was quoted in relation to the issue, so I would think that—

Senator Faulkner—I have not got the article, but I certainly accept that.

Senator RONALDSON—The Prime Minister's spokesman is quoted in relation to the matter, so I thought it was appropriate, in those circumstances, for what I accept would normally be a Defence matter, to—

Senator Faulkner—I do not have the article in front of me, but I accept that what you say is correct—that a spokesman was quoted. I do not want to interrupt Mr Mrdak, but I did want to just say that. I do not think anything that I have said is going to come as a huge surprise to you. You have asked Mr Mrdak; let me allow Mr Mrdak to respond in any way he deems fit.

Mr Mrdak—The department does not get involved in such matters. It is a matter for the Department of Defence. I have no knowledge of the RAAF catering arrangements, I am sorry. The department is not involved in those matters.

Senator RONALDSON—Minister, what knowledge do you have of these matters, given that a spokesman for the Prime Minister has been commenting on them?

Senator Faulkner—I have absolutely none. I do know, broadly—the point I made to you a little earlier about responsibility—but I do not have the article. I certainly accept that you have accurately reflected the article in your question. I am absolutely happy to acknowledge that, but you have asked me if I have any knowledge, and I do not.

Senator RONALDSON—Given the involvement of the Prime Minister's office in the public debate about this matter, Mr Mrdak, will you please take on notice my questions as to whether each VIP flight transporting the Prime Minister now includes a 24-hour supply of four-course meals; if not, what specific changes have been made to the meal service offered on RAAF VIP flights transporting the Prime Minister; and is the Department of the Prime Minister and Cabinet reimbursing Defence for these extra costs, or is Defence being forced to find savings in its own budget to cater for what I would view as the Prime Minister's excessive demands?

Senator Faulkner—Putting aside the political spin, particularly in the last question, I am happy to take on notice the questions you have read out—that is fine. I point out to you that a high proportion of those issues do not belong in the Department of the Prime Minister and Cabinet, as you would appreciate. If and where appropriate, I will suggest to PM&C that your questions perhaps be referred to another agency. I know you have specifically identified a PM&C role in one of them, but least some of those matters you have raised are not properly directed to the Department of the Prime Minister and Cabinet—they are more properly directed to Defence. However, with the understanding that we will handle the necessary administrative arrangements in relation to reallocation of your questions, I am happy to take them on notice.

Senator RONALDSON—As I say, I only raised it in this estimates because of the commentary from the Prime Minister's office—

Senator Faulkner—Yes, and I did note that, in one of the questions you asked, you specifically asked about a PM&C involvement.

Senator RONALDSON—Yes. Mr Mrdak, are you aware of the official www.economicstimulusplan.gov.au web site?

Mr Mrdak—Yes.

Senator RONALDSON—Was this website approved by the ANAO?

Mr Mrdak—No. It forms part of our program administration, so its establishment and content have not required clearance from the ANAO. I presume you are talking in terms of the government's campaign advertising guidelines. It does not fall within that definition of campaign advertising.

Senator RONALDSON—Is it right that the home page features a video clip of the Prime Minister and other ministers?

Mr Mrdak—The website does include videos of ministers making statements about the program, yes.

Senator RONALDSON—Did the department authorise the use of these video clips? My understanding is that it is way outside political convention that ministers are used in such a blatant political act by having video footage of themselves. Did the department authorise the use of those video clips?

Mr Mrdak—I am not sure that 'authorise' is the right word. We certainly have placed that material on the website. I would have to say that it reflects ministers making statements in relation to their portfolio responsibilities. We have been very careful to ensure that the material that goes on the website meets the long-established AGIMO guidelines in relation to departmental websites. That clearly ensures that the material that goes on the website meets all of the APS values and the AGIMO requirements for publicly funded websites.

Senator RONALDSON—Just speaking of guidelines, is there any historical precedent for partisan video clips being placed on taxpayer funded websites?

Mr Mrdak—I am not too sure. We have been very careful to ensure that the video clips are apolitical in the sense that they are at ministers commenting on their portfolio responsibilities and announcements within their portfolios. Increasingly, this medium is being used across a number of websites where ministers are presenting information—essentially what would otherwise in the past have been media releases, speeches or comments by ministers in relation to their programs. Ministers now have the technical capacity to place video footage of themselves announcing or commenting on their policies and programs.

Senator RONALDSON—What was the cost incurred by the taxpayer for the creation of this cute little Labor government propaganda exercise?

Mr Mrdak—The website is a program administration tool which has been developed by agencies. As you know, the nation-building program has essentially seven Commonwealth government agencies delivering infrastructure projects and other elements of the fiscal stimulus plan. The website has been developed by the Department of Education, Employment and Workplace Relations. PM&C coordinates the operations of agencies providing content to

that. My advice is that, to the end of April, the cost incurred in building the website and maintaining it is \$164,000.

Senator RONALDSON—You are joking—\$164,000!

Mr Mrdak—Yes, Senator.

Senator RONALDSON—The Australian taxpayer has had to stump up \$164,000?

Senator Jacinta Collins interjecting—

Senator RONALDSON—If you think this is appropriate, please come out and say so, Senator.

Senator JACINTA COLLINS—I just do not think your manner is appropriate.

Senator RONALDSON—I would love to hear your comment that this is an appropriate use of taxpayers' funds. We have a video site that is nothing more—

Senator JACINTA COLLINS—We had community requests for such a site.

Senator RONALDSON—than a Labor Party propaganda process that has cost the Australian taxpayer \$164,000. Is that correct? Minister, how can you possibly justify expenditure of \$164,000 of taxpayers' funds on a propaganda website, which this is no more and no less than?

Senator Faulkner—I do not accept your description of the economic stimulus website as a propaganda website. I think we are talking about the website www.economicstimulusplan.gov.au. My understanding—but we can check this—is that the content of that website was the responsibility of the department. It is easy to throw a word around like 'propaganda'. My understanding is that the content is a departmental responsibility.

Senator RONALDSON—Minister, there is no precedent for the nature and extent of these partisan video clips being placed on taxpayer funded websites. There is no precedent at all. Mr Mrdak, who decided on the name of the website?

Mr Mrdak—That was decided by the government. It is the branding that the government has placed on its nation-building program, in relation to the various elements of it. The decision was taken that all of the various elements of the program would be administered under a single title, which is the nation-building economic stimulus plan.

Senator RONALDSON—Is there any intention to change the name of that website?

Mr Mrdak—Not that I am aware of.

Senator RONALDSON—If there is, can I make some suggestions? How about www.billionsindebt.gov.au or www.yearsofdeficits.gov.au—

Senator RYAN—You cannot say that—it had the word 'billions' in it.

Senator RONALDSON—That is right—very naughty. Or www.ifyoustillbelieveinthetoothfairyyoumightbelievetherewillbeasurplusby2015-16.gov.au?

CHAIR—Senator, could I just to remind you that you have to put questions to the witnesses. It is all very well to make statements but you can make those outside of the

committee process. I understand that you are looking for the media grab, but please stick to asking questions. I will direct you to put a question to the witness.

Senator RONALDSON—Madam Chair, there has only been one grab, and that is the \$164,000 from the Australian taxpayers who have had to stump up this partisan video link. It is an absolute disgrace.

CHAIR—Senator Ronaldson, could you put your question to the witness.

Senator JACINTA COLLINS—Do you think this is partisan in comparison to what occurred under the Howard government? What a joke!

Senator RONALDSON—I am sure you are going to jump up and down and wave around—

CHAIR—Senator Ronaldson, you have the call.

Senator RONALDSON—placed on taxpayer funded websites. I do not know why she jumps in like that and makes silly comments.

Senator Faulkner—I am happy to respond to Senator Ronaldson's question, if it was a question. The intention of the website is to effectively provide—to use modern terminology, if you like—a one-stop shop for information on the government's economic stimulus plan.

Senator JACINTA COLLINS—How many hits has it had, Minister?

Senator Faulkner—Mr Mrdak will get to that in a minute. I will just finish my answer to Senator Ronaldson. It is an easy thing to do, of course: instead of asking a question, making a comment and hoping that someone might pick it up. My understanding of the website—

Senator RONALDSON—Minister, that was a course something that you never, ever did when you were sitting on this side of the table!

Senator Faulkner—My understanding of the website is that it can be accessed through the www.australia.gov.au portal. I made the point earlier that, of course putting aside the commentary, the Department of the Prime Minister and Cabinet is responsible for content. Specifically in relation to the question that Senator Collins asked about the number of hits, I do not know, but I will ask Mr Mrdak to deal with that.

Mr Mrdak—It has proven to be a very popular tool for communities in terms of accessing information and also for businesses looking for employment. Through the website we have contact points for state and territory tenders and also local government contact points for the various local government projects. My understanding is that it is achieving about 20,000 individual hits per week. That is an average that has been maintained. I will get you some further figures, but it is in the order of 140,000 individual hits in the five or six weeks since it has been operational.

Senator JACINTA COLLINS—Are you able to characterise the areas of interest from those hits or is that not possible?

Mr Mrdak—There is lot of interest particularly around the tax bonus payment and the various payments earlier, in terms people seeking information about eligibility and also the process that was being undertaken. The website contains information and links to the Australian tax office information sites. More recently the interest has focused more on some

of the community infrastructure projects and school projects as they have been announced. Details are provided. The website provides a locational map, where people can put in postcodes and go to projects in each of the locations in their area, which enables them to determine what is happening at each school and where the public housing and installation programs are taking place.

Senator JACINTA COLLINS—The reason I ask this is because I raised this issue with Senator Arbib, about a week or two before the site came on line, and that was because I had people coming to me and saying, ‘Can we centralise the information about all of these programs?’ As it turned out, this came on line within two weeks; it was not just due, Senator Arbib assures me, to his very fast work but that this was obviously already in train. So I am interested in following how effectively it is actually working.

Mr Mrdak—Certainly. This is the first time the Australian government has sought to build a program website which has information across that. Because of the interlinked nature of a number of the programs in the economic stimulus plan program, the single website was designed to be a single entry point and information point, but also to take people then to various, more detailed information—as I say, both in other federal government agencies and state and territory websites, and then local council contact points as well.

Senator RYAN—Mr Mrdak, did you just say that there were 140,000 hits on the website?

Mr Mrdak—I think it is of that order. I will get a more detailed number for you, but that is my understanding of the sort of number.

Senator RYAN—That is the ballpark number. I have done some quick maths and that is \$1.17 a hit. How does that compare with other government websites? We had the, I think, \$64-a-call climate change call centre. I am thinking that \$1.17 a hit would not be benchmarked well against what people in the private sector might spend. Do you benchmark any of those activities?

Mr Mrdak—I would need to take on notice how it sits with other government websites. My understanding of the advice that I have been given is that it is, I think, at this stage, not receiving as many hits as, say, the Bureau of Meteorology website, but it is certainly one of the more popular government information sites at this time. I will get some details for you on how it sits.

Senator RYAN—I would be interested in some comparisons, given that that seems to be quite an extraordinary cost, for both the website and per use.

Senator RONALDSON—A very good point.

Senator RYAN—I would now like to turn to the guidelines as I understand them for registering ‘.gov.au’ domain names. Part 17 of this says, ‘Notwithstanding the preceding paragraph,’ which is just a general principle about the stated purpose, ‘the domain name must not:’ and subsection v says, ‘express a political statement or bear any semantic connection to a registered Australian political party’. But it is the first part of the clause that I am interested in. Did the department take these into account when it actually developed these domain names?

Mr Mrdak—In developing the branding for the program, we looked very closely at the appropriation bills which supported the appropriation of funds, which was the nation-building economic stimulus plan. So we have drawn directly from that, which is the titling which the government has used for the appropriation and the program.

Senator RYAN—So when I put in www.buildingtheeducationrevolution.gov.au, you do not believe that that meets the criteria of being a political statement—it being the name of a policy?

Senator Faulkner—Senator, when you ask questions like this you have got to make sure that you do not leave an open goal. What about www.workchoices.gov.au?

Senator RYAN—I recall you making a song and dance about that.

Senator Faulkner—Well, go back and check the record.

Senator RYAN—I thought you might apply the same standards.

Senator RONALDSON—So, different standards?

Senator Faulkner—No, you go back and check the record about this. Didn't that advertising campaign cost—my recollection is—\$115 million?

Senator RONALDSON—Did you make any comments about it at the time?

Senator Faulkner—I talked about the advertising campaign.

Senator RONALDSON—I think you might have.

Senator Faulkner—Fortunately, since then, we now have some appropriate standards in relation to government advertising, driven—

Senator RYAN—Senator Faulkner, the standards are on paper, but here I have nation-building—

CHAIR—Senator Ryan, I will remind you, as I have reminded other questioners this morning: if you put a question, wait for the answer from the witness, please.

Senator Faulkner—If you feel there is a concern with that nomenclature—which I might say has been developed in the way that Mr Mrdak has outlined to the committee—I am just assuming that you have very similar concerns about what has been occurring for a long time in relation to the branding or naming, whatever the technical term is, in relation to websites.

Senator RYAN—While obviously I was not here at that time, I do recall seeing you occasionally on this side of the table, Senator Faulkner, making a song and dance about such things. Was there any input, Mr Mrdak—

Senator Faulkner—You want to check the record. I have made lots of songs and dances over the years, to use your terminology—

Senator RONALDSON—They often revolved around alleged expenditure or waste of taxpayers' dollars, if I remember correctly.

Senator Faulkner—That is why the government has acted so decisively in these areas to address so many of these concerns, and the Work Choices advertising campaign is a very good example of that.

Senator RYAN—Mr Mrdak, I have just one last question. I am not sure whether Senator Ronaldson asked this and I would like to confirm: was there any input from the Prime Minister's office in developing either the website or the domain names which point to other government websites, such as, <http://www.nationbuildingprogram.gov.au/> or <http://www.buildingtheeducationrevolution.gov.au/>?

Mr Mrdak—Concepts were developed by officials and then they were considered by ministers and ministers' officers. Then based on that advice and those discussions we have settled on the branding of the program and the domain name.

Senator CAMERON—Let me bring this back to an issue that I think the Australian public would be interested in, and that is the question of the role of the stimulus package and the jobs that are being protected by the implementation of the stimulus package.

Senator RYAN—On a point of order, Madam Chair. I appreciate that Senator Cameron had the call, but it is in now my third session of estimates that we have allowed people who are specifically addressing the question at hand to continue prosecuting or looking at that issue rather than moving—

CHAIR—You had the call, Senator Ryan. You finished your questioning and Senator Cameron was next.

Senator CAMERON—You said it was your last question. Once you give up, you give up.

CHAIR—I then gave the call to Senator Cameron—

Senator RONALDSON—I have got a question on the same matter.

CHAIR—and Senator Ronaldson has had a fair share this morning.

Senator CAMERON—My question is on the matter.

CHAIR—I will just make my ruling on the point of order. You said it was your last question, Senator Ryan. The next call then went to Senator Cameron. Senator Ronaldson, I would suggest, has had a fair opportunity this morning and he has the opportunity to continue this afternoon. Senator Ryan has had the call. There is no point of order.

Senator RONALDSON—I have a point of order. I was actually asking questions in relation to this matter and Senator Ryan, quite rightly, jumped in with a question in relation to the websites. I was continuing—

CHAIR—Senator Ronaldson, there is no point of order. The call was given to Senator Ryan by me. He then said it was his last question. Senator Cameron then had the next call. You have the opportunity after Senator Cameron. There is no point of order.

Senator CAMERON—Thanks. Mr Mrdak, I will just come back to this issue of jobs and the global economic crisis. It seems to me that some senators do not understand that there is a global economic crisis and this website, the explanation of the stimulus package, is very important in terms of advising the public about the initiatives the government has taken to help preserve jobs in Australia. Is that the sort of context you see this in?

Mr Mrdak—Certainly, Senator. The importance of the communications has been something that I have become more appreciative of in the sense that in my discussions with, say, the industry groups that are looking to work on these projects I have been very focused

on the project rollout. In my discussions with industry groups and suppliers and the like it became quite clear that we needed to get information out to those groups because, as I mentioned yesterday, we did face a situation earlier this year when a number of building product suppliers in particular were looking to downsize shifts and lay people off. By doing a lot of presentations and getting information out there, we have found that they have taken decisions to maintain people and to increase production once they have started to understand the rollout and the needs of the infrastructure programs.

The website forms part of that. When you go into the website, you will see that we have a section for small business and also a section that people who are seeking tenders and contracts can go to and have contact points. That has been very important. It has also been important to get a message about confidence into the economy, and the fact that there are employment generators happening through the construction program. That has been quite important. Finally, coming back to Senator Collins's point in relation to communities, the intention is that people will be able to go into the website and track progress on the building that is taking place in their community. That is part of transparency. Also, as Senator Ryan pointed out earlier, it is one of the measures we are using to try and ensure the accountability of the states and territories in terms of the rollout of the program. We can publicly identify where individual projects are at, which enables us to transparently track the program. That is something the Commonwealth has not done previously—certainly not in a form which is so accessible to the community as this website is. That has been one of the objectives and rationales for the government deciding to fund this website.

Senator CAMERON—Have business welcomed the improved communications from government in relation to the opportunities for employment and jobs coming out of the government's package?

Mr Mrdak—Certainly. We can always do more, but the feedback I have received is that being able to access this type of information more readily has been very beneficial, particularly for industry associations who use this as a way of advising their membership and directing them to information points. Also, industry associations tend to use this information on the website to then produce their own material for their members about what is happening in certain locations. People can currently go into the website and go to a location map and identify an area, a town or a community and identify which projects are being built in that community. The advice I am getting from a number of industry groups is that that has been very beneficial.

Senator CAMERON—Given the importance of this in terms of jobs and weathering the economic storm—and you have raised the issue of business organisations and associations—what are we doing to communicate directly with small business?

Mr Mrdak—There are a number of measures. Firstly, we are talking with industry associations. For instance, I do papers, speeches and the like. Ministers are doing the same. The Minister for Small Business, Independent Contractors and the Service Economy is obviously talking to them. He has written to small business and the like, advising them of the program and the opportunities. The website is one element of that, as well as the general information that is being put out by the government about the program, which is designed to

give information to small business about where the work opportunities are in their communities.

Senator CAMERON—How can we use the website to push the whole process of trying to create more apprenticeships and make sure we do not fall into the past problem we have had where, every time there is a downturn, apprentices lose jobs and we are not in a position to take up the opportunities of a growing economy? Can we deal with that?

Mr Mrdak—The website is one small part of the communication of that. We have links from the website to the Department of Education, Employment and Workplace Relations in relation to apprenticeships and trainee schemes. We also have links to the state governments in terms of their mechanisms for apprenticeships, trainee support and the like. Those linkages are there to provide information for employers. That is one part of the strategy about trying to get information out there about what measures the government has put in place to ensure that those who are coming off apprenticeships are able to be picked up by others who are picking up work through the economic stimulus program, as we discussed last night.

Senator CAMERON—If someone takes advantage of one of the many opportunities under the government's scheme and they are looking to employ an apprentice, is there some way we can direct them to these apprentice systems where we can actually hire an apprentice from a group scheme? Can we do something like that?

Mr Mrdak—Certainly. You may wish to discuss this with the education department, but they have certainly put in place arrangements with the group training authorities and all the registered training organisations to have information that enables people to understand what opportunities are available for apprentices coming off training to be able to be picked up by group training authorities or other employers. That work is happening in the Deputy Prime Minister's portfolio.

Senator CAMERON—Given the communications challenge that is there for government, do you think that the message is starting to get out that, firstly, we have the quick stimulus package through the \$900, and then we move to—

Senator RONALDSON—Madam Chair, on a point of order: Senator Cameron has had a very long bit of rope in relation to this. I have not objected to his questioning, because he has not said much to date, but there is absolutely no way known that this witness is able to answer that question. I urge you to—

CHAIR—There is no point of order. Senator Cameron.

Senator RONALDSON—Come on, Chair, that is outrageous.

Senator CAMERON—You don't know what the question is.

CHAIR—Senator Cameron, if you could get to your question.

Senator CAMERON—I go back to the start again. So the government has had three different strategies in place. The first one is to put some money into people's hands to stimulate the economy early; the second is to do the schools thing—medium-term infrastructure projects; and the third is the long-term infrastructure projects. They are all designed to buffer us against the global economic crisis and to protect 210,000 jobs. Do you

think we are getting that message through effectively to industry and do you think industry understand what is being done?

Senator RONALDSON—Madam Chair, this witness cannot answer that question. It is asking for a partisan political comment and it is totally inappropriate.

CHAIR—As has been demonstrated over the last day and a half, I am sure Mr Mrdak is quite capable of responding in an appropriate manner as to whether or not he can respond to that question.

Senator Faulkner—If it is of assistance, I can answer the question. In broad terms, Senator Cameron, nearly 70 per cent of the government's economic stimulus is for nation-building infrastructure. You would be aware of the school modernisation program. You would be aware of investments in rail and ports, hospitals, broadband and also in major solar energy projects. It is the view of the government that in a global economic downturn like this, it is obviously appropriate for a government to step in with action to stimulate the economy and support jobs. The concern is that if that is not done, as I am sure you would appreciate, in other circumstances the full burden of the global recession would fall on the shoulders of Australian families and small businesses. So that of course underpins the approach of the government on these matters.

CHAIR—Before we suspend can I advise that immediately following lunch we will be moving to the Office of the Privacy Commissioner, then we will deal with the Australian Institute of Family Studies and then we will come back to Prime Minister and Cabinet.

Senator Faulkner—And the committee is happy with that?

CHAIR—That has been agreed by the committee.

Mr Mrdak—Chair, with your indulgence, Senator Bernardi asked me a question last night in relation to the reflection room at PM&C. If I can give a brief answer to that before we break, I am advised that the reflection room is located on the ground floor at our department and is used as a quiet space for staff to meditate, pray or reflect. We also use the room as a first-aid room as required. In response to your question, Senator Bernardi, the room size is 12 square metres—three metres by four metres—and the floor space rent cost is \$3,660 per annum on the current rental space we pay. We do not maintain a register of staff who use the room. The room was included in the plans for the construction of the new building, which was opened in February 2007. I will chase up the answers to the other questions.

CHAIR—Thank you very much.

Proceedings suspended from 12.29 pm to 1.34 pm

Office of the Privacy Commissioner

CHAIR—Thank you and welcome back. I welcome Ms Karen Curtis, Australian Privacy Commissioner and officers. Ms Curtis, would you like to make an opening statement?

Ms K Curtis—No, thanks, Chair.

CHAIR—Questions? Senator Ronaldson.

Senator RONALDSON—Thank you. Who should I address my questions to—you, Ms Curtis?

Ms K Curtis—Yes, thank you.

Senator RONALDSON—The budget tells us there are plans to absorb the Office of the Privacy Commissioner into the new Office of the Information Commissioner. When is that likely to occur?

Ms K Curtis—It is proposed at the moment that the new office would start in January 2010, but that obviously is dependent on the passage of the legislation through parliament.

Senator RONALDSON—I assume at the moment you are still, effectively, running the office and have responsibility for all your staff and for policy direction et cetera?

Ms K Curtis—Yes, that is right. The new office does not exist yet, so I am still Privacy Commissioner and CEO of the Office of the Privacy Commissioner.

Senator RONALDSON—Yes, I understand. So, with this new body, what is going to be the chain of command, for want of a better word?

Ms K Curtis—I am not sure whether the senator would like me to continue answering these questions, because it is a matter for government, but it is proposed at the moment—

Senator Faulkner—I am happy if the Privacy Commissioner deals with it, Senator Ronaldson, but, broadly, as you know, there has been the overarching new statutory appointment of an information commissioner, and sitting underneath the Information Commissioner will be an FOI Commissioner and of course the Privacy Commissioner as well. As the Privacy Commissioner has mentioned to you, the proposed start-up date in the legislation—of which an exposure draft was made public some time ago—is 1 January 2010. Obviously, planning needs to be well underway in advance of that. One's expectations are coloured by potential reactions to the draft legislation, the exposure draft that is in the public arena, but my expectation is that there is unlikely to be trenchant opposition to this and so I expect the office will commence on 1 January. Currently, though, we are in the process of hearing views from members of the community about the draft legislation, and it is the government's intention to treat that consultation process very seriously, obviously.

Senator RONALDSON—Ms Curtis, this may or may not be a matter you want to answer—maybe the minister will do so—but it seems to me that potentially there is a natural conflict of interest between the new agency's privacy mandate and its FOI mandate. Has any thought been given to how you are going to manage that potential conflict of interest?

Ms K Curtis—If you are referring to the fact that privacy and FOI may seem like two different concepts, that is really—

Senator RONALDSON—Not necessarily all the time, but I am looking at the potential for conflicts of interest between the two.

Ms K Curtis—I would expect that the Information Commissioner, as the CEO, will manage any internal conflicts that do arise. But, essentially, there will be two major pieces of legislation being administered, the FOI Act and the Privacy Act, and there are specific provisions that will necessarily mean that normal activities will still occur in those two broad streams. The idea of bringing information, the FOI function, and privacy together is that there will be greater scope for information management across the Commonwealth.

Senator RONALDSON—I accept that, but is the intention to have some form of chinese wall between the two subagencies—the Privacy Commissioner and the FOI Commissioner?

Ms K Curtis—I do not think there will be any need to, because we will have an FOI Commissioner and a Privacy Commissioner. There will necessarily be a complaint handling and investigations done on both sides. There will also be a policy role for both sides. You will also still have a public awareness and corporate affairs area. You will probably have the same corporate and public affairs area deal with both issues but, obviously, that is going to be a matter for the new agency and the new agency head to determine how that is played out.

Senator RONALDSON—But you will be sharing things like data storage, won't you, under the one agency? Or is it intended that you will be separating out completely data storage, for example?

Ms K Curtis—At this stage I think that is a premature question for me to answer about those sorts of detailed arrangements.

Senator Faulkner—I might say this to you, Senator. I am very confident that the structural arrangements that are proposed that I outlined and that the Privacy Commissioner outlined to you a moment ago will actually allow for an increased coordination in the development of broader government information management policy. Of course, it is proposed that the new Information Commissioner himself will be given that function of advising the government on information management policy, information management practices, and that will include the use of information systems. That is the concept and approach behind the legislation, of which you have seen an exposure draft.

Senator RONALDSON—But it is acknowledged that there are potentially conflicts of interest. How are they going to be managed? I do not need to tell you the seriousness of both these current organisations and the fact that they are, I suspect, stand-alone organisations for that very reason, that there is little or no chance of conflict of interest. I want to know how that is going to be managed under the new organisation.

Senator Faulkner—You use the terminology 'conflict of interest'. It is certainly not terminology that I use.

Senator RONALDSON—What would you describe it as, then?

Senator Faulkner—I do not think it is appropriate to use such terminology.

Senator RONALDSON—Why not? If there is a conflict of interest there is a conflict of interest. What else could you possibly describe it as?

Senator Faulkner—I have explained to you what I think is the obvious symmetry in joining the functions of the Privacy Commissioner and the FOI Commissioner, which is the thrust of the approach that the government is taking. I just do not see the use of language like 'conflict of interest' as appropriate. As you would appreciate, there is a great deal of crossover between freedom of information issues and privacy issues. For instance, this might assist you. The government—

Senator RONALDSON—I accept that. I accept the overarching rationale for what is being done. But what I am asking you is, when you bring two organisations like this under the one roof there is a risk that there will be a conflict of interest situation arising. That has been

acknowledged by Ms Curtis. I just want to know what is going to be the procedure, particularly if you going to be sharing data storage which presumably will contain a wide amount of information under this new structure, what is going to be the process to protect the people that Ms Curtis and her organisation are protecting at the moment?

Senator Faulkner—The Privacy Commissioner can speak for herself and would like to answer your question, but let me assure you that the statutory functions and responsibilities of both the Privacy Commissioner and the FOI Commissioner are clear in this new framework. But the Privacy Commissioner would like to respond.

Ms K Curtis—As an agency of the Commonwealth, the Office of the Privacy Commissioner have to comply with the Privacy Act ourselves in the way we have to handle and disclose personal information. The new agency also will have to comply with the Privacy Act, so information will only be used, disclosed, stored and kept secure in accordance with the provisions of the Privacy Act. There will not be any misuse of information across the two areas of the new office.

Senator Faulkner—This model, as I understand it—and the Privacy Commissioner is more expert on these things than I am—is very similar to the model that applies in the United Kingdom. Most certainly there is no suggestion that I am aware of that has ever been made where conflict of interest issues arise.

Senator RONALDSON—Maybe they do not arise because they are managed. That is my question: how would you manage that potential conflict of interest? Are these two organisations under the one roof at the moment?

Senator Faulkner—No. The legislation has not passed the parliament.

Senator RONALDSON—Are the two existing organisations sharing accommodation at the moment?

Ms K Curtis—There are no two existing organisations. FOI complaints are currently handled by the Ombudsman's office.

Senator RONALDSON—That is right. But you do not share accommodation with them?

Ms K Curtis—No. We do not share any services.

Senator RONALDSON—You do not share data access with the Ombudsman, do you?

Ms K Curtis—No.

Senator Faulkner—The office of the information commissioner will be a new statutory position.

Senator RONALDSON—I understand that.

Senator Faulkner—Okay. You asked whether they were under the same roof. And the FOI commissioner will be a new statutory position. Neither of those positions exist at the moment.

Mr Pilgrim—Just to probably take this to another level: while it is preliminary stages, we are looking at the establishment of the offices, and one of the things we would be looking into would be to have databases that have appropriate controls in them. For example, the staff of the privacy commissioner's office—I would anticipate, because this is fairly standard practice

across a number of large organisations that do have slightly different functions—will have appropriate protocols such as password protection, audit trails and controls on the IT system so that, if there is a shared platform, the privacy commissioner's staff could only access that material which is relevant to the privacy commissioner's office. Similarly, the newly established section that would be looking after FOI would have the same controls, by way of an example of some internal technical controls.

Senator RONALDSON—Thank you, Mr Pilgrim. That was actually an answer that I was looking for to address the potential conflict of interest, which is where I started this discussion. So there will be security provisions in the shared platform. Will any other things be put in place to address those potential conflicts?

Ms K Curtis—It is very early days yet. Those sorts of procedures are standard and would accord with compliance with the Privacy Act—making sure all those sorts of controls were in place. PM&C have the responsibility in the first place, and the money for the new agency has gone to the Department of the Prime Minister and Cabinet for the set-up of the new organisation. So it is very early days to be talking about what exactly is going to be occurring or not occurring.

Senator RONALDSON—Has your advice been sought by PM&C in relation to those sorts of issues?

Ms K Curtis—We have started preliminary conversations with the department.

Senator RONALDSON—So it is acknowledged that it is potentially an issue, and you are having some input into how that can be best addressed. This is not a trick question. I am not looking to hang anyone out to dry here, but I am just interested to see how this is going to be managed.

Ms K Curtis—The set-up of the new office—the location of it, for instance, where you would have the FOI functions, all of those things—is yet to be finalised, so actually having detailed information about how a database would work or not work is very preliminary.

Senator RONALDSON—But you are being consulted in relation to those matters?

Ms K Curtis—That is correct.

Senator MOORE—I am interested in the role of the commission with the Public Service. In a recent inquiry in which we were involved, there were some fairly negative comments made by some witnesses about the quality of privacy issues within the Australian Public Service. Some of the submissions were distinctly negative about how privacy issues are handled.

I note in your Duty of Purpose that you provide information and that you also provide advice. How does that link in with what I know is already the focus on privacy and protection of information across the public sector? How does the commission work with the Public Service Commission or with individual agencies to maintain the high standards of privacy in the APS?

Ms K Curtis—I am not aware of the comments to which you refer.

Senator MOORE—I have to admit, Ms Curtis, that I took exception to them, but they are there on the public record.

Ms K Curtis—I assume they were not another Public Service agency.

Senator MOORE—They were involving bureaucrats, as such. The comments were in terms that ‘bureaucrats could not be trusted effectively with privacy’.

Ms K Curtis—That is probably contrary to our own experience over the last 20-odd years. By and large the Australian Public Service does a great job at handling personal information. When you consider the huge number of transactions that occur on a daily basis with, say, Medicare and Centrelink, the fact that we receive in total probably a little over 100 complaints a year about public sector agencies—the ATO, Medicare, Centrelink and the Child Support Agency—I think our public servants do a very good job. That does not mean that there is not an opportunity to improve their performance. We work with agencies in a number of different ways. We run something called the Privacy Contact Officer Network, and that meets four times a year. Each department and agency is supposed to have a PCO who is our conduit into that agency and to whom we can send information and help with advice. It is a very successful network.

We also provide advice to departments and agencies as they are preparing new policy initiatives. We say that it is better to build in privacy at the beginning rather than to bolt it on at the end. So we try very hard to assist departments as they are developing new policies to make sure that privacy is addressed and not seen as a hurdle or a burden but as a way in which to enhance the outcomes they are trying to achieve. Over the last few years I think departments and agencies have accepted a lot of our advice; indeed, they have adopted a proposal we put up, which is to undertake a privacy impact assessment wherever there is something that will have a significant impact upon the privacy of Australians. This is a voluntary initiative and, increasingly, departments and agencies are undertaking these PIAs.

Senator MOORE—Are they doing this as a matter of course when they are developing policy?

Ms K Curtis—I would not say that it is done necessarily a matter of course but I think that, generally, where there is a significant amount of personal information involved, agencies, together with ministers, think that it is prudent to do so to ensure that it does not create a problem for them later on.

Senator MOORE—Are the PCOs in the departments at a senior level?

Ms K Curtis—It varies across agencies. Some are at the SES level and others are at a more junior level; indeed, in some agencies one person is the FOI, the privacy and EEO officer—one person does a number of functions—but it is quite a robust group.

Senator MOORE—I notice that you do have a complaints line and that one of the key clients would be the Public Service. You have put on record that you have a relatively low complaint rate from the public sector. What is the complaint rate across other forms of industry?

Ms K Curtis—As a general rule of thumb, 10 to 13 per cent of our complaints are about the public sector. About 17 per cent of our complaints come from our credit-reporting

provisions—that is, part 3A—and about 60-odd per cent of complaints relate to the private sector.

Senator MOORE—Across the board?

Ms K Curtis—Private sector, in order: health, finance and telcos are our three largest areas of complaint.

Senator MOORE—I wonder if they keep you busy.

Ms K Curtis—Yes. One would expect that because all of us have health information and all of us deal with banks and, increasingly, telcos—there are more mobile telephones in Australia than there are people.

Senator MOORE—Do you have any role in reviewing privacy policies that government departments have?

Ms K Curtis—Departments and agencies contact us for advice about particular issues. They are quite specific and narrow issues sometimes, but there are broader policy issues as well.

Senator MOORE—Do the Australian Privacy Awards that we have heard about come through your office?

Ms K Curtis—Yes. Last year we had an awards program for the first time. The minister gave out the awards in August last year. I was very pleased with the response we received from the public. Michael Kirby won the Privacy Medal as an individual contributing to privacy in Australia. Telstra won an award for business and there was a small business win. Medicare won the overall prize and the Child Support Agency won the government award.

Senator MOORE—In terms of the kinds of comments that were put on record in this process, is there anything that we could do through your agency to reinforce to the wider Australian public the importance with which privacy is seen by the APS?

Ms K Curtis—I think Medicare and Centrelink—the large agencies that do interact—do have strong privacy messages.

Senator MOORE—They are up there in the processes all the time?

Ms K Curtis—Yes. We try hard to promote privacy and to increase the public's awareness about privacy and protecting personal information. It is a value, and effecting cultural change or ensuring people value it is a continuous task. It is probably a never-ending one as well.

Senator MOORE—It is. It just keeps on going. One of the points I made was to do with the serious penalties that are in place within the APS in terms of people's futures if they are found to have breached privacy. Does your organisation have any role in working with the APS about the discipline processes in terms of what is a fair process, how you actually work with someone who has had privacy issues? Is there any role at all for that?

Ms K Curtis—We would probably be approached by the Public Service Commission on a case by case basis for advice. But the Public Service Commissioner and I did point out some joint advice to departments and agencies on disciplinary matters and the amount of personal information they should give out to others about those who have been disciplined.

Senator MOORE—Absolutely. The media has a frenzy about all kinds of things, but I notice with public sector complaints that they are often very quick to name people even before the process has begun.

Ms K Curtis—If it is already in the public arena, say, a criminal offence and someone has been charged, one would expect that someone would be named. But sometimes a complainant may need to know that they were disciplined but not necessarily what has happened to them, and those sorts of things.

Senator BERNARDI—Ms Curtis, I would like some facts, if you do not mind. How many complaints has the office received so far this financial year?

Ms K Curtis—For this financial year, as at 30 April, we have received 912.

Senator BERNARDI—How many of those inquiries have been completed—or ‘finalised’ I think is the term that you use?

Ms K Curtis—Yes. Doing it on a year by year basis, it is a hard thing for us to say. But I can tell you how many we have closed. I will ask my Assistant Commissioner to outline our complaints processes and how we close them.

Mr Hummerston—As the Commissioner said, it is difficult to quarantine on a yearly basis because the complaint coming at the end of the year will obviously continue into the following year. We aim to have investigations completed within a time frame of generally 12 months. Currently, as the Commissioner said, we have received 912 complaints this financial year and we have concluded 1102. So we are certainly keeping pace with complaints coming in.

Senator BERNARDI—Given your key performance indicators, you should be able to tell me how many are closed within a range of time frames or from the time the initial complaint was lodged. Would that be right?

Ms K Curtis—I think it is about 82 per cent within 12 months.

Senator BERNARDI—Do you have a figure for how many are closed within six months of receipt?

Mr Hummerston—That is not a parameter that we have looked at closely. We have certainly been trying to bring down the time taken to conclude investigations. But, to a large extent, when we are carrying out an investigation we are in the hands of the complainant and the respondent in terms of their timeliness in providing information which helps us to determine the facts of the matter. While we would like to complete investigations within a six-month time frame, that is not necessarily a matter within our power. As I said, our current benchmark is 12 months and I would like to bring that down but recognising we are not master of our own destiny. We have still got to accord natural justice to both sides in a matter. We frequently have one party or the other seeking additional time in which to collect their thoughts, provide documents or provide responses.

Senator BERNARDI—That takes me to another point. Your KPI is 80 per cent within 12 months, and you have indicated that you are meeting that. It is 82 per cent that you are currently doing. What happens when someone is absolutely uncooperative in the complaints

process? You are seeking further information, they do not help you, they do not assist you and they try and drag it out for a long period of time. What is the end result?

Mr Hummerston—The Privacy Act gives the office some powers. Essentially, section 44 gives the office the power to compel the production of documents or compel the appearance of a person or organisation to appear before the Commissioner and answer questions. So there is a degree of compulsion available to us. Where a party resists that absolutely, we would then need to go to the Federal Court to seek an order to enforce production of documents or enforce appearance to answer questions.

Senator BERNARDI—Can you give me a figure on how many people you have compelled to produce documents against their own willingness to do so?

Mr Hummerston—I cannot. What I can say is that we do not have to use section 44 powers very often. Most of the time people cooperate. I cannot recall an instance where a person has refused point blank to comply with a section 44 notice. We have come close once or twice; but, in the end, individuals, organisations and agencies have recognised that in order to finalise a matter it is in their own interests to be forthcoming with information so that it can be assessed and a decision made about the matter.

Senator BERNARDI—I take it from what you have just said that you cannot recall an instance where you have had to go to the Federal Court.

Mr Hummerston—That is right.

Senator BERNARDI—Does anyone else recall an instance? Who has been in the commission the longest?

Mr Pilgrim—In the time that I have been there, which is approximately 11 years, we have not had to go to the Federal Court to get an order for documents to be produced for failure to comply with the use of that power.

Senator BERNARDI—Can I just turn to written inquiries. Do you keep figures or do you have figures available as to how many written inquiries you have received this financial year.

Ms K Curtis—To the end of April, we had received 1,739.

Senator BERNARDI—Do you know how many of those were responded to within 10 days?

Ms K Curtis—I think a very high figure—98 per cent.

Senator BERNARDI—What would be the reason you could not respond to a formal correspondence within 10 days?

Ms K Curtis—Because the matter may not have been completely clear. We may have gone back to them and asked them for something else.

Senator BERNARDI—Isn't that responding? Wouldn't that count as a response?

Ms K Curtis—Maybe it was a phone call to try and get extra information from them. It may well have been over a period of a holiday or something like that. I think that is a very high rate of response.

Senator BERNARDI—Yes, it is. I just wonder whether there are procedures in place should the office close for three weeks.

Ms K Curtis—We do not tend to do that.

Senator BERNARDI—Do you close at all over Christmas?

Ms K Curtis—Over the Christmas period.

Senator BERNARDI—So that would perhaps be an excuse for that two per cent.

Ms K Curtis—A few days, yes.

Senator BERNARDI—Okay. I understand that. One of your programs is an educational program. Can you tell me what programs the office has undertaken this year?

Ms K Curtis—Calendar year or financial year?

Senator BERNARDI—If we just work on the financial year.

Ms K Curtis—We have done a variety of different things but we have had two privacy awareness weeks in this calendar year. We had one in the last week of August last year and then again in the first week of May this year. You might think that is a little bit odd but we run our Privacy Awareness Week in cooperation with our colleagues across the Asia Pacific. We are trying to have a week that suits southern hemisphere and northern hemisphere countries, so we move from August to May. This year we have run two successful privacy awareness weeks. Last year's involved the awards program announcement. We had a dinner.

Senator BERNARDI—Can I just ask you about Privacy Awareness Week. I obviously was not aware that it was that private—no pun intended. This is meant to be an educational program. I would take that to mean there is an educational program for Australian citizens about their privacy and their rights.

Ms K Curtis—Yes. We do try and have a number of functions and release information. This year, for instance, we released a youth portal on our website to help young people try and understand their privacy rights better. We also produced a little magazine called *Private Eye*, which has been well received. Our research has shown that 18- to 24-year-olds are less aware of their privacy rights and less likely to exercise them than older people. So we think it is important to try and raise their appreciation of what they may be doing, for instance, when they are social networking or putting information up on the web.

Senator BERNARDI—Going back to Privacy Awareness Week, what is the purpose of it?

Ms K Curtis—It is to promote privacy and to make people more aware of it.

Senator BERNARDI—Amongst other privacy institutions internationally.

Ms K Curtis—No, across the community. Obviously, as a small agency we do not have a huge budget cover to take television advertisements or things like that, but we try to get the message out—

Senator BERNARDI—There is money for other departments to do that. You should put your hand up.

Ms K Curtis—It is difficult thing to try to run an awareness program with a small agency of 67 staff and a \$7.2 million budget. So we try very much to use our website to put out

information. We hold a few events, we prepare information sheets for businesses and government departments and agencies and we try very hard to put out FAQs for individuals that may answer a few questions. For instance, in the recent Privacy Awareness Week we put out an FAQ for people when they are dealing with real estate agents—whether they are going to buy or let. It concerned the sort of questions that they may be asked and the sort of responses they should give.

Senator BERNARDI—How many people access your website annually?

Ms K Curtis—It is over five million hits and over one million people.

Senator BERNARDI—I do not mean to be flippant here, but do you collect any information from people who go to your website, such as demographic—

Ms K Curtis—Not demographic—

Senator BERNARDI—or net surfing information or anything like that?

Ms K Curtis—No.

Senator BERNARDI—Any information at all that they do not submit voluntarily?

Ms K Curtis—We would only seek information from them and seek their consent if we were collecting information from them for another purpose.

Senator BERNARDI—But there are means of tracking people's internet surfing behaviour et cetera that are available on some websites.

Ms K Curtis—We do not track their behaviour.

Senator BERNARDI—I would not expect you to but I am pleased to hear that. What about the youth portal? How many access that?

Ms K Curtis—That was only made operational in the week beginning 3 May, so it is only new. So I do not have figures for you of the access to date.

Senator BERNARDI—Would you mind providing them to us on notice.

Ms K Curtis—Certainly. As of today?

Senator Faulkner—But they will be preliminary of course.

Senator BERNARDI—I understand that, but I am interested in it. Can you tell me what the cost of the development of that portal was.

Ms K Curtis—It was done in-house. We produced a hard copy *Private Eye* booklet, which is essentially the stories that are in the document I have here, and the articles that are in this document are on the website. We produced 10,000 copies of the booklet and, roughly, the cost was about \$9,000 for the design of both the booklet and what the portal would look like and for the booklet. So that was not very expensive.

Senator BERNARDI—No, it is very efficient actually. And where has the booklet gone to?

Ms K Curtis—We have a strategy—we are just about to finalise it—to get it out to universities, TAFEs and other areas where young people may gather.

Senator BERNARDI—Ten thousand is not that many, though, is it?

Ms K Curtis—No, we may need to do another run.

Senator BERNARDI—That would be how you would measure the success or otherwise of it.

Ms K Curtis—Probably, and also the hits on the website.

Senator BERNARDI—I would be interested in being kept up-to-date with that over the course of estimates, so I you could take that on notice—continuing notice also.

Ms K Curtis—Certainly.

Senator MOORE—In terms of the process—and I really do like the booklet; I think it is useful in terms of getting it out to people about their rights—I am interested in the media interest in what you do and, with a limited media budget, your ability to get people to engage in talkback and questions and answers on the radio, particularly young people. Do you have a strategy in terms of what you have done?

Ms K Curtis—Often, the media is only interested in bad-news stories.

Senator MOORE—Yes, something goes wrong—that would be right.

Ms K Curtis—We are asked to comment on breaches. I do talk on radio and I have been asked quite a few times to engage with radio, but it would not be what I would call a proactive strategy.

Senator MOORE—Particularly, getting young people aware of their rights is something for which radio is useful.

Ms K Curtis—Yes.

CHAIR—Thank you for your evidence.

[2.10 pm]

Australian Institute of Family Studies

CHAIR—Good afternoon. I would like to welcome Professor Alan Hayes and officers of the Australian Institute of Family Studies. Professor Hayes, would you like to make an opening statement?

Prof. Hayes—Yes, I would. I am Professor Alan Hayes. I am the Director and Chief Executive Officer of the Australian Institute of Family Studies. The institute is a Melbourne based government statutory agency established in 1980 under the Australian Family Law Act 1975. Our planned outcome is increased understanding of factors affecting how families function, by conducting research and communicating findings to policymakers, service providers and the broader community. The institute's key objectives are: to conduct high-quality research on a broad range of policy-relevant issues regarding families in Australia; to inform and influence policy development in areas relevant to family wellbeing; to promote and lead understanding and debate about factors affecting family functioning and wellbeing; to identify and communicate current and emerging issues in family research, policy and practice; and to maintain and strengthen our role as a national centre for research on families. There are a wide range of research topics, which I am happy to elaborate on. Appearing with

me today are Dr Matthew Gray, who is the Deputy Director, Research, and Ms Sue Tait, who is the Deputy Director, Corporate and Strategy.

Senator RONALDSON—Professor Hayes, I have just a very quick question. I notice you have had an efficiency dividend that you have to accommodate which is more than the traditional 1.25 per cent. I think it is two per cent. Is that right?

Prof. Hayes—The efficiency dividend's impact in this budget period is \$94,000.

Senator RONALDSON—Yes. I can do the sums, I suppose. What will that mean?

Prof. Hayes—It has meant, as with any other government agency, that we have had to look at the operation. It does not mean that we will need to lose staff but that we have had to look at our publication and dissemination programs. We have moved to a greater dependence upon electronic dissemination and less on print-copy production. We have made some savings around library services. Overall, we are endeavouring to maintain the high level of efficiency and effectiveness of the organisation.

Senator RONALDSON—In relation to the printing and the library, who is that going to impact on?

Prof. Hayes—That essentially means we will distribute fewer print copies. Over the years we have increasingly monitored our materials sourced from the web. We do our web production in house. We have about 8 million hits on our website and, in round figures, 4 million pages downloaded each year. So, for a relatively small agency, it is quite a lot of material that is accessed. The web is becoming much more powerful and it is a very cost-effective way of disseminating.

Senator RONALDSON—And what will be the impact on the library?

Prof. Hayes—We basically brought some services—cataloguing and other services that we had outsourced—in house, so we are using our existing staff more effectively and reducing the outsourcing costs.

Senator RONALDSON—Regarding the longer term impact of increased efficiency dividend imposition, what will go if there is a further two per cent efficiency dividend?

Prof. Hayes—It is difficult to think hypothetically about this. We are clearly an unusual Australian government agency in that 70 per cent of our funding comes from contracts and commissions. Our appropriation is only 30 per cent of our overall budget funding. Back in 2001 it was the opposite: 70 per cent of our funding came from our appropriation and 30 per cent came from contracts and commissions. So, in one sense, the efficiency dividend has an impact on our appropriation. If it continues we will have to look at further efficiencies.

Senator RONALDSON—What is the nature of the revenue from contracts and commissions?

Prof. Hayes—That revenue is approximately \$8 million this year.

Senator RONALDSON—But what is the nature of it?

Prof. Hayes—We have large projects such as the Longitudinal Study of Australian Children. The total funding does not all come to the institute, but it is a \$30 million project over four waves of data collection. We have large projects such as the national evaluation of

the family law reforms, which has a budget of around \$6 million for the life of the project. We run four clearing houses and we are a partner in a fifth clearing house. They have their own contracted deliverables and their own budgets, and I can tell you about the individual ones if you wish. But the bulk of our work is for the Department of Families, Housing, Community Services and Indigenous Affairs and the Attorney-General's Department. We also do some work for state and territory governments. We have, I think, \$87,000 coming from that source. And we are increasingly doing work for non-government organisations such as some of the not-for-profit organisations.

Senator RONALDSON—When were you advised of the above-standard dividend requirement?

Prof. Hayes—Towards the end of the previous year.

Senator BERNARDI—Has the institute sought to define 'family'?

Prof. Hayes—We, along with most others, take a very broad definition. Families come in many forms. They are not synonymous with households only; they extend beyond households. But we have not sought a single definition for a family. The act under which we are established talks very broadly of the family as the fundamental group unit of society, and we recognise the diversity of Australian families.

Senator BERNARDI—I acknowledge and accept that there is diversity, but surely if you are studying families you have to have some ground rules within which you define them.

Prof. Hayes—I think part of the role of an organisation such as ours is to track the way in which the family, as a dynamic entity, is changing. What we seek to do is to track the sorts of changes that are occurring. We think families are appropriately defined in terms of the functions that they fulfil, including caring, supporting relationships and bread winning. Essentially I think it is not just a matter of form. But we are increasingly interested in what it is that supports families to function effectively, because the other part of our act, of course, defines our role in promoting and supporting marital and family stability in Australia. That draws our attention to the function as well as the dynamics of form.

Senator BERNARDI—You mentioned earlier that it is not necessarily defined by the household.

Prof. Hayes—Families extend beyond households. In Australia, many people maintain contact with the family at quite considerable distances. That is why telecommunications and information technology are so important to many families. Families also move a lot. I think one in four families moves at some point in any calendar year. Sometimes they move quite a short distance, but other times they move quite a long distance.

Senator BERNARDI—I am trying to get my head around this. You are studying families and you talk about them being the foundation of our society. As a household disperses, those people would normally create families of their own—and I am speaking generally here. Do you then count each of those as independent families and then do another count for the whole? Where does it stop?

Prof. Hayes—Families do proliferate, which is a great thing for society. We are aggregating households, as opposed to family units. For the ABS, counting household units is

important. But there are groups within Australia that have very different definitions of family. For example, Indigenous Australians may count their relatives in the hundreds. They are not in the same categories that we would define as, for example, 'brother', 'sister', 'uncle' or 'aunt'. That is another reason why you do need to push for an inclusive definition of family—if you are going to accurately reflect what is going on in the society.

Senator BERNARDI—I am not trying to steer you one way or the other; I am just trying to get my head around how you can collect accurate data. You have been established for 27 years.

Prof. Hayes—It is 29 years, actually.

Senator BERNARDI—I beg your pardon—29 years. So you must be satisfied that you are collecting accurate data that can be used to provide a snapshot of Australian family life?

Prof. Hayes—Yes, we are. We depend a lot on ABS data and their definitions. But in studies such as the Longitudinal Study of Australian Children, people nominate the roles that they play in the family. In that study we also focus on families where parents no longer live in the household but live elsewhere. That is part of the reality of Australian family dynamics.

Senator BERNARDI—You mentioned some of the longer term studies, particularly the longitudinal study of children, the study on family law reform and the clearing houses as well. How many short-term studies have you undertaken in the last financial year?

Prof. Hayes—It is a large count. I can give you an exact number. Would you like to assist me with that question, Dr Gray?

Dr Gray—The question was about how many short-term projects we have undertaken?

Senator BERNARDI—Yes—outside of the long-term studies that we identified earlier. I am referring to studies that you have been commissioned to do for a month, two months, six weeks or whatever.

Prof. Hayes—We publish about 60 publications a year—from short fact sheets through to journal articles and major reports. It is a bit like your question on the definition of family in that it comes down to what you define as 'a study'. Quite often we do an analysis of a particular thing such as time use in families. That will have multiple aspects to it.

Dr Gray—I will give you an example. We are doing a study on the impact of drought on families in regional and rural Australia. That has resulted in a fairly substantial data collection. We have done a number of specific projects that look at that. We have done a paper that looks at the impact on family functioning and labour market outcomes. That might be an example. We have done work on defining social inclusion. That was a paper we did for the Social Inclusion Unit in the Department of the Prime Minister and Cabinet. It was published on the social inclusion website. That project took two or three months and provided a basis of discussion for the Social Inclusion Board.

Senator BERNARDI—How many projects of that type would you do in a normal year?

Dr Gray—We will take that on notice and get you the exact number.

Senator BERNARDI—Is it 20? Is it 50?

Dr Gray—No, it is not 50. We would do between 10 and 20 significant projects.

Senator BERNARDI—Dr Gray, you mentioned that you were specifically asked to do that by the Social Inclusion Unit. Does the institute initiate any studies of its own accord?

Prof. Hayes—It does indeed. The drought project was completely initiated and supported by the institute. The work that we are doing on time use, for example, is work that we have done as a major focus on how families use their time, how they balance work and family responsibilities. Essentially, the appropriation is a little under \$4 million. There is not a lot of resource left from that to commission our own research, but we see areas of priority where we put money into. We saw a massive need for a study on the impact of the drought on Australian families, not just on their economic wellbeing but their social wellbeing. That is the sort of thing that we would initiate. We also try to do work that seeds other, larger pieces of work happening in the future. We do a lot of work—and that is since the outset of the institute—on, for example, family trends, tracking exactly what you started with in your question—what is happening to families over time. We have also done a lot of work around maternity leave and parental leave, and that fed into the Productivity Commission's inquiry. Again, we could see that was an area where work was needed. We try to anticipate where the emerging needs will be in terms of information and we produce high-quality research to inform policy and practice.

Senator BERNARDI—Is there a mechanism by which people external to government or involved in the institute itself can propose studies?

Prof. Hayes—There are two ways we do that. Each time we form a research plan we do a national consultation. That was done with the last two plans. Since I have been director we have conducted a national consultation.

Senator BERNARDI—Who do you consult with?

Prof. Hayes—We consult with a wide range of community organisations, non-government organisations, not-for-profit organisations, state and territory governments, the courts and the Australian government, obviously. The last time we did this about 200 separate organisations participated. This time we have had a similar response. We had a website where people could provide input. We will discuss with organisations areas that they see as important for research to be undertaken. The Smith Family, for example, commissioned some work on what factors prepare children well to make the transition to school as opposed to the factors that may impede them, with a particular look at the impacts on disadvantaged families. We did that report and that was published late last year. We are now in discussion with Carers Australia around some work on the impacts of caring on families. There is work that we are doing with the Benevolent Society. There are a range of organisations that can approach us, but of course we make strategic decisions in the light of our strategic research plan as to what we can and can't take on.

Senator BERNARDI—Professor, you would welcome a commission from the Smith Family, I make the presumption, because they are going to be paying for the results and the research. Am I right?

Prof. Hayes—It was to do analyses on the Longitudinal Study of Australian Children. So it really was a way that we could do a specific, targeted set of analyses of the data, which were of course of interest to them but of much wider interest in terms of the issues that were raised.

Senator BERNARDI—Thank you for that. I have no further questions, Chair.

CHAIR—Professor Hayes and officers, thank you very much for appearing before us today and for your flexibility in fitting in with our timetable. I now call the officers from Prime Minister and Cabinet back to the table. Just to remind everyone, we are still on general questions. Senator Trood, you have the call.

Senator TROOD—I want to ask some questions about the preparation of the Defence white paper.

Mr Mrdak—I will bring the officers to the table who deal with those matters.

Senator TROOD—You are looking querying, Minister.

Senator Faulkner—Not at all, Senator. I am looking forward to your questions, as always—well, not always.

Senator TROOD—You are back again, Mr Campbell.

Mr A Campbell—Yes, Senator.

Senator TROOD—Just before I begin my questions, I want to be sure I understand the nature of this exercise—that is to say, the preparation of the Defence white paper. My understanding is that it is essentially a whole-of-government statement about Defence policy in general terms, obviously with some specific issues addressed. The Defence department is the lead agency in the preparation of the paper. Is that a fair summary?

Mr A Campbell—That is correct.

Senator TROOD—Although the Defence department was the lead agency, presumably there was a role for PM&C and the Office of National Security in the preparation of the paper.

Mr A Campbell—That is correct. We were one of the agencies engaged in the process of consultation and consideration of the document as it was being developed.

Senator TROOD—Am I right in saying that there was an authorisation of the NSCC, perhaps, of the preparation of a paper at some stage; that there was a minute or a decision saying that there should be a paper prepared or a cabinet minute to that effect?

Mr A Campbell—We would not discuss the decisions of cabinet or a cabinet subcommittee, but a white paper is routinely initiated by cabinet and ultimately considered by cabinet.

Senator TROOD—Cabinet initiated the process, as I understand it. Was that some time last year or was it in 2007?

Mr A Campbell—I cannot go into what cabinet does or does not do, but I note that the government came to government with the declared intention of undertaking a Defence white paper.

Senator TROOD—I note that. That is on the public record. Nothing hangs on that, anyway.

Senator Faulkner—For complete transparency and the full accuracy of the record, everything that Mr Campbell has said is correct but, as you would appreciate—and I know that you know this, Senator—when the term ‘cabinet’ is used in a number of national security

matters often that also means the National Security Committee of Cabinet. I know that you understand that that is the case, but I wanted to make sure that it is spelt out for the absolute precision of the record.

Senator TROOD—Thank you for that clarification. I did interpret ‘cabinet’ to mean the National Security Committee of Cabinet.

Senator Faulkner—I know you do. But there might be somebody reading the transcript who does not necessarily have that level of background knowledge.

Senator TROOD—Mr Campbell, am I right in saying that, after the paper was commissioned or was directed to be developed, the essential work of the preparation went on within the Department of Defence? They in fact formed a task force or a working group, as I understand it, under Mr Pezzullo’s leadership, is that right?

Mr A Campbell—That is correct.

Senator TROOD—This is where I am not clear on the process. Once the Department of Defence had turned its mind to this matter, did it then present to your department or to your office what it regarded as a draft at some juncture?

Mr A Campbell—We were routinely engaged throughout the process of development of the final white paper, seeing a number of draft versions or concept components to the white paper, from its early formative stages through to its completion.

Senator TROOD—Do you know when you saw the first of those drafts or components?

Mr A Campbell—In the first half of last year.

Senator TROOD—Can you recall when you received what might be regarded as a final draft version of the document?

Mr A Campbell—Yes, it was in the month before it was released. And I would regard all that we saw until it was concluded and published as a draft version. So potentially there were changes along the way in all the versions from that first concept in early 2008 through to its publication.

Senator TROOD—So, for example, Defence might have said: ‘Look, we will send you a draft outline of what this document might look like. Here are some potential chapter headings. This is the kind of structure we are looking at.’ And you would comment on that and send it back across the lake, and some further work would be done.

Mr A Campbell—A range of agencies would comment.

Senator TROOD—But you would comment.

Mr A Campbell—We would comment, yes.

Senator TROOD—Which other agencies would have been routinely consulted about the preparation of the document?

Mr A Campbell—The Department of Foreign Affairs and Trade would be a routine participant. In assessment issues the intelligence community would be routinely part of that process. And then, in some specific areas of interest, a number of the other major elements of the national security community.

Senator TROOD—At what stage did you become aware of this problem—that is, a difference of view about intelligence assessments in relation to the preparation of the paper?

Mr A Campbell—I am not aware of a problem.

Senator TROOD—Let me perhaps pursue it somewhat differently. It is widely reported that both the Defence Intelligence Organisation and the Office of National Assessments had a particular view about aspects of the intelligence assessments. I think you would agree—you have probably seen some newspaper reports along those lines.

Mr A Campbell—I am aware of the general media reporting that you are referring to and I would not—and this has been a longstanding position of officials and indeed of governments—be commenting on intelligence assessments or commentary about intelligence assessments.

Senator TROOD—Before you reject anything that I might ask about it, I think it would be wise of you to listen to my question.

Mr A Campbell—I am very happy to listen.

Senator TROOD—Because it may not trespass on anything about which you have any particular difficulty. You agree with me, presumably, that both ONA and DIO were preparing assessments which were to inform the white paper?

Mr A Campbell—I would not discuss intelligence matters other than to say: the intelligence agencies are part of the process of developing a defence white paper.

Senator TROOD—So you agree with my proposition.

Senator Faulkner—Senator, I think that you need to be fair about this, and you are a fair person. I think you would know now about longstanding conventions of committees in relation to these sorts of questions. I think that Mr Campbell is being as helpful as he can be here. In my view he is properly pointing out that there are certain areas he is unable to canvass at the committee, and I think we need to respect that. I have listened very carefully to what information he has provided to you. The fact that you have asked a question now where he is not willing to provide an answer, or he is either unwilling or unable to do so, for the reasons he has outlined, is reasonable, and I would just ask you to respect that. There may be other questions you can ask or you might be able to rephrase your question in another way, but Mr Campbell has made clear—and I think that he is correct—that there are areas where he is not willing to go, nor should he, nor was the minister at the table allowing him or other officials to go there. I think you know those precedents. They are longstanding and we just all need to respect them.

Senator TROOD—I am aware of precedents regarding both intelligence assessments undertaken by government agencies and the sensitivity of those assessments. I am also aware of the arrangements and standing orders with regard to the content of policies of the government. There seemed to me to be the two possible areas where you might take objection to the questions I have been asking. My questions have been very specifically directed towards issues of process. I have not asked Mr Campbell the content of any of the intelligence assessments. All I am trying to understand is: who was involved and when they were involved and the extent to which the office was involved. None of that seems to me to be in any way

controversial and, may I further say, that it is even less controversial when it is so amply discussed on the public record in the national newspapers.

Senator Faulkner—Let me deal with those issues, because I think it is not an unreasonable response for you to make. Firstly, I make the obvious point that just because—and you know this, I am sure—you read something in the newspaper it does not necessarily mean that it is a factual record. It does not mean that it is right, as you know. Secondly, I think that Mr Campbell has responded broadly about the involvement of the Australian intelligence community in the preparation of the white paper. I would make a third point, one that Mr Campbell has not made but I think it is appropriate to make: as you have heard in previous evidence, Defence is the primary agency here, which you appreciate, in the preparation of the white paper. They, regardless, are questions better dealt with by officials in the Department of Defence, I would have thought, then the Department of Prime Minister and Cabinet. But I must say, in relation to the broad principle that Mr Campbell raises, I think the response will be similar because we will not trample into those sensitive areas.

Senator TROOD—I am keen not to trample into sensitive areas, and I agree with you completely that one should not necessarily regard everything that one reads in the paper as factual. On the other hand, reporters of distinction in this area I think deserve their reputation as being very able. Cameron Stewart and Patrick Walters are not known for the way in which they—

Senator Faulkner—I can assure you that I am not traducing their reputations or anybody else's.

Senator TROOD—I did not for a minute suggest that that was the case.

Senator Faulkner—I am just making the point that it has the status, as you have pointed out, of a media report.

Senator TROOD—That is precisely the point. In my view, there is a public interest in learning whether the content of these media reports are in any way accurate, which is precisely what I am trying to determine from my discussion Mr Campbell. I would have thought that you would agree with the proposition that there is some value in clarifying whether these media reports are in fact accurate.

Senator Faulkner—Senator Trood, sometimes I have clarified media reports and sometimes I have not. I treat those sorts of issues on a case-by-case basis. But underpinning all this is a longstanding, and in my view appropriate, convention in the way these matters are dealt with in open hearings of parliamentary committees. I have never, regardless of what side of the table I have been on, impinged on those conventions. I am careful on this side of the table not to impinge on them but equally to provide as much information as we are able. That is exactly the approach that I will take and that Mr Campbell is taking. When we cannot provide information, we are just going to say so.

Senator TROOD—Minister, I have understood you to say on several occasions during the last day and a half that you are very concerned and committed to ensure that there is at least a full and clear disclosure of matters relating to process in government, and this is the issue I am seeking to explore with Mr Campbell.

Senator Faulkner—Yes, I have said that, Senator Trood. I have not said it in relation to matters relating to agencies in the Australian intelligence community. I have said it in relation to a range of other issues. Of course different standards apply, as you know, and I have to treat each question on its merits, and different standards do apply in relation to these matters.

Senator TROOD—As they should, Minister. And the test should be whether there is any possibility of compromising the national interest by exploring these questions in the public domain.

Senator Faulkner—Well, of course.

Senator TROOD—I cannot see how the public interest might in any way be traduced or affected if I were to have answers to these questions.

Senator Faulkner—I can assure you no government would—this government will not and none of its predecessors would have—in any way risk or compromise on national security. Senator, there is always a balance between that imperative and the public interest. I appreciate that, I know that and that is why we try to be careful about our responses and to provide as much information as possible. I have said to you that that is the spirit in which Mr Campbell, officials at the table and I will approach this. You have heard the officials' response on that question you have asked, and we will see how we go with future ones.

Senator TROOD—Mr Campbell, you have said that a number of agencies were involved in the process. I think I am right in saying that you said that the intelligence agencies were involved in the process. Are we agreed on that point?

Mr A Campbell—That is correct. I think I indicated something along the lines of 'and the intelligence community provides assessments in support of the policy development process'. I draw the distinction with your question when you are then seeking advice with regard to specific agencies. As a policy officer I have a very conservative approach to the position of not discussing intelligence activity or assessments or commentary on those, and you may consider if you thought it was appropriate.

Senator TROOD—Mr Campbell, I can assure you that as a senator for the Commonwealth of Australia I also have a conservative view as to the role of the intelligence agencies. The last thing that I would want to be accused of is acting in any way which might compromise national security, and I think I am sensitive to those questions. I cannot see, Mr Campbell, how this line of questioning in any way compromises national security.

Senator Faulkner—I appreciate you have indicated you are not satisfied with Mr Campbell's response on one question you have asked. I have heard that. I understand why Mr Campbell has made the response he has and I hear the view that you have expressed. If it would assist, I am happy to take that question on notice. I am happy to—

Senator Ronaldson interjecting—

Senator Faulkner—I think this is a sensible way forward. I am happy to look more closely at it and, if any more information can be provided, to do so. I am trying to find a sensible—

Senator RONALDSON—Point of order, Madam Chair: if indeed the minister and the department are refusing to answer this question, using the public interest test—I would have

thought the question, quite frankly, was quite innocuous—I request a private meeting to discuss whether we want to insist on an answer.

CHAIR—I take your point of order, but I think the minister had not yet completed his answer. Perhaps we can allow him to finish answering the question and then, if it is felt that we need to have a private meeting, I will consider it at that time.

Senator Faulkner—What I was suggesting was taking the question on notice in this instance, which I thought might be a sensible middle course. I think it is appropriate to respect the concerns that the witness has expressed at the table. I accept there might be a different view about appropriateness or otherwise. I am in a very difficult position to make any judgment about this without understanding more fully the implications of providing an answer. I could say to you I understood all those implications and issues and concerns, but if I said that it would not be accurate because I do not. But I am willing to explore those and come back to the committee using the mechanism that I mentioned, which I think is a pretty sensible way through here. I respectfully suggest to Senator Ronaldson and Senator Trood that that is an appropriate and generous way of dealing with it.

I will also undertake, in relation to that question, to not just provide a confirmatory answer but to make clear, in the circumstances, why that decision has been made. I think that is a pretty sensible way through it. I commend it to senators at the table. But I am not in a position, as the minister at the table, to be able to give further or better advice. Even if there were a private meeting of the committee, I still would not be in a different position. But I do believe that it is appropriate to give as much information as can be given in these circumstances. If the committee were willing to allow some time to examine that, I think that would be a sensible way forward. I can only make that offer to the committee sensibly and generously. It seems to me a sensible way forward.

Senator RONALDSON—Minister, we have agreed that these officers will be released at four o'clock, for reasons that do not need to be discussed publicly. Would you be in a position to have an answer for Senator Trood—I would have thought it would not take a long time—by quarter past three, and then the committee can consider—

Senator Faulkner—Whether I can provide any further information on the issue is asked. Yes, I think we can try and provide some urgent information for him. But we will not need the officers to provide it. I can come back with an answer whether the officers are here or not. I will certainly try and achieve that. I have no idea whether that is possible or not. I can only say to you, in good faith, best efforts. I cannot guarantee that. A lot of the people involved in national security in the government have got a pretty busy day on their hands, for obvious reasons.

Senator TROOD—Minister, I am not seeking anything other than your best efforts. But it does seem to me that you have foreclosed any consideration of the matter. Far from being uncertain, you seem to have reached the conclusion that my questions are almost certainly going to compromise the national interest, which is why you seek to foreclose any further discussions.

Senator Faulkner—I am applying here a precautionary principle. I will just go through it so that you are very clear about it. The witness at the table has expressed concerns about

answering the question. I do not intend to canvass with Mr Campbell either privately or publicly at this public hearing why he has provided you with the answer that he has. I know that he would not do so lightly. I can check more fully outside this forum. I am happy to do that. That is the best I can do in the circumstances. There might be some other issues you would care to roll into that. In this sense, it seems to be a sensible way of proceeding. It is taking account of Mr Campbell's concerns, which I suspect are well held. He has more information about this than I have and more information than you or any other witness at the table have. Therefore, I treat seriously and respectfully the reason that he has made the comment that he has. He says he takes a cautious or conservative approach. I note that. Fair enough.

Senator TROOD—We all do in this arena.

Senator Faulkner—Sure. Anyway, I have suggested a pretty sensible way forward, I think, but it is a matter for the committee to decide.

Senator TROOD—Given that we are pressed for time, would you prefer that we have a short break now so that you can confer with Mr Campbell on this subject?

Senator Faulkner—No. I am more than happy if you make your question clear. I think it is clear. You have asked about the specific nature—that is, which intelligence agencies had an involvement. That, I believe, is the question. What I am saying is that I will undertake to take that issue on notice and provide an answer as to whether I am able to provide any further information. That is the best I can do and it is certainly as far as I am willing to go in the circumstances.

Senator TROOD—I am grateful to you for exploring that question. But you will appreciate, I am sure, that—

Senator Faulkner—There may be follow-on questions.

Senator TROOD—that is likely to be the first of a series of questions that I might care to ask.

Senator Faulkner—I do appreciate that.

Senator TROOD—You will also appreciate that, if you are going to obstruct me every time I ask a question on the same grounds then we are going to be here for a very long while—

Senator Faulkner—But I do not obstruct you, Senator.

Senator TROOD—or not a very long while at all because you will continue to refuse to answer the question.

Senator Faulkner—I do not want to do that. I have also made the point to you, Senator, that in the broad, these sorts of questions are the primary responsibility of Defence. I am not saying it is inappropriate to ask them of PM&C at this committee, but front and centre this is the primary responsibility of Defence, as you know. Whether Mr Campbell is fully apprised of all the information you are going to seek from him, I do not know. He will be able to tell you if he is not.

Senator TROOD—Of course. I purposely tried to determine whether or not the defence department was the lead agency. Mr Campbell was good enough to concede that point. I fully appreciate that there is only a part of the whole process in the preparation of the white paper with which Mr Campbell's department was concerned. That is the part that I am interested in exploring here today. Next week, I hope, Minister—and you will no doubt be here again—

Senator Faulkner—I fear I might be.

Senator TROOD—Yes, indeed. We may have the same conversation based on the fact that I wish to ask some questions of the defence department.

Senator Faulkner—Perhaps. But what I am saying frankly and so that you are clear is: I do not know why Mr Campbell has responded in the way he has. I do not have the same level of information available to me. I am not suggesting for one moment that that is an inappropriate response. Knowing Mr Campbell, I suspect it is a more than appropriate response.

The only offer I can make is to check that privately and come back to you, and I will. I think it is a pretty generous and sensible way of proceeding. It means that you, Senator, have to take what I say at face value, and you may or you may not. But I hope the spirit that I have offered this suggested way through instead of private meetings of the committee et cetera might be sensible in these circumstances, particularly given, as you and I have just both canvassed, we have estimates with the Department of Defence on next week. It is up to you, Senator.

Senator TROOD—Madam Chair, I am happy to accept the minister's offer to explore this opportunity with Mr Campbell. I am not sure what that means for the conduct of the committee's further proceedings.

CHAIR—I think it is quite clear. The minister has undertaken to take it on notice and come back to us. He will do that in a timely manner and we will continue on. Any further questions, Senator Trood?

Senator Faulkner—I think you should continue with your questions, and if Mr Campbell says he needs to take some on notice he will.

Senator TROOD—My further questions depend on a satisfactory answer to that question, and I suspect that we will have the same problem in relation to my further questions. So I think we need to get this threshold matter, as the lawyers say, sorted out beforehand.

Senator BERNARDI—To add a complication, Senator Faulkner, did you say to Senator Trood that you would come back as soon as possible with those answers?

Senator Faulkner—Yes, I said I would, at the earliest opportunity.

CHAIR—In a timely manner.

Senator Faulkner—What I have not been able to guarantee to Senator Trood—because I am not able to guarantee it to him because I am here at the table at these estimates—is that it will necessarily be in a matter of minutes. I will do my best to do it as quickly as possible. The committee is having a break at 3.45. If the committee had an earlier break, that would be

another way of dealing with it. I could try and get an answer over the break. It might help. If that would help, I am happy to do that.

CHAIR—Perhaps we could break at 3.15, because we have other things locked in.

Senator BERNARDI—Why couldn't we break now? The officials are here until four o'clock.

Senator Faulkner—I think, say, a 3.30 break or a 3.15 break would be more sensible than now. I assume people would be listening to this, and my colleagues who I would want to check with are probably tied up in the House of Representatives. But I would ask Senator Trood just to make his question absolutely clear so none of us are under any illusions. I think I encapsulated it.

Senator TROOD—The first question I asked was which intelligence agencies contributed to the process, and then I asked a further question. There seemed to be a difference of view about the intelligence assessment relating to the preparation of the white paper. The question was about when that difference of view became material and clear.

Senator Faulkner—That was the question that I indicated was based on newspaper reports. I am not going to go back over old ground. I have your questions clear. I will not make any further commentary on the second question. I have already spoken about that.

CHAIR—We will break at 3.15 and recommence at 3.30, with the agreement of the committee.

Mr A Campbell—On a separate issue but within the national security space, could I table the two-page document I mentioned last night with regard to the national security executive development program. This is the document that is the basis for the tender process that has occurred. There are a number of copies for committee members.

CHAIR—Thank you very much. Are we moving on from Senator Trood?

Senator TROOD—Yes. I will wait until my matter is resolved before I continue.

CHAIR—So are we ready to go back to general questions?

Senator BERNARDI—Yes, but just to clarify—Senator Trood does want to come back if there is a response from Senator Faulkner.

Senator Faulkner—Yes.

CHAIR—After the break, yes.

Senator Faulkner—We will probably want to come back regardless of the response.

Senator BERNARDI—No, Senator Trood would like to continue with questions if there is a response.

Senator Faulkner—But you will also understand that I have said it is possible I will not have a response but I will make my very best endeavours to get one.

Senator BERNARDI—We understand that. I just wanted to clarify.

CHAIR—We will come back to that issue after the break. Until 3.15 we will be talking about general questions.

Senator CAMERON—Mr Mrdak, I am not sure whether you are the correct officer to put these questions to, but the white paper has been raised and there are a few issues in it I am interested in. One is the report in the white paper that the Hunter Economic Development Corporation took the view that 5,000 aerospace jobs could be created at Williamstown, New South Wales. Do you have any comment about that report in the white paper?

Mr Mrdak—I might defer to my colleagues who have dealt with the white paper. I have not been dealing with that area.

Dr Davis—I would have to check the white paper for the exact phrasing. Are you quoting directly from the white paper?

Senator CAMERON—Yes.

Dr Davis—Could you just repeat that quote?

Senator CAMERON—I cannot find the exact spot but the white paper quotes the Hunter Economic Development Corporation saying that there is the potential to create 5,000 aerospace jobs in Williamstown, New South Wales. I was just wondering what the view was from the Department of the Prime Minister and Cabinet about that capability for jobs to be created.

Dr Davis—I guess generally the white paper puts forward a number of major acquisitions, including the Joint Strike Fighter, navy vessels and army equipment. There would obviously be options for Australian industry to be part of the bidding process for those acquisitions in time. I am not aware of any decisions that may have been made as to which supplier would be developing which project. I think that would have to come through the normal government processes.

Senator CAMERON—Can you enlighten me on the priority of local industry capabilities approach that is in the white paper?

Mr A Campbell—I would respectfully suggest that this might be raised with the Department of Defence. We have more of a strategic policy focus on the work that we have been engaged in with Defence on the white paper and we have been less engaged with the detail that you are describing with regard to Defence industry and to the Defence capability plan that builds on that industry. I would just generally note that the aerospace and maritime capabilities in particular presage quite impressive technological capability, and industry support to those technologies would be of considerable benefit to Australia.

Senator CAMERON—On that broader strategic analysis, does that include the bit that takes place in the white paper about the use of space technology? Are you the person to talk about that?

Mr A Campbell—Again, the real experts here are in the Department of Defence but, similarly, as with aerospace and maritime—and I do not exclude land force capabilities—space technology is the cutting edge. The new air combat capability, for example, airborne surveillance, early warning and aspects of our awareness of space capabilities are all leading-edge issues.

Senator CAMERON—The other issue that has been raised—and again I am not sure whether you can answer this—is the question of cyber warfare. Is that a strategic issue you would have considered?

Mr A Campbell—It is an issue of considerable interest generally to the government because of the challenge that security in cyberspace poses to the general public, business and government. It is an area that has growing challenges and will need a considerable effort by like-minded nations around the world because it is, to a degree, a stateless challenge.

Senator CAMERON—Mr Mrdak, I note that part of the coverage of this hearing is industry capabilities. Are you capable of answering this line of questioning?

Mr Mrdak—Not in relation to the defence industry. I am sorry, Senator.

Senator CAMERON—Okay. Thank you.

Senator RONALDSON—I want to return to the database matter we were referring to before—the economic stimulus plan data website. Do the guidelines, which I gather from what you have said you stick to rigorously, make any mention of whether it is appropriate or otherwise for any government to identify the political party that they represent?

Mr Mrdak—The Department of Finance and Deregulation guidelines make clear the importance of ensuring that departmental websites are impartial and apolitical and that they ensure the continuation of the professional nature of the APS. I think the guidance that is available there does highlight the need for the APS values to be maintained.

Senator RONALDSON—‘Impartial,’ you said?

Mr Mrdak—Impartial, apolitical nature of APS work.

Senator RONALDSON—On that basis, what justification could there possibly be for Minister Albanese’s video statement on this website to refer to the Rudd Labor government’s unprecedented nation-building and economic stimulus plan? There is a clear use of the word ‘Labor’, which is clearly not impartial and is clearly not apolitical.

Mr Mrdak—In that circumstance, he is clearly identifying the government. I would have to have a look at that video. We have been very conscious of ensuring that party political references are not mentioned. I would have to go back and have a look at that particular video.

Senator RONALDSON—Clearly, if the word ‘Labor’ is used that would breach the guidelines because it is neither impartial nor apolitical. Will you have that removed immediately once that is identified?

Mr Mrdak—I will go back and review that material and seek advice on it, Senator, yes.

Senator RONALDSON—Thank you very much. Mr Mrdak, are you aware whether on that very substantial website, which I would view as being more about propaganda than information—but that is a comment not a question—the word ‘debt’ is used at all?

Mr Mrdak—I would have to check. In which context?

Senator RONALDSON—The word at all—any reference to government debt.

Mr Mrdak—I would have to have a search done of the website.

Senator RONALDSON—I would be interested for you to come back and let me know whether you could find it, because my checking of it indicates there is no mention at all of the word debt. What about the word ‘deficit’? Do you know how many times that appears?

Mr Mrdak—Not readily, but I am happy to do a search in relation to that.

Senator RONALDSON—I have had a quick look at it and I have ascertained it is mentioned three times, two of which are in the context of foreign countries—well, the UK and the IMF—and one is in the context of temporary deficit. Do you know whether there is any reference on this website to the amount of this year’s budget deficit, for example?

Mr Mrdak—The Treasurer’s briefing note and the website do contain links to the government’s budget website.

Senator RONALDSON—They are not going to find anything there about the nature and extent of the deficit, because the Treasurer refused to even mention the word. The matter, the name of which shall never be mentioned, was not even mentioned in the budget speech, so they will not get much joy there. Do you know if there was any figure mentioned on this site in relation to the level of Commonwealth debt?

Mr Mrdak—Again, the links are to the Commonwealth budget papers, which are all presented on the Commonwealth budget website. Beyond that, I am not aware of any commentary in relation to deficits or debt appearing on the website.

CHAIR—Senator Ronaldson, I think this is very timely. It is 3.15 pm—

Senator RONALDSON—It is not quite 3.15. I have got one question left to raise.

CHAIR—We will suspend until 3.30 and then we will come back so we can deal with Senator Trood’s issues.

Proceedings suspended from 3.15 pm to 3.34 pm

CHAIR—We will resume. Minister, do you have a response at this point to the issue that was raised by Senator Trood?

Senator Faulkner—I would appreciate an opportunity to respond to the issues that Senator Trood raised before the break. Before I do formally respond, can I thank the committee for the opportunity to provide this answer to the committee. I believe it is a sensible way of dealing with these issues.

I make the general point in relation to the contribution to the white paper process of the intelligence agencies that of course intelligence agencies do make a contribution to this process in accordance with their duties and mandate. Specifically let me say this in answer to Senator Trood’s question. I can inform the committee that DIO produced a series of dedicated intelligence reports specifically for the white paper. I can also inform the committee that the Office of National Assessments prepared a national assessment which served as its contribution to the white paper development process. I can also inform the committee that during the white paper development process the Defence officials responsible for the production of the white paper or production of drafts of the white paper consulted other reports prepared more generally by both the ONA and DIO. Finally, I can inform the

committee that relevant Australian intelligence community agencies were consulted during the white paper process but that DSD and DIGO as technical collectors were not.

CHAIR—Senator Trood.

Senator TROOD—Thank you, Minister, for providing that information. It is helpful and all it does is confirm what has been on the public record.

Senator Faulkner—I have stressed with you, Senator, that you have taken at face value some things that have been reported in newspapers. I respectfully say to you again that it is always a dangerous thing to do and it is very different receiving evidence at a parliamentary committee about whether that had been reported in the newspaper or not. I am not sure it had been. If it has, it is very different to its status having been given as evidence before a parliamentary committee. I know you appreciate that.

Senator TROOD—I did not take it at face value. It is precisely because I was concerned as to the accuracy of the report that I asked a question of Mr Campbell. Now that I have an answer to it, I have it clear in my mind as to which intelligence agencies made a contribution to the preparation of the Defence white paper. Certain questions follow from that, as I foreshadow. I am not sure how far we are going to get with this, but let me ask you further, Mr Campbell, whether or not the views which were expressed within the various assessments of ONA and DIO were more or less in accord with each other with regard to the importance of China's rise and whether or not it might constitute a strategic threat to Australia's interests.

Senator Faulkner—Let me respond to that in the broad, if I can. It is really at this point that we get into the difficulty that we spoke about before the break about the extent to which it is appropriate to comment on intelligence issues. I think you and I both agree that it is not appropriate to comment on intelligence issues, on any assessments, on commentary about them, on purported assessments. I would stress with you, Senator, that, as you know, and I think this is the critical point, there has been longstanding practice not to comment on such advice to government.

I am saying that to you, Senator—I know that you have directed your question to Mr Campbell—because I want to be very fair to Mr Campbell. I hope you appreciate that. This is a longstanding convention of government and it is appropriate that I respond to you in the way I have. Obviously, as you ask any further questions of Mr Campbell, you will take account of that broad principle, and I can assure you, Senator, so will I. I am basically saying to you that, while obviously Mr Campbell is a very, very responsible official, it is appropriate that I step up to the plate and take responsibility for that broad approach of this government and previous governments.

Senator RONALDSON—Minister, I think, in fairness to Senator Trood—we have got 20 minutes left, so if Senator Trood can get to his questions and get them dealt with by four o'clock. In fairness to him, a lot of time has been taken up with this, and I think Senator Trood deserves the opportunity to put his questions.

Senator Faulkner—I am more than happy to do that but I hope you also appreciate the reason I made that comment.

Senator RONALDSON—Yes, I do, but let us let him—

Senator TROOD—Minister, I also appreciate that you are likely to feel a need to intervene in relation to these questions. I must say I dissent from your view as to the extent to which we are trespassing on precedent or indeed in any way damaging the national interest by the kinds of questions I am asking, but I will at least ask them and hope that Mr Campbell might feel able to respond to at least one or two of the questions and, if not, so be it.

Senator Faulkner—What may assist you and the committee, Senator, in that situation is that I might take them on notice too, and that might help move things along.

Senator TROOD—Perhaps that would be the best thing, Minister—if I were to ask my questions and you were to take them on notice if Mr Campbell feels unable to—

Senator Faulkner—That is another approach, Senator. But Senator Ronaldson correctly says you want to move it long, so I am quite happy to start.

Senator TROOD—The first question I put, and let me repeat it, was: did the views of ONA and DIO, which you have acknowledged were contributing agencies to the preparation of the defence white paper, more or less accord with each other with regard to China's rise and whether or not China's rise constituted a threat to Australia's strategic interests? That is question 1. Secondly, were the views of the Defence Intelligence Organisation and ONA at odds, or did they place different emphasis, on the views of the Department of Defence and the Prime Minister's department in relation to this matter? Did the Director-General of the Office of National Assessments, Mr Varghese, write to the Prime Minister about the China debate and express alarm or concern that the nature of this debate within government could distort Australia's national security priorities? Finally, assuming that there was a difference of view here between the agencies and the department of defence and indeed the Prime Minister, did the Office of National Assessments seek to resolve this difference of views for the purposes of preparing the defence white paper?

Senator Faulkner—Excuse me while I just consult with the officials. Thank you, Senator. I certainly will take those questions on notice for the department and I think one, more appropriately probably, for the ONA as an agency. I have stressed the approach the government will take, but I will also say to you we will look very closely at the questions you have asked. I can at least give you that assurance.

Senator TROOD—Thank you, Minister. I look forward to your response when available. Before I let Mr Campbell go, may I clarify with him his view as to the importance of establishing strategic risk in the preparation of the defence white paper—that is to say, whether or not there is a strategic risk to Australia's interests as a foundation for preparing the defence white paper?

Mr A Campbell—Could you phrase that as a question, Senator?

Senator TROOD—I did. Mr Campbell, can you tell me whether or not you agree with the proposition that it is important to determine the level of strategic risk that a country, in this case Australia, might confront in preparing its defence policy?

Mr A Campbell—I am going to agree in the general, but I would like to explore, if there is an opportunity, what you mean by the term 'strategic risk', which may be different to what I take you to mean.

Senator TROOD—Perhaps you could tell me what you think you mean by it.

Senator Faulkner—Given that Mr Campbell did not use the terminology and you did, Senator, that is a bit rich!

Senator TROOD—He seems to have a view of what ‘strategic risk’ means and I have a view about that. Let me put my view on the table: essentially the extent to which a country’s interests—its commercial interests, its economic interests, its social interests, its strategic interests, its political interests—might be under threat as a consequence of outside powers.

Mr A Campbell—Yes, Senator.

Senator TROOD—So you agree that it is necessary to establish the extent of that strategic risk in preparing a defence white paper?

Mr A Campbell—It is a component of the preparation.

Senator TROOD—Good. Can you enlighten me as to how one generally prepares that strategic risk? Since we are interested in accuracy: can you enlighten me as to how a government—and we can talk hypothetically about governments if you wish, but I would give more interest in the Australian government—goes about determining the extent of the strategic risk that it might confront?

Mr A Campbell—In the general and generic, by considering an assessment of our strategic circumstances and looking to the questions of the key components of risk—the likelihood, the consequences, the vulnerabilities, the general capacity for Australia to manage assessed threats or challenges—and then what might be the options and the appropriate mix of options to confront what is usually a wide range of interests or concerns to pursue and promote your national interest.

Senator TROOD—Mr Campbell, would you agree with me that intelligence assessments are an important component of trying to determine that strategic risk?

Mr A Campbell—Yes, I would.

Senator TROOD—And you would agree that Australia has a range of intelligence capabilities which might be used to understand the nature of that risk?

Mr A Campbell—Understand the nature of the potential threat.

Senator TROOD—Potential threat—that is fine. How important do you think the role of intelligence agencies should be in determining the nature of that threat?

Mr A Campbell—It is very important.

Senator TROOD—Would you be alarmed if intelligence agencies—well funded, with considerable expertise in the area and having people with maturity of strategic judgement—had delivered a view as to the nature of the threat facing Australia and yet that seemed to not impress itself upon those who were planning Australia’s strategic defence documents?

Senator Faulkner—Sounds like a very hypothetical question to me, I would have to say. I have listened very carefully to your questions, but to ask ‘Would you be alarmed if’, followed by a scenario, as you know—it is a good try—fits perfectly well the category of a

hypothetical question that is really impossible for witnesses at the table to answer. Perhaps you could reconstruct your question.

Senator TROOD—I can reconstruct it, Minister. Why, in the preparation of Australia's defence white paper, was so little attention given to the assessments of the Defence Intelligence Organisation and the Office of National Assessments?

Mr A Campbell—That is an assertion that I would not comment on.

Senator TROOD—An assertion.

Mr A Campbell—It is an assertion, Senator.

Senator TROOD—It indeed is a proposition.

Mr A Campbell—It is a proposition that I will not comment on.

Senator Faulkner—You say 'a proposition', Senator; I say 'assertion', but regardless, it is not going to draw a comment.

Senator TROOD—I see. But, Mr Campbell, you have agreed, have you not, that an important component of preparing a defence white paper is the views that exist within the intelligence community?

Mr A Campbell—Yes, Senator.

Senator TROOD—And would you agree that those views ought to instruct and inform the development of the white paper?

Mr A Campbell—Inform, Senator; yes.

Senator TROOD—And I think you would probably agree with me that that is not the only thing that should inform the development of a defence white paper.

Mr A Campbell—Yes, Senator; I agree with you.

Senator TROOD—But the point at which you seem to disagree with me is the degree to which the assessment should be reflected in the white paper.

Mr A Campbell—I am just not offering a view on either hypothetical or purported statements or asserted statements.

Senator TROOD—Mr Campbell, you have offered a view on a number of propositions that I have put to you, all of which one could interpret as hypothetical, and then you balk at providing me with the answer on the question that is so material to our interests.

Mr A Campbell—I would say that I have offered comment on process questions.

Senator TROOD—Can I invite you to offer comment on this particular process question?

Senator Faulkner—A most generous invitation, Senator.

Senator TROOD—I am a generous person, as you know.

Senator Faulkner—You are, but I think the official has also indicated that he will not speculate on those sorts of matters, and nor should he.

Senator TROOD—Perhaps I can leave this matter—since we may not make any more progress in the next few minutes—with the view that it seems to me that there is a matter of

immense public importance that hangs on this issue. We are talking about the foundation upon which Australia's defence policy will be based out to 2030. It is not just a question of the extent to which Australia may face threat, the extent to which Australia' national interests might be compromised; it is also a question of the extent to which, in these present circumstances, limited budget resources should be dedicated to the nation's defence. On this particular question, it would seem, a great deal hangs; that is to say, the extent to which we are faced with the challenge of China's rise as a fundamental driver of our defence policy. That is the question, Mr Campbell, that you seem extremely reluctant to answer. It is a matter of immense public policy and importance, and I would have thought that this is precisely the place where you should feel obliged to answer that question.

Mr A Campbell—I will not comment on intelligence assessment or purported intelligence assessment or speculative or hypothetical assessment.

Senator TROOD—I think you have made it clear where you stand and I suspect that you have the minister's support on that matter.

Mr A Campbell—I would say I stand where all officials have stood for all governments since Federation.

Senator TROOD—As I have said before, Mr Campbell, this is a matter of process.

Mr A Campbell—Senator, you just asked me about my view of assessments with regard to China. That is not process.

Senator TROOD—I am now putting the view to you that on matters of process, as the minister at the table has said for the last day and a half, he is keen and enthusiastic about being open and transparent, and on this particular issue he has not been open and transparent.

Senator Faulkner—Senator, you have received information in relation to the input of the Australian intelligence community agencies into the white paper process, a syllable of which would not have been provided during the life of the previous government. That is an indication of the—

Senator Ronaldson interjecting—

Senator Faulkner—I do not say it lightly. Just check the record. You know that is true.

Senator RONALDSON—In relation to a 2009 issue when the government was not—

CHAIR—The minister was responding. Thank you, Senator Ronaldson, for your interjection.

Senator CAMERON—Is it sensitive?

Senator Faulkner—And, lastly—

CHAIR—It is very disorderly to interject and it is extremely difficult, Senator Cameron, for Hansard to record the proceedings with all these interjections. The minister was responding.

Senator Faulkner—I was going to say to Senator Trood, through you, Chair: largely you made a substantive summing up or editorial comment—and that is part and parcel of the way

these hearings work; I know that. But it is reasonable for me also to identify that that took place.

You have been provided with a very appropriate level of information about this process. I do appreciate the fact that you and other members of the committee enabled that process to occur. I acknowledge that. It would not have occurred unless I had an opportunity to consult more broadly in government. I do place that on the record. I said it before. I am not going to be mealy-mouthed or ungenerous about that. But your last comments are your views. You are perfectly entitled to them, but they are made, effectively, as editorial statements, not as questions before the committee. We both know that. That is the way it works. You have summed up your views. But you are at least able to have your views informed with a level of information which has not previously been provided at this estimates committee since I have been a member, and I have been a member for 20 years.

Senator TROOD—Thank you, Minister.

CHAIR—Any further questions, Senator Trood?

Senator TROOD—Not on this subject, Madam Chair.

CHAIR—Any further questions for Mr Campbell?

Senator Faulkner—I have just misled the committee. It has not actually existed for 20 years—but its alphabetic predecessors.

CHAIR—Are there any further questions to Mr Campbell before he has to leave? There being none, thank you very much for your contribution.

Mr A Campbell—Thank you, Chair.

CHAIR—Senator Trood, are you continuing on with questions?

Senator TROOD—I do not have any further questions. I think I have exhausted the goodwill of my colleagues.

Senator RONALDSON—Never. Mr Mrdak, has there been a significant upgrading of the website that we were referring to before, since 1 April?

Mr Mrdak—Yes. Originally the website contained a range of information. Since 1 April, the major upgrade of the site has been a reformatting and a redesign of the layout of the site to make it more accessible. Also we went live with an interactive map, using a range of software which enables the projects that had been approved and which are under construction to be mapped to a geographical location by location name or postcode. That has been the major upgrade—a complete redesign of the look and feel of the site. But also the interactive map has gone live, which enables people to go into particular locations and identify individual projects.

Senator RONALDSON—The contact details of subscribers to the website: where is that information distributed to?

Mr Mrdak—Contact details are not distributed, per se.

Senator RONALDSON—There is a regular update service, isn't there?

Mr Mrdak—There is.

Senator RONALDSON—Which means that you have people's details—

Mr Mrdak—That is right.

Senator RONALDSON—but you are updating them.

Mr Mrdak—That is right. The website is hosted and managed on behalf of the government by the Department of Employment, Education and Workplace Relations. Their web unit manages the site and manages that subscription database.

Senator RONALDSON—And does the employment minister have access to that database?

Mr Mrdak—Not that I am aware of.

Senator RONALDSON—If it is being managed by that department, why would the minister not have access to it?

Mr Mrdak—I cannot see that the minister would need access to that sort of information. Essentially, this is for people who wish to receive regular updates of information. I will check the access to the data but my understanding is that that is just managed by the department as a process.

Senator RONALDSON—Would there be any reason why the department would refuse a request from the relevant minister to obtain the details of those who had asked to be contacted or who had contacted the website?

Mr Mrdak—Certainly, the department operates within all the obligations of Australian agencies with relation to privacy and the basis on which the information has been provided to the department for that purpose. If I might, I will take it up with the department to provide you with clear advice as to how they handle the information.

Senator RONALDSON—I am a bit concerned because, presumably, the various departments, including PM&C, were—I would have thought—keeping a close eye on this website, the stimulus package website, which was clearly going to be the subject of discussion at Senate estimates, and yet I have brought to your attention today a gross example of a lack of impartiality and a lack of being apolitical, by reference to the words 'Labor government' in there. So why would I or anyone else have any confidence that the education department was not providing the information of those who had accessed the website to the minister, who was then providing that information to others?

Mr Mrdak—I do not think that you can draw the linkage between those two items. I have undertaken to review the item you have mentioned, the reference in one ministerial statement, and I will do that. My officers and I look very carefully at the content that is placed. All of the content that is placed on the site is reviewed by agencies to ensure it meets the AGIMO guidelines. I do not think you can draw a linkage from that reference then to what may happen to the subscription details. I have undertaken to find out. But, all Australian government agencies—and this subscription is not unusual; that happens to a number of websites where people can register to receive further information—operate in accordance with the privacy and other requirements which ensure that we protect any such information in accordance with our established processes. I have no reason to doubt that that is the case in this situation.

Senator RONALDSON—I will move on to another matter now, while we are talking about matters related to China. It was reported on 25 March in the *Daily Telegraph*:

TAXPAYERS will be slugged more than \$61 million for a “tent” at next year’s World Expo in China. As the Federal Government warns it could ditch key priorities because it can no longer afford them, it is pressing ahead with the multi-million dollar “Aussie pavilion”.

Is that correct that there is \$61 million being spent on this ‘tent’ at next year’s World Expo in China?

Mr Mrdak—I have no information in relation to that matter. That is a matter being handled by the Department of Foreign Affairs and Trade. I am happy to seek information, or you may wish to deal with that with that portfolio.

Senator RONALDSON—Given the economic situation facing this country, do you believe that \$61 million of taxpayers’ funds can be legitimately spent on a ‘tent’ at next year’s World Expo in China?

Senator Faulkner—I do not have any details of the program that you refer to. I have just heard Mr Mrdak’s evidence in relation to this being a matter for the Department of Foreign Affairs. I can say I do know how closely and seriously my colleague the foreign minister, Mr Smith, looked at the budget priorities and I know that he put a considerable amount of effort into that exercise. I can find out more for you about any judgments that were made specifically about that initiative. I have to be frank with you, Senator: I do not know anything about the initiative. All I can do is to undertake to find out from the relevant minister. I do know, as I said, how seriously and carefully Minister Smith considered priorities within his own portfolio but I do not have any knowledge about that particular initiative.

Senator RONALDSON—Is there any serious reason to think that a more modest facility would force Chinese customers away from purchasing Australian raw materials or goods?

Senator Faulkner—I will need to find out some detail about this. I do not have any. The only other suggestion is that I am happy to flag this with officials from the Department of Foreign Affairs and Trade. I have heard that it is an initiative within that portfolio and you might care to take it up there. I just do not have any information about it. I am not going to pretend to you that I do.

Senator RONALDSON—International policy under outcome 3.1, as you are aware, is a matter that is very much the purview—

Senator Faulkner—If you are asking me whether I am happy to ask any officials from the international division whether they have any awareness of it, then certainly I am happy to do that. I am just indicating to you that I do not know about it. I think it is always best to be frank about that. I do not know anything about it and I am happy to see whether we can assist you by asking some officials that do. Otherwise, I am happy to flag with officials from the Department of Foreign Affairs that you are going to raise it. Given that I will be representing the Minister for Foreign Affairs at the estimates table when the matter comes up, I will make sure that I am apprised of some of the background of it before then. That is the other thing I can do, but if we have any officials that can help, then obviously we would be happy to help. Because it is not a PM&C portfolio matter, we are just unable to assist you. I am sorry about that.

Senator RONALDSON—I think you did say in your previous comments that Minister Crean takes the relationship seriously, didn't you?

Senator Faulkner—I was informed that this was a DFAT proposition. I indicated that I was certainly aware that the foreign minister took the priorities within his portfolio very seriously, but certainly the same goes for the Minister for Trade, Mr Crean. I cannot even say to you, having heard what I have heard, which minister has formal responsibility for it. I am happy to establish that for you. When that department is at the table in estimates I will flag it with the officials and I will flag it with the respective ministers. But we do not have an official here who is aware of it and it is not a portfolio responsibility of the Department of Prime Minister and Cabinet.

Senator RONALDSON—So none of the officials behind you are aware of this matter, Mr Mrdak, because I saw some nodding of heads before? I just want to double check that—

Mr Mrdak—We have checked. The officials from international policy have been called to the same commitment that national security officers have been called to. I do apologise. I, along with the minister, am happy to pursue it to make sure that we get the right officials dealing with this issue in the estimates on foreign affairs.

Senator RONALDSON—Are you aware of any damage reported in suite MG8 since February this year? If so, can you provide the committee with details of any damage or any associated repair costs?

Mr Mrdak—I am not aware of any damage costs or any repair costs required, but I will take that on notice.

Senator RONALDSON—DLOs are ministerial officers. This is probably a MAPS issue, is it?

Senator Faulkner—No, it is appropriate to raise DLOs in this committee.

Senator RONALDSON—I think you normally bring that information with you?

Mr Mrdak—We do.

Senator RONALDSON—Have you got that today?

Mr Mrdak—Yes. I am advised that, currently, there are 71 DLOs working in ministerial offices.

Senator RONALDSON—That is an increase of one. Is that correct?

Mr Mrdak—That is correct.

Senator RONALDSON—Do you have a standard breakdown of where they are? You have tabled those in the past.

Mr Mrdak—I will get that for you.

Senator Faulkner—We will undertake to table for you the usual document.

Mr Mrdak—I have got that here, which I can make available to the committee.

Senator RONALDSON—Mr Mrdak, there are AusTender contracts CN153445 and CN153368.

Mr Mrdak—I am finding that. Do you have the company supply name as well?

Senator RONALDSON—Comcar.

Mr Mrdak—Got those.

Senator RONALDSON—Published date 28 January, category passenger transport. I think the same for the other one. 153445 deals with a PM&C contract for Comcar transportation services worth \$22,900 between the dates 30 November 2008 and 22 December 2008, which translates to a cost of over \$1,000 a day over this 23-day period. Parliament was sitting for four days. 153368, worth \$10,600, was for three days from 10 December 2008 to 12 December 2008. The Prime Minister was in Bali, I think, addressing the Democracy Forum on 10 December. I think I might have missed another contract—my apologies—which is CN153214. Again it was Comcar, published date 28 January this year. That was Comcar transportation services on behalf of PM&C worth \$65,700 over a 46-day period from 21 October last year to 15 December last year, at a cost of \$1,428 a day. Can you advise me what the purpose of the transport was?

Mr Mrdak—I will come back to you with a detailed breakdown. Some of those will relate to ministerial services, which is the Prime Minister's Comcar requirements. Others will relate to some of our international visits arrangements. I can come back to you with a detailed breakdown of those and which functions and events they are related to.

Senator RONALDSON—They seem very substantial amounts.

Mr Mrdak—I understand. I will give you a detailed breakdown of the split between support for the Prime Minister's office and those that relate to official visits.

Senator RONALDSON—It is \$100,000 in a very short period of time, so, if you are prepared to take that on notice, that would be good.

Mr Mrdak—I certainly will, Senator. I will come back to you as soon as I can on this.

Senator RONALDSON—Mr Mrdak, on 22 March this year, the *Sun-Herald* ran a story under the headline 'Critical blogs to be tracked'. The article related how the Rudd government was implementing a new media monitoring strategy that would place particular focus on a website critical of the communications minister, Senator Conroy. I will quote from it:

Tender documents issued by the Department of Broadband Communications and the Digital Economy reveal it is looking for a "monitoring service for print and electronic media". The department later attached a clarification confirming this included "blogs such as Whirlpool".

Whirlpool has strongly criticised Senator Conroy's plan to filter internet content and his handling of the Government's \$15 billion national broadband network. It is a community-run forum devoted to discussing broadband internet access.

Mr Mrdak, or perhaps Minister Faulkner, in your capacity—with control of information and privacy policy—can you provide me with a list of all the blogs and websites that have been targeted for monitoring by that department?

Senator Faulkner—The answer to your question, in simple terms, is no. If that department has done as you have suggested, wouldn't it be a matter to take up with that department? It seems to have very little to do with FOI or privacy policy. It is perfectly reasonable if it is a

matter that you want to take up with that department, but it is not a matter for the Department of Prime Minister and Cabinet. I really cannot help you any more than that.

Senator RONALDSON—Do you think it is appropriate for a department to be specifically mentioning a blog site, in this case ‘Whirlpool’, which is well known for being strongly critical of Senator Conroy’s plans?

Senator Faulkner—I do not know anything about it, Senator.

Senator RONALDSON—Is there a bit of Big Brother in relation to this?

Senator Faulkner—I suggest that those issues be explored with the relevant department. I know nothing about it. What I know about blog sites could be written on the back of an extremely small postage stamp.

Senator BERNARDI—I know a fair bit!

Senator Faulkner—Do you?

Senator BERNARDI—Yes!

Senator Faulkner—Senator Bernardi, let us not go there!

Senator RONALDSON—I might return to Whirlpool quickly, I think! But, Minister, in your capacity, with responsibility for both privacy and freedom of information, do you find it surprising that a department would focus, in the context of a general announcement in relation to a new media monitoring strategy, on a particular website, one which just happens to be extremely critical of one of the Rudd government ministers? Doesn’t that raise some concerns with you?

Senator Faulkner—I do not know if there are any freedom-of-information implications—I cannot think of any—or privacy implications. There may be some; I am not aware of them, and they would be a matter not for me as minister but for the person who statutorily heads up the Office of the Privacy Commissioner, the Privacy Commissioner herself. But I cannot speculate on what is happening in the Department of Broadband, Communications and the Digital Economy. The great advantage of this process that we have available to us as senators is that you can directly address these issues in a committee like this to Senator Conroy himself and his department. That seems to me to be a perfectly sensible way of progressing it if you want to. I know nothing about it. It is not a matter for this department and it is the first I have heard of it—but you would not expect me or any of the officials to know anything about it. It is a matter that completely concerns another department. It is their responsibility.

Senator RONALDSON—So you do not know who would be playing the Big Brother role and monitoring these matters?

Senator Faulkner—No, I do not, and I do not know if anyone is. I know nothing about this. But I do not think that should come as a surprise to you. I do not know anything about the reporting. But it is perfectly within your rights to take this up with the relevant minister and the relevant department. If you would like, I am happy to flag with Senator Conroy that you intend to do so.

Senator RONALDSON—You do not think it would be strange for a particular blog site to be named by a department and it just happens to be a blog site that is critical of a Labor government minister?

Senator Faulkner—As I have said, I do not have a clue about it. I do not know anything about it and it may be a matter for Senator Conroy and his department. If you wish, I will flag with him that you would like to progress the issue so that he can examine it. But that is really the best I can do on this. It is not one for this department and it is certainly not one for me.

Senator RONALDSON—Mr Mrdak, I want to now turn to the Prime Minister's—I will give it its best spin—semi-secret meeting with the Chinese propaganda minister, Li Chan Chung. I think he is the minister for propaganda, media and ideology. Are you aware that that meeting was reported on Chinese television news but the Australian media was shut out entirely?

Mr Mrdak—I am certainly aware that that meeting took place, that that senior member of the standing committee of the political bureau of the Communist Party of China's Central Committee visited Australia as a guest of the government from Friday, 20 until Tuesday, 24 March this year. I am aware that Mr Li called on the Prime Minister and attended a lunch hosted by the Prime Minister at the Lodge on Saturday, 21 March. I am aware that during planning for the visit the Chinese embassy specifically raised the issue of Chinese media attendance at that meeting with the Prime Minister. The Chinese request was raised with the Prime Minister's press office and approval was subsequently given for their attendance at the meeting. I am advised that the Prime Minister's office does not routinely disclose the details of the Prime Minister's visits with foreign dignitaries. On this occasion the attendance of the Chinese media was at the request of Chinese authorities.

Senator RONALDSON—And presumably, as you said, that required the department's tick-off as well.

Mr Mrdak—My understanding is that was managed by the Prime Minister's press office and back through our officials who were working on the visit.

Senator RONALDSON—Are you aware that when asked about the semi-secret meetings by journalists later the *Financial Review's* Tony Walker described the evasive manoeuvres by the Prime Minister in the following words:

Rudd ignored a direct question about these meetings from SBS television and then declined to respond to a follow-up query from the *Australian Financial Review* as to why he was unwilling to provide details of these sessions with prominent Chinese.

Are you aware of a newspaper report?

Mr Mrdak—I am not personally aware of that newspaper report. I cannot comment in relation to that matter.

Senator RONALDSON—If the Chinese media were briefed on the fact that this meeting took place, what possible rationale could the Prime Minister have for trying to keep it secret from the Australian media?

Senator Faulkner—There is a value judgment contained in that question that I do not know the basis of, and I do not know that it fits with the evidence you have heard from Mr Mrdak. I am not sure we can throw any light on that element.

Senator RONALDSON—Minister, doesn't it seem a bit strange to you that we have heard that the Prime Minister's office—maybe it was not via the a department but I assume the department was aware of it—has accepted a request from this delegation or from the Chinese government to have Chinese television cameras there. They did not just roll up on their own unannounced and barge through the gates; they asked permission and received it. But when asked a question about it from SBS television, according to the article by Mr Walker, he ignored a direct question and then declined to follow up a further query from the *Australian Financial Review* as to the reason why he was unwilling to provide details of these sessions with prominent Chinese. It just seems a bit strange to me. We have talked about openness and transparency a lot over the last two days, and I will again remind you of your words: 'There is no better way to achieve integrity and accountability within government and government transactions than by promoting transparency and openness.' How could these events possibly fit in with the stated aim of yours in relation to integrity, accountability, transparency and openness?

Senator Faulkner—My understanding, as Mr Mrdak has explained, is that it was the Chinese embassy that specifically raised the issue of Chinese media attendance at that meeting with the Prime Minister, and that approval was given by the Prime Minister's office.

Senator CAMERON—If we are talking about China, how important is China to the economic recovery of this nation? Isn't it important to have relations with China on an ongoing basis?

Senator RONALDSON—If my questions are outside the bailiwick of this department, can I assure you that is about another 45 kilometres further off to the right—or to the left.

Senator CAMERON—The Department of the Prime Minister would be interested in our relations with China, wouldn't they?

Senator RONALDSON—I can assure you if you are expecting a response in relation to those economic matters from the department I am going to go back and revisit about 48 questions that I was not going to ask because they might not have been within the purview of this department.

Senator CAMERON—I asked in a much nicer way than you.

Senator BERNARDI—That is a matter for some discussion.

Senator Faulkner—Very important, Senator. Very important. I think Senator Ronaldson will be pleased with my answer.

Senator BERNARDI—The training is paying off.

Senator Faulkner—I have answered it.

CHAIR—Senator Ronaldson.

Senator RONALDSON—I suspect it was done for all the wrong reasons, because it would have opened up a million others, but I do thank you for taking ownership of not answering that particular question.

Senator Faulkner—I did actually answer it. You were otherwise occupied.

Senator RONALDSON—I know. That is why I was pleased.

Senator Faulkner—I informed Senator Cameron that it was very important. I heard your comment about kilometrage and I gave—

Senator CAMERON—A precise answer.

Senator Faulkner—As you would appreciate is my normal practice, I just gave a succinct answer to a succinct question.

Senator RONALDSON—Sorry, I missed that. A succinct answer. It was worthy of note because it certainly is one of the few that has occurred. So I am glad you have raised that as well. What time do we break, Madam Chair?

CHAIR—At 6.30.

Senator RONALDSON—Terrific.

Senator Faulkner—If you would like a break now, Senator, I will second it.

Senator RONALDSON—In the interests of what the committee is doing, I was actually inquiring as to whether there had been a change of plans because of the change while we were accommodating the minister and Mr Mrdak.

CHAIR—Senator Ronaldson, you know that wherever possible the committee will try to accommodate.

Senator RONALDSON—You are very easily amused at this hour at the other end of the table, aren't you?

Senator Faulkner—My understanding, Senator, is that there was a change to the program which you facilitated to enable me to get some responses to Senator Trood.

CHAIR—That is right, and therefore on schedule at 6.30 this evening.

Senator RONALDSON—Okay. Mr Mrdak, can I take you to the jobs forum in Tasmania on 8 April. I am advised that the Prime Minister was only there for a day. Is that correct?

Mr Mrdak—I will just see if I have got officers who can answer that.

Senator RONALDSON—To help you out: this is contract CN174341.

Mr Mrdak—Is this for the jobs forums that the Prime Minister has been holding in the last week or two?

Senator RONALDSON—The one I am referring to was in Hobart, I think: community cabinet, 9 April, contract CN174341. There was also a contract CN170878. Have you got the details on CN174341?

Mr Mrdak—I am just checking. My apologies.

Senator RONALDSON—I do not expect you to be able to pluck these things out of the air at very short notice.

Mr Mrdak—I think CN174341 would be for a COAG meeting. I am fairly sure that 9 April would be the arrangements for the hosting of the COAG meeting which took place in Hobart on that day. That would be the venue hire costs for COAG.

Senator RONALDSON—This was the Mercure Hotel?

Mr Mrdak—That is correct.

Senator RONALDSON—This was banquet and catering services?

Mr Mrdak—CN174341: Mercure Hotel, Hobart, hospitality, official business, 9 April, \$25,140.

Senator RONALDSON—So there was \$25,000 worth of catering on one day?

Mr Mrdak—Hospitality and official business—that would be the hire of all of the function rooms and the support, accommodation and rooms that would have been required for COAG. Generally for COAG meetings we hire a large enough area for the meeting itself and then there are rooms required for various delegations, state and territory, meeting rooms and the like, and also secretariat rooms. Then there would be the various meals and luncheons and the like provided. That would cover all of those costs. I will get you a detailed breakdown of all of that cost.

The other one is in relation to Perth: catering, 24 January-24 February. I believe that would relate to the hosting of the Australia Day function in Perth, which the Prime Minister hosted on the Australia Day weekend. As you would be aware, the Prime Minister held a series of functions around the country in the lead-up to Australia Day this year.

Senator RONALDSON—Sorry, Mr Mrdak. I just missed that.

Mr Mrdak—The Prime Minister held a series of functions around the country this year to celebrate Australia Day and attended functions in most of the state capitals in Australia in relation to Australia Day.

Senator RONALDSON—I am sorry, Mr Mrdak—that was \$15,000 for an Australia Day function, was it?

Mr Mrdak—That is my understanding.

Senator RONALDSON—How many people were at the function?

Mr Leverett—A little over 200 people attended an Australia Day function.

Senator RONALDSON—What was the invitation list for that?

Mr Leverett—It was very broad. It was local members of parliament, community leaders, religious leaders—the usual spread of guest list that we produce.

Mr Mrdak—It was co-hosted—hosted by the Prime Minister. The Premier of Western Australia and federal members of parliament and senators attended that, along with Perth business and community leaders.

Senator RONALDSON—So was it \$15,000 for 200 people, or was it \$15,000 plus a state government contribution?

Mr Mrdak—No, all of the costs were met by the Australian government.

Senator RONALDSON—You say it was co-hosted?

Mr Mrdak—Sorry, the Premier also spoke at the function, and I think the Premier's office was involved in some of the arrangements, but all of the costs were met by the Commonwealth.

Senator RONALDSON—What was the nature of the function? Was it a sit-down lunch?

Mr Mrdak—No, it was held in Government House in Perth. It was a lunchtime function which involved drinks and—

Senator RONALDSON—Was it a stand-up function?

Mr Mrdak—It was a stand-up function, yes—a reception.

Senator RONALDSON—So 200 people, at the Prime Minister's invitation, have chomped through 15,000 bucks worth of food and drink?

Mr Leverett—Not entirely, Senator; there were some other costs in there. Most of that figure is for food and beverage.

Senator RONALDSON—Or even transport costs, after that amount of money being spent on it.

Mr Leverett—No, there were some entertainment costs. For instance, there was a young man who sang the national anthem.

Senator RONALDSON—What did he charge?

Mr Leverett—I do not have that figure with me. I can certainly get it for you. There was, I think, a string quartet that played background music, but the bulk of it was for the hospitality—that is, food and beverage.

Senator RONALDSON—You will get me full details of those, please?

Mr Mrdak—We can, Senator. The Prime Minister hosted a function in a number of state capitals.

Senator RONALDSON—I am going to ask you about that. How many Australia Day functions—the Australia Day tour, we might call it—did he have, where were they and what were the costs?

Mr Leverett—The Prime Minister attended a number of Australia Day functions, but only three were actually hosted by him: the Perth one we have just discussed, another event in Sydney and the usual Australia Day reception at the Lodge, in Canberra, on Australia Day.

Senator RONALDSON—What was the cost of the Sydney soiree?

Mr Leverett—I do not have that with me, but I can get it for you.

Senator RONALDSON—Were they as hungry and thirsty as they were in Perth, do you know?

Mr Leverett—There were certainly fewer people, so the cost will be less, but I do not know pro rata.

Senator RONALDSON—I do not think there is any guarantee of that, so let us take that on notice and find out. Just so we are clear: we are going to get the 9 April catering broken down, we are going to get the Perth one broken down, we are going to get the Sydney Australia Day soiree broken down and we will also get the details of the function at the Lodge. Is that correct?

Mr Mrdak—That is right.

Senator RONALDSON—Can I take you now, please—I am mindful of the time and the agency we have tonight—to the Ashmore Reef incident and the explosion on the illegal immigration vessel last month. I want to ask you about particularly the government's refusal to disclose information on this incident. In fairness, I probably prepared these questions a week or so ago in conjunction with my very hardworking staff. Has there been any further disclosure in relation to this incident in the last week that I might have missed?

Mr Mrdak—Senator, I am sorry; the officers who deal with these issues have left us because of that other commitment that they have gone to. Perhaps, if I might, I could take that on notice and come back to you, or we might deal with it separately when the officers are available later this afternoon?

Senator Faulkner—There is an ongoing inquiry in the Northern Territory, as you are aware, Senator, in relation to this.

Senator RONALDSON—Minister, I think a lot of people are completely at a loss to know why you would not be providing information in relation to this. In fact—

Senator Cameron interjecting—

Senator RONALDSON—You have been told it is very rude to interject.

Senator CAMERON—Well, you know, it is not as rude as 'children overboard'.

Senator RONALDSON—Gerard Henderson has made commentary in relation to your comments, Minister, at the Right To Know conference. When did this occur? What exact date was it? Do you know, Mr Mrdak—this horrible incident?

Mr Mrdak—Thursday, 16 April.

Senator RONALDSON—Thursday, 16 April. On 21 April, Minister, the *West Australian* editorialised: 'Restraint is one thing, and the possibility of stonewalling quite another. With conflicting accounts surfacing about the incident amid reports that asylum seekers doused the deck of their boat with petrol to force the Navy to let them land in Australia, suspicions of a possible cover-up have been voiced.' As you have said before, 'the best safeguard against ill-informed public judgment is not concealment but information', and that quote is no more relevant than in relation to this matter. Why has the government denied all requests to release all available still photography and video footage of this incident?

Senator Faulkner—I do not know that I can give you a precise answer on this, Senator, but I did provide the Senate chamber with information about this. My understanding—and I will double-check that this is absolutely accurate and the status has not changed—is that,

because of the police and coronial investigations in the Northern Territory, material is released by Defence after it has been released by the Northern Territory authorities. In fact, I said this in the Senate chamber in our last sitting week. I am not aware, since I made those statements, of any change, but I can assure you that that was certainly the status a week or so ago.

Senator RONALDSON—Can you please table any advice from the coroner or anyone else investigating this matter seeking or requesting or demanding that still photography or video footage not be released?

Senator Faulkner—No, but I think it is the coroner who is releasing it. After the coroner or the police have released it, then Defence have released material.

Senator RONALDSON—Have Defence been asked by the Northern Territory coroner or anyone else not to release still photography or footage?

Senator Faulkner—I am only aware of the information that I was provided, and I hope I have been able to faithfully report it here at the committee. But I will certainly check for you whether that is still the status. Obviously, it is a matter directly for Defence, not the Department of the Prime Minister and Cabinet. Whether PM&C have been informed, I do not know. I would not expect them to be in the ordinary course of events. I will check that for you and let you know as soon as I can if there have been any developments.

Senator RONALDSON—And also any requests of Defence by the coroner or anyone else requesting Defence that they not release the video footage or still photography?

Senator Faulkner—I can take that on notice.

Senator RONALDSON—Thank—

Senator Faulkner—Let me conclude what I was going to say. I can take that on notice and ask that it be referred as a question on notice for Defence because, obviously, it is not a question on notice for Prime Minister and Cabinet. Again, next week there will be an opportunity to deal with this in more detail. I certainly have reflected the situation, as I understand it to be, in relation to those Northern Territory inquiries but, to be fully frank with you, the information I have provided to you maybe somewhat dated so that is why I am being careful in what I am saying to you. I have not seen any update for nearly two weeks.

Senator RONALDSON—I presume that Defence will be able to provide that information?

Senator Faulkner—I think so. I will ask the committee to treat that as a question on notice to the Minister for Defence and we will facilitate that for you.

Senator RONALDSON—Mr Mrdak, can I go back to our discussions before about contract CN174341, the nosh-up at the Mercure Hotel. What date was COAG?

Mr Mrdak—I will check. I think COAG was towards the end of April. I think it was 30 April, from memory.

Senator RONALDSON—What was the contract period for CN174341? It was 9 April, was it not?

Mr Mrdak—I think it was 9 April and going forward.

Senator RONALDSON—It was not actually COAG, was it?

Mr Mrdak—I am just checking. I just do not recall any other functions in Hobart. I am just presuming this would be the contract date, but I will just check that now. I will come back to you as soon as I can.

Senator RONALDSON—Did the officer who just came to the table confirm that the contract date was 9 April?

Mr Mrdak—Certainly that is as it appears on the AusTender.

Senator RONALDSON—COAG was not on 9 April?

Mr Mrdak—No. I am just checking what other functions we may have held.

Senator RONALDSON—So our discussions before were irrelevant. The contract was 9 April. Can you get back to me as soon as possible as to what that—

Mr Mrdak—Yes, certainly. That may have been the date on which we entered the contract; hence that is how it has appeared in AusTender. I am just checking that, because I do not have a recollection of any other function that we would have used the Mercure hotel in Hobart for, certainly not for that amount.

Senator RONALDSON—I think the contract period was 9 April to 9 April, so I suspect it was that one day.

Mr Mrdak—I am getting that checked urgently.

Senator RONALDSON—I will wait with great interest to see the answer to that. Can I just ask the following question before I hand over to my colleague Senator Bernardi. Are you aware that there was an FOI request relating to the kangaroo cull on Defence land in Belconnen?

Senator Faulkner—That is one that would go to the Department of Defence.

Senator RONALDSON—Yes. And are you aware that of the 13 pages of material received by the FOI applicant over half were blacked out by the department on the grounds that it 'could prejudice the integrity of future Defence activities and/or its operations'?

Senator Faulkner—This would be a matter for Defence. It would be appropriate to raise it with that agency. The decision maker would be in Defence, not in PM&C.

Senator RONALDSON—Are you aware that material was also blacked out on the grounds that it might reveal the details of an unnamed third party's 'business undertaking and decision-making processes, including the nature of techniques used during the project and the results of those techniques'?

Senator Faulkner—No, I am not. But you would not expect me to be aware of such an FOI application in Defence. No official here, I would expect, would have any knowledge of it either because it is not in this department.

Senator RONALDSON—The techniques used during a kangaroo cull are pretty unremarkable and ordinary. For some they are unpleasant and for others they are a daily fact of life, depending on what their exposure is and where they live. It is the use of rifles and shots to the head. So what would be mysterious about the techniques that would justify this sort of secrecy?

Senator Faulkner—I, of course, do not know and nor will any official here. It is a matter for the Department of Defence; it is not a matter for PM&C, who are not shooting kangaroos or anything else, to my knowledge.

Senator RONALDSON—It seem strange, doesn't it? It is a bit hard to believe that the release of this information, unless we are under attack by legions of marauding kangaroos, could in any way prejudice Defence operations when you are talking about the techniques used during the project—that is, the use of firearms—and the results of those techniques, which hopefully on every occasion was the extermination of the kangaroo that was lined up by those firearms. So the techniques and the results are pretty obvious.

Senator Faulkner—We are in a parallel universe.

Senator RONALDSON—Why wouldn't they be released?

Senator Faulkner—I do not know and I suggest if you want to address this the logical thing to do, given it is a matter relating to an FOI application in the Department of Defence—the decision maker is in Defence; it is a Defence issue—is to ask Defence.

Senator RONALDSON—Minister, in your speech last year when you were talking about transparency and accountability in your agenda you sang the virtues of the Rudd government's record of answering Senate questions on notice. Do you recall that on 16 March—and, Mr Mrdak you may want to get involved in this—I was forced to move a formal motion asking for an explanation of the Rudd government's failure to answer over 150 questions on notice within the time frame stipulated by the Senate standing orders? Do you remember that?

Senator Faulkner—I recall you addressing an issue with me.

Senator RONALDSON—Are you aware that even today there are more than 60 questions that remain unanswered for 60 days or more?

Senator Faulkner—I have just recently looked at the regular updates that are provided by the Department of the Senate in relation to estimates questions on notice. I noticed there are none in this committee and none in the Department of the Prime Minister and Cabinet.

Senator RONALDSON—That might have been in estimates questions. I am actually talking about formal questions on notice in the Senate.

Senator Faulkner—I am certainly aware of the statistics—if you like, I can ask for them to be brought up to the committee—that show a much better response time during the life of the Rudd government than occurred under the Howard government. That is not to say that on these issues governments, ministers and everyone responsible should not be trying hard to answer questions in as quick a timeframe as possible. I am certainly committed to that. Yes, it has obviously improved dramatically during the life of the Rudd government, but there is also still further improvement that we can make. I am very committed to ensuring that that occurs. I am very committed to ensuring that my own efforts are absolutely best practice in this regard, and ensuring that my colleagues are so too.

Senator RONALDSON—The spin looks great. In speeches it looks good. You are quoted in newspaper articles. The spin looks good. But as soon as we get down to the substance of the way this government behaves, you automatically just refer straight back to what might

have happened under previous governments. As soon as the spinners shine up and we just see spin after spin from this government, you then retreat back to what might have happened in the past. Is it good enough under your—apparently—new era of integrity, accountability, transparency and openness for one of your Senate colleagues to be forced to move formal motions asking for an explanation of the Rudd government's failure to answer over 150 questions on notice? Is that good enough?

Senator Faulkner—Let's go through the record, then. Let's put aside spin. I will make the relevant comparisons. During the last parliament, when the previous government was in office, 3,482 questions on notice were asked and 415 of those were never answered. Two of those—

Senator RONALDSON—Can I just hold you there for a second? Did you or any of your colleagues go into the Senate and make the same request that I did?

Senator Faulkner—Yes, it is a regular practice, as you would be aware.

Senator RONALDSON—Can you get the dates that that occurred for me, and whether they were—

Senator Faulkner—Well, that is in the *Hansard* record. But you will find that senators—

Senator RONALDSON—There are processes available, as you know, and that was just the start of it. The matter can be further reported to the Senate. Did that occur on any occasion in relation to these unanswered questions?

Senator Faulkner—Yes, it did—absolutely.

Senator RONALDSON—Can you provide me with the details of that?

Senator Faulkner—The *Hansard* record is replete with those. But let me continue. Of those unanswered questions that I referred to—the 415 unanswered questions during the life of the Howard government—two were placed on the *Notice Paper* on the first sitting day. So, two questions remained unanswered for 1,103 days. Of the questions that were answered, the longest time taken to answer a question was 924 days. The average time taken to answer a question on notice in the last parliament was 97 days. The current average with the Rudd government is some 20 days less. Yes, Senator, that can be improved. You talk about comparisons being of concern—the only relativities or comparisons here that can be drawn are what occurred in the previous government.

So I say to you again it is important to answer these questions within the required time lines. It is important to reduce the time. The government has made a significant reduction. I think it can do more and I am personally very committed to that indeed. I can assure you I am encouraging my colleagues to take the same approach. My understanding—

Senator RONALDSON—Are any of your questions outstanding?

Senator Faulkner—To complete the record, because we are in PM&C estimates, my understanding is that there are only four unanswered questions to the minister representing the Prime Minister on the Senate *Notice Paper* as we speak. They were asked on 30 April 2009, 18 May 2009, 20 May 2009 and 21 May 2009. That is a detailed answer to your question.

Senator RONALDSON—Are any of the Prime Minister's questions outstanding? I cannot remember whether I was required to ask your attendance in the chamber. Can you remember off the top of your head whether I made a formal request for your attendance in the chamber to answer those questions?

Senator Faulkner—I indicated before that I was aware of your request. But in relation to this—

Senator RONALDSON—Did you come in? I cannot remember.

Senator Faulkner—I think the information was provided, but—

Senator RONALDSON—That is what I am asking you, whether there were any outstanding questions. You say there were not—

Senator Faulkner—Let me answer that question, because it is an important one. There is one. I repeat one, outstanding question on notice to the minister representing the Prime Minister beyond 30 days. As I mentioned to you before, that was asked on 30 April 2009 and you will find that on the Senate *Notice Paper*. Is this a perfect record? No, it is not. Is it an awful lot better than what occurred under the previous government? Yes, it is. Can we do better? Yes, we can. Am I committed to ensuring that occurs? Yes, I am.

Senator RONALDSON—Just out of interest, I would be grateful on these matters you are referring to if you could provide me with a detailed list of requests that were made under the standing orders for answers that were over time. Could you provide the number of formal motions and any formal motions that were followed up by Labor Party senators to obtain those answers to questions. Minister, your comment, quite frankly, is irrelevant if your senators did not pursue the questions. One would then in my view actually reflect on the integrity of the questions and how important they were or were not as opposed to whether they were answered. There are the processes of the Senate, as you are well aware.

Senator Faulkner—If you are making the point that you think the questions that you ask are important and the questions that other senators asked of the previous government are not, I do not think it washes. But take my word for it and ask your ministerial colleagues in the previous government who are still sitting senators and you will find that there were any number of occasions. I think it is a real make-work and unnecessary task to do what you have requested. Perhaps the Department of the Senate might be able to find that information for you. I do not think it is an appropriate one to ask departments to do.

Senator RONALDSON—You are happy to quote the figures.

Senator Faulkner—Nevertheless, the point that I make to you I think is a valid one. Yes, there has been an improvement. No, it is not as good as it could be. Yes, I remain very committed to ensuring it improves even more.

Senator RONALDSON—Can I quickly go to the 2020 summit, which I think most of the participants thought was all a bit of a fizzle. What was a total cost of that summit, Mr Mrdak?

Mr Mrdak—I will get that for you. I believe it was of the order of \$2.2 million. Just bear with me and I will get the exact figure for you. The total direct costs incurred were \$2,226,754.

Senator RONALDSON—Of the almost 1,000 ideas submitted, how many have received the green light from the government for implementation? Was it about nine?

Mr Mrdak—No. The government's response, which was released by the Prime Minister in April, against each of the 10 agendas, outlined the number of ideas. A large number were being taken forward through initiatives the government already had underway or was further considering. It was a relatively small number—and I am happy to take on notice how many that was—which were not being considered further. What the Prime Minister also announced in his response were nine particular initiatives which he highlighted in his response as new initiatives, but that is not to say they were the only nine initiatives taken forward. In fact, my understanding is that the bulk of the initiatives in the 2020 summit were agreed as either work underway or for further consideration.

Senator RONALDSON—So you are saying the bulk of the 1,000 ideas submitted have received the tick off from the government for implementation?

Mr Mrdak—They were either being taken forward through existing government policy—

Senator RONALDSON—I asked a question on implementation before. I think there were nine that received the tick off for implementation.

Mr Mrdak—There were nine which were specifically new initiatives that at that point did not have work underway or were being implemented by the government.

Senator RONALDSON—Because the ABC news was quite clear that there were nine out of the 1,000 that had received a tick for implementation. The ABC were quite clear in their report that only nine of the nearly 1,000 ideas were given the go-ahead. I am not aware there was any attempt to correct the record in relation to that; are you, Mr Mrdak?

Mr Mrdak—I think the final report does set out that against each of the 10 agenda streams the bulk of the ideas and initiatives were being either taken forward or further considered. As I have said earlier, the nine new initiatives were ones where work was not yet underway. That is not to say that there was not work underway on the bulk of the ideas. I am not sure the media accurately captured the response, Senator. A detailed reading of the response against each of the agenda items would highlight that the vast majority of the initiatives were either being taken forward already or were being further considered.

Senator RONALDSON—Are you aware of the comment from the Uniting Care Australia head, Lyn Hatfield-Dodds, in relation to her response to the release of the report?

Mr Mrdak—I am not personally, Senator.

Senator RONALDSON—I am quoting from the ABC website:

But I have to say, as someone who was at the summit, who was there for the buzz and the excitement of those couple of days, I'm disappointed because I can't seem to see any nation-shaping ideas in what the Government's just announced.

You were not aware of those comments, Mr Mrdak?

Mr Mrdak—I was not aware of those particular comments, Senator, but as I indicate the government's response is much more detailed than just those nine new initiatives and contains a whole range of work that the government is undertaking.

Senator RONALDSON—Why the slippage in relation to the release of this report?

Mr Mrdak—The original date was to be earlier—

Senator RONALDSON—Certainly was.

Mr Mrdak—but required further work in relation to consideration of the ideas. I think the Prime Minister made that comment late in 2008. Also, in early 2009 because of the work that was being undertaken on the global financial crisis and then the commitment of the Prime Minister to the Victorian bushfires, there was further delay in the release of the response.

Senator RONALDSON—Mr Mrdak, in response to an earlier question on notice you indicated that the government had spent \$15,746.50 on a celebratory book marking Mr Rudd's first year as Prime Minister. Only 10 hard copies of this one-year progress report were printed, at a cost of \$1,574 per book; is that correct?

Mr Mrdak—I will just check those figures, but I think that is my understanding.

Senator RONALDSON—There were 10 hard copies made of a self-congratulatory book called the *One Year Progress Report* at \$1,574 per book. Minister, how can you possibly justify that sort of expenditure in the current economic climate, even back in December?

Senator Faulkner—We will just dig up the question on notice that you are referring to, Senator.

Senator RONALDSON—In the response you also indicated that there had been a request from a member of the public and as such you printed the 11th copy of the book as a second edition; is that right?

Mr Mrdak—My understanding is that there was an additional copy printed in response to that request.

Senator RONALDSON—So is there any reason why this poor soul can't be identified—where that person might be from in a general sense, without necessarily their name?

Mr Mrdak—I will take that on notice. I do not know the particular circumstances but I am happy to check that for you.

Senator RONALDSON—So we have 10 books, at \$1,574 per book, which I would call, quite frankly, an obscene waste of taxpayers' dollars, and then we have a reprint of one for a second edition. I look forward very much again to getting those answers on notice, Mr Mrdak. Thank you.

Senator BERNARDI—You were appointed as a Commonwealth coordinator-general; is that is correct?

Mr Mrdak—Yes, Senator.

Senator BERNARDI—What does that role involve?

Mr Mrdak—Essentially since 3 February I have been offline from my normal duties in the department. My role is to coordinate and ensure the delivery of the infrastructure elements of the government's nation-building programs as announced in the December 2008 nation building statement and the February economic stimulus statement. So essentially my role is to coordinate the Commonwealth agencies to ensure the time frames set by COAG are met and

also to work with states and territories to ensure the delivery of the infrastructure projects, which comprise 70 per cent of the economic stimulus plan commitments.

Senator BERNARDI—Who previously fulfilled that role?

Mr Mrdak—There was no previous position. It is a new position which the government has created to oversee the delivery of the economic stimulus plan given the urgency to meet the timetable.

Senator BERNARDI—In 2008-09 it was internally funded, was it not?

Mr Mrdak—That is right, Senator. It has been funded from existing departmental resources. So essentially it is a small team. As I indicated to Senator Ryan earlier, the unit comprises four staff and myself and essentially the staff are seconded from other agencies. Up until recently I had five staff, of whom three were seconded from other agencies. It is down to four and I have seconded people from inside other parts of Prime Minister and Cabinet.

Senator BERNARDI—Thank you for that, Mr Mrdak. I have been advised that Senator Ryan covered some of these questions earlier with you.

Mr Mrdak—Some of these issues, yes.

Senator BERNARDI—So I am happy to put the remainder of mine on notice in that regard if they have not already been covered. Please accept my apologies for that. If I can move on to Budget Paper No. 2, and page 132 of that, the government nominated a \$50.8 million allocation for a national media campaign to raise public awareness of how householders can improve the energy efficiency of their homes and how they can access the government assistance announced in the Nation Building and Jobs Plan. Is this just more of the pink batts and newspaper ads that we have seen?

Mr Mrdak—It certainly comprised an element of that. There are essentially a number of agencies for whom that resourcing has been provided. Essentially there are two key agencies. Firstly, there is the Australian Taxation Office for the community information material which has already been provided in relation to the tax bonus payments—the bonuses for back-to-school, single income family, and training and learning. That campaign, which has been conducted in accordance with the government's campaign advertising guidelines, is nearing completion by the tax office. The other major component of that funding is for a campaign, which has yet to commence but which is now in development and being cleared through the campaign guidelines process, by the Department of the Environment, Water, Heritage and the Arts. That is dealing with the energy efficiency measures outlined in the nation building program which deal with the ceiling insulation and solar hot water programs. That campaign, which, as I say, is now in development and will go through the normal clearance processes, is due to commence next month to provide information to the community about how to access the energy efficiency measures.

Senator BERNARDI—How much money was allocated to the ATO?

Mr Mrdak—I would have to take that on notice. I do not have the split with me but I will get that information for you.

Senator BERNARDI—Yes, please. You know where I am going to go with this. I would like to know how much is allocated to the environment department as well. What other departments are involved in this advertising campaign?

Mr Mrdak—Funding has been provided to Centrelink for information—again, in relation to its delivery programs and information for their customers—to the Department of Infrastructure, Transport, Regional Development and Local Government for some of the communications activities around the delivery of the infrastructure projects, to the Department of the Environment, Water, Heritage and the Arts, as I indicated, and to the Australian Taxation Office.

Senator BERNARDI—So it is just the four departments?

Mr Mrdak—That is right.

Senator BERNARDI—You do not have the breakdown?

Mr Mrdak—I do not have the breakdown but I will get that for you.

Senator BERNARDI—What did the campaign for the ATO involve?

Mr Mrdak—It had a number of phases—essentially four. The primary one was to provide information for people who were eligible to receive the tax bonus in relation to their requirements to lodge 2007-08 tax returns, and also to update their bank account details and the like. So it was information that was provided to people to ensure they understood what they needed to do to be eligible to receive the tax bonus. And you would have seen the information provided, in the large newspaper advertisements that the Australian Taxation Office ran, relating to how to access the program and the eligibility and how people could get additional information. There were two elements to it—a print element and a radio element—to alert people to what they needed to do to be able to access the bonus payments.

Senator BERNARDI—Basically it was encouraging people to lodge a tax return by a certain date.

Mr Mrdak—That is right. It was advising them that they needed to lodge their 2007-08 tax return by the middle of this year and also to update any bank account details, if they had changed those, since they had lodged their tax details, so payments could be made effectively to them.

Senator BERNARDI—I am making the assumption that, if payments are made and they bounce back, people receive individual notification that the payment did not clear. That would be a reasonable assumption, wouldn't it?

Mr Mrdak—I do not know, Senator, I am sorry. It is probably an issue that you might want to address to the Australian Tax Office. I do not know what the processes are. I think a large proportion of taxpayers choose to have refunds done through tax agents, but some may have changed that or they may wish to have those payments made into separate accounts to their normal arrangements for how they dealt with their 2007-08 tax return. There are those sorts of complexities to it. I am not all that familiar with it. I would suggest that you discuss that with the Australian Tax Office.

Senator BERNARDI—I will, I am sure. Do you know how many individual payments were made in regard to that?

Mr Mrdak—No, I do not. But it would be many millions of taxpayers.

Senator BERNARDI—I have no doubt, but I am interested in exactly how many there are.

Mr Mrdak—Again, the tax office would be able to give you that detail.

Senator Faulkner—It might assist Senator Ronaldson, who asked about *The one year progress report*, to know that I have just been able turn up its costs. I would not want him to not be fully apprised of the situation in relation to the costs of the report. As I think Mr Mrdak indicated, the report was prepared by PM&C based on material provided by departments. It is also the case that it was finalised through the Prime Minister's office. The report was published on the Prime Minister's and PM&C's websites on 25 November 2008.

The overall cost for the design, typesetting—call it what you will—printing of the report was \$15,746.50, GST inclusive. It was professionally designed and prepared for online publication. I can also advise in relation to the 10 hard copies. I heard Senator Ronaldson's question—apparently it is 11. But the information I have available to me is that the 10 hard copies of the report were produced at a cost of \$242, including GST. The amount for the actual production of the 10 hard copies of the report is included in the \$15,746.50. As Mr Mrdak said in answer to Senator Ronaldson's question—it was taken on notice who it was—one copy of that report was subsequently printed in-house in response to a request from the public. This is basically something that was produced for publication on the Prime Minister's and PM&C's websites, but I just thought for the fullness of the record it would be helpful for senators and the committee to understand that the cost for the 10 hard copies of the report was \$242, including GST. If my maths are correct, that means that they were \$24.20 each.

Senator BERNARDI—Mr Mrdak, turning to the next phase of the advertising campaign for insulation and solar, you suggested that it was going to go out through the department of the environment.

Mr Mrdak—That is correct—the energy efficiency measures.

Senator BERNARDI—Who will be eligible to claim those rebates?

Mr Mrdak—In relation to households, it is the beneficial owner of the private residence which either does not have ceiling insulation currently or has what is regarded as a very low standard of insulation, essentially a 0.5 rating or below, which will effectively be replaced by new material. Essentially, it is for private households which have no ceiling insulation currently in place.

Senator BERNARDI—Who is going to assess the quality of the existing insulation, if it is there?

Mr Mrdak—In relation to that matter, it would be the installer. But it is unlikely that we will have too many with a 0.5 or less rating. It is more likely to be ceilings where there is no insulation in place.

Senator BERNARDI—Will people who live in strata title units, such as body corporates, be eligible for this?

Mr Mrdak—Yes. We are making provision for that. So we are looking at a definition, which is that, provided it is an owner-occupier, it can be whatever ownership structure they have. I think the guidelines, which have now been finalised, will provide for the beneficial owner, where the residence is owner-occupied, to be able to access the program.

Senator BERNARDI—So it is only owner-occupied residences.

Mr Mrdak—That is correct. There is a separate program element for landlords; it provides for up to \$1,000 for landlords who place insulation in rental properties.

Senator BERNARDI—A very discrete section of the Australian community will be eligible for either of these grants or rebates.

Mr Mrdak—It is targeted at private households. Additionally, there is a solar hot water program which provides for a rebate of up to \$1,600 for those who are converting from electric hot water systems to solar or solar heat pump systems.

Senator BERNARDI—Once again, for households?

Mr Mrdak—For households.

Senator BERNARDI—And the same discrete parameters apply to owner-occupiers and landlords.

Mr Mrdak—That is correct.

Senator BERNARDI—Is there a separate program for landlords or is it the same?

Mr Mrdak—That is right. It is the same for them.

Senator BERNARDI—So they get the same benefits. Tell me about the proposed advertising that is going to take place. In what form is that going to be?

Mr Mrdak—The campaign is now being developed and will be progressed. I understand that the concepts are now being developed by the department. They will then be going through the communications guidelines processes with the Australian National Audit Office. My understanding is that the campaign will be targeted at two categories. The first element is the identification of interest by firms who are in the insulation business or who wish to enter the insulation business and for them to get information on how they register to be participants in the scheme and to claim. Essentially, with the operating model that we are using, we propose to make payments to the installers on receipt of evidence of installation and agreement by the householders that it has been installed to an adequate satisfaction rating. So there is a process of informing installers and potential installers of how they register with the government and how they access payments or rebates for the work that has been done.

The second element is for making households aware of the availability of this program and the energy benefits for the household in taking up the government's offer of the rebate for insulation and solar hot water over the next two years of the program.

Senator BERNARDI—How many households in Australia are you expecting to target?

Mr Mrdak—We are looking at about 2.2 million households that do not have ceiling insulation.

Senator BERNARDI—What about installers? How many current installers or prospective installers are there?

Mr Mrdak—My understanding is that the department of the environment—and they will be able to give you more accurate details—are currently looking at around 3,000 firms that are operating in the market and that have already been contacted to buy them. Then they will be followed up with further information. When we talk about the current industry, the estimate is 3,000.

Senator BERNARDI—That is a reasonably small subset. I want to ask you again about the proposed marketing message. Is it going to be a mass marketing message, similar to what was endorsed by the ATO—radio and press advertisements?

Mr Mrdak—That is my understanding. They will initially be looking at press and radio advertising, and potentially also looking at some television advertising to raise awareness of the availability of the program.

Senator BERNARDI—So you are targeting roughly 2.2 million people in Australia.

Mr Mrdak—That is correct.

Senator BERNARDI—And you are going to go on an advertising blitz through the mass media when you could perhaps send each of those 2.2 million people a letter and save yourself \$10 million, \$15 million or probably \$20 million in the process.

Mr Mrdak—I think there is an issue about how you identify the 2.2 million households. They are estimates.

Senator BERNARDI—You clearly have already.

Mr Mrdak—No. They are estimates that have been identified through other processes, but there is no accurate number of how many households—

Senator BERNARDI—You are telling me that the government cannot identify who owns a house in this country?

Mr Mrdak—that currently do not have ceiling insulation.

Senator BERNARDI—But you are leaving it to the installers to determine whether that is appropriate or not.

Mr Mrdak—What we are trying to do is create an awareness of the fact that the government is making available this financial subsidy for the installation of insulation. The next element is to ensure that the installers are aware of how they register and become part of the program. So there are two elements there. The main one is to make people aware of the availability of this program so that people start to initiate calls to installers to have the insulation installed. Since early February when the program was first put in place, essentially there is a rebate program in place now where people who have ceiling insulation installed submit their invoice and their receipt of payment to the department and they are paid the rebate. What we are looking to do from 1 July is essentially remove the upfront payment from households so that the government will directly pay the installer. So quite a fundamental shift in the program but also the need to build awareness of the availability for the community that

this program is in place for those who do not have ceiling insulation, and secondly getting installer interest in registration into the program.

Senator BERNARDI—Why would you be changing the program already? Is it not working properly?

Mr Mrdak—It is essentially that the government has decided to try and increase the number of households with the insulation by removing the upfront cost for households. At the moment people pay the cost of insulation and then receive a rebate of up to \$1,600. In the future we will pay the installers, which means the household will not have to make any outlay themselves up to \$1,600.

Senator BERNARDI—So the current system is not working very effectively.

Mr Mrdak—It is working effectively in the sense that since February we have had over 20,000 applications for rebate. But from 1 July the government wants to accelerate the uptake of the insulation by removing any upfront cost up to \$1,600 for the household to try and create the incentive for more households to take up the insulation.

Senator BERNARDI—In order to create that incentive, you are going to undertake a massive marketing campaign at a cost of, to hazard a guess but I will stand corrected when you table the information I have asked for, tens of millions of dollars for people who do not even know whether they have got insulation or not. They are going to have to call an installer out who is going to have to have a look and see whether they are eligible.

Mr Mrdak—Certainly the first element of it is to increase people's awareness of the availability of the program, which we would hope would then have people make a call to an installer or they will have a look themselves as to whether they have ceiling insulation and then start the process of contacting the industry to get installers to give them a quote for installation of the ceiling insulation. That would start the process. So the importance is firstly to make people aware of the energy benefits of having ceiling insulation and the availability of this government program.

Senator BERNARDI—You may regard me as suspicious, but I suspect that this marketing program is more about insulating the government than increasing the insulation in houses.

Mr Mrdak—Under the government's advertising guidelines, which you would be aware of—

Senator BERNARDI—Which have been breached repeatedly by this government.

Senator Faulkner—No, that is not true, Senator.

Senator BERNARDI—Well, there have been absolute contradictions that have been raised in estimates before about advertising that has been inconsistent with statements that this government made in opposition and since they have been in government. I can go through the *Hansard*, if you like, and remind you of that.

Senator Faulkner—That is simply not true. The advertising guidelines have never been breached.

Senator BERNARDI—It must be just the conflicting statements by some of your ministers, then, that have been contradicted by their actions.

Senator Faulkner—Ministers' statements are totally irrelevant to our advertising.

Mr Mrdak—The campaign will need to be authorised under the campaign guidelines the government has set in place, and that has requirements in relation to the information that is provided. The campaign will be very much targeted at ensuring that people are aware of the program and how they access their entitlements under the program.

Senator BERNARDI—The conclusion I have drawn—I am happy to have it dispelled and I look forward to reading the information—is that a mass marketing program is not designed to target 2.2 million people, which is a distinct subset. To suggest you cannot identify the people with faulty or no insulation and that is why you are undertaking a mass marketing program, when you could equally mail every Australian household as part of any other regular mailings they receive from government agencies or departments, beggars belief.

Mr Mrdak—The department of environment would be able to give you more details, but I presume there will be some direct mail components of the program that is being developed by them. What I am indicating to you is that 2.2 million households, with the solar and the rental market up to 2.7 million households, is quite a substantial part of the Australian housing stock which is uninsulated.

Senator BERNARDI—You told me it was 2.2. Where does the 2.7 come from?

Mr Mrdak—2.2 is the private households and if you add the renter households 2.7 is the total estimate. Overall the government is looking to target 2.9 million homes with this program. That is quite a substantial—

Senator BERNARDI—It is 2.9 now.

Mr Mrdak—With the landlord program as well.

Senator BERNARDI—Where did the 2.7 come from?

Mr Mrdak—Sorry, that was an error on my part. I have been corrected. It is 2.9 million. It is quite a substantial proportion of the Australian housing stock and people need to be contacted and made known the availability of this program.

Senator BERNARDI—Mr Mrdak, I would like a detailed breakdown of the departments that are spending this money and how they are going about spending this money. I would like to know how it is being spent, including through the ATO and all of those.

Mr Mrdak—Certainly.

Senator RONALDSON—There has been a lot of discussion, Mr Mrdak, in fact there was discussion yesterday that you would not have been aware of but in relation to the temperature in Parliament House and the fact that there have been some adjustments to the temperature for both cost and environmental reasons. Do you know if there has been any alteration to the permanent thermostat settings at either the Lodge or Kirribilli House whereby they are altered to raise the ambient temperature?

Mr Mrdak—No, Senator, I am not aware of that at all.

Senator RONALDSON—Are there officers who might be able to assist in that regard?

Mr Mrdak—I am checking but, no, we have no knowledge of any such increase in temperature.

Senator RONALDSON—Who has got responsibility for the Lodge and Kirribilli? There must be someone from the department here.

Mr Mrdak—There is.

Senator RONALDSON—What is the heating at the Lodge and Kirribilli House? What form does it take?

Mr Cairns—In terms of temperature or in terms of technology?

Senator RONALDSON—Are they centrally heated, which would have thermostat settings that can be altered?

Mr Cairns—I do not know, but I can find that out for you.

Senator RONALDSON—You have got no idea what form of heating or cooling is in either the Lodge or Kirribilli?

Mr Mrdak—We will check and get that back to you as quickly as possible.

Senator RONALDSON—How quickly can I get that back?

Mr Mrdak—We are checking now.

Senator RONALDSON—I will come back to that once I get that answer, if that is okay. I want to discuss official gifts and also prime ministerial gifts. Can you explain to me what happens when the Prime Minister receives official gifts that he does not want to keep?

Mr Mrdak—I will ask the responsible officer to come to the table.

Mr Leverett—I think I heard the question ‘What happens to gifts received by the PM that he does not wish to retain?’ Is that correct?

Senator RONALDSON—Yes.

Mr Leverett—They are surrendered to the department.

Senator RONALDSON—Do they go down to what was, I think, affectionately called by the *Herald Sun* the ‘treasure room’ in the department, where all unwanted gifts are kept?

Mr Leverett—I do not know that term, but we have a gift store in the department.

Senator RONALDSON—I was referring to it as a ‘treasure room’ and it was, I thought, worthy of a smile, Mr Leverett.

Senator Faulkner—I smiled.

Mr Leverett—If you saw the contents, I do not think you would call it a ‘treasure trove’.

Senator RONALDSON—How big is this area?

Mr Leverett—I do not know. We can find that out for you. It is a room that I would guess is—

Senator RONALDSON—For interest’s sake, compared to this room here, was it—

Mr Leverett—It would be a little larger than the internal area of this table here.

Senator RONALDSON—We might actually expunge from the record your comment about the standard of the gifts, Mr Leverett. Do these gifts ever go out on public display?

Mr Leverett—Some do, yes.

Senator RONALDSON—Otherwise are they sort of locked away in Indiana Jones-style boxes, are they? What is the method of protection in relation to the gifts? Are they wrapped or are they just piled on top of each other?

Mr Leverett—All of the above. There is shelving in this room. There are proper racks for paintings—many of the gifts are paintings—so they are stored vertically. There is a B class four-drawer safe in the room because some of the gifts are in fact quite valuable. There are some watches, for instance, and other jewellery that has been presented over the years that have significant value. So they are locked in a B class safe. And there is other shelving for other bulky items.

Senator RONALDSON—In the treasure room—my words, not yours—are there, for example, state-of-the-art computers—or what might have been at the time state-of-the-art computers—down there that are just being left to gather dust?

Senator Faulkner—Don't look at me. I don't know what is in the room.

Senator RONALDSON—Well, these two are talking about things I have never heard of—Commodore 64s and what was the other one? Atari, was it?

Senator Faulkner—I do not know whether the witness can tell you whether there is a Commodore 64 there or not.

CHAIR—They are collectors items by now, I would have thought.

Senator Faulkner—But anyway, the witness has been able to assure us that there is electronic equipment there.

Senator RONALDSON—Yes. Is there electronic equipment such as computers?

Mr Leverett—Yes. There is at least one and possibly two laptop computers.

Senator RONALDSON—How old are they?

Mr Leverett—I would have to check the records, but they were presented to Prime Minister Howard, so they are several years old at least.

Senator RONALDSON—Why would something like a laptop computer remain gathering dust in the treasure room? What is the point? Has someone got any authority to actually get those types of gifts out into somewhere where they might be useful? I can think of a 1,001 community organisations or schools or disability groups—or someone—who could use something like that. What are the rules and regulations in relation to these that would preclude that happening?

Mr Leverett—There are two factors at play in the disposal of gifts. One is the desire of the recipient of the gift. The receiver can indicate a desire to have it gifted to a charity or whatever, but unless we get that direction we do not have any guidance on where it might go. The other issue there is one of provenance. If it is clear, as it is with many of the gifts, that they are from a particular source, then it can be inappropriate and even embarrassing to be

giving things away where provenance is known. Many of these gifts do have provenance—they have engravings or inscriptions.

Senator RONALDSON—What about consumables such as wine? Is there wine in the treasure room?

Mr Leverett—I do not believe there is any wine. A number of bottles of wine have been surrendered to us since the last election. They were all surrendered to us with a request that they be forwarded to particular charities for auction and fundraising and so on.

Senator RONALDSON—I do not understand. What do you mean ‘surrendered’?

Mr Leverett—The recipient has surrendered them to us—they do not want to keep the gift.

Senator RONALDSON—I see.

Senator Faulkner—Someone receives a bottle of wine and they surrender it. I asked this many moons ago, but my recollection is that the previous Prime Minister forwarded such wines, surrendered wines, and I think they were used in the official establishments, from memory.

Mr Leverett—That is correct, which is why I said ‘since the last election’ they have been surrendered to us.

Senator Faulkner—Mr Howard’s practice, I think, was to use them in Kirribilli and the Lodge.

Mr Leverett—Correct.

Senator Faulkner—What does the current Prime Minister do—donate them to charity?

Mr Leverett—He has surrendered them to us with a request they be offered to particular charities, which has indeed happened. They have been passed on to the charities.

Senator RONALDSON—So does the Prime Minister nominate the charities?

Mr Leverett—Yes, as indeed have other ministers.

Senator Faulkner—I am certainly aware that one of the charities the Prime Minister has supported through this is the White Ribbon Foundation.

Mr Leverett—Correct—and UNIFEM. They are linked.

Senator Faulkner—That might assist you, Senator. Prime Minister Rudd supported UNIFEM and the White Ribbon Foundation.

Senator RONALDSON—What happened to the gifts received under former prime ministers Hawke and Keating? Do we know?

Senator Faulkner—I do not know much about wines, as everyone knows, but I would say they would be good vintages, wouldn’t they, by now?

Senator RONALDSON—They are either very, very good drinking or very, very bad drinking by this stage.

Senator Faulkner—I am no expert in such things, so I will take your word for it.

Senator RONALDSON—Do you know what has happened to all the gifts that were given to former prime ministers Hawke and Keating?

Mr Leverett—Many are still in the gift store. We have disposed of some gifts over the years, in two ways. A small number have been offered to and accepted by institutions—for instance, a particular sword with a historical connection to the Second World War was offered to and accepted by the Australian War Memorial. Other gifts that were judged to have little or no value and no provenance have in fact been destroyed and others remain in the gift store.

Senator RONALDSON—Are you confident these gifts have not grown legs, particularly the gifts given to former PMs Hawke and Keating?

Senator Faulkner—Could you just say that again. I am sorry, I could not hear you.

Senator RONALDSON—I just asked Mr Leverett whether he is confident that the gifts that might have been there for a while, particularly those given to former PMs Hawke and Keating have not grown legs. I am just wondering what the security is that would protect those.

Mr Leverett—I have not done a recent audit or had one conducted, but I have no reason to believe anything is missing. As I indicated before, the highly valuable items are locked in a B class container as well as being in a room that is locked, in a building that is a secure building. So the level of security—

Senator RONALDSON—Would there be some list of the gifts that were received by Mr Hawke and Mr Keating that were stored in the treasure room?

Mr Leverett—There is. The difficulty is that it was stored on a computer database that is no longer operable and we cannot extract it, but we could do it manually. It would be a large job but there are records.

Senator RONALDSON—Who has got access to the treasure room?

Mr Leverett—Myself and one other staff member.

Senator RONALDSON—There are only two of you who have got access?

Mr Leverett—Correct.

Senator RONALDSON—How long have you had control of the room?

Mr Leverett—Since October 2004.

Senator RONALDSON—So that very much postdates the two prime ministers I am referring to.

Mr Leverett—Yes.

Senator Faulkner—By more than eight years.

Senator RONALDSON—Indeed. Did you do an audit when you came in of those gifts? Was that old system operating at that stage?

Mr Leverett—There was a new system that commenced—

Senator RONALDSON—I meant the computer program was operating at that stage?

Mr Leverett—When I arrived it was already operating, yes. There was a system instituted when Mr Howard became Prime Minister. So we have accurate, easily retrievable records from 1996 onwards.

Senator RONALDSON—Can you detail for me the nature and cost of all official gifts given by the Prime Minister to foreign dignitaries since December 2007?

Mr Leverett—I cannot do it here and now—

Senator RONALDSON—I understand. Please take it on notice.

Mr Leverett—Yes, that could be done.

Senator RONALDSON—Does the government have a policy of only buying Australian made gifts?

Mr Leverett—Yes, Senator.

Senator Faulkner—Just on that question, Mr Leverett has taken it on notice but I ask you to reflect on it. The difficulty comes here, I think, and I am sure you appreciate this, that there are diplomatic niceties in relation to the value of gifts.

Senator RONALDSON—Point well made. So there is a policy of only buying Australian made gifts. Are there contractual relations with particular firms to provide official gifts?

Mr Leverett—Yes.

Senator RONALDSON—Do you have a list of those firms?

Mr Leverett—We have a contract with one firm. That firm is called In Tandem, based in Melbourne with an office in Canberra. A contract was let about 12 months ago. We went out to tender and a number of companies applied and In Tandem won the contract. They have their own in-house supply but also they source gifts from other suppliers. For instance, art work they do not have in their own storeroom system but if we say we want an Aboriginal painting or whatever they will source that for us.

Senator RONALDSON—Is part of that contract that they will supply Australian made gifts only?

Mr Leverett—Yes.

Senator RONALDSON—I suppose Australian produced is a better description of things like paintings or others as part of the wider gift group. How do you tender for that not knowing what the nature and extent of the official gifts is going to be from year to year? Do you have a stab about what happened in the last couple of years and estimate it?

Mr Leverett—Are you talking about the number of gifts or the types of gifts?

Senator RONALDSON—I presume if you are letting a contract for gift in the wider sense you would have to have some rough idea about how many gifts you were likely to be requesting. On what basis do you work that contract out?

Mr Leverett—The contract is a pay as you use service.

Senator RONALDSON—Okay. So it is an individual item contract, effectively. I misunderstood.

Mr Leverett—I am sorry if I did not make it clear.

Senator RONALDSON—It just seemed a bit strange how you could tender for something like that when you actually did not know what you are going to be needing. Was that an open or select tender process?

Mr Leverett—Open.

Senator RONALDSON—How are the gifts selected for foreign dignitaries? Is that in the domain of the minister or the department or whoever it might be that is providing the gift? What is the normal process?

Mr Leverett—Ministerial officers make the selection themselves. There is a designated person in each ministerial office who has the contact with In Tandem. In Tandem have a website, so many of the gifts are available to view electronically. They have a small showroom where staff can go and look at other items, and the staff will lodge a request for X gift for a particular visit or occasion.

Senator RONALDSON—Is there a limit on the value of the gifts that can be given?

Mr Leverett—There is not a dollar figure limit but we keep them modest.

Senator RONALDSON—Is there a range within which people with appropriate levels of seniority can pick gifts? Is that a discrete way of putting it, in light of my discussion with the minister before?

Mr Leverett—Yes, there is a range. We monitor that, and occasionally an office will get towards the top of the range or even exceed it and we will have a word with them and say, can they be a bit more modest. But generally there is not a problem with that if they keep within the range.

Senator RONALDSON—Is there a departmental budget for these official gifts? I do not mean the gifts themselves, but within a department is there a specific budget that they are allocated?

Mr Leverett—There is not. It is part of the wider budget that I have in Cerhos. It is part of our administered vote.

Senator RONALDSON—Do we ever provide consumable gifts to foreign dignitaries?

Mr Leverett—Rarely, but yes, we do.

Senator RONALDSON—I think that is all in relation to the matter. Thank you.

Mr Mrdak, on staffing, has there been any increase in the 7.4 at the Lodge and Kirribilli since the last estimates?

Mr Mrdak—No increase. There has been a small change to staffing at the Lodge. I will ask Mr Cairns to outline that, but there is no change overall to the staff. We are currently funding seven full-time staff in the two official establishment homes. There was a change earlier this year: the household assistance resigned with effect from six March. That was the 0.4 position that was previously funded. We are now funding seven full-time positions at the two establishments.

Senator RONALDSON—Was that the position the Prime Minister shared the cost with?

Mr Mrdak—Yes, Senator.

Senator RONALDSON—So that person has not been replaced.

Mr Mrdak—No.

Senator RONALDSON—I am advised that the deputy chief of staff—I will go back. Can I ask you to look at contract CN93866.

Mr Mrdak—Certainly. I will just get some details on that one. While we are dealing with that, I can provide some information in relation to a couple of other contracts that you asked about earlier, if you do not mind, while my officers are just identifying that one.

On CN174311: we talked about the issue of the Mercure Hotel in Hobart. That amount was the initial deposit paid for the hosting of COAG. That was why it was referenced 9 April for the COAG on 30 April. That amount of \$25,140 represented the initial payment for the hotel, which was providing total services and all support services for the COAG meeting which included room hire, catering, and the hire of IT equipment and all photocopiers, faxes, video and audiovisual equipment and the like for COAG. So that was our initial contract.

Senator RONALDSON—That was the deposit. What was the final cost?

Mr Mrdak—The final cost is still to be finalised. We envisage that the total cost will be around \$53,000.

Senator RONALDSON—How long was the Mercure in use for?

Mr Mrdak—It was in use for the afternoon and evening before COAG and throughout the day of COAG, and then after COAG the necessary follow-up would have taken place. So essentially it was a period of about a day and a half for full usage.

Senator RONALDSON—So to date we have \$53,000 for 1½ days?

Mr Mrdak—That it is the total cost of the Mercure hotel for the hosting of that COAG meeting.

Senator RONALDSON—Minister, \$53,000 seems a remarkably high figure for 1½ days at the Mercure. Does that look excessive to you or not?

Mr Mrdak—I am happy to look at that in the context of other COAG meetings. But there was a large number of attendees at COAG, and it was being done in a location where—unlike other COAGs, which may have been held in Parliament House or state parliaments where we were able to access IT equipment and the like—there was a requirement to bring all of that equipment in. COAG, as you would appreciate, has large requirements in terms of IT connectivity and the like. Those costs would all have been factored into the costs I have given you.

Senator RONALDSON—Thank you. And the next one?

Mr Mrdak—In relation to the other contracts, you asked about three Comcar contracts. They are CN153214 and CN153445. They both relate to the Prime Minister's office Comcar. And CN15—

Senator RONALDSON—Sorry; I will need to go back. My apologies. The contracts again?

Mr Mrdak—CN153214 and CN153445 I am advised relate to Comcar support for the Prime Minister and his office. And CN153—

Senator RONALDSON—I will stop you there. So we have \$65,700 for about 44 days in late 2008 between 31 October and 15 December—is that right?

Mr Mrdak—They are the dates.

Senator RONALDSON—About 44 days—\$65,700?

Mr Mrdak—That is correct.

Senator RONALDSON—And was that in Canberra or elsewhere?

Mr Mrdak—I believe it was Canberra but I will check that for you and give you a definite answer. It may have involved Comcar elsewhere, but I will get some more detail for you.

Senator RONALDSON—And the next one?

Mr Mrdak—The next one is CN153445, again Comcar—30 November to 22 December.

Senator RONALDSON—That was for the Prime Minister?

Mr Mrdak—That was again for the Prime Minister and his office.

Senator RONALDSON—So it was not just for the Prime Minister's transport but it was for his staff as well, was it?

Mr Mrdak—I will check the details of that, but that is my understanding.

Senator RONALDSON—We sat for two weeks in November last year. That was the weeks beginning 10 November and 24 November, both of which fit within CN153214. Then on 1 December we sat for another week. So we sat for three weeks last year between 10 November and 5 December. So for three weeks out of that period of 44 days, even if we put it at its most generous, that is 12 days. So we have 32 days of non-sitting days effectively with \$65,700—and the Comcar account CN153445 actually crosses over part of that period, does it not?

Mr Mrdak—It does.

Senator RONALDSON—So we have nearly \$90,000 in Comcar for 44 days for the Prime Minister. There must be staff usage in that, surely.

Mr Mrdak—I will take that on notice and get you a breakdown on that.

Senator RONALDSON—There can be no other explanation for this, can there, Mr Mrdak, other than that there were staff using it? Probably until you get that answer to me you cannot answer that.

Mr Mrdak—I cannot answer that.

Senator RONALDSON—Minister, can you confirm what the rules are in relation to ministerial staff using Comcars?

Senator Faulkner—I will double-check if I have not got this absolutely accurate, but I think basically PMO staff, in relation to the Comcar entitlement, have a capacity to travel to and from Fairbairn.

Senator RONALDSON—The airport, yes. They were your new rules, I think, which you introduced last year, I think. But it was only for trips to and from the airport that ministerial staff could use Comcars. Is that right?

Senator Faulkner—That is the entitlement. That is all on the public record. You have probably got a copy of it, but if you need to get it I can get a copy for you.

Senator RONALDSON—I would be interested to see what your exact ruling is in relation to that, and I am even more interested, Mr Mrdak, in finding out—

Senator Faulkner—Well—

Senator RONALDSON—What's the problem?

Senator Faulkner—I think what I have reflected and what you are saying is the Comcar entitlement in relation to staff.

Senator RONALDSON—That is what I said. I am looking forward to receiving it.

Senator Faulkner—I was assuming you did not need to receive it but, if you do, I am more than happy to provide it.

Senator RONALDSON—You said you were going to provide it to me, and I said yes.

Senator Faulkner—Sure.

Senator RONALDSON—And, Mr Mrdak, you will provide full details of the usage of the Comcar under those contracts.

Mr Mrdak—I will provide the details that we have.

Senator RONALDSON—We have dealt with the \$65,700, which is the 153214 contract. We have dealt with the 30 November 2008 153445 contract. What does the 153368 contract for \$10,600 relate to?

Mr Mrdak—I am advised that it relates to the hosting of the November COAG meeting that was held here in Canberra.

Senator RONALDSON—What date was that?

Mr Mrdak—I will find out for you. I think it was late November, from memory.

Senator RONALDSON—This contract period was 10 December to 12 December, which is well outside the COAG timeline, isn't it?

Mr Mrdak—I will check whether that was an area of tender, but my understanding is COAG was 29 November.

Senator RONALDSON—Can you double-check that for me. So we have two days at \$5,300 a day. Who would use the Comcar over the COAG period?

Mr Mrdak—I presume it would be for first ministers, premiers and chief ministers.

Senator Faulkner—As you would be aware, Senator, a different situation applies to everyone, but the Prime Minister's Comcar costs are routinely tabled every six months and travel costs are made available broadly. Those figures are available.

Senator RONALDSON—Thank you for that, minister.

Senator Faulkner—I know you are aware of that.

Senator RONALDSON—Yes, thank you. I will be fascinated to see where this nearly \$90,000 in 44 days was spent on the use of Comcar in Canberra and who indeed was using that. Can I please have some details of any staff use, Mr Mrdak, in that COAG contract 153368 of \$10,600 in two days for COAG.

Senator Faulkner—I think there is expected to be another tabling of travel costs on 25 June. So that is in about a month's time.

Senator RONALDSON—I presume you can get this information in relation to those contracts—

Senator Faulkner—That is right. I am just explaining to you—although I am sure you know—what the processes are in relation to the publication of those travel costs. It is pretty straightforward.

Senator RONALDSON—Can I take you to contract CN93866—the planning and support services contract.

Mr Mrdak—Yes.

Senator RONALDSON—Before I come to that, can you just take this on notice for me. The value of contract CN153586 for Zoo Communications for the design typesetting of web format documentation and printing of the electoral reform green paper was \$16,300. Can you just let me know how many hard copies of the electoral reform green paper were produced, please.

Mr Mrdak—Certainly.

Senator RONALDSON—Now for contract CN93866, 'National planning services'. The description is 'Planning and Support Services'. It involves a Mr Geoff Mulgan—is that right?

Mr Mrdak—Yes.

Senator RONALDSON—Where is Mr Mulgan based?

Mr Mrdak—My understanding is that he is currently the director of the Young Foundation in London and a visiting professor at the University of Melbourne, the London School of Economics and the Australia and New Zealand School of Government.

Senator RONALDSON—He is based in London, isn't he?

Mr Mrdak—That is my understanding.

Senator RONALDSON—What was the name of the company—or was this just a contract with Mr Mulgan personally?

Mr Mrdak—It was a contract with him personally, yes.

Senator RONALDSON—Given that it was for planning and support services, I presume the procurement method was by way of tender, was it?

Mr Mrdak—He was engaged directly.

Senator RONALDSON—Oh. Mr Mulgan, I think, was the director of the left-wing US think tank Demos. Do you know if that is right?

Mr Mrdak—I do not know.

Senator Faulkner—I believe it is, Senator, but do you want us to check to be precise?

Senator RONALDSON—This is the same think tank, I think, that was founded in 1993 by former *Marxism Today* editor Martin Jacques and Mr Mulgan. Is it?

Senator Faulkner—I do not know who the founder of it was, but I believe I have read some of the erudite work of Dr Mulgan. My memory is that he was associated with Demos, yes.

Senator RONALDSON—Do you know, Mr Mrdak, if the current deputy chief of staff to the Deputy Prime Minister was a director of Demos between 1998 and 2006?

Senator Faulkner—Do I know? No, I do not.

Senator RONALDSON—Or Mr Mrdak?

Mr Mrdak—No, I do not. I am not aware of that.

Senator RONALDSON—All right. I put it to you that Mr Mulgan was the first director of the think tank Demos and that Mr Bentley was the second. In relation to this direct contract, what were the planning and support services provisions that Mr Mulgan was able to provide to PM&C.

Mr Mrdak—Because of Mr Mulgan's involvement in the United Kingdom Prime Minister's Strategy Unit, he was engaged to provide advice and assistance in enabling the department to establish its Strategic Policy Division, which was the result of an audit of the department done last year. As we have discussed previously, this is a new function for the department in establishing the Strategy and Delivery Division. He provided advice on the establishment of that division. Also, he provided some initial advice in relation to—

Senator RONALDSON—Sorry; the Strategy what Division?

Mr Mrdak—The Strategy and Delivery Division of the department, which was formed from the middle of last year.

Senator RONALDSON—Where had Mr Mulgan obtained his expertise in the strategy delivery area?

Mr Mrdak—My understanding is that he was involved in the establishment and operation of the Prime Minister's Strategy Unit in the United Kingdom.

Senator RONALDSON—Do you know if this Demos Foundation is an independent body or attached to the Labour Party in any way? I think I might have said 'US think tank' before; of course, I meant 'UK think tank'.

Senator Faulkner—I have just looked up Mr Bentley on Wikipedia, if that is any assistance. It says:

Between 1998 and 2006 he was director of DEMOS—described by *The Economist* as 'Britain's most influential think tank'.

It goes on to explain that:

Prior to his role at Demos he was a special adviser to David Blunkett MP, then Secretary of State for Education and Employment.

Senator RONALDSON—I will have a quick look and see what else is there as well.

Senator Faulkner—The view of the *Economist* in relation to Demos, for what it is worth, is that it is ‘Britain’s most influential think tank’. I do not know if that assists you. I do not know if the sources are much good. It is Wikipedia, so I am sure it is accurate!

Senator RONALDSON—Thank you for that. How many people does the strategy delivery division within PM&C employ? How many staff are allocated?

Mr Mrdak—It currently has a staff of around 28.

Senator RONALDSON—Who heads that up?

Mr Mrdak—It is headed at a deputy secretary level by Mr Ben Rimmer.

Senator RONALDSON—Can you tell me what endeavours were made to obtain the services of someone with some skills in the strategy delivery area in Australia?

Mr Mrdak—As I indicated, Mr Mulgan was visiting Australia for a range of activities, not least of which the work he is doing with Melbourne university and the Australia and New Zealand School of Government. Given that, it was believed a timely opportunity for us to utilise his skills at the time we were forming a division by contracting him. Additionally, he did work for the department in relation to an initial strategic analysis of the issues arising from the 2020 Summit, which fed into the development of the government’s response.

Senator RONALDSON—Can you take on notice all contracts either direct or otherwise with Mr Mulgan, or any companies that he operates with, since November 2007.

Mr Mrdak—I am certainly not aware of any other contracts that this department has with Mr Mulgan or any associated entities.

Senator RONALDSON—What about any government contracts that he has been given over that period of time? You can take that on notice.

Mr Mrdak—We will check with other agencies.

Senator RONALDSON—Thank you. What is the answer to my question about whether you made any endeavours at all to see whether there was any strategic delivery expertise within Australia?

Mr Mrdak—In forming the strategic delivery division, we have done a lot of work with Australian agencies and people in Australia, but this was an opportunity to engage someone with specific skills and that opportunity was taken up by engaging Mr Mulgan last year.

Senator RONALDSON—So you have worked with people in Australia who have strategic delivery skills?

Mr Mrdak—We certainly have in delivering the strategy delivery division.

Senator RONALDSON—Why were they not given the opportunity to provide this service as opposed to a UK based resident? Why were there not endeavours made for that to be sourced within Australia?

Mr Mrdak—I think the opportunity was taken with Mr Mulgan because of his experience with the UK strategy delivery unit, which in many ways was something we looked very closely at in deciding to form the strategy delivery division in terms of having that in a central

agency. So he provided unique knowledge and experience which would not otherwise be available to someone who has not formed and developed such a unit in a central agency.

Senator RONALDSON—But you made no inquiries at all to ascertain whether there was someone else with those skills.

Mr Mrdak—We certainly had looked closely at the UK experience in forming a strategy unit and identified that he would be able to provide some skills for us.

Senator RONALDSON—Who recommended Mr Mulgan to you?

Mr Mrdak—Mr Mulgan was identified by us in the department because we looked at the UK experience at the time we were looking at the restructure of the department last year.

Senator RONALDSON—Did the Deputy Prime Minister's deputy chief of staff have any discussions with anyone within PM&C in relation to this contract?

Mr Mrdak—Not that I am aware of.

Senator RONALDSON—Can you make those inquiries, please.

Mr Mrdak—Certainly, but the decision to engage Mr Mulgan was made by the department.

Senator RONALDSON—You see, Mr Mrdak, when I see something like this it obviously rings immediate alarm bells for me after what we saw in relation to the CMAX affair. So you will take on notice whether there have been any discussions at all between Mr Bentley, the deputy chief of staff to Ms Gillard, and anyone within the Prime Minister's office or the department?

Mr Mrdak—Certainly.

Senator RONALDSON—Minister, are you aware of any discussions between the deputy chief of staff to the Deputy PM and the Prime Minister's office in relation to the awarding of a direct contract for some \$50,000 to a UK resident where there had not been any endeavour at all to ascertain whether there were appropriate skill sets in Australia?

Senator Faulkner—Certainly not, Senator, but I do take issue with the latter part of your comment. Mr Mrdak has explained the departmental process behind the awarding of this contract and the appointment of Mr Mulgan and the skill set that the department felt that he brought to bear. So, while I have absolutely no awareness of the issue you ask me about directly, I do take issue with the political spin in your question.

Senator RONALDSON—Isn't that funny? We were talking about the same thing when we first raised the CMAX affair, and guess where we got to in relation to that.

Senator Faulkner—Yes, the record stands on that.

Senator RONALDSON—I think the testament to that is, indeed, that the Australian National Audit Office shows that what was spun as spin was actually a weave that enveloped the Prime Minister's office and for which he was quite rightly damned.

Senator Faulkner—Senator, only you could have that interpretation of the outcome of the CMAX matter. I would recommend that anyone who is interested read the Auditor-General's report.

Senator RONALDSON—In relation to the strategic delivery expertise within Australia, Mr Mrdak, were you personally involved in this contract?

Mr Mrdak—Yes.

Senator RONALDSON—I take it that is why you have a brief on it, is it?

Mr Mrdak—I am familiar with the circumstances of the engagement. I was involved. It was a recommendation of the audit of the department that was done early last year by Ron McLeod, which led to the restructure of the department. We then looked very closely at strategy mechanisms or strategy units. The UK experience was one that we wished to draw on. Hence, when it became known that Mr Mulgan was visiting Australia, I took the opportunity to contract him to provide advice to us in the establishment of the division.

Senator RONALDSON—Had you met him or worked with him before?

Mr Mrdak—Not personally.

Senator RONALDSON—But you were effectively responsible for contacting him in relation to this contract, were you?

Mr Mrdak—And officers that worked to me, yes.

Senator RONALDSON—You did not know him and had not met him, but even despite that you and those under you still were not prepared to try and seek appropriate expertise or ascertain whether there was appropriate expertise within Australia to undertake this role?

Mr Mrdak—No, that is not what I was indicating. What I was indicating was that, while I had not personally met Mr Mulgan, other officers in the department had. In the work we were doing at the time in establishing the division, we worked very closely with and spoke to a number of people in Australia in relation to how we might go about forming such a strategy division, including seeking secondments from a number of major Australian consulting firms to assist us in doing that. The availability of Mr Mulgan was an opportunity for us to contract some expertise which would not otherwise be available from people who had actually formed strategy units in central agencies. This was invaluable expertise which we drew on.

CHAIR—Senator Ronaldson, it is 6.30.

Senator RONALDSON—I literally have five minutes left, but I will—

CHAIR—We can continue.

Senator Faulkner—I do suggest that, and then I would like to answer one or two questions that I have taken on notice. If it would please the committee and you, Chair, I think it would really help agencies to deal with the department. Otherwise, a lot of officials will need to come back unnecessarily after the dinner break.

CHAIR—I concur with that. I think it would be common sense. Could we try and wrap it up, though, in the next 10 minutes?

Senator RONALDSON—Mr Mrdak, I asked you at last estimates about the Prime Minister's VIP trip down to the Boxing Day test, and you said you would take all these matters on notice. I asked you specifically:

Has the department done any calculations as to the greenhouse gas emissions that may have been caused by this travel—

that is, the VIP travel—

to the Boxing Day Test?

Mr Mrdak—We have done no such calculations.

Senator RONALDSON—Could you do so for me?

Mr Mrdak—I can make inquiries as to whether that is possible. As I said, I do not know the circumstances of whether he did or did not travel to that Test. I will endeavour to find out.

I found the response that I received in relation to this matter quite extraordinary. In relation to the greenhouse gas emission question, there was an undertaking that I would be provided with those calculations. The response was to fob me off to the website of the Department of Environment, Water, Heritage and the Arts to a greenhouse gas emissions calculator that provides for the calculation of greenhouse gas emissions for transport. Why did you refer me to that and not do as you had undertaken to do, which was to provide those calculations?

Senator Faulkner—Just before Mr Mrdak answers you, I might be able to assist in some way, although I have not seen the answer to that particular question on notice. I repeat something that I said to you earlier, Senator, in relation to responsibilities before this committee—and certainly Mr Mrdak may be able to assist you. Of course in relation to Special Purpose Aircraft I have stressed before it is a matter for Defence and not a matter for PM&C. I think that point is worth reinforcing with you. However, in a moment Mr Mrdak will come to the table and directly take up the issue.

Senator RONALDSON—Minister, we may well be heading off after dinner if we do not get through this quickly. I asked for that—

Senator Faulkner—Mr Mrdak is now back at the table so he will be able to assist you.

Mr Mrdak—I think at this stage you would have to look at the last portion of that in the context of the whole answer. Information about the use of the Special Purpose Aircraft is not yet available. My understanding is that that will be tabled shortly. Hence, I was not in a position to do those calculations at the time I provided that answer. I am still checking. I do not think it has been established that the Prime Minister's attendance at that Boxing Day test—

Senator RONALDSON—So you were expecting me to use that calculator but you are saying that you could not—but you had undertaken to actually provide the information.

Mr Mrdak—I can provide information to you in relation to the fact that at that stage we did not have the information about the use of the Special Purpose Aircraft.

Senator Faulkner—I do not think it was intended to be a fob-off, Senator. It was intended to be helpful for you.

Senator RONALDSON—Mr Mrdak, it is getting late, but you know as well as I do that the third part of that answer was just a flick-off to the website of the department of environment without any reference to the Special Purpose Aircraft records not being available. So why would I get a response like that?

Senator Faulkner—I have just read the answer, and I know that you have read it into the record, too. I suspect we have here a situation where the department is actually trying to be—and I hear what you are saying—helpful. Obviously PM&C is not responsible for the calculation of greenhouse gas emissions. I actually have a much more positive response about the motivation behind the answer to the question on notice, to be honest.

Senator RONALDSON—The issue of the greenhouse gas emissions generated by the Prime Minister—as you would know, Minister—with his extraordinary number of overseas trips and other trips such as this, is now a matter of public discussion. Quite frankly, I think to be dismissed in that way was an indication to me that there was some attempt in the answering of this question to deflect any further discussion about the Prime Minister's greenhouse gas emissions by way of his Prime Ministerial travel, to flick it off into the ether. If you are telling me that once those figures come through for the special aircraft the calculations will be provided then I am happy to accept that.

Senator Faulkner—What I am saying is that, as I read the transcript, Mr Mrdak said he would make inquiries as to whether it was possible. He has indicated that the information about SPA, special purpose aircraft, is a matter for Defence. I think the department has tried to be helpful here in relation to the website of the department of environment relating to the greenhouse gas emissions calculator. I am just pointing out I have quite a different response to this to you. But Mr Mrdak did give a commitment to make inquiries as to whether that is possible, and it has turned out, in a nutshell, not to be possible for PM&C. That is how I interpret it, and I think it is a fair interpretation.

Mr Mrdak—I can assure you that it is not an attempt to not answer the question.

Senator RONALDSON—Did the department have any conversations with any external agencies or individuals in relation to the appointment of Mr Mulgan? Did you receive, or did the department receive, any phone calls from any other people suggesting that he would be appropriate for employment by the department, particularly anyone involved with any universities in Australia?

Mr Mrdak—Not me personally. I am happy to check that.

Senator RONALDSON—Could you make those inquiries for me.

Mr Mrdak—As I indicated, Mr Mulgan is a visiting professor at Melbourne University. I think he was Thinker in Residence at the University of South Australia at the time and, as I say, has a connection with the Australia and New Zealand School of Government.

Senator RONALDSON—Mr Bentley, I gather, apart from being director of Demos, was also on the board of the UK National Endowment for Science, Technology and the Arts, NESTA. Are you aware whether Michael Stephenson, a former staff member to Premier Goss, who was there at the same time as the Prime Minister, was also appointed at the UK National Endowment for Science, Technology and the Arts, Minister?

Senator Faulkner—I am not, but I could say in response, 'So what if he was?' That is checkable on the public record. The CVs of these high-flyers are always on the public record.

Senator RONALDSON—We will see where all this takes us. Thank you again.

Senator Faulkner—I appreciate the committee extending its hearing.

Senator RONALDSON—Before we do that, can I thank Mr Mrdak again and your officials. They are long days.

Senator Faulkner—Following on from Senator Ronaldson has said, there are two things I should say. The first relates to Mr Mrdak. As I mentioned earlier, this moment is basically his last appearance at F&PA estimates. I suspect he is mightily happy about that. I just wanted to personally say how much I appreciated the evidence that he has provided to the committee and the way he has provided it. I am sure members of the committee very much share that sentiment. Mr Mrdak has not only been outstanding in that regard, he also has the other advantage of being a Wests Tigers fan.

The other thing that I ought to mention is the final issue in relation to Comcar travel by staff. I put that on the record. It is as both Senator Ronaldson and I agreed, but to be absolutely precise, all employees of the Prime Minister may use a Comcar to travel to and from RAAF Base Fairbairn when embarking or returning from travel with or on behalf of the Prime Minister. That is clause 36. Clause 37 says that with prior notification to the Comcar client liaison manager, the Prime Minister's employees may also travel in a Comcar when the car would otherwise be travelling without passengers, in a range of circumstances: (a) if the Comcar as travelling out of zone, for example, from Canberra to Merimbula to meet the Prime Minister and employees need to travel on the same route to meet the Prime Minister, and (b) if a Comcar is travelling as part of the Prime Minister's advance party and the employees need to travel along the same route. Finally, in using Comcar for these purposes the Comcar booking will be based solely on the Prime Minister's requirements. Employees must make their own way to and from any pick-up drop-off point that Comcar advise which will be on the direct intended route. The Comcar schedule cannot be altered to incur waiting time on behalf of an employee. Chair, I think that is very much as Senator Ronaldson and I understood it, but that is the precise entitlement, for the record.

Senator RONALDSON—But obviously the matters you said you would take on notice will still be—

Senator Faulkner—Yes, Senator, but I also took that issue, as you are aware, on notice and that is one we have been able to clear up before the department leaves us.

CHAIR—Senator Ryan has a clarification as far as Mr Mrdak's appearance before this committee is concerned.

Senator RYAN—I would like to reiterate everything the minister has said. With respect to Mr Mrdak no longer appearing before this committee due to his new role, will we still be hearing from Mr Mrdak in his role as Coordinator-General? That is still based within Prime Minister and Cabinet, as we heard earlier. He will now be in another department.

Senator Faulkner—I am assuming his responsibilities will be with another committee. Of course you might wish to ask Mr Mrdak to make the odd guest appearance before the committee. Knowing how keen he is about these things, he will probably be keen to oblige. I was not suggesting for one moment that issues relating to the Coordinator-General's function not be established. As you know, Senator, Mr Mrdak has, as a result of merit, been appointed as an agency head. It is a very deserved appointment and, as I say, I think all members of the committee would want to acknowledge that and congratulate him on it.

CHAIR—Before we go to the break, as chair I would like to acknowledge your professionalism, Mr Mrdak, over my experience with this committee and other committees, both in opposition and now in government. Congratulations on your new position. I certainly look forward to seeing you before estimates committee again in your new role.

Mr Mrdak—Thank you, Madam Chair.

Proceedings suspended from 6.43 pm to 8.04 pm

Australian National Audit Office

CHAIR—Good evening. I would like to welcome everyone back. We need to table an additional piece of information from the Office of the Official Secretary to the Governor-General in relation to his appearance before us yesterday.

I welcome Mr Steve Chapman, the Deputy Auditor-General, and officers of the Australian National Audit Office. Mr Chapman, would you like to make an opening statement?

Mr Chapman—I have no opening statement, Chair, but I will pass on an apology for Mr Ian McPhee, the Auditor-General, who unfortunately had a clash in commitments and is meeting with some of his peers at the moment. He assures me that he feels well represented here today.

CHAIR—Thank you very much.

Senator BERNARDI—The ANAO has responsibility for auditing of government advertising campaigns, is that right?

Mr Chapman—We do have a role in offering an opinion on advertising campaigns that are referred to us for that purpose, yes.

Senator BERNARDI—Can you explain to me what role that is?

Mr Chapman—Yes. In very simple terms, the government has published a series of guidelines for government advertising. Those guidelines were developed and administered by the Department of Finance and Administration. Under the arrangements that are in place, where there was a campaign cost of over \$250,000, agencies refer those campaigns to the Australian National Audit Office for our review and we have the opportunity then of issuing a review opinion.

Senator BERNARDI—You have obviously issued opinions on a number of campaigns in the course of this government. Are those campaigns consistent with the guidelines?

Mr Chapman—The regime came into effect last July, so it has been in operation since the beginning of this financial year. We have offered to review opinions on a number of campaigns—47 campaigns to date.

Senator BERNARDI—Forty-seven campaigns over \$250,000?

Mr P White—I will just correct that. We have done 47 review reports on, I think, around 29 campaigns. There have been multiple review reports on some campaigns.

Senator BERNARDI—Why? Because they have not passed the first time?

Mr P White—No. For example, there may be a campaign where you might not have the information relating to non-English-speaking material; it might not be ready. We provide a

review report on the campaign material as provided. We might get the non-English-speaking campaign material later on and we review that separately.

Senator BERNARDI—Mr White, because you answered that question I will ask you this one: can you tell me in layman's terms what the general guidelines for appropriate government expenditure in advertising campaigns are?

Mr P White—The appropriate—

Senator BERNARDI—You audit these campaigns to determine whether they comply with the guidelines.

Mr P White—Yes.

Senator BERNARDI—So I am asking you what the guidelines are in very simple terms.

Mr P White—There are five broad categories in the guidelines: material should be relevant to government responsibilities; the material should be presented in an objective, fair and accessible manner; material should not be directed at promoting party political interests; material should be produced and distributed in an efficient, effective and relevant manner with due regard to accountability; and the last, very broad one is that the advertising must comply with legal requirements.

Senator CAMERON—Work Choices would have failed at least four of them.

Senator BERNARDI—Ignore the chirping from the peanut gallery! I am interested in your opinion. I will just find this piece of *Hansard* so that it will make things easier. I had a discussion, anyway, in an earlier estimates hearing with Minister Evans about the appropriateness of government advertising that did not require people to actually do anything in order to receive a benefit or payment. Minister Roxon, when in opposition, was quoted as saying:

The guidelines have made clear that government advertising is legitimate if you're asking people to do something or if you're announcing important new initiatives that people have to apply for ...

Do you agree with that statement, Mr White?

Mr P White—If the campaign material is referred to us by the department of finance, we are then applying the guidelines to the campaign, instead of it being referred to us.

Senator BERNARDI—So a \$5 million taxpayer funded campaign would be referred to you, would it not?

Mr P White—Yes, it should be.

Senator BERNARDI—According to Minister Roxon, 'The Auditor-General's policy and guidelines'—that is what she is saying, and further:

The guidelines have made clear that government advertising is legitimate if you're asking people to do something or if you're announcing important new initiatives that people have to apply for ...

Are you telling me that Minister Roxon is wrong?

Mr P White—They are not our guidelines.

Senator BERNARDI—No, they are not your guidelines. I am just asking you whether they are the guidelines for government advertising and whether that is a true representation?

Mr M White—As part of some campaigns you would find that there might be correspondence to recipients of payments, for example, where they do not have to do anything—they will receive it, anyway—and that would generally be part of a broader campaign.

Senator BERNARDI—So Minister Roxon got it wrong? That is what she said. You are disagreeing with what she said?

Mr M White—I am just referring to one element, which, if it were not for that campaign might not actually be included in campaign materials, such as providing advice to those people, which would normally be business as usual within a department or an agency.

Senator BERNARDI—What about the scenario where cash was just being dispensed to people through facilities where they needed to do nothing. They needed to do nothing to opt into it; it was through existing Centrelink access. They were just having the money put into their bank accounts. How could you justify it? According to those guidelines of the Auditor-General, which are quoted by Nicola Roxon, how could you justify an advertising campaign under those circumstances where people had to do nothing—they just got the money?

Mr M White—In a number of those types of situations that we have looked at, one of the things we would look at are the operational costs of call centres when those kinds of payments are made and someone has not been provided advice in advance. If the call centre advices are extreme then obviously it is part of the cost-benefit analysis. It would be listed as one of the costs of the campaign, as opposed to the benefit of, say, providing them a letter of advice in advance of them receiving it.

Senator BERNARDI—How many people actually ring, and say, ‘I’ve been overpaid this month,’ or ‘I have received a big lump sum of cash in my account from Centrelink’ and overwhelm the call centre?

Mr M White—I obviously do not have accurate stats on all that at the moment, but we have seen major peaks in some of those call centre operations when something like that occurs.

Senator BERNARDI—In the circumstances where money is lobbying discriminately into people’s accounts, they have to do nothing for it, they just get it—there is no opt-in form, there is nothing else, they just get it and they get it in a finite period; let’s just say it is in a four-week period—

Senator CAMERON—You still don’t get it!

Senator BERNARDI—and because they overwhelm the call centre inquiring about it, the government asks you to approve a government advertising campaign, saying, ‘We’ll advertise this post partum.’

Mr P White—Are we talking about an actual campaign?

Senator BERNARDI—We are talking about a campaign. I have had this discussion in another estimates hearing. I said that to you before. These quotes are coming from the *Hansard* of those estimates hearings. In fact, the discussion was with FaHCSIA. Dr Harmer, the secretary, said that in his opinion people had to do nothing to receive the money. I am just trying to get clear where the guidelines are. Senator Faulkner has been very patient and very

helpful today. Senator Faulkner said that there have been no breaches of the guidelines and I, respectfully, disagree. I want to ascertain whether there have been.

Mr P White—We are not aware of any breaches of the guidelines in the campaigns that we have reviewed. We have issued a clean review report.

Senator BERNARDI—This is the thing; you have issued a clean review report, even though one of the government ministers, in her statement about what is appropriate with respect to the guidelines of government advertising, absolutely contradicts and conflicts, firstly, what the government has done and, secondly, what the secretary of the department agrees with. He agrees that no requirements were there. Do you want me to read what Minister Roxon said?

Senator Faulkner—Perhaps this might assist you. Proposed advertisements are tested against the guidelines. I completely accept that you have accurately reported what my colleague the Minister for Health and Ageing has said. It could be comments from anyone, but the critical issue here in the application of the guidelines is how the guidelines apply to a proposed advertising or information campaign. I am not sure whether you are not barking up the wrong tree, so to speak, because that is the name of the game. That is the critical importance of the exercise.

Senator BERNARDI—You maintain that this is a government of transparency and openness. You have guidelines for campaigns. The ANAO audits the appropriateness of these things and yet, very clearly, one of the campaigns that has been run by this government, according to the statements of a minister of this government, does not comply with it. I just wonder how that comes together.

Senator Faulkner—I do not know what Ms Roxon did or did not say—

Senator BERNARDI—I told you what Ms Roxon said.

Senator Faulkner—The whole point here is that agency heads have a particular role and, in this circumstance, you can certainly take that up with Dr Harmer. The role of agencies is clear. After that role is concluded—let's say it is signed off—

Senator BERNARDI—I understand your terminology.

Senator Faulkner—then there is a role of a review opinion for the Australian National Audit Office. When the Audit Office is normally at the table, I think it is best that the minister does not get involved. The Auditor-General has a direct relationship with the parliament. It might assist to say that, in relation to this matter, one of the real strengths of this is that, unlike the situation that occurred previously, when there was a ministerial council, the old MCGC—Ministerial Council on Government Communications; it was full of parliamentarians and political staffers—there is no involvement here of people involved in the political process. I would suggest to you that that is a really strong element of the process of the new advertising guidelines. I think that the parliament, members of the executive, the public can have a great deal of confidence if an advertising campaign passes muster. The whole point here is to take the politics out of the process.

Senator BERNARDI—I am just trying to establish why your minister is clearly so ill informed about the guidelines—that is one of the key criteria—and why, in accordance with the Auditor-General's—

Senator Faulkner—I do not accept what you say about the minister being ill informed.

Senator BERNARDI—She is wrong.

Senator Faulkner—But the point is that, however informed a member of the executive may or may not be, there is no role for them. That is the great strength of it. There is no role for them.

Senator BERNARDI—There is a role in that the campaign is not instigated by the ANAO. It is instigated either by a department or by a senior minister. So under that circumstance do you agree then, Senator Faulkner, that \$5 million spent advertising for something that people have to do nothing in order to benefit from is an appropriate use of taxpayer funds?

Senator Faulkner—What I say is this, Senator: the advertising guidelines, which are an initiative of the new government, an initiative of mine, I believe have taken the partisanship, the politics and the controversy out of government advertising. I think that is good for governance in this country. I think that is something that is very much in the public interest; I think it is in the interests of the parliament and in the interests of integrity and process. A lot of people say, 'It's a government making very clear that it's not using the advantages that come with incumbency.' In my view, that is as it should be. The politics are taken out of the process. There is a role for agencies, there is a role for an interdepartmental committee and, of course, there is a role for the Australian National Audit Office. I think that is appropriate and as it should be. That is my view, Senator, and I strongly hold it.

Senator BERNARDI—Thank you, Senator Faulkner. I will ask you again: do you agree that spending \$5 million of taxpayer's money advertising a program that required no actual action from members of the public in order to benefit from it is an appropriate use of taxpayer funds?

Senator Faulkner—Any advertising campaign that meets and conforms, and is accepted to meet and conform, with the very stringent guidelines that have been set down, which meets that test, which is a high standard, a high threshold, certainly satisfies me.

Senator BERNARDI—Mr Chapman, I will address this question to you but you may like to pass it on. The other part of your responsibilities as far as auditing advertising campaigns is if a minister asks you to report on campaigns valued at less than \$250,000; is that correct?

Mr Chapman—Yes.

Senator BERNARDI—How many reports have you provided on campaigns of less than \$250,000—all which were sensitive in nature, I should say, because there is that bit as well?

Mr Chapman—I do not believe there have been any campaigns of less than \$250,000, but I will check with my colleagues.

Mr P White—No, none referred to us.

Senator BERNARDI—Have any campaigns that were sensitive in nature been referred to you?

Mr Chapman—Of less than \$250,000?

Mr P White—No.

Senator BERNARDI—So there are campaigns that are sensitive in nature that are more than \$250,000, but clearly they would all be referred to you. Is that correct?

Mr Chapman—If they are over \$250,000, yes. I think sensitivity might exist in the mind of the—

Senator BERNARDI—Who judges the ‘sensitive in nature’? Who makes that assessment?

Mr Chapman—I guess it is only relevant if the campaign is less than \$250,000, in which case a consideration would be whether the campaign is sensitive. The campaign would need to be referred to us by the department.

Senator Cameron interjecting—

Senator BERNARDI—I am sorry, but I have some sort of irritation coming from my left.

Senator CAMERON—Senator Abetz is your sensitivity test.

Senator BERNARDI—What would be a determination of sensitive?

Mr P White—The department of finance is the gatekeeper. They are the department that looks after it.

Senator BERNARDI—So they determine what is sensitive and what is not.

Mr P White—They refer campaigns to us if they are above \$250,000, so I imagine they would have a view on what is sensitive and what is not.

Senator BERNARDI—You do not have a view? If someone did an advertising campaign for \$195,000 it would not automatically be referred to your office.

Mr Chapman—We would not necessarily know about it.

Senator BERNARDI—You would not know about it, so there could be tens of thousands of them operating under the radar.

Mr Chapman—Correct, but I suspect that public scrutiny and others might have an opinion about that and there would be some feedback mechanism to it. We have found that, in our relationship with departments who are referring campaigns to us, they tend to take a conservative approach and often seek to discuss the campaign with us in an informal way—I am talking here about campaigns of over \$250,000—to ensure that they do fully comply with the guidelines.

Senator Faulkner—Senator, if it assists you, by way of background, my recollection is that the \$250,000 figure was originally recommended by the Auditor-General in his response to an advertising campaign called the CEIP campaign way back in the late 1990s. I think it was 1998, but let me say the late 1990s.

Senator BERNARDI—The golden days for Australia’s economy.

Senator Faulkner—But not the golden days of Australian government advertising, that is for sure. That was proposed then, but what occurred was that those proposed new guidelines from the Auditor-General, which were not introduced by the then government for the period it

remained in office, went to the Joint Committee of Public Accounts and Audit of the parliament. It also endorsed that threshold. In broad terms, without going into all the history of it, that is where that figure originally emanated from, I think you will find, if you look back through the history of this.

Senator BERNARDI—So it would be something that you would revisit?

Senator Faulkner—No, it was not revisited. In fact, the figure of \$250,000 that I recommended to the cabinet when I proposed the current guidelines as Cabinet Secretary was drawn from that previous experience that I have outlined.

CHAIR—I have some questions. In the budget, I understand that \$20 million has been allocated for the next four years. Would you take me through the program that that is going to be used for.

Mr Chapman—Thank you for the question. Indeed, we are very pleased that our request for additional funding was met through the budget process. It does allow us to address some quite significant needs from our point of view. Predominantly, in high-level terms, we are looking to increase our performance audit program back to a level that existed several years ago. There will be an increase in the number of performance audits that we undertake each year. That is a significant element of the funding. Another component is to allow us to invest in the IT auditing capability that resides within the office. The Australian Public Service is a high consumer of IT resources and services, and we believed that we needed to increase the level of IT capability that we held.

We also wish to increase the technical capability of the office. Particularly over more recent times, there have been significant changes to Australian accounting standards. The adoption of international standards several years ago and the current challenges in terms of market valuations and the creation of funds mean that we often need to access special advice—actuarial advice—to allow us to perform our role. Finally, we were also looking to increase our own quality assurance processes, our QA processes, within the office to make sure that they are effective and that we have high levels of assurance that we are meeting the needs of the parliament through our auditing activity.

CHAIR—These are new areas for me. Would you take me through the changes to the audits in relation to the Public Service and what that is going to mean within the office.

Mr Chapman—I take it you are referring to our performance audit program in that sense.

CHAIR—Yes.

Mr Chapman—We have for a number of years, up to a few years ago, completed around 50 or so performance audits and a number of better practice guides each year. We found that, as we needed to divert further resources to our financial statement auditing activity and manage within some of the resourcing reductions that I think all government agencies are faced with—efficiency dividends—we needed to reduce the level of resources for our performance audit. Hence, last year we had a program of around 47 audits and better practice guides.

Our approach each year is to develop an annual work program. We look to identify significant themes or issues which are of importance in the public sector or which have been

raised in the parliament. We do indeed seek feedback from the parliament on what would be important audit topics. The additional funding that we have received will allow us to undertake an increased number of audits each year and, hopefully, improve the coverage and better meet the parliament's needs.

CHAIR—Do you have any indication of what level the audits would be increased to? I think Mr White is pretty anxious to add something.

Mr P White—As Mr Chapman was saying, this year our target was to produce 45 performance audits. Over the next two years we will increase that to 50. Our target this year is 45. In 2009-10 we aim to produce 47 and in 2010-11 we aim to produce 50.

CHAIR—Will that mean additional staffing?

Mr P White—Yes, it probably will mean an increase in the number of staff—a slight increase. What we are trying to do with the performance audit program is find the right balance. Our main costs are our staffing costs. We also use some contractors and we bring in some experts. We use some non-ongoing staff. So over the next two years we will have a slight increase in our staffing levels. We will probably have a slight increase in the number of experts and contractors that we use as well.

CHAIR—Can you add anything more?

Mr P White—In terms of the type of coverage that we are going to have?

CHAIR—Yes, the additional audits.

Mr P White—We are hoping to increase our capacity to undertake some more performance audit work in the environmental area—environment, water and climate change matters. We are hoping to undertake more performance audit coverage in the Education portfolio. We are looking at increasing our coverage in the Attorney-General's portfolio. We have seen a lot of money go into security areas. We are going to have broader coverage in the Department Of Defence and we are also going to develop a suitable audit program to review various nation-building funds.

CHAIR—Can you give me a little more detail in the IT area so that we have a better understanding.

Mr Chapman—Our audits in the IT area obviously canvass both the financial statement and the performance audit programs that we administer. Large government departments generally are very reliant on their IT systems. There are a relatively small number of providers of those systems, so across agencies we see similar sorts of systems in place. The range that IT audits cover goes from matters such as ensuring that the right sort of control environment exists, that information which goes into systems comes out of the systems in the appropriate way—that sort of issue—and that there is no inappropriate manipulation of data. We have had a number of very effective performance audits over recent years which have looked at data quality. These were most recently in the Department of Veterans' Affairs but prior to that in Centrelink, looking at the integrity of information held on client records.

From a financial auditing perspective, we look to get a greater level of assurance that the numbers that sit in the financial statements of departments are in fact soundly based. So it does provide us with an opportunity on some occasions to be much more efficient in our

approach and less intrusive. You are probably aware of being able to audit through the computer rather around the computer. It will mean that we will need to rely on some level of external expertise to help us with this. We will also seek to develop our own internal expertise, which we will build up over time. I think there will be a very good return to the parliament and to the community through some of those initiatives.

CHAIR—It will provide the public with more confidence, I am sure.

Senator RONALDSON—Mr Chapman, have you reviewed the www.economicstimulusplan.gov.au website, by any chance?

Mr Chapman—In the context of advertising campaigns? I take it that you are coming from that angle?

Senator RONALDSON—Yes.

Mr Chapman—In our review of advertising campaigns we review the material that is referred to us for an opinion. The broad answer is: no, we have not reviewed a website in the context in which you are raising this question.

Mr P White—We have not reviewed that website.

Senator RONALDSON—Would you view it as a government campaign?

Mr P White—It has not been referred to us as a campaign.

Senator RONALDSON—So you have not had the opportunity to make that decision. If it is not referred and it is under \$250,000, you cannot get involved, even if you want to?

Mr Chapman—I do not know that it is a question of whether we want to or not. We do offer an opinion on campaigns that are referred to us and we look to be complete and professional in undertaking that.

Senator RONALDSON—But you cannot actually initiate an investigation of an advertising campaign under \$250,000. Is that right?

Mr Chapman—For the purposes of offering an opinion on the advertising campaigns, no, we would not necessarily be aware of them and nor would we go searching for them. Obviously, if there were other aspects to the administration then we could address them through our general performance audit powers.

Senator RONALDSON—So do you view the arbitrary \$250,000 in the context of the changing face of communications in this country? I refer you to the economic stimulus plan website. The changing face of campaigning means that we will probably see a lot more of this type of campaign. In the context of radio and television it was obviously not a lot of money. In the context of a website it was a huge amount of money. The cost so far has been \$166,000. Had that website got to \$251,000, would you have then looked at it?

Mr Chapman—You take us to an interesting question here.

Senator RONALDSON—I was rather hoping you would view it as such.

Mr Chapman—The guidelines provide the standard against which we form an opinion. In terms of matters referred to us, as was indicated earlier, the Department of Finance and Deregulation have broad carriage of the administration of the guidelines. As I think the

minister mentioned earlier, there is an IDCC that reviews advertising campaigns as they come through. As those matters are referred to us, we form an opinion on the material put before us.

Senator RONALDSON—Let us cut to the chase, Mr Chapman. With a government internet campaign like this, which it very clearly is, under the rules as they exist you cannot get anywhere near it, can you?

Mr Chapman—My answer earlier stands: if the matter is referred to us we will conduct a review—

Senator RONALDSON—If the department does not refer it, you cannot get anywhere near it, can you?

Mr Chapman—When you say ‘cannot get anywhere near it’, the Auditor-General’s mandate is quite broad and there are a number of powers that he could utilise if this were part of a broader program. In terms of offering an opinion on the advertising campaigns, we have had, as I think we mentioned earlier, 27 or so campaigns and a large number of opinions offered. There is quite a bit of work associated with that, and we think we are dealing with that fairly well.

Senator RONALDSON—If you saw a collection of government campaigns that were clearly advertising campaigns like the one I have here, that repeated the same sort of theme and they all cost under a couple of hundred thousand dollars—you could see the ducks lining up in relation to these campaigns but they are all kept under \$250,000—would the Auditor at some stage say: ‘Enough is enough. We view this as an accumulated amount because it is part of a wider campaign’? Would you step in at that stage?

Senator CAMERON—Did they go to John Howard with that advice? I don’t think so.

Senator BERNARDI—Ignore that over there.

Senator RONALDSON—It is an objection that is very hard to understand and that is really making no contribution, Mr Chapman, so I think you had best disregard it, as we do and have been doing for the last two days.

Mr Chapman—I am very respectful of the operations of the committee. You are taking me into speculative territory here.

Senator RONALDSON—I accept that. I was posing almost a rhetorical question. There is clearly a significant weakness in these new rules in relation to openness and transparency. Minister, doesn’t this sort of campaign and the rules as they exist make a complete and utter mockery of the process? Your government can go out and do as many of these sorts of internet campaigns anywhere it wants to throughout the country and, as long the campaigns cost under \$250,000, they are not referred by the department of finance. No-one is ever going to get a close look at them, not the least being the Auditor-General—the one who is mandated to look into the integrity of government campaigns.

Senator CAMERON—Hypocrisy!

Senator Faulkner—Senator, you make the point that the current guidelines do not deal with agency websites. I think we have heard that that is true. You would be aware of the evidence that was provided earlier today—most which I think was provided by Mr Mrdak, the

Deputy Secretary to the Department of Prime Minister and Cabinet—about the responsibilities that AGIMO has in relation to those websites. As you are aware, Senator, quite a considerable amount of evidence was taken on these issues earlier today. I think both the information that has been provided to you this evening by officials in the Australian National Audit Office and by PM&C officials earlier in the day is accurate, and it stands.

There is a key point that I have to stress to you, as I think officials did earlier, in relation to the website which you are drawing attention to now and which you drew attention to earlier in the day—the www.economicstimulusplan.gov.au website—and that is that it would be inappropriate to describe it as a ‘campaign website’ in any way, shape or form.

Senator RONALDSON—Come on, Minister.

Senator Faulkner—Senator, as you were informed earlier in the day, it is a program administration website. In the broad, that is the nature of the evidence that was provided to you earlier.

Senator RONALDSON—It says on this printed copy of the webpage: ‘Find projects in your community’, type in ‘Address/Postcode’ and push ‘Go’. That is on the front of the thing, let alone what comes after it.

Senator CAMERON—It is such a good website. It is really good.

Senator RONALDSON—He cannot help himself. Of course, he is only new. If you look at the website, the front page says to put in your address and postcode and push ‘Go’. This is a campaign. Mr Chapman or Minister, yes, we had long discussions with Mr Mrdak this afternoon about this website. The integrity of this process through the avenue that you were talking about with Mr Mrdak is so poor that quite a gross breach of the rules had not been picked up by those who are apparently policing it. It was only when I told Mr Mrdak that there was a clear breach of the rules in relation to it being apolitical—and I cannot think of the other word off the top of my head; it will come to me. It was there in black and white—the Rudd Labor government. It was a clear breach and no-one had picked it up. No-one.

Senator Faulkner—Senator, with due respect, you are now trawling over ground that was trawled over before—

Senator RONALDSON—You were the one that raised it not 20 seconds ago, and I was responding to it.

Senator Faulkner—I am responding to your questions, which are very similar to the ones that were asked earlier. The point that I and Mr Mrdak indicated earlier to you, other senators and the committee is that the content of the website is a departmental responsibility.

Senator RONALDSON—Impartial—that was the word.

Senator Faulkner—In this case, it concerns the relevant agencies and the Department of Prime Minister and Cabinet. Of course, the current guidance for any such agency websites is the AGIMO guidance that officials were describing to you earlier in the day.

Senator RONALDSON—Mr Chapman, were you there when Mr McPhee appeared before the public accounts committee and was asked some questions by the member for Mayo about politicians’ faces appearing on ads?

Mr Chapman—Unfortunately, I have to say that I was not present on that particular occasion, but Mr White was—if I can do him in.

Senator RONALDSON—Thank you. Mr White, you are the man. On that occasion, Mr McPhee told the member for Mayo, Mr Briggs, that if a politician's face were to appear in a campaign, it would be unlikely to be approved. Do you remember his comment?

Mr P White—Yes. We were talking about a government advertising campaign.

Senator RONALDSON—So you were aware of that.

Mr P White—Yes.

Senator RONALDSON—I think he used the Rann government in South Australia as a point of reference. Mr White or Mr Chapman, are you aware that there are no fewer than eight Labor ministers' faces appearing in videos on this website?

Senator Faulkner—Senator, let us not be silly about this. On that basis—

Senator RONALDSON—That is not funny. I think you are absolutely right.

Senator Faulkner—Yes. Let us not be silly about it. On that basis, if we are going to worry about politician's photographs, the parliament's website will be rubbed out.

Senator RONALDSON—This is absolutely nothing like that.

Senator Faulkner—Of course it is a perfectly valid analogy. The guidance that agencies are required to conform to in relation to agencies' websites is AGIMO's guidance. The website that you are referring to is an agency website. It is a PM&C website, as you know.

Senator RONALDSON—Mr Chapman, would you agree with me that it would appear that the government is deliberately bypassing ANAO process so that you cannot veto its political propaganda?

Senator Faulkner—That is an outrageous assertion. There is absolutely no truth whatsoever to what you have just said. And making such assertions do you no credit.

Senator RONALDSON—Trying to con the community into believing that this is not a government campaign, quite frankly, is a fairly low act, and taking the ANAO out of the delivery of process in relation to the assessment of these advertising campaigns is a pretty low act as well, in my view.

Senator Faulkner—Senator, it ill-behoves someone from the opposition to raise their voice and start talking about these sorts of issues. I have always acknowledged, as has any sensible person in this parliament, that advertising and information campaigns are of course necessary to inform the Australian people about government programs—

Senator RONALDSON—Would you arrange for that to be referred to the ANAO?

Senator Faulkner—and I have said that consistently for a long time.

Senator RONALDSON—I do not want a lecture, Minister; I actually want some answers to these questions.

Senator Faulkner—I want to set the record straight.

CHAIR—Senator Ronaldson, I need not remind you yet again.

Senator Faulkner—You have made a very serious and very, very unfair allegation. When you look at the record in relation to the Howard government's approach on advertising standards—of course, I cannot say 'guidelines', because there were not to any—compared to the previous year, spending has reduced dramatically under this government. There are very stringent guidelines applied. The Rudd government made a series of commitments pre-election on these issues and it has delivered on those. The advertising guidelines, of course, are a critical element of that.

Senator RONALDSON—Mr Chapman, in relation to the very matter that the minister has now raised, with your organisation's investigation into the matters raised in relation to the advertising practices under the former government, including the MCGC, isn't it true that the ANAO found that the Howard government era MCGC operated very much in the mould established by the Hawke-Keating Labor government?

Mr Chapman—You are testing my recollection with that question, but I—

Senator RONALDSON—Perhaps I could refer you to page 26: 'The MCGC, which was established in 1996, generally continued a pattern of operation developed by the previous Labor Hawke-Keating government ministerial committee on government information and advertising, which was formed in May 1983.' Isn't it true that the ANAO made no findings that Commonwealth advertising was inappropriately politicised under the Howard government?

Senator Faulkner—Senator, I would refer you to the ANAO *Performance Audit Report No. 24 2008-09*, which is an excoriation of what occurred under the previous government.

Senator RONALDSON—Hang on, you can ask Mr Chapman a question yourself, if you want to. I am asking Mr Chapman a question. Duck around to the other side here and ask him a question. But I asked a question.

Senator Faulkner—And I have just answered part of the question you have asked, and I will now let Mr Chapman add to my answer.

CHAIR—I remind members of the committee that if you put a question, as you well know, the Minister has a right to answer the question or refer it to Mr Chapman, and likewise. I remind everybody that it is very difficult for Hansard to record proceedings if we talk over the top of one another.

Senator Faulkner—Could I just respond and say this before I asked Mr Chapman. I have always been very reluctant, when agencies are at the table, particularly ones that have a direct relationship to the parliament, to get too involved in the argy-bargy of these committees, but I cannot let unfounded, untrue and unacceptable statements stand without a response. I do not like to engage. It would be much better for me to have no role here at all and just let Mr Chapman and his officials deal with it, but if something is of that level I think it is appropriate to correct the record. Now I will hand over to Mr Chapman.

Mr Chapman—First of all, I say up front that our performance audit reports are designed to fully review the topic of the audit and to represent our findings and facts in a fairly objective way. There is always some risk in focusing on particular elements of a report, in the context of the full report. I will introduce Mr David Crossley who was the executive

responsible for the particular audit that you have in front of you. Perhaps he is able to comment on the extract you referred to and put it in the context of the report.

Mr Crossley—Senator Ronaldson, the audit report reflects factually that the MCGC and, indeed, a committee before the MCGC was formed were effectively operationally intact from what was established, as you pointed out, in May 1983.

Senator RONALDSON—Thank you. It is also correct, isn't it, that the ANAO made no findings that the Commonwealth advertising was inappropriately politicised under the Howard government?

Mr Crossley—The report did not seek to address that specific issue.

Senator RONALDSON—So we have had the minister telling us for the last 12 months that the ANAO report had made very clear findings that the Howard government had inappropriately politicised the advertising—and that was not even part of the brief?

Mr Crossley—The particular report you are referring to, No. 24 of 2008-09, had, as its audit objectives, very specifically, to look at the procurement decisions of departments in relation to government advertising. As such, it did not attempt to look at whether the campaign advertising was carried out in a political fashion. Rather, there was reference in this report to two earlier audit reports that had been carried out that alluded to campaign advertising and whether that was appropriate or not. That gave rise to a series of recommendations in those earlier reports that suggested that perhaps guidelines were appropriate for government advertising, and those recommendations were never taken up by the governments concerned on the day.

Senator RONALDSON—In relation to Defence credit cards, Mr Chapman, are you aware of a report in the *Canberra Times* on 14 March that rampant misuse of Defence department credit cards had 'swamped Australia's new military court system'?

Mr Chapman—I have to admit that that particular matter is not at the forefront of my mind either. I will just check with my colleagues whether we have anything at all. No, unfortunately, I have to report that the particular issue you raise is not a matter that has been examined.

Senator RONALDSON—I was not asking whether it had been examined by the ANAO. Has it come to the attention of the ANAO? Particularly in light of your Audit Report No. 37, has this latest incident come to your attention?

Mr Chapman—The article itself I am sure would have come to the attention of the audit office. We are aware that the matter of credit cards is a matter of general sensitivity to both the community and the parliament. We have had a regular series of audits looking at credit cards and we will continue to do so into the future.

Senator RONALDSON—In fact, in Audit Report No. 37 you found a number of cases of credit card abuse, as well as that management shortcomings had, in some cases, contributed to that abuse. Is that correct?

Mr Chapman—Allow me to introduce one of the other senior staff members for the audit office, Mr Matt Cahill. He might have something to add on this.

Mr Cahill—We conducted an audit of credit card management, called a business support process audit, where we took a sample of credit card transactions in a number of agencies. If my recollection is correct, Defence was not in that sample. We identified a range of improvements in credit card controls in the Commonwealth. The overall conclusion, if my recollection is correct, was that generally credit card control in the Commonwealth was generally sound but there were areas to improve some of the controls.

Senator RONALDSON—That was Audit report No. 37. I think it was 2007-08. So this matter, despite being reported in the press, has not come to the organisation's attention?

Mr Chapman—Perhaps to explain the context, obviously the secretary or the chief executive officer of an agency has responsibility for the operations and the internal controls and matters that exist within that agency, so I suspect that matter would have received attention within Defence and no doubt their internal audit area would have examined it. From our perspective, our audit program is reasonably structured and designed on a cyclical basis to look at significant matters, so this particular issue would no doubt be picked up in any future review of credit card arrangements.

Senator RONALDSON—All right, if it has not come to your attention. Mr McPhee is overseas, is he?

Mr Chapman—That is correct.

Senator RONALDSON—What is he attending? If it is a private matter I do not want to know about it; if it is a public matter I do.

Mr Chapman—He is meeting with the equivalent officeholders from a range of other countries, including the United States, the United Kingdom and about 14 other developed nations.

Senator RONALDSON—When was that organised?

Mr Chapman—It would have been organised about 12 months ago.

Senator RONALDSON—Do you know if Mr McPhee made inquiries of this committee as to when Senate estimates were likely to be held?

Mr Chapman—I am sure, if he had been aware, that he would have given due weight to this series of hearings. I think it is generally well known that Mr McPhee and, indeed, the Audit Office more generally have a very strong relationship with the parliament and we seek to serve the parliament fully in that way. I am aware on other occasions Mr McPhee has deferred or cancelled other commitments so he could attend. I think it is a very rare occasion he is not before the committee.

Senator RONALDSON—You are aware, obviously, there are close to 100,000 federal bureaucrats who have been issued taxpayer funded credit cards. You are aware of that?

Mr Chapman—I am aware. The number does not surprise me. We are seeing more generally that often credit cards are provided to facilitate travel arrangements; they are often a travel card. There are good business reasons why that is frequently the case, so government agencies can access, for instance, GST credits. I think you will find that across a number of

agencies credit cards are used for a wide range of purposes. Our work in this credit card area—

Senator RONALDSON—If you have not even heard about it there is really no point in me pursuing the matter. I will have a chat to Mr McPhee about it when he gets back. Getting back to the website and the question of campaign advertising, Audit report No. 24 indicates on page 147 that websites are explicitly counted as part of campaign advertising. On page 173 of that Audit report No. 24, websites are again explicitly counted as part of campaign advertising. Is that correct?

Mr M White—If I could answer that question in respect of the current guidelines, we certainly do consider websites that are provided to us as part of a campaign within our review reports.

Senator MOORE—Has there been any change? My understanding is that in the past you have looked at websites in campaigns that have been sent to you.

Mr M White—Since the inception of these government guidelines we have reviewed all campaign materials provided to us by a department as part of a campaign, and that often does include specific websites tailored for the campaign.

Senator MOORE—So it is standard practice to look at websites if they are part of a campaign.

Senator RONALDSON—If they are declared.

Senator MOORE—Yes, if they are a part of it. They are one other tool to be used.

Senator RONALDSON—Minister, I have just asked some questions about audit reports.

Senator Faulkner—I was just distracted by your colleague; would you mind is starting again?

Senator RONALDSON—If you want to have a chat to Senator Brandis, there is another matter that I can speak to Mr Chapman about and then I can come back and ask you these couple of questions.

Senator Faulkner—No. I apologise, Senator, I do not want to be distracted. You have my full and undivided attention

Senator RONALDSON—I assume it is important and I am happy to ask Mr Chapman some other questions if you want to speak to Senator Brandis.

Senator Brandis interjecting—

Senator RONALDSON—I do not think there is a guarantee that it will be 10 minutes, Senator Brandis. I have just referred to Audit report No. 24, pages 147 and 173, which say that websites are explicitly counted as part of campaign advertising. Do you think it might be appropriate, given the example of your highly politicised website in relation to the stimulus package, that websites should not now form part of any of the ANAO review process in order to maintain the openness and transparency that you have been so often quoted on over the last two days? Indeed, would you acknowledge that the rules, as they exist, have really become quite irrelevant given the fact that technology is moving campaigning into an entirely different area.

Senator Faulkner—I note that Mr Chapman has a copy of the audit report. I have not got it in front of me and I have not seen it, but I accept that you have quoted accurately from it. I am certainly happy to have a look at that. I can say to you that I am expecting agencies to provide further advice to government in the near future, certainly at some stage this week, about this issue. I am certainly happy to closely examine what is in that audit report. I will also obviously be very closely interested in the views of agencies on these matters.

I do take issue on a point, as I have before with you. I do not accept your description of the website as being ‘highly politicised’. It is an agency website, the content of which is the responsibility of the Department of the Prime Minister and Cabinet—I stress that: the Department of the Prime Minister and Cabinet. The one issue that you have drawn attention to Mr Mrdak certainly took account of and said he would make immediate inquiries when you asked him about it today. But I will certainly look closely at that. I am expecting advice, as I have indicated to you, from agencies, including the ANAO, I assume, about these matters in the near future. I am happy to give you that.

Senator RONALDSON—When you say ‘one issue’, it is the one issue—at the risk of repeating myself in relation to this—that breached both the impartiality and the rules in relation to this being apolitical. So when you say ‘one issue’, it was a very gross breach by that one issue.

Senator Faulkner—Perhaps if I can have a look at the audit. Senator, what paragraphs were you referring to?

Senator RONALDSON—I do not think you were even talking about that, were you?

Senator Faulkner—Was it 1.47? I have just grabbed the report from Mr Chapman.

Senator RONALDSON—You said you would look into it. We have not got much time left. I am happy for you to take that on notice.

Senator Faulkner—I want to make sure that—

Senator RONALDSON—The comment you made was in relation to the issue this afternoon with Mr Mrdak—

Senator Faulkner—Can you tell me while you ask the next question—

Senator RONALDSON—We have sort of moved on a bit from that.

Senator Faulkner—Yes, but you have drawn my attention to a paragraph in the report. For the record, what is the paragraph?

Senator RONALDSON—No, page.

Senator Faulkner—I am sorry.

Senator RONALDSON—Pages 147 and 173. That is the third time I have said it!

Senator Faulkner—Thank you.

Senator RONALDSON—You said you wanted to look into it and take some advice.

Senator Faulkner—I will, but I am asking you what the page is.

Senator RONALDSON—And I think it is an absolutely splendid idea that you take advice.

Senator Faulkner—I will have a look at what you have said.

Senator RONALDSON—The *Sunday Age* reported on 3 May:

The Federal Government has quietly scrapped a multimillion-dollar advertising blitz to promote its controversial emissions trading scheme amid widespread criticism that its plan is too complex and will do little to tackle global warming.

The government provided \$13.95 million for this advertising campaign through appropriation bill No. 3. We know that of that sum \$8.1 million was spent to purchase advertising, \$476,000 was spent on creative agency fees and advertising production costs, \$149,000 was spent on market research and \$13,000 was spent on website development. All in all, \$8.8 million out of the \$13.95 million appropriation was squandered before the campaign was cancelled. Does the ANAO intend to undertake an audit of this waste of almost \$9 million of hard-earned taxpayer dollars?

Mr Chapman—I do not have full details of the particular campaign you are referring to. I will check for a moment as to whether we have that material.

Mr P White—Which campaign was it?

Senator RONALDSON—The climate change campaign of \$13.95 million in appropriation bill No. 3. I presume you had a look at the climate change ad campaign, given that is over \$250,000?

Mr M White—We have had an initial review of a climate change campaign and we released review reports back in July 2008.

Senator RONALDSON—No, this is a climate change ad campaign of \$13.95 million which was cancelled early this month. Of the \$13.95 million appropriated under appropriation bill No. 3, \$8.8 million was spent and then it was canned. It was just cancelled. I am asking you whether you are going to undertake an audit of that wasted \$8.8 million?

Mr M White—I am unaware of a climate change campaign of that size and nature being cancelled. We have not been referred to that campaign.

Senator RONALDSON—Can you take that on notice. While we are up for 15 minutes, can you have a look at that campaign? I am asking you a very simple question: will you undertake an audit of the wasted \$8.8 million in relation to that cancelled advertising campaign that was started for cheap political reasons and was cancelled for those very same reasons? While we are having a break, can you please go—

Senator Faulkner—I suspect that the Auditor-General, given that he is not here—

Senator RONALDSON—and investigate that for me and get back to me.

Senator Faulkner—Senator, you would know that the ANAO make those decisions. The Auditor-General is not even present at tonight's hearing.

Senator RONALDSON—No, and I am acutely aware of that.

Senator Faulkner—It would not be appropriate to cast any aspersions because of his absence either. I am not suggesting you are doing that, but it certainly would not be appropriate to do so. I certainly would not allow that to take place.

I point out to you, Senator, that there may be a problem—and I ask you to give this some consideration over the break. For the record, in published Audit report No. 24 page 147 deals with the old Ministerial Committee on Government Communications under the national security campaign of the Attorney-General's Department. I am absolutely certain you would not want me to read that into the record, so I do not think that is what you were referring to. Page 173 refers to the workplace relations reform campaign conducted by the previous government, which again I suspect you do not want me to refer to. Senator, there must be an inaccurate reference because I do not think you are trying to refer me to—

Senator RONALDSON—This is No. 24, is it?

Senator Faulkner—Yes, No. 24. I have indicated to you that both of the pages deal with advertising campaigns conducted by the previous government—one on national security and the other on workplace relations. You may be referring to another part of the report or to another report. I am asking for some clarity on that, and we can do that over the break.

I outlined the general process to Senator Bernardi of the \$250,000 threshold. I indicated that, like most of the advertising guidelines, I thought the genesis of this was the CEIP report and the Joint Committee of Public Accounts and Audit consideration of that report. I have checked with Mr White, and he thinks this might be right. Because I cannot be absolutely confident of it, I would prefer to have the record stand that it was definitely—I can confirm this to you, and this might help—a recommendation of the Senate Finance and Public Administration References Committee of inquiry into government advertising in 2005. I have been able to establish that for you. The report says:

The Committee recommends that once the creative content of an advertising campaign valued at \$250,000 or more has been finalised, the advertisements must be submitted to the Auditor-General for assessment.

That is part of their recommendation. Whether it was included—

Senator BERNARDI—I understand what you are saying.

Senator Faulkner—The guidelines were based on the appendix to the CEIP report, and that is consideration of those guidelines by the JCPAA. I would prefer to have the record stand of it being the recommendation of the FPA committee because I cannot and other officials cannot confirm the precise background. I can confirm the recommendation of the FPA committee. I hope that assists. I have made that clarification. If I can provide any further evidence, I will.

CHAIR—Due to some senators being unavailable and lack of time management, we will be releasing tonight the Office of the Commonwealth Ombudsman and the National Archives of Australia. I apologise for having kept you. You will not be required tonight.

Proceedings suspended from 9.19 pm to 9.34 pm

CHAIR—Mr Chapman, you have some issues that you would like to clarify?

Senator Faulkner—Yes. There are some issues the witness is able to assist the committee with.

Mr Chapman—There are two matters I would like to briefly touch on. One is the credit card issue and the Department of Defence. Just to clarify—and Mr Cahill may have more information—I perhaps failed to confirm with the committee that during our financial statement audits we look at the broader system controls and look for material errors. Certainly, in this particular case, if there were a number of inappropriate uses of credit cards, they were not for amounts that were material to the financial statements. If I can put the committee's mind at rest, at least that aspect of the Department of Defence's financial statements are not at risk. Mr Cahill, is there a further clarification?

Mr Cahill—Audit report No. 37, I can confirm, did not cover Defence. It looked at a number of Commonwealth agencies including the Department of Human Services; the Department of Agriculture, Fisheries and Forestry; the Department of Broadband, Communications and the Digital Economy; and the Australian Competition and Consumer Commission. As a part of our business support process audit program, we identify a range of agencies of different sizes to be able to identify better practices and shortcomings in public administration to inform the broader public sector.

I can confirm my earlier evidence that the agencies generally had sound controls over the issue, had cancelled credit cards and had all issued specific guidance in this area. There were a range of improvements that we did identify. The other thing I can confirm is that the audit did not identify inappropriate expenditure or fraud in any of the audited agencies. However, we asked that the agencies strengthen some key controls to further reduce the risk of misuse of credit cards and also look at having two agencies review their credit card arrangements in terms of how they contracted credit card providers.

Senator RONALDSON—It has been a long day and I may not have explained myself properly. Clearly, I did not and I accept full responsibility for that. The question was not in relation to whether you had done a defence department audit last time of credit cards but whether you had indeed in the past done an audit of Commonwealth credit cards. So if I had misled you in that regard then I sincerely apologise.

My question was premised on the back of the fact that you have previously done audits in relation to the use of Commonwealth credit cards. Therefore, in the light of these media reports that the military tribunal seemed to be inundated with cases of credit card fraud, are you indeed considering a specific inquiry in relation to those apparent Defence Department credit card abuses, on the back of previous inquiries—if you like, the precedent for investigating those matters? If I did not express myself properly then I sincerely apologise.

Mr Cahill—If it assists you, we are in the process of finalising our annual performance audit work program and in that role Peter White and I, as the group executive directors, advise the Auditor-General of potential audit topics. As you would be aware, we have circulated that draft program through the JCPAA to the committees. We are happy to take on board parliamentary advice on the coverage in finalising our program for next year.

Senator Faulkner—Chair, before committee members go to other questions, the Acting Auditor-General has some additional information for the committee on one other matter.

Mr Chapman—Senator Ronaldson, you raised an interesting question around a Department of Climate Change advertising campaign and made reference to an amount of, I think, \$8 million that, on the face of it, appears to have been misspent. I have had the opportunity to speak to one of our staff members at home about this particular matter and—

Senator RONALDSON—Please pass on my apologies for getting you to speak to someone at home.

Mr Chapman—The officer is a very committed gentleman and has appreciated the opportunity to be able to clarify the matter for the committee. The Department of Climate Change advertising campaign was one of the earlier campaigns that were covered by the guidelines, in July last year. I recall we spent a fair bit of time with that at the time. The campaign had an advertising budget at that time of around \$13.9 million, but funding was not available at that point. Indeed, funding was requested through the additional estimates process. You would have seen that particular campaign in newspapers and elsewhere and had the benefit of the information it contained.

We do not currently have any requests to review a further campaign. I can only speculate that perhaps what has occurred, having followed the campaign through the additional estimates process, is that the full funding requested may not have been expended to date, therefore explaining a difference between the initial amount and current expenditure. But it would be open to the department—and we can only speculate here, because we have no inside knowledge—that they may have future elements of the campaign planned, at which point we would expect they would approach us for a review opinion on the matter.

If indeed the issue is, as you have suggested, a misspending of public moneys—and, as Mr Cahill made reference to in his earlier response, we have in the past given very serious regard to matters raised by the parliament, by committees and indeed by you in terms of including those matters in our forward work program—if this particular matter falls into that category, we would be most happy to consider it as part of the program going forward.

Senator RONALDSON—Thank you. If you can take that on notice. My question was regarding an audit of the waste of the money that I alleged, as opposed to—

Mr Chapman—A timing issue.

Senator RONALDSON—Misappropriation of the money, for want of a better word. It was in relation to the waste of that money. If you could take that on notice and get back to me and let me know exactly what the state of play was with that contract. I am mindful of the time and I want to move on as quickly as possible—

CHAIR—There are also other senators waiting to ask some questions.

Senator RONALDSON—Thank you, Chair. Was there an economic stimulus plan campaign that was referred to you or that has gone through the advertising campaign process?

Mr Chapman—Yes, there was. Mr White, I am sure, can provide details.

Mr M White—I think there have been component parts of what might fall under the appropriation and the collective notion of the economic stimulus plan that have been referred to us for review—for example, the tax bonus payments. We have reviewed those campaigns individually as the tax bonus scheme in its own right, not as a larger, broader campaign which

would include other agencies and departments. Perhaps those campaigns are not yet even in existence.

Senator RONALDSON—This website refers to a number of parts of this plan. You mentioned the tax bonus payments, which are specifically referred to in this website, which—as I know you are aware—is called Economicstimulusplan.gov.au. I put to you that it is not unreasonable to say that this website actually refers to bonus payments as part of that wider campaign. I referred you earlier on to report No. 24, page 147, paragraph 10. In the past, in this audit, you confirmed that a national security website—for example, referred to in paragraph 10, on page 147—was part of an advertising campaign and that a dedicated website, again, for obtaining information and submitting comments, on page 173, were viewed as part of that campaign that was indeed looked at under those audit reports. So it would seem to me that there was quite clear precedent for the fact that websites have in the past been viewed as forming part of advertising campaigns. Yes?

Mr M White—The tax bonus scheme and the campaign materials provided to us for review did not include a website for review, and on that basis we did not review a website for that campaign.

Senator RONALDSON—Now that you are aware that under that economic stimulus plan there is indeed a website which refers to bonus payments, would you now include that website in your investigations in relation to the integrity of the campaign?

Mr Chapman—Perhaps I could comment on that one, Senator. We are required to offer opinion on the material that is referred to us. The department of finance has broad responsibility for the guidelines and indeed for ensuring that campaigns are referred to us. I do not like to be in a situation of saying another part of the bureaucracy perhaps is better placed to answer that, but our role is quite clearly defined.

Senator RONALDSON—But the bonus payment campaign was referred to you.

Mr Chapman—Correct.

Senator RONALDSON—Part of that bonus payment campaign is encapsulated in this website. You were not provided with that, and there is now sufficient precedent, I think we all agree, that websites do form part of advertising campaigns. In relation to investigation of these matters and part of this discussion, there was an article in the *Canberra Times* on 14 May that reported:

A government agency recently planned to spend at least \$250,000 on a taxpayer-funded advertising campaign that was potentially ineffective or politically biased. But federal Auditor-General Ian McPhee, whose concerns about the proposal effectively cancelled it, would not reveal details of the campaign yesterday.

So was there a campaign that was rejected?

Mr Chapman—Indeed there was one campaign that did not proceed after we had raised a series of issues.

Senator RONALDSON—Yes. Were parts of those issues in relation to bias, for example—the fact that they might not have been apolitical?

Mr Chapman—I will take advice from my colleagues, but I think the issue in the particular campaign and the question dealt with whether the campaign could be justified on a cost-benefit basis.

Mr M White—That is correct. We were only establishing that the campaign would need to be supported with adequate research and a cost-benefit analysis as required by the guidelines, and that was the end of discussions.

Senator RONALDSON—What agency was that, by the way?

Mr Chapman—The agency was the Department of Education, Employment and Workplace Relations.

Senator RONALDSON—Thank you. So that I am clear—and I clearly was not making myself so before; I am happy to acknowledge that—you will now take on notice whether this economic stimulus website, which includes bonus payments, should have formed part of the brief that you investigated in relation to the bonus payments advertising campaign. You will take that on notice?

Mr Chapman—I am not absolutely clear on whether you are asking us to form an opinion on the website—

Senator RONALDSON—No—

Mr Chapman—or just whether, in layman's terms, we think it should have been referred to us as part of the campaign.

Senator RONALDSON—If you view it as part of the campaign, I think your view would be that it should have been referred to you. I am asking you to take on notice my query—because I do not want to take up any more time tonight—as to whether this bonus payment part of the economic stimulus website, where there is specific reference to it, should have formed part of that advertising brief that was referred to you in relation to the bonus payments campaign.

Mr Chapman—We will take it on notice, but we will need to consult with the department of finance to obtain their view as to why that was not referred.

Mr M White—We had considered issues of links and other references in other websites across the broader Commonwealth, and, in fact, other websites in general. We did not believe that a reference back to a campaign was something that we would need to review. Let me explain. In terms of a specific agency website that we reviewed, the education tax refund campaign provided us with a complete website for us to review and we did that. In the case of the bonus scheme, we saw the reference on the ESP website as more akin to a link back from a general website, and we could not possibly review all links across the Commonwealth as part of a campaign.

Senator RONALDSON—Given the nature of the website and the fact that it is called an economic stimulus website, and given that it was part of an economic stimulus campaign, will you now take on notice and review—in light of what is in this website and the reference to it—whether it should have formed part of the advertising campaign that you were asked to oversee?

Mr Chapman—We understand your question and we will come back with a considered response.

Senator CAMERON—I want to thank Senator Ronaldson for drawing my attention to ANAO report No. 24 of 2009. I might want to go there. On the ANAO report No. 24, on page 16, there is a graph that outlines the advertising expenditure up to 2008. That page indicates the advertising for the 2007 calendar year, under the Howard government, totalled \$368 million. It says that this growth saw government advertising outlays overtake those of major commercial interests such as the Coles Group and Telstra. Has there been any reassessment of those figures or is that an accurate figure of the advertising expenditure of the Howard government in 2007?

Mr Chapman—I am not aware that we have had any cause to review the figures, but I will confer with my colleagues that that was the case.

Mr Crossley—That was the case. Those figures, as they are referenced there, came from a number of Finance documents. We have not looked at the subsequent figures.

Senator CAMERON—That is \$368 million in one year—2007—of what Senator Ronaldson described as hard-earned taxpayer dollars. Was there any analysis done on individual aspects of that outlay, particularly the \$58.5 million the Howard government spent on the second round of ‘Work Choice’ advertising? Was there any analysis done in terms of the efficacy or the appropriateness of that advertising?

Mr Chapman—The particular focus of this audit was looking at government procurement arrangements for advertising, and the merits, or otherwise, of particular campaigns were not considered within the audit brief.

Senator CAMERON—Was there any analysis done on the \$4.1 million that was spent over six days by the Howard government advertising its Work Choices campaign?

Mr Chapman—No, there was not. My previous answer would also apply.

Senator CAMERON—Was there any analysis done of the national security advertising of \$4.8 million over six months by the Howard government?

Mr Chapman—The same answer applies, unfortunately for you, Senator.

Senator CAMERON—Was there any analysis done of the \$70 million that was spent in the 13 weeks leading up to the last election? Was there any analysis done on that?

Mr Chapman—There was no particular analysis done. I think the reason the graph has been included there is, perhaps, to show the pattern of expenditure over time.

Senator CAMERON—I note, in some of the reports I have read about that expenditure over that period of time, that the Howard government paid \$3.387 million to the creators of the ‘Know where you stand’ campaign—part of the Work Choices campaign. This \$3.387 million of hard-earned taxpayers’ money—was there any assessment of the procurement and contracting approach to that contract?

Mr Chapman—I think we can perhaps give a little more detail on that one. I will ask Mr Crossley.

Mr Crossley—Yes, we would have looked at all of the procurement in relation to that particular campaign. Indeed, Senator, that is the subject of one whole chapter up at the back where you can quite clearly see an analysis of the procurement decisions relating to that expenditure.

Senator CAMERON—I must say that Senator Ronaldson only just drew my attention to this and I have only had a quick look at it now. I will have a look at that later. So your answer would also go for the \$1.2 million of hard-earned taxpayers' money that the Howard government paid to Open Mind Research to do research in relation to the Work Choices campaign?

Mr Crossley—Yes.

Senator CAMERON—The audit report talks about the Ministerial Committee on Government Communications. Other than the Department of the Prime Minister and Cabinet, was there any independent overview of the decisions of the Ministerial Committee on Government Communications?

Mr Crossley—No, not as such. Prime Minister and Cabinet at the time provided the secretariat to that committee and, apart from the departments who were bringing campaigns to the committee, there was generally no other departmental involvement.

Senator CAMERON—As I read your report, the Ministerial Committee on Government Communications was chaired by the Special Minister of State?

Mr Crossley—That is correct.

Senator CAMERON—Who was it at that time, do you know?

Mr Crossley—The last chair of the committee was Mr Gary Nairn.

Senator CAMERON—Do you know who the previous one was? Was it Senator Abetz?

Mr Crossley—It was Senator Abetz, yes.

Senator CAMERON—It was Senator Abetz, who lectures about government finances. So the Ministerial Committee on Government Communications was headed by the Special Minister of State, supported by the Government Communications Unit?

Mr Crossley—Correct.

Senator CAMERON—And that reported directly to the Department of the Prime Minister and Cabinet?

Mr Crossley—Correct, Senator.

Senator CAMERON—So this \$368 million, or much of it, went through this process of political decision-making by the ministerial committee, the Special Minister of State, the communications unit and the Department of the Prime Minister and Cabinet with no external overview—no oversight at all?

Mr Crossley—That is effectively correct. Could I just explain or clarify that. My answer means: effectively not in the context of looking at the validity or otherwise of the campaign expenditure. Of course, all of that expenditure, as part of the departmental expenditure of departments, was reviewed in a financial statement sense by the Audit Office.

Senator CAMERON—In a financial sense?

Mr Crossley—Yes.

Senator CAMERON—Part of that review, I notice—and, again, I have done this very quickly—indicates that work was undertaken on the Work Choices campaign prior to contracts being signed for printing.

Mr Crossley—Correct.

Senator CAMERON—And there was some negative comment made by the National Audit Office in relation to that?

Mr Crossley—The Audit Office pointed out that any contract that is unsigned whilst work is carried out presents risks to the Commonwealth, and that is the extent of the comment.

Senator CAMERON—Going to the website www.economicstimulusplan.gov.au, I would recommend that anyone who wants to see how the government is supporting 210,000 jobs should have a look at it.

Senator BERNARDI—It has cost how many jobs, did you say?

Senator CAMERON—It is supporting 210,000 jobs in the face of the biggest economic crisis since the Great Depression. I think we have heard enough about www.economicstimulusplan.gov.au. I just recommend that anyone who wants to go to it should have a look at it. It is a great website.

CHAIR—Is there a question, Senator Cameron? As there are no further questions, thank you, Mr Chapman and your officers, for appearing before us tonight.

[10.02pm]

Australian Public Service Commission

CHAIR—I welcome the Public Service Commissioner, Ms Lynelle Briggs, and officers of the Australian Public Service Commission. Ms Briggs, would you like to make an opening statement?

Ms Briggs—Thank you, Madam Chair. No, I would not.

Senator RONALDSON—Thank you for waiting so late today, Ms Briggs and colleagues. I apologise on behalf of my colleagues. It is part of the process, unfortunately. I probably need to wear a fair bit of the blame, so I will do so.

Senator Faulkner—A very high proportion, I would have said—a very, very high proportion.

Senator RONALDSON—It is Senator Cameron's fault, you're absolutely right! Ms Briggs, are you aware of a story in the *Canberra Times* on 2 March that ran under the banner headline 'Member mutiny threatens PS union'? The lead paragraph was:

A revolt in the public sector union is brewing over moves to affiliate with ACT Labor as the union's high-profile national campaign to save public service jobs again yesterday.

Ms Briggs—I cannot personally recall that article, but proceed with your questions.

Senator RONALDSON—Are you aware that there have been tensions over the affiliation question? The story has one internal source saying:

“The senior leadership have a problem with the members, they are being harassed by their own membership about affiliation. Some of the most severe grief is actually from Labor members ... who don't think the union should be affiliated.”...

Senator Faulkner—Senator, I will let the Australian Public Service Commissioner answer, of course, but, with all due respect, it does not really sound like core business for the APSC—the internal affairs of a union or of a political party.

Senator RONALDSON—Can you just remind the committee, please, Ms Briggs, of the APS values, particularly the first dot point on your website?

Ms Briggs—Yes. As you know, the values, amongst other things, require the Australian Public Service to behave in an apolitical way.

Senator RONALDSON—But it actually goes a bit further than behaviour.

Ms Briggs—Yes; ‘performing its functions in an impartial and professional manner’.

Senator RONALDSON—The Australian Public Service ‘is apolitical, performing its functions in an impartial and professional manner’. So, Minister, with the greatest respect to you, I think it is actually a core issue for Ms Briggs in relation to the affiliation—

Senator Faulkner—No, they are Public Service values, and those values of course are enshrined in the Public Service Act.

Senator RONALDSON—Yes, indeed.

Senator Faulkner—I made a point about a trade union and a political party. I stand by the point that I made.

Senator RONALDSON—Your website asserts that part of your responsibilities are people management practices within the Australian Public Service. Is that correct?

Ms Briggs—Yes.

Senator RONALDSON—Have you received complaints or appeals, either formal or informal, from members of the Public Service who have expressed concerns that the perception of APS impartiality might be damaged as a result of the affiliation?

Ms Briggs—I do not recall seeing any such representations come to me. Can I take that on notice to see if any have come direct to my staff?

Senator RONALDSON—Yes. Can you take on notice whether you have received complaints or appeals, either formal or informal, from members of the Public Service expressing concerns that the perception of APS impartiality might be damaged as a result of the CPSU affiliation with the ALP or indeed any complaints or appeals, either formal or informal, in relation to the internal tensions in the Australian Public Service that have been driven by this affiliation?

Ms Briggs—Yes.

Senator RONALDSON—Can I just ask in your capacity as commissioner whether you would accept the comments of the CPSU Deputy National Secretary Nadine Flood about the

quest for a partisan political voice only serves to erode that all important public perception of APS impartiality?

Ms Briggs—Under the Public Service Act, as I said earlier on, the APS is required to apolitical. I have no doubt that, were the Public Service to operate in a partisan way, that would be inappropriate under the legislation.

Senator RONALDSON—How can it, having affiliated with a political party, operate in an impartial manner when the deputy national secretary talked about a political voice—which must, of its nature, be partisan?

Senator Faulkner—Senator—

Senator RONALDSON—Hang on. I am asking Ms Briggs a question. If you want to come in after that, that is fine.

Senator Faulkner—I am happy for Ms Briggs to answer.

Senator RONALDSON—How can that affiliation support in any notion of impartiality or the Public Service being apolitical when the members are affiliated with a political party?

Ms Briggs—The legislation does not prevent public servants from being members of political parties or from participating in unions. That is their right. What the act prescribes is that public servants in their daily duties behave in an apolitical manner.

Senator Faulkner—If I could come in now, Senator, as you invited me to do. I remind you of ‘APS Values and Code of Conduct in practice’; section 4: ‘Personal behaviour’; chapter 15: ‘APS employees as citizens’; and the element of the ‘APS Values and Code of Conduct in practice’ that has the subheading ‘Participating in political activities’. Let me quote it for you and for the benefit of the committee:

It is quite acceptable for APS employees to participate in political activities as part of normal community affairs.

APS employees may become members of or hold office in any political party.

APS employees, whether or not they are members of political parties, are expected to separate their personal views on policy issues from the performance of their official duties. This is an important part of professionalism and impartiality as an APS employee.

Where an APS employee is involved in publicly promoting party or other views on certain issues, and where their duties are directly concerned with advising on or directing the implementation or administration of government policy on those issues, there is potential for conflicts of interest.

There is also, of course, as the Australian Public Service Commissioner has mentioned, under the element ‘Participating in union activities’:

Under the *Workplace Relations Act 1996*, APS employees are generally subject to the same workplace relations arrangements as the wider community.

And so it goes on. As the commissioner has said, there is longstanding practice on these issues about community, political and industrial engagement of APS employees.

One of the things that has interested me over the years—and I have said this before—regardless of what political views APS employees tend to hold, whether they are conservative, progressive, Labor or non-Labor, whatever they might be, I have always seen the capacity for

these things to be separated in a very professional way, as is expected under their obligations as APS employees. Anyway, that is my view.

Senator RONALDSON—I think that is slightly different, Minister, with the greatest respect, to an individual being a member of a union. Of course, that is everyone's emphatic right, but there is a very big difference between that and an organised body such as the public service union affiliating with a political party.

Senator Cameron interjecting—

Senator RONALDSON—I am mindful of the time. Ms Briggs, could I ask you—

Senator Faulkner—I am not affiliated with the APS, Senator.

Senator RONALDSON—Ms Briggs, regarding members of the Public Service who decline to join the union, in your role as commissioner will you provide them with protection and would you be a conduit—

Senator JACINTA COLLINS—For what?

Senator Cameron interjecting—

Senator RONALDSON—Honestly, with the way you behave, Senator Cameron, I would have thought that anyone in that union would be very concerned if you got involved in it. Has any thought been given to the protection of such APS employees from pressure or retribution as a result of this decision?

Ms Briggs—The normal provisions that, I suppose, protect the situations of public servants would apply in this situation as they would apply in other cases. The act requires that there should be no bullying or harassment of officials and that other officials should show respect and courtesy in relation to them. This would not be any different from that.

Senator RONALDSON—Thank you, Ms Briggs. I am mindful of the time.

Senator MOORE—Ms Briggs, I will not get into the previous discussion; I do not think it would be appropriate. But I do want to get a question on record about privacy. Over the last few weeks I have been involved with a couple of inquiries where the issue of privacy in the Public Service has come up and there have been some negative comments made about bureaucrats and their regard for privacy. I just wanted to get on record from the Public Service Commissioner a comment about the work your organisation does to promote Public Service values, including professionalism, which includes privacy, and how seriously the Public Service takes the issue of privacy amongst its employees.

Ms Briggs—Thank you for that question. I have in fact been approached by the committee secretary of the Standing Committee on Community Affairs on this matter and I have responded to him. I was somewhat surprised and disappointed by the reflections on the integrity of the Public Service in these areas of privacy awareness. I believe that public servants display very great care in the way they manage personal information, and the leaders of their agencies instil in them the need for proper procedures to protect people's personal information. That is consistent with both the privacy legislation, which all public servants are expected to observe, and the provisions of our own Public Service Act, which requires public servants to observe all Australian laws and to not make improper use of inside information to

gain or to seek to gain a benefit or an advantage. This is a very important matter and all of the dealings I have had with agencies and officials in this position as commissioner have displayed to me nearly every day how important privacy considerations are to officials.

Senator MOORE—And there are elements of training on the importance of appropriate awareness for the public sector in this area? I am aware of the time, so I will just end my questions there, but I wanted to get this on record through this immediate process. Thank you.

Ms Briggs—I suppose I should say that only a few weeks ago, during Privacy Week, the Privacy Commissioner and I hosted a breakfast. Senator Faulkner spoke at that breakfast on privacy matters. I think that indicates quite clearly how closely we work together on these things.

Ms J Curtis—My group looks after all the leadership learning and development across the service. As well as the privacy breakfast that we had as part of Privacy Week, we have given a lot of attention to embedding the values and Public Service Code of Conduct, and we have organised a number of events which will embed the messages that the commission is trying to promote around this. We actually held an ethics hypothetical for senior members of the Public Service, which attracted over 600 participants. They came and listened to a staged hypothetical which raised particular issues and challenges around ethics and values. Just last week we held a debate with graduates from the Public Service. They debated the requirement for ethics in the Public Service against a professional code of conduct. That was, again, a very successful event which raised people's awareness of ethics and values more generally. It attracted over 400 participants.

Senator MOORE—I have one supplementary question. It has to do with the way this gets into the regional network. Certainly in Canberra, where there is the centre of so many departments, it seems that there is this process, but are you confident that these messages are getting out to the incredibly wide geographic network that the Public Service covers across the country?

Ms J Curtis—Yes. If we have events that are staged in Canberra we make every effort to run them regionally as well through our regional offices, which are in most of the major city locations. But also we have a series of programs ranging from APS1s right through to the senior executive service which feature components on ethics, values and integrity to support the government's agenda.

CHAIR—Thank you, Ms Briggs, for appearing before us and thank you to your officers.

[10.19 pm]

Old Parliament House

CHAIR—I welcome the director, Ms Jenny Anderson, and the officers of the Old Parliament House. Would you like to make an opening statement?

Ms Anderson—No, I haven't got an opening statement, Chair.

CHAIR—That is fine. Senator Ronaldson.

Senator RONALDSON—I have one question. My apologies for the late hour. I want to ask you about the Museum of Australian Democracy and particularly the displays of the

various prime ministers. When you were putting together those displays, did you make contact with the former prime ministers themselves or the current Prime Minister in relation to the wording they would like on the plaques, for want of a better word, giving a brief description of what they are remembered for and what the highlights of their careers were?

Ms Anderson—Are you referring to the text that we show on the interactive screens?

Senator RONALDSON—Yes.

Ms Anderson—Yes, certainly the living former prime ministers were consulted and when we opened the first stage of the Prime Ministers Centre in June 2007 each of the prime ministers donated a special item of their choice. Sometimes that was not an iconic item; sometimes that was text. We did the same with the current Prime Minister. When he came into his prime ministership he decided on what he would like to contribute to that exhibition.

Senator RONALDSON—I noticed that Prime Minister Howard had, for example, John Winston Howard, prime minister, et cetera and then there is a quote: ‘It is time to bite the bullet and take a stand so Australia does not go down the path of the US with its gun culture.’ In relation to that aspect, was that discussed with Mr Howard, or ‘He will be remembered for introducing gun control through a federally funded buyback scheme’? Were those words run past Mr Howard?

Ms Anderson—I would have to check for you, but certainly the exhibition components that Mr Howard contributed to were the Bali bombing contribution that he gave to that exhibition. We have since done several short films on each prime minister and we had academics help us with that research.

Senator RONALDSON—Can you take that on notice for me, whether the text was discussed with him?

Ms Anderson—Yes. So it was a text you were interested in in the short film.

Senator RONALDSON—Yes. Thank you.

Senator MOORE—The museum is just stunning. We went down there the other day and were surrounded by people having a splendid time looking at the wonderful processes. I particularly like the hat in the suffrage one. Congratulations.

Ms Anderson—Thank you very much.

CHAIR—As there are no further questions, thank you very much for your patience.

Senator Faulkner—Thanks, everyone, for coming.

[10.25 pm]

Office of the Inspector-General of Intelligence and Security

CHAIR—Welcome, Mr Carnell. Would you like to make an opening statement?

Mr Carnell—No, thank you, Chair.

CHAIR—As there is no opening statement, we will go to Senator Trood.

Senator TROOD—I have a couple of questions I want to ask. The first relates to the resources that are available to your office. You have a modest budget, and I think in previous

evidence before the committee you have expressed some concerns about the resources you have to perform the functions that have been given to you. I notice in the PBS you have again alluded to the possibility that there may be potential resource impacts on your office. I think that is correct. I just wanted to be clear. What do you see as the likely demands that are going to be made on your office which are going to have resource implications for you?

Mr Carnell—In the PBS I tried to flag several things. There are questions of complaints levels and enquiry levels for the office, there is the question of the jurisdiction of the office and there is the question of the activity levels of the agencies. In my view, none of those at this moment requires an increase in my resources, but they are all factors which need to be carefully monitored to see if increases might be appropriate in the future.

Early on in the section in the PBS I referred to three particular initiatives which have the potential to impact on resources. One of them is a role in relation to FOI. A bill currently in parliament envisages the Inspector-General being an expert witness in the AAT should there be appeals that revolve around the national security exemption in the FOI Act. The volume of what might be required there is impossible to gauge at this stage. It is a matter of wait and see, I think.

I also flagged the Attorney. You and I have discussed in a previous estimates the Attorney's announcement last December that my legislation would be amended so that, with the approval of the Prime Minister, an inquiry under the IGIS Act could include agencies beyond the six AIC agencies. Again, that will be a matter of seeing what comes along. I do not see that being a power or an activity that is done all the time—perhaps not even annually. It will depend a lot on what the load is. The traditional experience in the office is that, on occasion if there is a spike having two or even three very significant inquiries at the one time, some special supplementation might be provided.

Thirdly, I flagged that there is in the public domain a possible amendment to the Archives Act which would mean that the open access period becomes 20 rather than 30 years. Given that the office has been in existence since 1 February 1987, that would have an earlier impact in terms of processing possible requests than was otherwise going to be the case. Obviously there was always going to be a point when the office got to 30 years, where those possible applications would have to be considered. The 20 years would bring that forward. If that were to proceed—if a bill in that form were to come into parliament and be enacted—I certainly think the office would be looking for additional resourcing, as it would be an ongoing requirement and the papers would need careful scrutiny, because, naturally, a lot of what we hold has come from the intelligence agencies themselves and usually is classified and the documents we create go very centrally to the activities of the agencies.

In summary—perhaps I have been a bit long-winded—for the archives, one would definitely require some kind of ongoing increase in the base of the office. For the other two activities, it is a matter of seeing what develops, as it is in terms of watching those underlying drivers of workload for the office.

Senator TROOD—Thank you for that. The second thing I wanted to raise with you was the matter that was the subject of a press report in April this year, which was under the

headline 'Watchdog probes hawks' Defence Intelligence Organisation push on China'. Are you familiar with the article?

Mr Carnell—I am aware of the article.

Senator TROOD—It was in the *Australian* on 14 April. In this article it is alleged that you became involved, in the middle of last year, in an inquiry that you undertook when you were told by several DIO officers that they felt as though they were under some pressure as a result of their work in the DIO in relation to the defence white paper. Do you recall this matter?

Mr Carnell—Yes. What I did in 2008 was to conduct a formal inquiry into the independence and integrity of DIO's assessments. I did that—

Senator TROOD—Mr Carnell, if I may, was that an inquiry that you undertook in respect of your particular responsibilities or was that in the course of undertaking your general oversight responsibilities, or was this an inquiry undertaken specifically as a result of some concerns that were expressed to your office by some members of the DIO?

Mr Carnell—No, it was not initiated because of particular concerns expressed to me. I did it essentially as a routine activity although it was an own motion inquiry. Following the Flood report amendments to my act, I had done work in respect of the Office of National Assessments and, indeed, in 2007 I did a formal inquiry into the independence and integrity of their assessments. I thought, having done that, it was simply logical that I should, in 2008, do some work in respect of DIO. There was no concern brought to me or particular issue that was the catalyst.

Senator TROOD—So this report would seem to be inaccurate in so far as it attributes to you a course of action inspired by some DIO officers expressing anxiety to you?

Mr Carnell—It is incorrect in that sense, yes.

Senator TROOD—Did you undertake any inquiries independently as a result? You said you did not do anything as a result of particular questions, but did anything in relation to your oversight responsibilities of DIO come to light with regard to the defence white paper?

Mr Carnell—There are limits, obviously, where I can go on this, Senator.

Senator TROOD—Tell me what you can.

Mr Carnell—I can certainly tell you some more, I feel. In the course of that inquiry, one of the several things I did was to do a survey of DIO staff. We examined the responses, naturally. There was some questioning in a small number of the survey responses as to the debate and pressure that had gone on—at least pressure in the eyes of some—in relation to DIO's contribution to the white paper. When I say contribution, I had the advantage of listening to a part of the proceedings earlier in the day. As the minister at the table described, DIO produced a set of papers that were provided to the white paper as input. I did examine this question of had there been improper pressure. You naturally expect, in the course of assessment activity, for there to be debate or challenge and sometimes that can be robust.

For me, it is a question of: is a line crossed where it is said to be improper pressure? The sorts of things that I have in mind there are: is there an attempt to direct what the judgments ought to be; are there threats either expressed or implied; or, indeed, does the conduct

approach harassment or bullying or that sort of thing? The finding I made in this regard was that there was no improper pressure in relation to DIO's development of those products. In my forthcoming annual report I propose to have as an annexe the unclassified executive summary findings and recommendations from this inquiry. You will be able to see there that it is stated as a clear finding that I found no evidence of improper pressure.

Senator TROOD—I shall look forward to seeing that. When you say you undertook a survey, was this a written survey—

Mr Carnell—Yes.

Senator TROOD—by officers in the department?

Mr Carnell—In the organisation.

Senator TROOD—In the DIO?

Mr Carnell—Yes.

Senator TROOD—So you did not have any face-to-face interviews in relation to them?

Mr Carnell—I did follow that up with interview. When I explored this question of what the pressures were on that process, I did that by talking with staff. In some cases I talked with staff in small groups; in other cases it was one on one.

Senator TROOD—You have reached the conclusion that there were no improper pressures applied from any quarter on DIO, but what you seem to be saying is that some officers of the organisation felt as though there had been some inappropriate pressure applied.

Mr Carnell—I think that some of the officers, in some cases, were questioning—in some cases they were saying that there was pressure. But, importantly, I am making that distinction. You would expect it is a healthy thing for there to be debate—and robust debate. My interest is in whether what some people might perceive as pressure is an improper pressure.

Senator TROOD—I understand your particular statutory responsibilities and, indeed, I agree. In fact I would be alarmed if intelligence assessments were not contested. It seems to me it is most desirable that they should be. So I would expect, therefore, there to be robust debate about these things. But I am concerned that in the eyes of some officers of DIO there was a perception that the organisation was under some pressure to do something and, according to this article that I was quoting from, to change their perspective on the issue of China. That seems to be the nub of their concerns.

Mr Carnell—I spoke with all the relevant people—those who flagged something in their survey and other people that were in the relevant areas—and no-one put to me facts that you could consider amounted to improper pressure. There was robust debate; there was challenge, certainly. But, as you say, that is actually a healthy feature.

Senator TROOD—I think it is a healthy feature, but there does seem to be—I will finish on this because I want to move on and meet ONA—a difference of view as to your conclusion and the perception of some officers within the DIO as to the pressure that they personally felt they were under as a result of this activity.

Mr Carnell—Some may have felt pressure, but that is not to say there was improper pressure put upon them.

Senator TROOD—Your conclusion is that there was not, but they seem to have a different view.

Mr Carnell—In sitting down and discussing it with them, it is a dialogue. We talk about what might constitute improper pressure and what might not. It is not something where I merely form a view on what is said to me; it is a genuine dialogue.

Senator TROOD—I will leave it there. Because we are running out of time.

[10.40 pm]

Office of National Assessments

CHAIR—Good evening and welcome. Is there an opening statement?

Mr Varghese—No, I do not have an opening statement.

Senator TROOD—Mr Varghese, whatever happens to you next, it probably means you will not be here before Senate estimates at 11 o'clock at night. Since this will be your last appearance before estimates in your current role, I acknowledge—and I presume on behalf of the opposition—the distinguished contribution you have made to the nation through your service as the Director-General of the Office of National Assessments. Eventually it is time for people to move on and that is what you are doing, but I just want to thank you for your contribution to the nation in your occupation of that position.

Mr Varghese—I appreciate that. Thank you.

Senator TROOD—There are three matters that I want to ask you about. The first relates to your staffing arrangements. I am not precisely clear of the office's arrangements. Do I understand that you have an establishment of 145 but you are not up to 145 at the moment? Is that the correct interpretation of the figures that are in the PBS?

Mr Varghese—We are currently fully staffed. In fact, we currently have 157 staff.

Senator TROOD—Perhaps I will not explore the complications of that. It seems to be over the numbers that are mentioned in the PBS, by 12.

Mr Varghese—The number I have given you is as of 30 April. Over the course of a year numbers will fluctuate and, as long as we stick within our salary cap, we will be okay.

Senator TROOD—The second thing I wanted to raise with you is the matter of the new building. There are a couple of references to it in the PBS. Perhaps you could quickly outline for us what the office's status is in relation to moving into the building, when it is going to happen et cetera.

Mr Varghese—We are hoping to move into the building around July or August next year. It will take us that long to refurbish the current building and get it ready for our own particular requirements. We are proposing to move into the old patent office, which is just across the road from the Department of the Prime Minister and Cabinet. It was an annexe to the Attorney-General's Department. They have since, very recently, moved out and we will be occupying the building as the sole tenant. In fact, it will be the first time that ONA has actually had a building to itself, so the office is very much looking forward to that.

Senator TROOD—Can you assure us that that will satisfy your needs for the foreseeable future?

Mr Varghese—It will. It is a very fine building. Its floor space is a very good match for our requirements. It will provide a terrific work environment for the office for many years to come.

Senator TROOD—Good. Thank you for that. I look forward to visiting at some stage. The third matter that I wanted to raise with you, and perhaps you will not be surprised about this, relates to the defence white paper and the role that the Office of National Assessments undertook in relation to the paper. We have learnt from testimony earlier in the day, with which you may be familiar, that your office contributed an assessment which was part of the white paper process. Is that correct?

Mr Varghese—I am broadly aware of the discussion you had during the day, although I was not able to listen to all of it. It is the case that ONA was closely involved in the preparatory process for the white paper. We participated in several key working groups and interdepartmental committees that were involved in putting the white paper together. We did two formal national assessments which were directly relevant to the white paper. One was on Australia's strategic environment out to 2030, which is, as you would expect, the timeline fitting the white paper.

Senator TROOD—When did you do that assessment?

Mr Varghese—We did that in September last year. In August last year we also did a full national assessment on economic future and strategic consequences, which was really looking at the shift in economic weights globally, but particularly in our region, and what that might mean for the strategic environment. In addition to that, obviously, a lot of what ONA would do during the course of the last year or so would be relevant to other parts of the white paper. But they were two national assessments which were done with the white paper very much in mind. They were sort of dedicated to the white paper, as it were.

Senator TROOD—So they were passed along to the white paper working group in Defence, I assume?

Mr Varghese—They would certainly have been made available to the white paper team. As you may know, Senator, the way we do national assessments is that they are signed off by a national assessments board that ONA chairs. That board comprises both the relevant policy agencies as well as DIO—the Defence Intelligence Organisation. If you like, it is a consensus assessment across the policy and assessment community of a big issue.

Senator TROOD—I see. You said one of these assessments was undertaken in September last year. Coincidentally, I notice, Mr Varghese, you addressed the Australian Strategic Policy Institute luncheon in September last year—at which you gave, may I say, an insightful and enlightening speech about your assessment of weights and the general strategic climate. Is it fair to say that the contents of that speech reflect yours and ONA's assessment about that time on these matters?

Mr Varghese—I think it was a combination of my own views and obviously the more considered views of the office—some of which would have drawn on the national assessments.

Senator TROOD—Of course, it is not clear from your speech how much of it was your personal view and how much was a reflection of the agency. The nub of this question in relation to the white paper is the view that is taken about China. I notice on page 8 of your speech the kinds of things you have been saying about China. You say:

... the way China channels its power will mainly be shaped by the reactions of others—
and that:

Beijing will likely feel its way forward internationally rather than pursue a pre-determined strategic path.

You also say:

Abrupt shifts in China's strategic policies are unlikely

And you further say:

China is more likely to become self-absorbed than to act aggressively.

They are assessments which you have made professionally, and the conclusion that I think is fair to be drawn from that—perhaps you might help me with what is appropriate; I do not want to put words in your mouth—is that China is a rising power and that its military modernisation is taking place consistent with its rise as a significant power in the region—and perhaps globally; but it is primarily a defensive power and a defensive strategic capability. Would you agree with those conclusions about your speech?

Mr Varghese—I would not take everything I said in that speech to reflect necessarily the contents of the national assessment—and the national assessment being a classified document, you will understand that I will not go into the details of what it said. The assessment of China's future strategic trajectory as I outlined in my speech would suggest a couple of things. The first is that this is not something which is on a preordained course. It is something which is likely to be shaped by developments as much as by policy assertion on the part of China. I think one of the things you have to do in strategic analysis is to make some judgments about a likely trajectory, but they are very much on the balance of probability judgments. It does not mean that there may not be different developments or that events could take a different course. For the most part, I think the way you have characterised my speech is reasonably accurate.

Senator TROOD—Of course I agree with those observations. Men and women of good will in strategic issues can certainly have different degrees of view as to the direction which a country's strategic policy and defence policy will take. We are at one on that. But of course you have a distinguished career of policy assessment, and your judgment is clearly relied upon by government in relation to this matter, so perhaps you can inform me whether or not the allegation that you are supposed to have written to the Prime Minister expressing concern about the China debate and how it could distort Australia's national security priorities is an accurate report. I am referring to an article that was published in the *Australian* in April of this year under the rather provocative headline, 'Spy chiefs cross swords over China'. In here it is

alleged that you in fact wrote to the Prime Minister. Did you write to the Prime Minister on this particular subject, Mr Varghese? Please do not tell me you have written to the Prime Minister on numerous occasions—did you write to the Prime Minister late last year on this particular issue?

Mr Varghese—I am obviously familiar with the article that you refer to. I think it portrays a very simplistic view of what may or may not have been happening within the white paper process. While I am not going to go into the details of what ONA would have provided the government by way of assessment, I can say that there is nothing in the final text of the white paper in relation to strategic judgments with which I disagree.

Senator TROOD—I see. Did you write to the Prime Minister late last year expressing some anxiety about the nature of the China debate?

Mr Varghese—I am not going to go into the details of any correspondence I have with the Prime Minister, but what is very relevant to your question is that the issue I may have raised in a letter to the Prime Minister went to the methodology of the white paper and not to the issue to which you refer. And I should add that the methodology issue that I raised was very satisfactorily resolved.

Senator TROOD—The ‘methodology’ issue being precisely what?

Senator Faulkner—That might be a bridge too far and you might even know that. Steady on! I know it is late, but—

Senator TROOD—I take it that it is a matter relating to the role the office played in the preparation of the white paper? Is that a fair characterisation of ‘methodology’?

Mr Varghese—I would not go further than to say that it was an issue relating to the methodology behind an aspect of the white paper.

Senator TROOD—Is it fair to say that it was clearly an issue about which you were exercised and had some concerns?

Mr Varghese—It was an issue about methodology about which I had some concerns and those concerns were resolved.

Senator TROOD—So you received a response from the Prime Minister’s office and they were, you say, ‘resolved’ to the point where you and your officer’s views, as characterised in your speech, were satisfactorily reflected in the white paper. Is that right?

Mr Varghese—I will just repeat what I said: there are no strategic judgments in the white paper with which I disagree.

Senator TROOD—In some parts of the white paper, your words are actually written in and you could have written parts of the document yourself, which is a flattering place to be, I imagine. As you depart the office, they will be ever-etched in Australia’s defence policy making. But I just wanted to—

Senator Faulkner—And your comments will be forever etched in *Hansard*.

Senator TROOD—I know, but people will pay rather less attention to them.

Senator Faulkner—No, I think you are being modest.

Senator TROOD—You said that there is nothing in the white paper with which you dissent or do not agree. Would you agree with the proposition of point 8.45 on page 65 of the white paper, where it says:

It is conceivable that, over the long period covered by this White Paper, we might have to contend with major power adversaries operating in our approaches ...

Mr Varghese—I think it is certainly conceivable.

Senator TROOD—It is, of course, conceivable, but assessments are made in terms of likelihoods, aren't they? How likely is it that that might come to pass?

Mr Varghese—Assessments cover a spectrum, from the conceivable to the highly probable, I suppose.

Senator TROOD—Would you agree that is a remote or a plausible likelihood?

Mr Varghese—I would stick with the language that is used in the white paper—that it is conceivable. I would not start putting percentages on it.

Senator TROOD—I did not ask you to do that. It is getting rather late and there is obviously more I could ask you about, but I think we are going to run out of time. I want to thank you for your willingness to answer some of these questions. I appreciate it given the difficulties we had in this area earlier in the day. It has been helpful to me to understand the process more fully and that has been useful. I am grateful to you.

Senator Faulkner—Thank you, Chair, and committee members. Mr Varghese is taking on some new and heavy responsibilities in the diplomatic service and I know he is going to continue his distinguished service to the nation. I thank him for his efforts over 5½ years—I hope that it was the first half that was the most difficult! Peter, on behalf of the government and all committee members who have served a long time on this committee—and I suspect that from time to time when I was on the other side of the table I exasperated you a little—I certainly appreciate the way you have interacted with the committee and wish you very well for the future and appreciate your efforts particularly before this committee. Thank you very much.

CHAIR—Hear, hear! Thank you, Minister, and officers for appearing before us, and I thank my committee members.

Committee adjourned at 11.00 pm