



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

MONDAY, 19 OCTOBER 2009

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE FINANCE AND PUBLIC ADMINISTRATION**

**LEGISLATION COMMITTEE**

**Monday, 19 October 2009**

**Members:** Senator Jacinta Collins (*Chair*), Senator Bernardi (*Deputy Chair*), Senators Cameron, Polley, 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, Parry, Payne, Pratt, Ronaldson, Scullion, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Abetz, Bernardi, Bilyk, Boswell, Boyce, Cameron, Jacinta Collins, Coonan, Cormann, Ferguson, Farrell, Forshaw, Heffernan, Ian Macdonald, Mason, Moore, Parry, Ryan and Trood

**Committee met at 9.11 am**

**PARLIAMENT**

**In Attendance**

Senator John Hogg, President of the Senate

**Department of the Senate**

Mr Harry Evans, Clerk of the Senate  
Dr Rosemary Laing, Deputy Clerk of the Senate  
Mr Cleaver Elliott, Clerk Assistant (Committees)  
Mr Richard Pye, Clerk Assistant (Procedure)  
Ms Maureen Weeks, Clerk Assistant (Table)  
Mr Brien Hallett, Usher of the Black Rod  
Mr Nick Tate, Deputy Usher of the Black Rod  
Mr Joe d'Angelo, Chief Financial Officer  
Chris Reid, Director (PEO)

**Department of Parliamentary Services**

**Portfolio overview and major corporate issues**

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

**Output 1: Parliamentary Library services**

Ms Nola Adcock, Acting Assistant Secretary, Research Branch

**Output 2: Building and occupant services**

Ms Karen Griffith, Assistant Secretary, Building Services Branch

**Output 3: Infrastructure services**

Mr Terry Crane, Assistant Secretary, Infrastructure Services Branch

**Output 4: Parliamentary records services**

Ms Therese Lynch, Assistant Secretary, Content Management Branch

**CHAIR (Senator Jacinta Collins)**—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 and related documents for the years 2009-10 for the parliamentary departments, Prime Minister and Cabinet, Finance and Deregulation and Human Services portfolios. The committee has set Friday, 4 December 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, such as parliamentary privilege, the test of relevance and giving opinions on matters of policy. 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 in *Hansard*.

*The extract read as follows—*

**Public interest immunity claims**

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

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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).

(Extract, Senate Standing Orders, pp 124-125)

[9.13 am]

### **Department of the Senate**

**CHAIR (Senator Jacinta Collins)**—The committee has before it a list of the outcomes relating to matters which senators have indicated that they wish to raise at this hearing for the parliamentary departments and the Prime Minister and Cabinet portfolios. The committee will begin today's proceedings with the Department of the Senate and then follow the order as set out in the program. I welcome the President of the Senate, Senator the Hon. John Hogg; the Clerk of the Senate, Mr Harry Evans; and other officers of the Department of the Senate.

Before I commence proceedings, I would like to acknowledge the Clerk's enormous contribution to the Senate, as this will be his last estimates hearing. Mr Evans is the longest serving Clerk of the Commonwealth parliament. He was appointed in 1988, which means that he has spent over 20 years serving the Senate as its most senior adviser. Prior to being appointed Clerk, Mr Evans spent a year as Deputy Clerk, four as Clerk Assistant and in the years prior to that was a committee secretary. In total, Mr Evans has spent four decades serving the Australian Senate and, through it, the people of Australia. His knowledge of the Senate, its practices and procedures is unparalleled. Mr Evans, it is not possible to fully express the appreciation we as senators have for the depth of your knowledge and wise counsel, your invaluable and truly independent advice and your inspirational belief in the Senate as the fundamental institution in Australia's parliamentary democracy. On behalf of all senators, I sincerely thank you for all your contributions to the Senate and wish you all the very best in your future endeavours. Mr President, would you like to make an opening statement?

**The PRESIDENT**—Thank you, Madam CHAIR. I just wish to add to the remarks I made at the February and May hearings in which I advised the committee about the financial position of the Department of the Senate. As the recently tabled annual report shows, the department has recorded a deficit of \$1.43 million for 2008-09. The result relates principally to increased demand for the department's core services, notably increased committee activity. Additionally, salaries and supplier costs have increased. The department has reserves to cover this deficit. Because of the variable nature of parliamentary activity, funds saved from previous years were quite properly being used to fund higher levels of activity last financial year. As Mr Evans has stated in the annual report, if the financial position continues its current trend it may be necessary in the future for the department's funding level to be re-examined, which will be a matter for the Appropriations and Staffing Committee. That committee has been briefed regarding the details of the department's budget.

On a different matter, committee members—as you have pointed out, Madam CHAIR—will be aware that the term of office of the Clerk of the Senate, Mr Harry Evans, expires in December this year. As I said at the last hearing, in May, a process is underway to assist me to appoint the next Clerk, and I expect to make an announcement in the near future. Once again, I know that committee members and indeed all senators will join me in placing on the record our thanks for Harry's contribution during his four decades of service to the Senate. Harry has been a staunch supporter of the Senate and the committee system, in particular, as key elements of our democratic process. I will end there, thank you, Madam CHAIR, and we will take questions.

**Senator ABETZ**—Mr President, I have a number of brief questions for you. Do you recall an incident in the Senate chamber on 18 June 2009 where it is alleged that a male senator physically restrained a female senator within the chamber? Are you aware of that incident? If so, what action was taken in relation to it?

**The PRESIDENT**—I was not able to recall the exact date, but that sounds correct to me. I was written to by a senator. I responded to that by writing to the senator involved. I try to handle these matters discreetly. I dealt with it in the way that I thought I should and wrote to the senator involved, pointing out the fact that that should not happen. Given that it did not engage the attention of the chamber but it was something that I did see, I responded properly and I wrote back to the senator who raised the issue with me, advising of the action that I had taken. I left it at that and I did not pursue it any further.

**Senator ABETZ**—Did the senator to whom you wrote about the incident respond to you in any way denying that the incident had taken place?

**The PRESIDENT**—My recollection is that there was a response, but the exact details of that response I cannot give you at this stage. I could take that on notice if it is appropriate. I think it was acknowledged that the event happened but, as I said, it was not something that I believed was of great moment in terms of the operation of the chamber.

**Senator ABETZ**—So there is no mystery about it, the incident I refer to is where it is alleged that Senator Bob Brown physically restrained Senator Hanson-Young. That is the incident to which I am referring. If you could take on notice whether a response was received from—



**The PRESIDENT**—Yes, a response was received but I just cannot recall the exact wording of it. It did acknowledge the fact that the incident did occur.

**Senator ABETZ**—And in your correspondence, in general terms, you would have indicated to Senator Brown that his behaviour was inappropriate.

**The PRESIDENT**—I just pointed out that that sort of behaviour in the chamber is inappropriate, yes.

**Senator ABETZ**—If I may ask a question at this stage of the Clerk. It is about the summary that we get of estimates questions on notice—the number of questions lodged and then the answers outstanding. I assume that in the collation that is undertaken there is no assessment of the quality of the answer. If a minister refuses to answer, for example, that is deemed to be an answer to the question for the purposes of the tabulation that we received on 16 October 2009?

**Mr Evans**—Could I begin by thanking you, Senator, for your kind remarks at the beginning of the hearing. No, there is no assessment of the quality of the answer. A refusal to answer is regarded as removing the question from the list of unanswered questions, but they are separately noted in footnotes in the table. In other words, the fact that there has been a refusal to answer the question on one ground or another is noted in the table.

**Senator ABETZ**—There were a number of answers, or non-answers, from Minister Garrett in relation to matters that I have now raised on a considerable number of occasions where he simply refuses to answer new questions and continually refers to a previous answer which does not answer the material matter. That, then, does not show up in the tabulated format?

**Mr Evans**—No. If an answer claims that the question has been answered elsewhere, that does not show up, no.

**Senator ABETZ**—Even if the fact is that it is not that you as the Senate administration do not want to embroil yourself as to whether it is a proper answer or not, because that is something for political debate.

**Mr Evans**—That is a matter for the questioning senator to follow up.

**Senator BERNARDI**—I will address my questions to you, Mr President. You may, of course, like to pass them on. The annual report said 37 assets could not be located in the annual stock take in June 2009. Four of these were failed from the previous one. Mr Evans?

**The PRESIDENT**—No. The stock take would be with the Black Rod.

**Senator BERNARDI**—Four have been written off. Have you located any of the other missing assets?

**Mr Hallett**—Yes. My understanding is we have managed to locate more of the assets, but perhaps if I took that on notice I could give you a breakdown of where we are at today, because this is a snapshot as at 30 June.

**Senator BERNARDI**—That would be good. I appreciate that. The annual report also states that work was continuing on the Senate's centralised information database. It was

expected to be completed in 2009-10 and all committees would have access to that database. Can you advise what the current status is?

**Mr Evans**—I will call on Mr Cleaver Elliott, the Clerk Assistant (Committees), to answer that.

**Mr Elliott**—There has been a gradual loading of committees onto that system and at the moment about 70 per cent of committees are loaded to the system. What the system enables us to do is provide direct access from a witness into the committee database. So a witness, or a prospective witness, will log their submission straight into the centralised database and then it is processed by the committee. The take-up has been accelerating in the latter part of the year and we hope, by the end of this year, to have everybody on the system.

**Senator BERNARDI**—So the ‘early technical complications’ have been resolved. Is that still the case? You have not encountered any new complications?

**Mr Elliott**—There are a variety of technical complications. Just to give you an example of the complication you are talking about, you could have a bill referred. The bill’s title is loaded into the system and the bill has a very simple short title. Then you get an ‘income tax assessment amendment bracket something, something, something’ and the title is too long to fit into the system. Those are the kinds of technical complications we had.

**Senator BERNARDI**—But you are confident they will be resolved by the end of the year?

**Mr Elliott**—Very confident, yes.

**Senator BERNARDI**—On schedule and on budget?

**Mr Elliott**—Yes. The budget for it has been very reasonable. I do not have those budgetary figures here, but I could provide those on notice.

**Senator BERNARDI**—Sure. I have one other question, and it might apply to you, Mr Elliott. There has been some discussion about providing access to Senate documents in a timely and efficient manner for those who are visually impaired. What is the status of that?

**Mr Elliott**—Over the winter recess we undertook to this committee to work with Vision Australia, which we did. At the moment they are testing samples of submissions which we have sent to them. The submissions that we sent, which were handwritten, have proven not to be able to be converted. But they are still working on that and we are meeting again with them in November. We are very hopeful that we will get a positive outcome on that.

**Senator BERNARDI**—What about Senate documents such as *Hansard* and other documents that are all tabled?

**Mr Elliott**—As I understand it, all other documents are in the format that is required, which is the HTML format. The outstanding issue was in relation to submissions, which we load in a PDF format. It was a case of trying to work out a way of reading those documents other than having to HTML them. That is the outstanding issue. But all other material, as I understand it, such as reports and *Hansards* and so on are all covered by the HTML format.

**Senator RYAN**—I will address my question to you, Mr Evans. It is with respect to a consultancy arrangement outlined in the annual report, the cost of which was more significant than others. It was legal advice for just under \$180,000, from Professor Bottomley. It is on

page 78 of the report. What particular area did that legal advice cover, because the cost of it is more substantial than the other direct consultancy tenders?

**Mr Evans**—Professor Bottomley was the appointed adviser to one of the legislative scrutiny committees. Each of the legislative scrutiny committees has a legal adviser, who is paid an honorarium, as determined by the committee. The task of those advisers is to look through the legislation that the committees are required to scrutinise and to draw the committee's attention to significant matters. So it is not legal advice to the department; it is legal advice to those two committees to assist them in their legislative scrutiny roles.

**CHAIR**—Mr President, you mentioned issues around resourcing of the Department of the Senate. Can you take us through what changes have occurred in respect of resourcing following the new committee structure and its implementation. This is going back to the legislation references committees.

**The PRESIDENT**—I will pass to the appropriate officers.

**Mr Evans**—As I have said at an earlier hearing, the change to the committee structure does not in itself cause increased demands on committee staffing or resources. It is the workload that increases the demand and necessitates an increase in the resources. Because of the increased workload in recent times there has been an increased allocation of resources to the committees, but it is not due to the change in the committee structure.

**CHAIR**—What has happened to the workload since the new structure came into place?

**Mr Evans**—The workload has gone up consistently since 2007 and additional resources have had to be allocated to the committees to deal with that workload.

**CHAIR**—The workload was going up prior to the changes?

**Mr Evans**—Yes.

**CHAIR**—So there has been no further increase in the workload subsequent to the change in the committee structure?

**Mr Evans**—No, I do not believe that you could attribute any of the increased workload to the structure in itself. As you know, the legislation and references committees are staffed by the same staff groups. The hope, of course, is that by using the legislation and reference committees for most, if not all, Senate inquiries the number of select committees will be reduced. But, again, the department has staffed the select committees basically by using additional staff. The creation of select committees, in addition to the standing committees, creates some workload problems simply because of the fact that they are separate committees. So if the aim of the change to reduce the number of select committees is achieved then that will have a positive effect on the workload.

**CHAIR**—I think that concludes questions for this section. Thank you, gentlemen.

**Mr Evans**—Thank you.

[9.30 am]

#### **Department of Parliamentary Services**

**CHAIR**—Mr President.

**The PRESIDENT**—Turning to the Department of Parliamentary Services, overall, the department had a successful year in 2008-09. I understand that the annual report will be available later today, but the department was able to maintain effective service delivery through a year in which chamber activity and committee activity, in particular, was considerably greater. DPS was able to manage within the available budget for 2008-09, but the increase in chamber and committee activity and other costs is placing huge pressures on DPS for 2009-10 and future years.

DPS delivered numerous key projects in 2008-09, including the new childcare centre and wireless IT connectivity in much of Parliament House. In the current year further major projects are underway. Mr Thompson will talk about some of these projects, but I would particularly highlight the pilot project to digitise many of our *Hansard* and broadcast records. Digitisation will improve community access to these records. Furthermore, in the case of broadcast records these are currently held on ageing tapes and digitisation will ensure we continue to have reliable access to these records. Thank you.

**Mr Thompson**—Madam CHAIR, could I just say a few words. Firstly, on behalf of the Department of Parliamentary Services, we also recognise and pass on our thanks to Mr Evans for his 40 years service to the parliament. Also, by way of slight amplification of the President's remarks, could I just comment that we had a successful year in 2008-09. We managed to come in just within budget. We came in \$900,000 under but, if you think about that, that is two days of trading for us. So it was close for the year. Certainly 2009-10 will be a challenging year for us to actually operate within our budget.

In terms of the project work we have underway, one of the most exciting projects is the digitisation initiative, which the President has mentioned. I will also briefly touch on the major project to upgrade the Hansard Production System, which is well underway; upgrades to our closed circuit television management system; the road upgrade around Parliament House, which is now extremely visible; and a new Parliament House website, which is underway. The last one I want to touch on, where we have a facilitation role, is the new Parliament House briefing room, which will be developed on the ground floor just behind the ground floor Library. The main proponents for that are the Department of the Prime Minister and Cabinet and the Attorney-General's Department, but obviously we have quite a facilitation role in allowing this to be installed in the building, in this challenging location right next to the cabinet suite. We see that as a project that we will have to work on for the remainder of this year. Thank you.

**CHAIR**—Thank you, Mr Thompson. Just before I go to Senator Bernardi, can you quantify what you mean by two days of trading. These are not sitting days, are they? I assume they are just general working days.

**Mr Thompson**—In terms of the cost of running our business, we spend about \$118 million a year. So we spend a bit over \$2 million every week just to provide the services to the parliament. That goes to a very wide range of the services we provide here. It is a fairly simple arithmetic to get back to the fact they we managed just within budget, and we are proud of that, but had we had a two-day longer year then it would have been very challenging. That is not in terms of sitting days but over the whole year.

**CHAIR**—And that is not even working days—it is just days.

**Mr Thompson**—Yes, that is right.

**Senator BERNARDI**—So a leap year would really put you in a great deal of pain. My first question was going to be about the budget because I have not seen the annual report. It was mentioned during the last estimates that the department's staff numbers may need to decrease. Did you have to make any changes to your staffing arrangements?

**Mr Thompson**—We have had a long, hard look at where we need to be in terms of staffing numbers, and those numbers are actually quoted in the portfolio budget statement. Over this financial year we believe we will need to reduce our numbers by about 40, and that will happen in a wide variety of areas across parliamentary services. A couple of significant changes have already occurred, notably with our internal security operations. We have already instituted quite an important set of changes there and have had quite a few staff depart without compromising security. But, yes, over the whole year we believe we will be around 40 staff less than we were at the same time last year.

**Senator BERNARDI**—Do you have any plans about how you are going to engineer those changes? Will it be by voluntary redundancies or forced redundancies?

**Mr Thompson**—In terms of mechanisms, I think three will come into play. The first one will be natural attrition—people do move on. The second is that oftentimes there are opportunities for people to move out of an area where we think we have a slight surplus and into other areas. The third mechanism is the voluntary redundancies mechanism, which we have been using. Roxanne Missingham has the statistics on that. We do not believe we will need to go into compulsory terminations or anything like that.

**Senator BERNARDI**—On the issue of natural attrition—and maybe Ms Missingham will be able to tell me this—what is the normal staff departure rate over the course of a year?

**Ms Missingham**—Over the last financial year our turnover rate for ongoing staff was eight per cent, which meant that 67 staff completed their service in the Department of Parliamentary Services—for a range of reasons including promotions to other departments, retirements and resignations.

**Senator BERNARDI**—So the 40 positions could be absorbed within that normal staff turnover. I will come back to you, Mr Thompson. You said that you have surplus staff in some areas—I do not want to verbal you, but this is my understanding—and they could be redeployed into other areas. That is not, effectively, a staff reduction, is it?

**Mr Thompson**—Well, it would be. Vacancies occur right across the department for all sorts of reasons so opportunities do come up when somebody has departed. Perhaps if somebody has departed from the library but there is somebody from elsewhere with usable skills then they can move in there. That saves us having to do a recruitment action from outside.

**Senator BERNARDI**—Sorry, I misunderstood. So this is about when you replace a position which becomes vacant from existing surplus areas. Have you identified where you have surplus staff in which particular areas?

**Mr Thompson**—The major initiative so far has been in our security area, and a second significant one was in our so-called facilities management area. They are the two that we have done most of the work on to date. The other reductions will be much smaller.

**Senator BERNARDI**—So security and facilities management have been dealt with initially. So where are the other areas that you are identifying that you currently have surplus staff?

**Mr Thompson**—At this stage, as best as we can read it, we have achieved reductions in those two areas and, for the rest, we believe we will be doing it through natural attrition elsewhere.

**Senator BERNARDI**—I just want to come back to this. You said there were three areas in which you could achieve the 40 reductions that you think are necessary in the year ahead: attrition, the redeployment of surplus officers from one area to another and voluntary redundancies. I am interested in where the surpluses, which you have just identified as one of the three mechanisms you are going to be using for these 40, are right now. You must have identified where you have got surplus staff—in which areas—and I just want to know where they are.

**Mr Thompson**—I mentioned the three mechanisms for reducing numbers. But in terms of the areas, the physical areas, the two principal ones will be security—and we have already taken action there—and facilities management. The other reductions will be much smaller and should be achievable primarily through natural attrition.

**Senator BERNARDI**—I just keep coming back to this. I understand that you have dealt with securities and facilities management. I understand that. We are now talking about 40 additional staff reductions in the year ahead.

**Mr Thompson**—No, the 40 would be from the year beginning through—and we have already achieved a reduction in the security area of 16 or 17 and in the facilities area we have already achieved a reduction smaller reduction of five or six there. So the total number we have yet to reduce by is now a much smaller number for the rest of this year.

**Senator BERNARDI**—How many? I may have misunderstood entirely what you said earlier. How many from now until the end of the year will you be reducing by?

**Mr Thompson**—My estimate would be about another 15 but that will be across the whole operation. I will be relying on the assistant secretaries, the branch managers, across the organisation to identify areas where they can make savings. Oftentimes we will link those opportunities to people who are naturally moving on for all sorts of reasons—people do move.

**Senator BERNARDI**—I accept what you are telling me, but it sounds slightly different to what I heard a little earlier and it may have been that I misheard or misinterpreted what you said to me. I have nothing further on budget and staffing. I do have a number of other issues but I wonder if any other senators have questions on budget and staffing whilst we are on this theme.

**Senator RYAN**—I just want to chase up the issue of the changes in security staffing. Mr Thompson, last estimates you referred to potential changes to access both into the building

and inside the building that would impact upon staff and members. Are any of those changes being implemented as part of these cuts to security staff, I assume inside the building?

**Mr Thompson**—We have made some modest changes around the main front entrance. I will ask Karen Griffith to join us at the table. The changes to date have been primarily around opening times at the main front entrance in the mornings.

**Ms Griffiths**—We have made changes in the staffing to match the peaks and flows of building occupants coming and going.

**Senator RYAN**—Is there any change in access to the building or access within the building for members as compared to what we would see today, for example?

**Ms Griffiths**—No.

**Mr Thompson**—The main changes to date have been at the main front and they have been in the morning.

**Ms Griffiths**—There has been just a change of opening hours in the morning at the main front but the other access points, as far as I am aware, are still the same.

**Senator RYAN**—And as part of these changes going forward, I imagine with respect to budgetary arrangements, will there be any changes you foresee to members and staff not only accessing the building from outside but also accessing the building within? Last time there was discussion about access through particular corridors and on particular levels being changed.

**Mr Thompson**—For this financial year, 2009-10, no, I do not believe we will need to make any changes at the senators or members entrances. We obviously will need to monitor what we do as we learn more about our budget for next year—we simply do not have the figures at this stage.

In terms of moving around the interior of the building, I think that discussion revolves around the possibility of all sorts of people within the building having passes and moving through certain doors by tagging through. We are still working on that as a concept and we do not have anything to put on the table today.

**Senator FERGUSON**—As of today, how many people have passes that will activate the bollards?

**CHAIR**—I think we have been down this path before.

**Mr Thompson**—It is opportune, Senator Ferguson, that you asked that question with Karen at the table here. She has some good figures.

**Ms Griffiths**—We have 1,750 people who have access to the slip-roads.

**Senator FERGUSON**—This is down from the 7,000-odd that used to be able to?

**Ms Griffiths**—Yes, that is right.

**Senator FERGUSON**—So what has happened to the other 6,000 people? Where can they get in? They cannot access the bollards, obviously. They have to actually walk up the steps or underground?

**Ms Griffiths**—That is right, or go into the car parks. They may have access to the car parks.

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**Senator FERGUSON**—Is it a separate pass, a different type of pass?

**Ms Griffith**—No. You can just calibrate the pass. I am not sure what the correct word is, but we can put different accesses on different passes.

**Senator FERGUSON**—Of those 1,700, are any of them parliamentary staff—not DPS staff but employed staff?

**Ms Griffith**—Yes.

**Senator FERGUSON**—Do you know how many?

**Ms Griffith**—Do you want the number of staff of the offices of members and senators? I have a breakdown here.

**Senator FERGUSON**—Yes, I would like to know the breakdown.

**Ms Griffith**—I will just table it, if you like.

**Senator FERGUSON**—Okay, if you could table it, that will do. Thank you. One of the reasons I ask is that—as I think you are aware, Secretary—one night coming in from the airport in a taxi I could not access the bollards and had to get out downstairs and walk up. Luckily, it was not raining. As I said to you at a previous meeting, I am not concerned about myself but one of our female members could have caught a cab, would have been unable to access the Senate and would in fact have had to carry a case up the steps in order to access the Senate itself. It was the first time it had happened to me and it then occurred to me that it could have been one of our female senators who had to do that. You remember I raised it at another meeting. Have you given any consideration to how we could overcome that problem?

**Mr Thompson**—We believe there are some other options. If people cannot pass through the bollards in their vehicle, then the other option for them, if they have a pass, would be to simply go into the relevant senators or members car park, get out there and walk through. A couple of senators were doing that this morning. The other option, if they do not have a pass at all, would be to drive around to the main car park and enter through point 1. They can get out of their car and simply pass through security at that point. Certainly a senator or a member can pass through without the need for a plastic pass.

**Senator FERGUSON**—In fact a lot of senators do not have passes, unless they have their own vehicle. I think they are probably the only ones who have passes.

**Mr Thompson**—They are really the only ways that we can see to do that. It would not be feasible for us to go back to having, if you like, a guard on the bollards 24 hours a day. That would be prohibitively expensive, and to maintain that degree of security, which we believe this building needs, I think the bollards do need to stay in place.

**Senator FERGUSON**—If you were to introduce a card system for entry within the parliament itself, there is no reason why you could not put access to bollards on that card, is there?

**Mr Thompson**—That is right, yes.

**Senator FERGUSON**—That would solve the problem.



**Mr Thompson**—All the cards that are issued to senators and members do have that access. So, providing the senator or member is carrying their card, even if they are in a cab they can tag—

**Senator FERGUSON**—But we do not have a card at present.

**Ms Griffith**—Yes, for the car park.

**Senator FERGUSON**—Those that drive do, but not all senators and members have a pass.

**The PRESIDENT**—As I understand it, every senator and member has been issued with a pass and has the right to carry that with them to access the bollards externally.

**Senator FERGUSON**—Which of course those that have cars do not. They leave them in their cars.

**The PRESIDENT**—Yes. That might be part of the problem, which may well support the argument for us going to an electronic key system.

**Senator FERGUSON**—I agree. I think the electronic key is the answer to most of these problems, quite frankly.

**Senator RONALDSON**—So that pass that is sitting in my cupboard actually opens the bollards?

**Senator FERGUSON**—It opens the bollards, yes.

**Senator RONALDSON**—Well, there you go.

**Senator FERGUSON**—There you go.

**The PRESIDENT**—Senator Ronaldson, you learn something new every day.

**Senator RONALDSON**—Absolutely. If you don't, you have had a miserable day.

**The PRESIDENT**—That is correct, and I am glad we have made your day.

**Senator RONALDSON**—At 10 to 10 it is a very early start.

**CHAIR**—Before we move off that point, though, it raises another point that I have encountered in recent times. It is a consequence of the new security arrangements, and that is people getting out of taxis with large amounts of luggage. I have advised people that they can go through the members and senators car park to access a lift, but there is no advice to anyone arriving at this place, if they have large luggage and find themselves at the bottom of those stairs, how they can easily access the building. That is another issue that follows from Senator Ferguson's point about some of the access issues we might need to consider.

**Mr Thompson**—Yes. Thank you for that.

**Senator FERGUSON**—Now that I have this table in front of me, can I ask one question that arises from it. Why would 39 staff of members of parliament be issued with passes that activate bollards? I can understand ministerial staff, where there are quite a number, but there are 39, including one from the office of a senator, who have a pass that activates the bollards.

**CHAIR**—Shadow ministers' staff, for their cars?

**Senator FERGUSON**—I do not know. I am just asking.

**Ms Griffith**—I do not know off the top of my head.

**The PRESIDENT**—The only thing I can surmise is that they are the stuff of shadow ministers. That is the only thing I can surmise, but we can take that on notice and have it looked into for you.

**Senator FERGUSON**—I am just curious, because it has been an issue. I have a couple of other questions about the building.

**CHAIR**—We are on general questions at the moment.

**Senator FERGUSON**—It is reasonably general. Has anybody in DPS calculated how much extra water would be used if we were to activate the water features that are in Parliament House? They are recycling water features. I am just wondering—excluding the one at the front. I mean the ones that are inside.

**Mr Kenny**—We do have estimates of the water loss that used to take place when the fountains were active. I think some of those were quite accurate because of where we had metres. Others are less accurate, but we do have a sense of how much water it would take to operate the fountains.

**Senator FERGUSON**—Is it a large amount of water?

**Mr Kenny**—Compared to the amount of water that is used in other parts of the building, including in the cooling towers in summer and maintaining the lawns on the roof, it is an insignificant amount. It surprised me that it was as big as it was, but it is insignificant compared to the major water consumers.

**Senator FERGUSON**—That leads me to the question: has DPS considered now or in the future reactivating the water features?

**Mr Thompson**—Yes, we have. We have a little project underway to reactivate three of them. One will be the one at the ministerial entrance, the second will be over in the formal garden above the loading dock and the third would be the water feature in the courtyard just outside Aussies. The model we are proposing for each of those is to install a tank underneath, or one of those very large rubber bladders, and to collect the local rainfall and see whether we can make that work for this building.

The problem with just reactivating them with normal tap-water is that the general ethic within the ACT is that virtually all the fountains in the territory that were being supplied by the normal Actew system have been turned off and we do not think it would be a very good example for the rest of Canberra if we were to now turn ours back on again just using normal tap-water. So this project, from which we hope to get a result in the next nine months, would be to reactivate three of them using local rainfall runoff. Once we know how that has gone, we might look at reactivating some of the others. We have 17 in total, one working, and we would hope to at least have three more working over the next year and then we will see how we go with the others.

**Senator FERGUSON**—Have you given any thought to permanently removing some of the less conspicuous water features and just keeping those that are much more prominent because, quite frankly, I consider them an eyesore right now with the chains around them. People could actually walk into them if they went through the chains at night time. Have

given any thought to permanently removing some of them and concentrating on the ones that are actually a feature?

**Mr Kenny**—Yes, we have. As the secretary has said, the plan is that we will trial using recycled water in some of the more prominent ones and once we have worked out how to do that we will then look at each of the remainder with a view to putting them onto recycled water or decommissioning them.

**Senator FERGUSON**—I would do anything to get rid of the chains and covers because it is not a good look for our Parliament House, especially now that the gardens that were the last ones to be put in, those out on the ministerial side, look so good. I have one other question: when does the lawn over the building start?

**Mr Thompson**—As senators would have noticed, we have had this trial of couch grass on the sports ground. That was interesting. The big problem with it was that it did go very brown over winter so our proposal is now to carry on for one more year with that trial but doing a second layer of planting into that in a similar way to a lot of sports grounds where you have some winter grass planted over that to maintain a level of green through winter. So we will do that over the next planting season. And if we can maintain a reasonable level of green through the next winter then we would look at expanding the amount of couch grass, probably initially with the long strips along Parliament Drive adjacent to the Senate wing and the House of Reps wing. Once we have got people comfortable with that we would then look at extending couch grass up and over the top.

**Senator FERGUSON**—I thought that the original intention was to do the ministerial side first where that grass had all died off. Have you moved away from that initial plan?

**Mr Thompson**—We will still pick that up as we do the extra planting, but the immediate thing is to run this trial on the sports ground for another year with this winter green grass planted within the couch grass and see if we can maintain a reasonable look of green through winter. We are just very conscious that the sports ground went very brown and we do not believe all the stakeholders, and there are a lot of them, would be happy to have the whole of Parliament House look as brown as that through winter.

**Senator BERNARDI**—Have you monitored the effect of water consumption through these grass trials, and could you report on the results?

**Mr Thompson**—Yes, the couch grass has this one drawback of going a bit brown in winter but it has a huge plus and that is that it consumes about 50 per cent or a bit less of the water consumption that we currently apply to the blend of grasses that are up over the top. So if we can get the couch grass model right, we believe we can reduce water consumption in this precinct by about 50 per cent for our externals. That is very significant for the whole building because the external water consumption is something well over 50 per cent of our total water consumption. So it is a big amount.

**Senator BERNARDI**—At a recent estimates you suggested that at \$3.70 per kilolitre and with 36,500 kilolitres saved, it would be in the region of \$135,000. Is that still an accurate figure?

**Mr Thompson**—That would still be accurate.

**Senator BERNARDI**—Have you got an updated figure on what the cost would be to convert the 8.3 hectares of cool season grass to couch grass with the winter grass that you sow through it?

**Mr Thompson**—It is a very modest incremental cost on the whole thing but I do not have the figure with me at this stage. David, do you have any figures?

**Mr Kenny**—We do not have a figure. If we did, it would not be anything other than a preliminary estimate. We do not know what the cost is to maintain the oversown grass through winter. We do not know what extra water it will require. We do not know what extra maintenance it will require. That is why we want to do the trials. The trial on the sports ground was useful because it did tell us something that we did not know, which is that the actual state over winter was not likely to be acceptable for a large area of grass.

**Senator BERNARDI**—I could have told you that. At my own home, in winter, it goes all brown. It is no good.

**Mr Kenny**—On the watering, Alan referred to 50 per cent. In addition to that, it is possible to try and run a couch area that you do not water at all once it has been established. So 50 per cent is if you are watering it. If we did couch over the roof, we would expect to have to water that over winter, but in other areas we are planning to put couch in and not irrigate them at all—just rely on whatever rain we get.

**Senator BERNARDI**—I am surprised that you say you have not done any costing on replacement of the 8.3 hectares. I was told at a previous estimates that it was \$830,000. I am really interested in whether there is an updated figure.

**Mr Kenny**—I am sorry. What I said was we do not have an estimate of what it would do to run a couch area of the 8.3 oversown with the grass to keep it green in winter.

**Senator BERNARDI**—Which is the change in the policy, or the change in intention.

**Mr Kenny**—Yes. As Alan said, that is what we are going to trial over the next season.

**Senator BERNARDI**—Can you explain to me ‘winter grass can be more easily removed from couch grass than from cool season grass’ and how that would effectively operate. You are going to oversow it in winter with winter grass and then have to remove that grass. Is that right?

**Mr Kenny**—Winter grass is, I believe, a term that applies to something different; it is not what we are talking about here, as in trying to keep the couch greener. But, yes, that is an oversowing of a different type of grass, which I think does require water over winter, unlike the couch. Then, as summer approaches, we have to apply treatment so that the couch again becomes dominant, because we want the couch to be able to go through the summer requiring much less water than the oversown grass.

**Senator BERNARDI**—I guess it is a question of, from a cost perspective, whether the water savings are overrun effectively by the treatment costs of the grass.

**Mr Kenny**—Yes.

**Senator BERNARDI**—From a purely cash perspective. Thanks. I have no more grass questions.

**Senator FERGUSON**—I have one question about the lawns, and that is: in your plans to put it on the House of Representatives side or the Senate side, is it still your plan to regrass the area on the outer side of the road around Parliament House, which has been let die all the way up that side? Is that still part of the plan—to cover that with couch?

**Mr Thompson**—We would still like to do that. We have done one trial, as senators may note. We did the trial of the sports ground and we also did a trial of one of the viewing strips just to the north. I would like to think that, as we implement this couch grass through the whole area, we do progressively cover those areas that are not irrigated, give them an additional start, like we did for that viewing area, and then, as David said, allow nature to take its course. One of the strong attributes of couch grass is that, if it is not watered, it will sit there and then when the next rain shower comes it will green up again. That is different to a lot of the other grasses we have been planting around here, which actually die and you have got to replant them after the rains come.

**Senator FERGUSON**—Thank you.

**Senator BERNARDI**—Can I get off the grass and go onto customer surveys.

**Senator RONALDSON**—Onto greener pastures!

**Senator BERNARDI**—Thank you, Senator Ronaldson. In answer to a question on notice, it was said that the second DPS customer survey was scheduled to take place from June to July 2009. Given those dates, has the survey been completed?

**Mr Thompson**—Yes, it has. We will have the full results in next year's annual report, not this one, but the general feedback from the respondents was generally positive. I want to make it clear that there are some areas where we recognise we can do better, but the overall feedback on most subject matters was very positive compared with our last survey, which was conducted in 2006-07.

**Senator BERNARDI**—What areas can you do better in, Mr Thompson?

**Mr Thompson**—I will talk perhaps about the Hansard area. Overall we are pleased with our results, but it does go back almost to the discussion that Mr Evans was having at this table earlier. Our Hansard and Broadcasting people are under the same pressures that the Senate people are under in terms of greatly increased workloads. So we will be looking at how we can deliver a good service in the face of a fairly constrained budget. Just how we do that is still a work in progress for us but, nevertheless, for the survey we were pleased with the overall findings.

**Senator BERNARDI**—What was the response rate?

**Mr Thompson**—The response rate was about 24 per cent. There were 3,200 possible people who could have responded, of whom 765 did respond.

**Senator BERNARDI**—That is quite a significant increase in response rate on the previous year, which was around half of that. Is that right?

**Mr Thompson**—The previous survey would have been three years ago—we do it once per parliament.

**Senator BERNARDI**—The information I have says that the response rate for the last survey of June to August 2007—two years ago—

**Mr Thompson**—Yes, that would be the one.

**Senator BERNARDI**—was around 12 per cent. So there is quite a significant change.

**Mr Thompson**—Yes. Overall we were pleased with the results.

**Senator BERNARDI**—You said that the results will be published next year in next year's annual report. Do you also publish, or do you intend to publish, the action taken as a result of the survey?

**Mr Thompson**—There are a very large number of questions. For the main ones, yes, in next year's annual report we will build in information about the actions we have taken to respond to the key areas.

**Senator BERNARDI**—With direct reference to the survey?

**Mr Thompson**—Obviously, with our annual report, we do that in terms of our lines of business for the department. But we do build in assessments every three years about the views of the customers, and where we have had an improvement we comment and where we have had something in the reverse direction we comment as well. We try to be very honest about that.

**Senator BERNARDI**—How do you account for the vast increase in response rate? I am not expecting you to be a mind reader, but did you receive any feedback about why nearly twice as many people are responding?

**Mr Thompson**—My suspicion is that it was because we were able to get the information out to the possible participants and engender a greater level of awareness that, hey, there was a survey happening and, please, could people respond. I also suspect that the nature of the questions was a bit clearer and that made it a little bit simpler for people to respond.

**Senator BERNARDI**—Were any concerns about the nature of the confidentiality of responses raised?

**Mr Thompson**—Not that I have heard.

**Senator BERNARDI**—So there is no tracking of who actually provided the responses by PC numbers or anything else—however the IT people track things?

**Mr Thompson**—We do know how many parliamentarians have responded and how many people out of the political offices and how many people from Parliamentary Services or one of the chamber departments responded. But we do not keep records of names of individuals or anything like that.

**Ms Missingham**—Just to clarify, there was a question in the survey where we asked: are you a senator or a member or a minister or do you work in one of their offices. We were not using a tool inside DPS; we were using an external tool so we did not have the opportunity to collect that information and we did not want to collect that information.

**Senator BERNARDI**—The question is premised—not because I believe any malfeasance is going on—simply on the knowledge that IT people can identify who has been sending

things and, if we are tracking that, it really undermines the confidentiality and integrity of the submissions.

**Mr Kenny**—We are not able to identify anyone other than, as has been said, people in the survey are asked to identify what category of participant they are.

**The PRESIDENT**—And that would be appropriate.

**Senator BERNARDI**—I accept that but I am asking the question because I think it is of interest. Moving on to electricity, at the last estimates I asked about electricity in Parliament House. I was told that 10 per cent of energy supply would be green electricity, which was subsequently updated as follows:

... it is the DPS intention to purchase a total of 25% Green electricity under the contract—

notwithstanding that the contract says a minimum of 10 per cent. Now it has been updated to 25 per cent. Is that correct, Mr Kenny?

**Mr Kenny**—Yes, that is correct. We are part of what I will call ‘whole of government’ where a lot of agencies have a common contract which purchases 10 per cent. We have contacted separately to purchase a further 15 per cent.

**Senator BERNARDI**—What additional cost will that extra 15 per cent be at compared with non-green electricity?

**Mr Kenny**—I will have to take it on notice rather than rely on memory. We can probably get an answer for you in the next half hour.

**Senator BERNARDI**—I would appreciate that. There are only two days of trading and we will be coming up against the leap year and, if I recall, it was around an additional \$400,000 to go to 100 per cent green electricity. Given the budget constraints, this is going to take a significant chunk out of any additional funds that you have available.

**Mr Kenny**—We will get the numbers in the next few minutes. \$400,000 does not feel right and the reason that I want to get the numbers to confirm this is because the actual tariff that we ended up negotiating was quite different from numbers that we were originally provided.

**Senator BERNARDI**—So the tariff that you were provided is different from the contract?

**Mr Kenny**—I said that we negotiated separately. The rate in that separate contract was different from the numbers that we were originally looking at. I will get the numbers in the next few minutes.

**Senator BERNARDI**—I will be interested in the rate for the separate contract as compared with the rate in the original contract.

**Mr Kenny**—We will get some numbers.

**Senator BERNARDI**—Okay, that would be great, thank you.

**Mr Thompson**—I think an important piece of context here is that for the last two to three years we have had a contract in place which had 25 per cent green energy so we were reluctant to go back to this whole-of-government figure of 10 per cent given that we had already been operating on the 25 per cent figure for the previous three years.

**Senator BERNARDI**—There is some confusion. My question arose because there was an election commitment for Parliament House by the current government for Parliament House to be entirely powered by green and renewable energy, which has not come to pass. I was told that there was a 10 per cent commitment to green energy and now I am advised that it is 25 per cent—and you are going to get me the additional costs on that.

Mr Kenny, reading through my notes in front of me, the \$400,000-odd referred to was with regard to the cost of an emissions trading scheme on electricity in Parliament House. I beg your pardon, it was not with regard specifically to green electricity. The emissions trading scheme is going to add around \$460,000 to electricity costs based on 2007-2008 consumption. That is one trading day, so that leap year is looking even more dangerous, as we speak. Have you done any further updates based on your ongoing commercial electricity contracts and the impact of an ETS?

**Mr Kenny**—No.

**Senator BERNARDI**—So that current figure is still there. Do you intend to consider the impact of an ETS further on your electricity contracts?

**Mr Thompson**—Yes, we definitely will. The important point is that we will need to understand the nature of the emissions trading scheme.

**Senator BERNARDI**—Yes, don't we all!

**Mr Thompson**—There are all sorts of different models, as we well know, and until we can understand the nature of it—whether it is a capped price on carbon or whatever—it really is a little bit academic for us to try to do the modelling.

**Senator BERNARDI**—Are you suggesting that there is not enough clarity in the bill before the Senate?

**Mr Thompson**—I am not saying that at all.

**Senator BERNARDI**—That is my interpretation.

*Senator Cameron interjecting—*

**Senator BERNARDI**—Are you still awake down there? Good on you, Doug! So, if there is a passage of an emissions trading scheme, you will undertake additional cost modelling?

**Mr Thompson**—Yes.

**Senator BERNARDI**—I will continue to ask about that at subsequent estimates. The Parliament House website would come under IT; is that right?

**CHAIR**—Yes.

**Senator BERNARDI**—Okay, we can move down. I have nothing further under general questions.

[10.15 am]

**CHAIR**—We will go to program 1, Library services. Do we have any questions in that area?



**Senator CAMERON**—I think this is the appropriate place to ask this. Senator Moore has had to go to another commitment, but she has asked me to raise the issue of the business leases. Is there any update on business leases?

**Mr Thompson**—Yes, there is. I will try and work through them systematically, because there are quite a large number of them. We call them licences, but in other places they would be called leases. We are very well advanced in finishing off the licence for the florist. That is well advanced. The licence for Aussies general store is also well advanced, although a little bit behind the florist. And then we have the so-called price review of all of the press gallery licences. That also is well underway. Then there is a rump of other licences to do with the other retail premises here, like the bank and so on. That is a little bit further back again. If you want more detail, we can ask Karen Griffith to join us again at the table.

As the President has reminded me, one of the big things we are doing is trying to bring all of these licences onto a comparable methodology, because they were all over the place. The way we were charging for some was very different to the way we were charging for others. We are essentially endeavouring to bring them all onto the same reasonably commercial basis, all reflecting a relevant price per square metre for the space they occupy.

**Senator CAMERON**—Okay, thanks.

**CHAIR**—Senator Bernardi, were we back with you?

**Senator BERNARDI**—No, we have finished with general business.

**CHAIR**—Yes, I think we have finished with general. Library?

**Senator BERNARDI**—I have nothing on library.

[10.17 am]

**CHAIR**—We will move to program 2, Building and occupant services. Are there any questions in that area? No.

[10.17 am]

**CHAIR**—Are there any questions on program 3, Infrastructure services? We have IT and we have building infrastructure. Senator Parry?

**Senator PARRY**—Yes, I have some questions there, if my colleagues are happy for me to commence there. I just want to go on to some general concepts about the IT. I think last estimates I asked about the integration with the IT that Finance looks after and the IT that DPS looks after. Where are we at, and what is the final outcome?

**Mr Thompson**—I will ask Mr Kenny to respond to that.

**Mr Kenny**—That work has been progressing. We set up a little group of officers from the finance department and the parliamentary departments to review it. That group has been meeting regularly since April, and it has also had meetings with the ICT review team from Finance. There is a Gershon consideration to be worked through as well. We expect that the group will have a report next month, and that report will make recommendations to each of the departments. We know it will go to the Presiding Officers, and we believe it will go to the Special Minister of State.

**Senator PARRY**—So who has the final say on this—the Special Minister of State or the Presiding Officers, or all three?

**Mr Kenny**—I think it will require all three because we are talking about a proposed transfer of responsibility and funding and therefore—like any agreement, I suppose—it must be acceptable to each of the parties.

**Senator PARRY**—The preferred outcome is for Finance to relinquish its handling of IT matters that affect Senate, House of Representatives and electorate offices?

**Mr Kenny**—The issue is focusing on electorate offices initially.

**Senator PARRY**—The House of Representatives and the Senate are done through DPS currently?

**Mr Kenny**—Yes.

**Senator PARRY**—On the crossover of not being able to take, for example, laptop docking stations to your electorate office, which is currently controlled by DPS—and I suppose vice versa; I have never wanted to bring my docking station from home to here and I do not know of any colleagues who have—that issue is currently one that would be resolved with an amalgamation of having one IT service for the entire parliament and electorate office?

**Mr Kenny**—We would hope so. Of the many positives that has come out of discussions that I have had with senior officers from the Department of Finance and Deregulation is that we have agreed on initiatives that we can take flowing from this, such as ensuring that the facilities that are available in an electorate office and the facilities that are available in Parliament House are, as far as possible, identical.

**Senator PARRY**—Have you identified cost savings that would occur through this? If we call it an amalgamation, I suppose that is the easiest term.

**Mr Kenny**—We have not identified cost savings yet that I am aware of. As I mentioned, there have been discussions with the review team. There is an expectation factor—I would say a requirement—that there will be savings identified.

**Senator PARRY**—Will that involve any staff redundancies or an expectation thereof?

**Mr Kenny**—I could not answer that yet, Senator.

**Senator PARRY**—In relation to this matter, will DPS be invited to make a submission concerning the entitlements review? I understand there is an entitlements review or there is a panel being set up looking at senators' and members' entitlements, which I assume would include information technology matters.

**Mr Kenny**—I think you would have to ask—I presume—the finance department whether they would be inviting us.

**Senator PARRY**—So Finance is looking after the review?

**Mr Kenny**—I am assuming that they are doing it. It is not something that we have had any involvement with.

**Senator PARRY**—Does DPS get complaints about IT services that relate to electorate offices? 2020 is covered by the DPS?

**Mr Kenny**—Yes.

**Senator PARRY**—Do complaints in relation to IT services in electorate offices come through 2020 generally?

**Mr Kenny**—Yes, all queries do.

**Senator PARRY**—So DPS is handling one aspect of electorate office IT in any event?

**Mr Kenny**—Yes.

**Senator PARRY**—Is there any fee for service or any cost apportionment in relation to that, or not? Is DPS financed for that extra work?

**Mr Kenny**—We have an agreement with Finance which has been in place for several years where they fund us to support electorate office IT.

**Senator PARRY**—Do you know what the level of that funding, or the dollar value, is?

**Mr Kenny**—I will take it on notice. Again, we might be able to get it for you in the next half hour.

**Senator PARRY**—I am in no hurry for it; on notice will be fine.

**Mr Kenny**—Okay.

**Senator PARRY**—In relation to the amalgamation of services, you said the report is expected by the end of this month or within a month.

**Mr Kenny**—Expected in November.

**Senator PARRY**—When did this process commence?

**Mr Kenny**—The first meeting to explore activity, I believe, took place in December last year. It was certainly towards the very end of last year.

**Senator PARRY**—So it has nearly been 12 months, and we are close to finalisation?

**Mr Kenny**—Yes.

**Senator PARRY**—Has DPS considered, in the light of assuming responsibility—we assume that you will assume responsibility; I hope you will assume responsibility—for IT, individual senators and members undertaking their own IT arrangements with a capped budget?

**Mr Kenny**—The discussions have not, as far as I am aware, gone down that path. One of the issues will remain the way entitlements are, I suppose, decided and managed.

**Senator PARRY**—Is there any physical or practical reason—and it may involve security—why a senator or member could not just have their own stand-alone system and not use the parliamentary network?

**Mr Kenny**—If you had a stand-alone system that only communicated outside of the office via the internet, I do not see any technical or security reason why that could not work.

**Senator PARRY**—If, for example, every senator and member had a global budget for IT, which would include all communications that they needed to use both at home and in their electorate office—excluding Parliament House because there is a unique feature here but

having internet connection here for connectivity to their own individual arrangements—would that be a considerable saving to DPS?

**Mr Kenny**—I really could not answer. I can say that you could probably do some modelling that could provide the answer, but I do not believe it has been done.

**Senator PARRY**—If we wanted modelling done along those lines, who would the request need to be made to?

**Mr Kenny**—You could make it to us and then we would have to have some discussions with Finance and—

**Senator PARRY**—Can I make that request, or does it need to be more formal than this—although estimates is fairly formal?

**Mr Thompson**—In the end, Senator Parry, I expect the Department of Finance and Deregulation has a greater understanding of what is in each electorate office and that it would probably be best done by them.

**Senator PARRY**—If DPS assumes responsibility for the electorate office, this might be a good question to ask at the next estimates. We hope the matter would be resolved by then.

**Mr Thompson**—Yes.

**Senator PARRY**—I will give you a little bit of forewarning for next estimates! But essentially, as I know Mr Kenny is certainly well aware, there has been considerable frustration expressed by senators and members on an ongoing basis about IT provision. For each member and senator to become responsible for their own IT within a capped budget might be a more suitable arrangement and could be a considerable cost saving to the Commonwealth. That is where I am heading with that line of inquiry.

**Senator BERNARDI**—I will address this to you, Mr Thompson. It is in regard to the 2020 service. Whenever we wanted to make an application to install new software on a PC we used to go through 2020 and approvals used to come reasonably quickly. There now seems to be a delay in receiving these approvals and I was advised that all requests now have to go to the Department of Finance and Deregulation. Is that correct?

**Mr Thompson**—I will ask Mr Kenny to respond. I was not aware of that myself.

**Mr Kenny**—Are you talking about a request to install software in an electorate office?

**Senator BERNARDI**—Yes.

**Mr Kenny**—Can I take that on notice, because I am not sitting here conscious of a decision having been made? However, there is fairly generally a concern about monitoring what software is installed simply for reasons of the security of the network.

**Senator BERNARDI**—I understand that and I think it is a terrific thing, but from my experience in the past you would submit a request to 2020 and you would get it very quickly. Upon inquiring as to why there had been increasing delays in receiving the response, I was advised that it now has to go to the department of finance for approval. If that is correct, I am wondering why there was a change in process. What were the objectives of the change in process? Can you enlighten me?

**Mr Kenny**—As I said, we will have to take that on notice and do some checking.

**Senator BERNARDI**—Okay. My other question is on the new Parliament House website. Has stage 1 been completed?

**Mr Thompson**—I will hand over to Roxanne. She has had primary carriage of this very important initiative.

**CHAIR**—Before we carry on, we will break for morning tea and come back to questions when we return.

**Proceedings suspended from 10.29 am to 10.49 am**

**CHAIR**—I call the committee to order. Senator Bernardi, you were on the cusp of asking a question.

**The PRESIDENT**—Before you do, there are a couple of things that the officers wish to answer.

**Mr Thompson**—Yes, Senator Bernardi was asking about the number of water features. I gave the answer of 17 but in fact it is 20 external water features.

**Senator BERNARDI**—That was Senator Ferguson. We are often confused.

**Mr Thompson**—Okay.

**The PRESIDENT**—On what grounds?

**Senator BERNARDI**—We are both from South Australia.

**Mr Thompson**—And David has some information about green energy.

**Mr Kenny**—Yes, on green energy and electorate offices. The cost for the green energy component, the 15 per cent which I referred to, is \$13.55 per megawatt hour. That is a product called Green Balance. That cost is in addition to the normal tariff that we pay.

**Senator BERNARDI**—Are you able to tell me what the normal tariff is per megawatt hour?

**Mr Kenny**—The normal tariff varies based on the time of day. I thought I had that but I will now need to check because it has been suggested to me that the number I have is a bit high. So I will get that as well.

**Senator BERNARDI**—If you would not mind, Mr Kenny; I just want to be able to compare what the extra additional cost is going to be by going down this green energy path. There should not be anything secret about it.

**Mr Kenny**—Okay, we can get those costs.

**CHAIR**—Mr Kenny, just to understand what you said, did you say that this extra \$13.55 is on top of—so it is the extra cost per hour?

**Mr Kenny**—Yes.

**Senator BERNARDI**—But it is relative to what the existing costs are.

**CHAIR**—No, he is saying that, regardless of what the existing costs are, this is the extra amount paid.

**Senator BERNARDI**—But I need to relate it—anyway we have agreed on what information is coming back.

**CHAIR**—Yes.

**Mr Kenny**—Senator Parry asked about the costs for electorate office IT support. In 2008-09 the finance department paid DPS \$1.931 million.

**CHAIR**—How does that compare to previous years—or do you not have those figures at the moment?

**Mr Kenny**—No, I do not have it at the moment. Sorry.

**Senator BERNARDI**—Ms Missingham, before the break we had just started to talk about the website upgrade and I asked if stage 1 of the website upgrade had been completed.

**Ms Missingham**—We are most of the way through stage 1. Tenders closed last week for design of the new website and we are currently in tender evaluation stage.

**Senator BERNARDI**—At the last estimates I was told that it should be completed by October.

**Ms Missingham**—There were some delays in stage 1. That was mainly due to increasing consultation. We ran some additional workshops and we had a lot of comments from people that we had to take into account to make sure that the specification for design met everyone's needs. So it did take longer than we had anticipated.

**Senator BERNARDI**—Delays in consultation is offering code for extra cost. Are you still within the budget of \$86,000 for stage 1?

**Ms Missingham**—There has been an increase in the budget for that to take account of the increased cost of consultations—which we were thought were really important to make sure that it was the best possible project. The approved budget has increased to \$150,000 for stage 1.

**Senator BERNARDI**—So it has gone up to \$150,000 from \$86,000. That is a lot of compensation.

**Ms Missingham**—We have only spent \$106,000 of that.

**Senator BERNARDI**—Can you just detail for me what stage 1 actually is.

**Ms Missingham**—Stage 1 was all of the consultation in order to determine what the needs were to draw up a statement of requirements so that tenderers could put in a submission to meet the needs of senators and members and the publishers—the parliamentary departments. We held interviews with a number of senators and members. We held workshops within the three parliamentary departments. We prepared drafts and we also took the opportunity to have a quite extensive analysis of what was happening around the world. During that period the United Kingdom parliament launched a new website and there were a number of ideas that we then consulted with the members and senators and with the chamber departments about possibilities.

**Senator BERNARDI**—So it is like another \$64,000 worth of ideas.

**Ms Missingham**—But we have not spent all of the money that was allocated. So, yes, it has taken a lot longer but I guess we would say that it was far better to do the right thing in the first place rather than to go to market and have a tender that did not meet everyone's new and evolving needs. Part of the challenge is that there have been some changes with web 2.0 technologies.

**Senator BERNARDI**—On the new and evolving needs, I accept that you want to be cutting-edge or state-of-the-art but it is going to continue to evolve and it is going to be different by the completion of this process—and we will get to the process in a moment. By the completion of all the stages and the implementation of the new website there is going to be a whole range of evolving needs and continuing technologies.

**Ms Missingham**—And we went to tender with a statement of specifications that described our current needs and then also said we wanted a solution that was future proofed so that it could be upgraded at additional times.

**Senator BERNARDI**—And that was in the original tender documents?

**Ms Missingham**—That is in the tender document that went to market.

**Senator BERNARDI**—So that was part of the original \$86,000, of which you have spent \$106,000 thus far.

**Ms Missingham**—It is in the tender that was put out to the market.

**Senator BERNARDI**—Part of your consultation was an online survey for redesigning the website.

**Ms Missingham**—We did an online survey a couple of years ago and we also then asked a couple of simple questions, some of which were similar to the last one, to see the changing needs. Some of it was in response to a survey that we undertook this year.

**Senator BERNARDI**—Which was on the home page.

**Ms Missingham**—It was indeed.

**Senator BERNARDI**—'Help us redesign our website' or whatever—'tell us what you need.' How many responses did you receive to that?

**Ms Missingham**—I will have to get back to you on that.

**Senator BERNARDI**—I asked you this at the last estimates, and you told me it was 702 thus far.

**Ms Missingham**—Yes.

**Senator BERNARDI**—I thought you would have just brought that information with you.

**Ms Missingham**—I should have.

**Senator BERNARDI**—I am entirely predictable in these things, you know! So will you be able to tell me how many responses you have had in total?

**Ms Missingham**—Yes.

**Senator BERNARDI**—I am interested in how many of those responses were from members of the public versus those who are involved in the parliamentary process, as staffers and politicians and so on. If you can break that down for me, that would be interesting.

**Ms Missingham**—Yes.

**Senator BERNARDI**—Given that the new parliamentary website, stage 1, is expected to cost now \$150,000, what is the total budget for the entire redesign of the website?

**Ms Missingham**—The total budget is in our capital asset plan. It is still estimated until we have the tenders in.

**Senator BERNARDI**—Clearly. I am taking that as given.

**Ms Missingham**—But we have an amount allocated in the asset plan. Freda will let us know. I should say that the amount we have estimated in the plan includes not just the design of the website but also implementing for the first time a full content management system.

**Senator BERNARDI**—There is stage 1. How many more stages are there before we are finished with this process?

**Ms Missingham**—As I recollect, stage 1 is going to market, and stage 2 is the build and delivery.

**Senator BERNARDI**—So stage 1 is nearly completed.

**Ms Missingham**—Yes.

**Senator BERNARDI**—When will it be completed?

**Ms Missingham**—It will be completed when we sign a contract with a tenderer.

**Senator BERNARDI**—Okay. It is the ‘how long is a piece of string?’ question. When are you expecting to sign that contract?

**Ms Missingham**—If all goes smoothly, on the basis of other contracts that we have signed, after the evaluation is completed and the evaluation has started we would do it within six weeks to a couple of months. It depends on if there are particular issues that need to be negotiated with the successful tenderer.

**Senator BERNARDI**—So you would expect to have stage 1 completed by the end of this year?

**Ms Missingham**—Yes.

**Senator BERNARDI**—Within the \$150,000 budget?

**Ms Missingham**—Yes. We had a planned spend for this year of about \$1.1 million.

**Senator BERNARDI**—For the delivery of stage 1 and stage 2?

**Ms Missingham**—Yes, in this financial year, where we were anticipating—and there are a lot of files and a lot of data to be migrated.

**Senator BERNARDI**—Of that \$1.1 million, \$150,000 is spent on the preliminary work, stage 1, so it is about \$950,000 to build the new website.



**Ms Missingham**—It is about \$1 million to build the website, to install the content management system, to do all of the testing of different design options with user groups to make sure that it will meet their needs best.

**Senator BERNARDI**—I do not want to nitpick, but you said about \$1 million and I said \$950,000.

**Ms Missingham**—Yes, and I am saying about \$1 million—it is about \$1.15 million when you add them both together.

**Senator BERNARDI**—So the budget has increased in just the last couple of moments.

**Ms Missingham**—No, it has not.

**Senator BERNARDI**—I was told it was \$1.1 million and now it is \$1.15 million.

**The PRESIDENT**—No, you were told \$1.15 million. I heard the officer myself.

**Senator BERNARDI**—Is that right, Senator Hogg? You are much closer to the officer. I am sure you just picked that up.

**The PRESIDENT**—My hearing might be a little bit better, Senator Bernardi.

**Senator BERNARDI**—Yes, okay. We will have a chat about this, I guess, in February.

**Ms Missingham**—Yes. I will get back to you about the total number in the survey and how many we estimated were from the public, which I recall were the great majority.

**Senator BERNARDI**—Thank you very much. I appreciate that.

**Senator RYAN**—My questions relate to the 2020 service and the help desk. I was wondering: what metrics do you use to measure the performance of the help desk service? Do you collect any on a regular basis internally and what are they?

**Mr Thompson**—We rely on that three-yearly survey to give us an overall feel, and then we have some local feedback systems as well. I will hand over to David Kenny to give you some more information.

**Mr Kenny**—For electorate office support we have four categories of priority. We measure how long it takes to respond against each of those categories. The lowest one is as agreed and the other three have pre-allocated required response times, so we have to respond within a certain number of hours. We record performance against each of those categories and report on them, including in the annual report.

**Senator RYAN**—What are the other three categories?

**Mr Kenny**—From memory they are urgent, high and medium—or something like that.

**Senator RYAN**—Are these determined in the phone call a person makes to 2020?

**Mr Kenny**—The four categories are: immediate priority, which requires a response within 15 minutes and a resolution within two hours; high priority, which is a response within 30 minutes and a resolution within four hours; medium priority, which is a response within 30 minutes and a resolution within eight hours; and, as I said, as agreed, which is a response within 60 minutes and a resolution as agreed to.

**Senator RYAN**—Is that priority determined by the caller and the person receiving the call? I was wondering how each call was categorised.

**Mr Kenny**—I am sure that would be the case.

**Senator RYAN**—Do you collect data on the number of phone calls that are being made and the number of IT help queries, for lack of a better way of putting it?

**Mr Kenny**—Yes.

**Senator RYAN**—Have they been trending up or down?

**Mr Kenny**—This year I think they are slightly lower than for the previous year, but in the years up until then they had been trending up quite significantly. There does tend to be quite a sensible correlation between events and the number of help desk calls. For example, after the last election, when there was a significant turnover in members and senators and their staff, help desk calls were up quite high for the first little while. If there is a significant problem, such as one we had several years ago with the wide area network connections that were provided to us by Optus, then calls are obviously up higher as a result. When we roll out new software, again, we expect and generally get an increase in calls. Those sorts of events will have, as I said, a quite predictable and sensible impact on total calls.

**Senator RYAN**—Has the number of staff available to receive calls and resolve issues been relatively constant over the last 12 or 24 months? Is it going up; is it going down? I ask this in the context of the earlier discussions we had around budgetary constraints.

**Mr Kenny**—The numbers have dipped a little bit compared to where they were, say, 12 months ago.

**Senator RYAN**—Does ‘a little bit’ mean fewer people?

**Mr Kenny**—Yes, but it is fair to say that in all areas in DPS we have to have a very serious look at the total staffing levels because, as has been stated earlier this morning, we have got a financial outlook which is requiring us to have fewer people. So we are looking at all our areas and seeing what resources we need, noting that—and this is, again, just common sense—each person we put into a job is technically money that is not available to be put into another area of DPS.

One of the complicating factors for 2020 is that IT tends to have higher turnover than other areas. The fact that we are a few down at the moment probably is reflecting the fact that a few people have left rather than that we think the number we have at the moment is where we need to be. Earlier this year we also had a difficult period where we had quite a lot of absentees due to illness. It was in the middle of winter and for a couple of weeks we had several people off for certainly a couple of days each and maybe a bit longer. We struggled and had to redeploy people who do not normally sit on the 2020 help desk.

**Senator RYAN**—One last question I have is: do you collect feedback from our staff involved in IT support with respect to the level of resourcing and the pressure they may or may not feel under? Do you have specific staff feedback? There is always high turnover in this area. It is not just in DPS; it is in a lot of other industry areas as well. Do you collect feedback from staff?

**Mr Kenny**—Yes, we do, and via a number of mechanisms. There are formal ones such as the staff survey and then obviously there are less formal ones such as staff meetings. People do feel quite free to raise with their management concerns about staffing numbers.

**Senator RYAN**—Is there an anonymous aspect to that as well to allow people—

**Mr Kenny**—The staff survey can be anonymous. Obviously a staff meeting is not.

**Senator RYAN**—Yes, I appreciate that. Has there been a trend in staff feedback about the level of resourcing and pressure from the number of calls in recent times?

**Mr Kenny**—I do not know that I could answer directly that there has been a trend, but I can confirm that the total number of staff and the total number of calls, or the level of demand, is something that we are looking at.

**Senator RYAN**—I ask this because it has become clear to me from my time spent with these people this year that a number of them feel under a distinct amount of pressure with the number of software rollouts that have happened and an inability to address issues in what they feel is a timely fashion. Do you think that the system is working to the expectations of people who need IT support? I say that across the whole range of issues from rolling out software to the response times. Anecdotally it seems that there need to be more call-backs for resolution of IT issues than there used to be. I have only been here a year, but the number of times where you have to wait for a return call is increasing and the time between making the query and there being a return a call is also increasing.

**Mr Kenny**—That may be the case. I have not seen broader statistics confirming that that is the case, but it is useful to hear that advice. What I can say to you is that in fact I had a conversation with the assistant secretary in charge of that general area last week where we agreed that we needed to have a look at the staffing numbers and see what needed to be done, if anything. So we are conscious that there may be an issue there.

**Senator RYAN**—Earlier this year there was a software rollout—the Cisco wireless software that has allowed us to be wireless within the building—that at the time caused a problem for a number of people who transport computers to and from Parliament House. I appreciate that these were Department of the Senate machines. A number of us were informed at the time that the rollout of that software may have had more systemic network effects that caused some of the problems. Has there been an investigation into whether that software rollout caused more systemic network problems and, if so, were there any lessons picked up from that?

**Mr Kenny**—From memory, there was an issue with one of the wireless software rollouts. I think—I am hesitating about these words being accurate—that there was something that was not picked up in testing that should have been. Quite frankly, the network that we have for delivering end-to-end support—from access to parliamentary systems through to life in each electorate office and mobile computing—is extremely complex. I think it is more complex than it needs to be in terms of the range of software and hardware and the range of organisations involved in selecting that software and hardware. The discussion that we had earlier about possibly doing electorate office IT support differently, in my view, will be a significant help. If we can get it simpler and more standard, then it will be easier for all concerned.

**Senator BERNARDI**—I have a few questions in relation to the new Hansard production system. In May I asked about the Hansard production system. Could you advise me now what the current status is of the implementation of the new system?

**Mr Thompson**—The contract has been signed with a company called Oconics, which is based in Adelaide. They have done some good work on the South Australian systems. I will ask Therese Lynch, who heads our Content Management Branch, to come up and she can give you some more detail.

**Senator BERNARDI**—Welcome, Ms Lynch. The budget for the new system, I was advised, was in the vicinity of \$3.5 million. Recent reports have since said that it is a \$3.8 million contract. Can you advise me what the figure is?

**Ms Lynch**—Yes. Including GST, it is around \$3.5 million.

**Senator BERNARDI**—It is around \$3.5 million?

**Ms Lynch**—Correct.

**Senator BERNARDI**—So a few reports are wrong. It proves you cannot believe everything you read. Is that right?

**Ms Lynch**—That is absolutely correct.

**Senator BERNARDI**—And that is inclusive of GST?

**Ms Lynch**—Yes.

**Senator BERNARDI**—Will there be additional costs for training staff in the new system that have not been budgeted for, or have they been budgeted for?

**Ms Lynch**—The company will be providing some training for our staff under the contract, and that includes development of an online training system for us as well, which will serve us well into the future. The staffing costs to do the training are also included in that budget, as far as I am aware.

**Senator BERNARDI**—Are there any ongoing costs associated with the contract? Is it an ongoing service contract?

**Ms Lynch**—It will include an annual maintenance cost. I do not have those figures with me here, but I can certainly get those for you.

**Senator BERNARDI**—You will take them on notice? That would be great. Thank you. Would it be fair to characterise this by saying we are going to a new system to improve efficiency and reduce the cumbersome nature of the current Hansard system—that is my word, not yours—in the hope of relieving some of the pressures on the Hansard staff? Is that a reasonable assessment?

**Ms Lynch**—We are doing so for a number of reasons, including the fact that the current system is quite elderly. It is now, for the best part, 10 years old and well and truly ready for replacement. What we hope to get out of it are some improvements in efficiencies for Hansard staff. We hope to make it much easier for them to use, particularly in allocating the so-called form to the *Hansard* following debates in the chambers and committees. That has a downstream effect of assisting with subsequent indexing and searching for material. We also

hope to improve, as I mentioned a moment ago, our HPS training through an online training system. We also hope to reduce the amount of maintenance, effort and support which is required through the IT areas of the department in supporting the current system.

**Senator BERNARDI**—All of these are efficiencies—it is a great word—because it means we are saving money?

**Ms Lynch**—It also means it is easier for the staff.

**Senator BERNARDI**—Have you done any calculations as to the perhaps ongoing cost savings by adopting a new, more efficient system?

**Ms Lynch**—Not as yet.

**Senator BERNARDI**—Do you intend to undertake such—

**Ms Lynch**—We now have good metrics for how long we currently take to produce the *Hansard*. That provides a baseline for us. Once the system is implemented and bedded down then we will be able to look again at what efficiencies it has provided for us. But at this stage it is too soon to say.

**Senator BERNARDI**—So it is not driven by cost savings; the drive is that there needs to be a new system to bring us up to the 21st century?

**Ms Lynch**—Certainly. The drive is to replace an ageing system and, in doing that, we take advantage of new technology and the lessons learned from how we have been using it for the last 10 years and what we would like to see done differently, including better performance information.

**Senator BERNARDI**—Oconics, a South Australian company, provided the South Australian parliament's Hansard system?

**Ms Lynch**—That is correct.

**Senator BERNARDI**—Will the new Hansard Production System in the federal parliament be the same as the system operating in South Australia?

**Ms Lynch**—It will not be the same. It is being customised—'customised' is the best word—for our use. There are a lot of similarities between the various parliamentary jurisdictions around Australia and, indeed, all the countries that use the Westminster system, but it will not be the same. Later software versions will be used to build it, but I would expect there will be some similarities.

**Senator BERNARDI**—There will be improvements, I would guess, which are a product of technological advances?

**Ms Lynch**—That would be one aspect of it and also tailoring it to our individual needs. We are a much larger organisation and a much larger parliament than South Australia. We need to ensure it is scalable up to our needs.

**Senator BERNARDI**—Being a South Australian, I am careful about reflecting on the South Australian parliament—a fine body of people.

**CHAIR**—I might go to the issues around the road upgrade that, I think, Mr Thompson raised in his opening statements. Does that fall under program 5? Is that part of the Parliament House works program or is that a separate issue?

**Mr Thompson**—Yes, it is part of program 5.

**CHAIR**—What can you tell us about the road upgrade?

**Mr Thompson**—Senator Collins, going back some years, decisions were taken to adopt the one-way road system and there were some very good reasons for that. Since that time we have been, if you like, running a one-way road system but having to use very temporary bollards and the like to guide traffic. This set of road alterations is primarily intended to provide a proper one-way road system. We have removed some of the safety concerns, for example, down at the Melbourne Avenue end where, occasionally, there are possible traffic conflicts. We are using the same contractor, though, to also do an upgrade of the road pavement. The road pavement is 21 years old. It was heading for a renewal or a replacement in the next two to three years, so we are taking the one opportunity to do both the one-way road conversion and a replacement-cum-upgrade of the existing pavement.

**CHAIR**—What is the cost of this project?

**Mr Thompson**—The cost is about a \$1.9 million total spend. We would hope to have that finished early in 2010.

**CHAIR**—It has just commenced, so it will take four months or so?

**Mr Thompson**—That is right.

**CHAIR**—How long has the one-way road system been in place?

**Mr Thompson**—Obviously, I was not here. Other people will remember more clearly.

**CHAIR**—I think we did it at the start of dealing with terrorism issues.

**Mr Thompson**—Yes, my memory from reading papers is that it was 2004-05.

**CHAIR**—Possibly a bit early.

**Mr Kenny**—I think it was a bit later than that.

**CHAIR**—I am sure it occurred whilst I was still here, so maybe early 2005.

**Mr Kenny**—The sequence was building the concrete wall to prevent access up onto the ramps and putting in the bollards and then, I think, within that sort of time frame, there was a decision to go to a one-way road for safety reasons.

**CHAIR**—Is there a reason why that work needed to occur during a sitting period?

**Mr Thompson**—To put it another way, it is difficult work to do during the winter, cold period. It is best to do it predominantly in the summer, warm period. So we have started now and we are apologetic that it does intersect with the sitting period. Soon after the sittings we will then have a very clear six to eight weeks over summer to do the majority of the work.

**CHAIR**—Is that a nice way of suggesting the inconvenience is going to grow?

**Mr Thompson**—Unfortunately, yes. So we are going to maximise our use of the summer non-sitting period but to do that we have had to start during the sitting period. We are apologetic for that.

**CHAIR**—As there are no further questions, thank you.

**Mr Kenny**—Madam CHAIR, could I just follow up on a couple of questions that were raised earlier.

**CHAIR**—Certainly.

**Mr Kenny**—In response to a question you asked, I told you that the cost to Finance for DPS to provide EO IT services was \$1.931 million this year. Last year it was \$1.887 million, which is a 2.3 per cent increase. Senator Bernardi asked the second question about the base rates for our electricity. They are \$80.07 per megawatt hour during business and evening times and \$28.9 during off-peak hours. Business and evening are from 7 am to 10 pm and off-peak is at other times.

**Senator BERNARDI**—Just to clarify that: it is \$28.90 per megawatt hour in off-peak times and there is an additional impost of \$13.55 per megawatt hour for the green electricity used in that time?

**Mr Kenny**—For the extra 15 per cent green electricity that we are buying.

**Senator BERNARDI**—Which is nearly a 50 per cent loading—50 per cent more expensive than off-peak electricity?

**Mr Kenny**—Nearly.

**CHAIR**—Thank you.

[11.23 am]

## **PRIME MINISTER AND CABINET PORTFOLIO**

### **In Attendance**

Senator Joe Ludwig, Special Minister of State

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

#### **Overview**

Ms Glenys Beauchamp, Deputy Secretary (Governance)

#### **1.1 Domestic Policy**

Dr Paul Grimes, Associate Secretary (Domestic Policy)

Ms Glenys Beauchamp, Deputy Secretary (Governance)

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

Mr Dominic English, First Assistant Secretary, Economic Division

Ms Yael Cass, First Assistant Secretary, Social Policy Division

Ms Rebecca Cross, First Assistant Secretary, Families, Immigration and Social Support Division

Ms Pamela Kinnear, Assistant Secretary, Social Support, Immigration and Citizenship Branch

Ms Judy Schneider, Acting Assistant Secretary, Social Inclusion Unit

Ms Ngaire Hosking, Assistant Secretary, Office for Work and Family

Mr Ron Perry, Assistant Secretary, COAG Unit

Ms Helen McDevitt, Assistant Secretary, Employment, Education and Skills Branch

Ms Jennie Granger, Office of the Coordinator-General

Mr Mike Mrdak, Coordinator-General

#### **1.2 National Security and International Policy**

Mr Angus Campbell, Deputy National Security Adviser

Ms Rachel Noble, National Security Chief Information Officer

Mr Patrick Suckling, First Assistant Secretary, International Division

Mr Tony Sheehan, First Assistant Secretary, Homeland and Border Security Division

Mr Michael Shoebridge, First Assistant Secretary, Defence, Intelligence and Research Coordination Division

Dr Rob Floyd, Assistant Secretary, Infrastructure, Security and Emergency Management Branch

Mr Tony Sheehan, First Assistant Secretary, Homeland and Border Security Division

#### **1.3 Strategic Policy and Implementation**

Ms Glenys Beauchamp, Deputy Secretary (Governance)

Dr Subho Banerjee, First Assistant Secretary, Strategy and Delivery Division

Mr Kim Terrell, Assistant Secretary, Cabinet Implementation Unit

#### **1.4 Support Services for Government Operations**

Ms Glenys Beauchamp, Deputy Secretary, Governance

Ms Philippa Lynch, First Assistant Secretary, Government Division

Ms Jacqui McRae, Assistant Secretary, Community Cabinet Secretariat, Cabinet Division



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Mr Chris Angus, Assistant Secretary, Cabinet Secretariat, Cabinet Division  
Mr Alex Anderson, Acting First Assistant Secretary, Ministerial Support Unit  
Dr Susan Ball, Chief Information Officer, Corporate Services Division  
Ms Kym Partington, Chief Financial Officer, Corporate Services Division  
Mr David Macgill, Assistant Secretary, Parliamentary and Government Branch  
Ms Joan Sheedy, Assistant Secretary, Privacy and FOI Policy Branch  
Mr Peter Rush, Assistant Secretary, Awards and Culture Branch  
Mr Brendan MacDowell, Acting Assistant Secretary, Legal Policy Branch

**2.1 Official and Ceremonial Support**

Mr Alex Anderson, Acting First Assistant Secretary, Ministerial Support Unit  
Ms Alex Marsden, Acting Assistant Secretary, Official Establishments Unit

**Office of the Inspector-General of Intelligence and Security**

Mr Ian Carnell, Inspector-General

**Office of the Official Secretary to the Governor-General**

Mr Stephen Brady, Official Secretary  
Mr Mark Fraser, Deputy Official Secretary  
Mr Stephen Murtagh, Director, Corporate Services Branch  
Ms Sharon Prendergast, Director, Honours and Awards Branch  
Ms Pamela O'Grady, Director, Executive and Protocol Branch  
Ms Sally Leake, Manager, Strategic Program Planning

**Old Parliament House**

Ms Jenny Anderson, Director, Old Parliament House.  
Mr Andrew Harper, Deputy Director, Corporate and Heritage Branch  
Ms Kate Cowie, Deputy Director, Interpretation and Programs Branch

**Office of the Commonwealth Ombudsman**

Professor John McMillan, Commonwealth Ombudsman  
Mr Ronald Brent, Deputy Ombudsman  
Dr Vivienne Thom, Deputy Ombudsman

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

Mr Ian McPhee, Auditor-General  
Mr Steve Chapman, Deputy Auditor-General  
Mr Anthony Howatson, Chief Finance Officer  
Ms Anya Moore, Executive Director Corporate Management Branch  
Mr Warren Cochrane, Group Executive Director Assurance Audit Services Group  
Mr Michael Watson, Group Executive Director Assurance Audit Services Group

**Outcome 2: Program 2.1 – Performance Audit Services**

Mr Ian McPhee, Auditor-General  
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  
Ms Fran Holbert, Executive Director Performance Audit Services Group  
Mr Brian Boyd, Executive Director Performance Audit Services Group

**Office of the Privacy Commissioner**

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 Human Rights Commission

**Australian Public Service Commission**

Ms Carmel McGregor, Acting Australian Public Service Commissioner  
Ms Annwyn Godwin, Merit Protection Commissioner  
Mr John Cairns, 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 and Programmes Centre  
Ms Karin Fisher, Group Manager, Ethics  
Mr Steve Ramsey, Principal Adviser, Review and Legal

**Office of National Assessments****Outcome 1:**

Mr Allan Gyngell AO, Director-General  
Mr Derryl Triffett, Assistant Director-General, Corporate and Information Technology Services  
Mr Patrick Keane, Director Business Management

**Outcome 2:**

Mr Allan Gyngell AO, Director-General  
Mr Derryl Triffett, Assistant Director-General, Corporate and Information Technology Services  
Mr Patrick Keane, Director Business Management

**Department of Climate Change****Executive**

Dr Martin Parkinson, Secretary  
Mr Blair Comley, Deputy Secretary  
Mr Geoff Leeper, Deputy Secretary  
Ms Louise Hand, Acting Deputy Secretary

**Response to climate change****Outcome 1**

Mr Graeme Hope, Acting First Assistant Secretary, Corporate and Governance Division  
Ms Helen Grinbergs, Acting First Assistant Secretary, Strategies and Coordination 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, Acting First Assistant Secretary, Adaptation and Land Management Division  
Ms Bernadette Welch, Acting First Assistant Secretary, ACCRA Establishment and CPRS Implementation Division  
Dr Steve Hatfield-Dodds, Assistant Secretary, Analysis and Projections Branch

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Mr Brendan Dalton, Assistant Secretary, ICT Strategies and Infrastructure Branch  
Ms Anthea Harris, Assistant Secretary, Carbon Market Linkages Branch  
Ms Amanda McIntyre, Assistant Secretary, Corporate and Governance Branch  
Dr Gary Richards, Assistant Secretary, Land Management Branch  
Mr Tas Sakellaris, Assistant Secretary, Coverage and Legislation Branch  
Mr Robert Twomey, Chief Financial Officer  
Mr David Walker, Acting Assistant Secretary, Coordination and Frameworks Branch  
Ms Jenny Wilkinson, Assistant Secretary, Household and Industry Assistance Branch

**Office of the Official Secretary to the Governor-General**

**CHAIR**—Good morning, gentlemen. Do you care to make an opening statement or will we move to questions?

**Mr Brady**—No. We will move to questions.

**Senator RONALDSON**—Good morning, Mr Brady.

**Mr Brady**—Good morning, Senator.

**Senator RONALDSON**—Mr Brady, how many investitures have there been at Government House since the beginning of 2009? Are these only held at Yarralumla or are they also held at Admiralty House?

**Mr Brady**—The figure that I can provide this morning is that there have been 10 investiture ceremonies since the Governor-General took office. I would have to check during the course of these proceedings how many there have been this year. At the 10 investiture ceremonies, the Governor-General presented 172 honours. They have been held at Government House and there were two, that I have been present at, at Admiralty House: one for Mrs Faith Bandler, who was indisposed and could not reach Canberra, and there was a second which was given to Professor Chris O'Brien posthumously and that was held at Admiralty House.

**Senator RONALDSON**—Please take that on notice. Could you also provide me with details as to the costs of all these investitures, perhaps from the date that the new Governor-General took office up until today's date, if you would not mind.

**Mr Brady**—I will.

**Senator RONALDSON**—Is it customary to invite the Leader of the Opposition or his representative to these investitures?

**Mr Brady**—It is.

**Senator RONALDSON**—How long has that been a custom—do you know?

**Mr Brady**—I am not aware, but I think it has been for many years the practice.

**Senator RONALDSON**—Do you know whether it has been breached at all over the last two years?

**Mr Brady**—In respect of the Leader of the Opposition's attendance?

**Senator RONALDSON**—Well, the lack of invitation—whether there has been a breach of that custom or protocol over the last two years.

**Mr Brady**—I can only speak of the last year that I have been there. I will find out. But, from memory, at each of the investitures there has been someone representing the Leader of the Opposition.

**Senator RONALDSON**—Similarly, has a representative of the government always been invited to these investitures?

**Mr Brady**—They have.

**Senator RONALDSON**—So you would not invite a member of the opposition but not invite a member of the government, would you?

**Mr Brady**—No. The practice has been for both.

**Senator RONALDSON**—Can you advise me please how many times the opposition has been represented at these investitures since you took over in your position?

**Mr Brady**—As I said, from memory they have always been represented.

**Senator RONALDSON**—And how many times have the members of the government also attended?

**Mr Brady**—I would have to check and get back to you.

**Senator RONALDSON**—Is it correct that during this year there were three investitures in a row where the government was not represented?

**Mr Brady**—I will just invite the director of the Honours Secretariat to the table. Certainly at the last one there was no government representative.

**Ms Prendergast**—I am sorry—the question again? It was the last three—is that correct?

**Senator RONALDSON**—Since the start of 2009, at how many investitures has the government not been represented, and, indeed, were there three investitures in a row where the government was not represented?

**Ms Prendergast**—I would have to take that on notice. I am aware, as Mr Brady said, that, at the investiture that was held in September, there was not a government representative, but I cannot answer for the ones earlier than that.

**Senator RONALDSON**—Mr Brady, there would appear to have been at least one investiture where the government has not been represented. If my information is correct, there have been a number. That seems to me, I have got to say, to be almost dismissive arrogance by the government of the role of the Governor-General and, indeed, of her office. I would have thought that these investitures were an extremely important part of the role of the Governor-General and for the government not to be represented I think is, as I say, quite dismissive arrogance of the office. Would you care to comment on that?

**Senator CAMERON**—You do not have to answer that proposition.

**Senator RONALDSON**—What—are you the chair?

**Senator CAMERON**—I am just making a comment.

**Senator RONALDSON**—Oh. Well, what is your view, Madam CHAIR?

**Senator BERNARDI**—I thought that Jacinta was the chair. You should not be trying to usurp the position now.

**Senator RONALDSON**—Yes. You had your opportunity about an hour and a half ago to put your bid in for the job. So, Madam CHAIR, I am asking you: is the witness required to answer that question?

**CHAIR**—I do not think there was a question, Senator. As Senator Cameron is saying, there was a statement.

**Senator RONALDSON**—I will rephrase it, then: Mr Brady, do you believe that it could be best described as dismissive arrogance of the office of the Governor-General that the government failed to come to these investitures?

**CHAIR**—You have not established the facts yet, Senator. You have referred to one incident.

**Senator RONALDSON**—Whether it is one or whether it is a dozen, I am asking the question as to whether it is showing gross arrogance and dismissal of the office. Are you ruling that Mr Brady should answer that question or are you ruling that he does not need to answer it?

**CHAIR**—Shall we firstly allow Mr Brady to deal with the issue rather than ourselves?

**Senator RONALDSON**—One of your colleagues is saying that he does not have to; you are saying, let us wait and see. I am just looking for some direction.

**Mr Brady**—The invitation to attend the investitures is issued to a variety of officeholders and there are instances where other engagements or conflicts of programming mean that they cannot be represented. The Governor-General understands that that is the case and takes no offence from it.

**Senator RONALDSON**—Off the top of your head, do you know how many cabinet ministers, how many ministers in the outer ministry and how many parliamentary secretaries there are?

**Mr Brady**—The investitures are often not held when parliament is sitting.

**Senator RONALDSON**—I am just wondering out of interest. Do you know how many cabinet ministers there are, how many members of the outer ministry there are and how many parliamentary secretaries there are? If I said to you that it is probably about 45, I do not think that would be too far off the mark. On at least one occasion and probably more, the government was not able to find one person out of the approximately 45 to go to these investitures. I would be very surprised if there is anyone around this table who viewed these investitures as anything other than extremely important.

**CHAIR**—Is there a question, Senator Ronaldson?

**Senator RONALDSON**—Yes, I would again ask Mr Brady whether he is aware of the number of cabinet ministers, outer ministers and parliamentary secretaries?

**Mr Brady**—I will take that—

**Senator RONALDSON**—I presume that off the top of his head he probably cannot, but—

**Mr Brady**—I will take your figure of 45.

**Senator RONALDSON**—It may not be that number. It is probably more, I suspect. Mr Brady, can you provide me with a list of staff positions in the office of the Governor-General that have become vacant since the last estimates hearing?

**Mr Brady**—I can. There have been 10 separations since the last estimates. Of those separations, two moved interstate, one was promoted to another agency, two transferred to another agency, two came to the end of their short contracts, two retired from the workforce and one resigned for personal reasons.

**Senator RONALDSON**—How many of those 10 positions are still vacant?

**Mr Brady**—There are no vacancies.

**Senator RONALDSON**—So all those 10 positions have been filled, have they?

**Mr Brady**—One was on secondment from FaHCSIA. It was the first Indigenous secondment to Government House. That was a one-off secondment.

**Senator RONALDSON**—Were these positions advertised?

**Mr Brady**—I will just ask the Director of Corporate Services to expand.

**Mr Murtagh**—Just before we move on, I should point out that not all of those positions have been filled. Two positions have been filled.

**Senator RONALDSON**—Two?

**Mr Murtagh**—Some of the 10 positions may not be filled.

**Senator RONALDSON**—There is obviously a bit of confusion here, Mr Brady. Is it 10, or two?

**Mr Brady**—There have been 10 separations and two commencements.

**Senator RONALDSON**—I thought you said they had all been filled.

**Mr Brady**—No, that is all right. I am seeking clarification.

**Senator RONALDSON**—But, Mr Murtagh, it is only two?

**Mr Brady**—Two commencements.

**Senator RONALDSON**—Two commencements. How many more commencements will there be? Will all of those 10 be filled, except for the short-term one that Mr Brady was talking about—the secondment?

**Mr Murtagh**—They will not all be filled.

**CHAIR**—Sorry, I think there is some confusion here. There was one secondment and there were two short-term contracts concluded, so that is three.

**Senator RONALDSON**—The other seven are presumably full time.

**CHAIR**—Yes, so that leaves the remaining seven, two of which have been filled.

**Senator RONALDSON**—So there are still five positions vacant.

**Mr Brady**—That is right. The majority of long-term vacancies are filled through recruitment rounds involving public advertisements and formal selection processes. Of the 17 long-term positions—which we classify as being more than six months—filled since the Governor-General's commencement, 13 have been filled through recruitment processes involving market testing.

**Senator RONALDSON**—Is that through an open selection process?

**Mr Brady**—That is through open selection.

**Senator RONALDSON**—Thirteen out of how many?

**Mr Brady**—Seventeen.

**Senator RONALDSON**—Presumably the others were by direct appointment. Is that right?

**Mr Brady**—They were appointed under the Governor-General Act directly.

**Senator RONALDSON**—Mr Fraser was one—

**Mr Brady**—That is right.

**Senator RONALDSON**—if my memory serves me correctly from last time. What were the other three positions that were direct appointments, and what level were they?

**Mr Brady**—As you correctly say, the deputy official secretary; the director of executive and protocol, which I have mentioned on two previous occasions is a new position, was on secondment as well; the speechwriter who came down from Brisbane with the Governor-General; and a household attendant who came down from Brisbane with the Governor-General.

**Senator RONALDSON**—When was the speechwriter appointed?

**Mr Brady**—We are just checking that. While we are waiting, I will say that that speechwriter was somebody who was working for the Governor-General when she was Governor of Queensland. She relocated to Canberra in November 2008.

**Senator RONALDSON**—What was the reason for the direct appointment of the four of the 17 people rather than an open selection process? Leave Mr Fraser out of it because we have already discussed that, so the other three.

**Mr Brady**—The household attendant was brought to Canberra, by my recollection, at the request of the Governor-General when it transpired that there was no female attendant at Government House. There was a vacancy available and the individual came down from Brisbane.

**Senator RONALDSON**—What does the household attendant do?

**Mr Brady**—The household attendant looks after the personal needs of the Governor-General. I think you can appreciate, that, as the first female Governor-General, there was a lot of sense having a female attendant.

**Senator RONALDSON**—I would have thought that there is an enormous amount of sense in having a female attendant. For obvious reasons, I certainly have no issue with that at all. I think that I would be more surprised if it were the other case, Mr Brady. So does the

household attendant play the role of lady in waiting or valet? How would you describe the role?

**Mr Brady**—I would probably describe it more in valet terms, somebody whom the Governor-General could feel comfortable with attending to her personal needs and being in her personal space. As you know, the Governor-General and Mr Bryce effectively live in an apartment at the top of Government House and not all staff go into that apartment.

**Senator RONALDSON**—Is the job description for the current household attendant different from the job description for people who may have previously filled a role for male Governors-General?

**Mr Brady**—I would have to check, Senator. For clarification of the record, the position is vacant.

**CHAIR**—The position is now vacant?

**Mr Brady**—Yes.

**Senator RONALDSON**—Is there anyone else at the table who has perhaps been there longer and who can answer this question about whether it is indeed the same role or whether it is a different role?

**Mr Murtagh**—My understanding is that the duty statement is the same.

**Senator RONALDSON**—Right, and I presume that duty statement is available?

**Mr Murtagh**—I would certainly be happy to check and confirm that it is the same—

**Senator RONALDSON**—Mr Murtagh, if you could get me the duty statement for that position prior to the arrival of the new Governor-General and the description of that position currently, that would be good.

**Senator BERNARDI**—Mr Brady, you made the point that the personal attendant—if that is the right term—of the Governor-General is a woman, for obvious reasons. Might I understand from that that there was no consideration given to any male applicants?

**Mr Brady**—As I was not involved, I will have to take the question on notice. I simply was not part of the process.

**Senator BERNARDI**—From your statement, though, that is a reasonable conclusion to draw.

**Mr Brady**—I think that there was a vacancy. The Governor-General, as Governor General designate, had expressed to my predecessor a wish to have a female household attendant, and this person worked at Government House in Brisbane.

**Senator BERNARDI**—That is a reasonable position for the Governor-General to take, I accept that. But I am concerned that suddenly somewhere in the Office of the Governor-General discrimination on the basis of gender can take place.

**Mr Murtagh**—The office had sought to fill position of household attendant and had been unsuccessful. There had been male applicants in that round and, indeed, I think the previous person appointed was a male, but the office had reached the end of the list of suitable people and still had a vacancy to fill.



**Senator BERNARDI**—And so they decided that they only wanted to appoint a woman to the position—

**Mr Murtagh**—Having been through a selection process, a suitable candidate became available and was hired.

**Senator BERNARDI**—But upon Mr Brady's evidence, a suitable candidate was hired because they were a woman.

**Mr Brady**—I think that it would be fair to say—and I suspect this might be borne out in the duty statement—that the nature of that position and the intimacy of that person in relation to a female Governor-General would have made it sensible to have a woman.

**Senator BERNARDI**—Yes, and I accept that. It seems a very reasonable position and I do not actually have a problem with it. But my question is: when did it become okay for us to make decisions or appointments on the basis solely of gender. I understood that was not an appropriate decision to be made, irrespective of whether it is the right outcome, I have got to tell you. I think it is the right outcome but I find that there is an issue with the process.

**Mr Brady**—Again, as I was not party to the conversations with Ms Bryce when she was Governor of Queensland, I will just have to take the question and your point on notice.

**Senator BERNARDI**—Thank you. I think the point has been made, but take it on notice.

**Senator RONALDSON**—How many and what positions are still to be filled from those that have been vacated since May? We have the household of 10—we know that.

**Mr Brady**—That will not be filled. There are no vacancies at present. We had a round about six or eight weeks ago for an assistant speechwriter. That was advertised, but we have decided not to proceed with that position.

**Senator RONALDSON**—So 10 have gone, and we have been through what the nature of those appointments were. Only two vacancies have been filled. What were those two vacancies?

**Mr Brady**—While Mr Murtagh is finding that out, I will give an explanation for why the other positions are not being filled. Our FTE level is eight per cent lower than for the last financial year and 10 per cent lower than the level two years ago—2006-07. So we are operating in a very tight budgetary situation where, when each position becomes available, it has to be looked at and scrutinised very carefully. Effectively, we have to find eight per cent of savings just to fund our efficiency dividend and the 4.5 per cent collective agreement pay rise and of course the increase in supply expenses. So just at the very outset we are in a very tight financial position.

**Mr Murtagh**—The two vacancies that have been filled are a mid-range position in our finance area and a casual filling of an executive assistant role.

**Mr Brady**—I think it would be a more complete answer if I took it further. The turnover of staff at Government House for 2008-09 was 17.6 per cent. That figure is approximately five per cent lower than the turnover rate of the previous two years. The previous two years were 22.9 per cent and 22.4 per cent.

**Senator RONALDSON**—What about from October 2008 to October 2009—what was the percentage there?

**Mr Brady**—I think what would broadly bear that out would be that we have had 30 separations since 5 September 2008 and 20 commencements.

**Senator RONALDSON**—I am sure Mr Fraser will find out for me whether that figure is higher or lower than 17.2 per cent. I presume he is going to take that on notice.

**Mr Fraser**—I will take that on notice, but I think the trend under this Governor-General in the first year of her appointment is in fact lower than the previous two years.

**Senator RONALDSON**—We will see what the calendar year figures are. Mr Murtagh, what were the positions that are not going to be filled? We have someone in the finance area and the executive assistant. Actually, before we get to that, were the executive assistant and the financial person direct appointments or open selections?

**Mr Murtagh**—The finance role was filled after a selection process. The executive assistant role was a short-term role and was filled by direct engagement. But it was a casual role—so a role to cover for a person while they were on leave.

**Senator RONALDSON**—How long was that role for?

**Mr Fraser**—I might answer that on behalf of my colleague. The contract is for a six-month period but it is a flexible arrangement depending on work circumstances. It may be a period shorter than that.

**Senator RONALDSON**—And who made that appointment?

**Mr Brady**—It followed a conversation between me and the Governor-General.

**Senator RONALDSON**—Where was that person working previously?

**Mr Brady**—The person worked in the Department of Defence and prior to that at some point in the Department of the Prime Minister and Cabinet and at some point was Tammy Fraser's personal assistant.

**Senator RONALDSON**—Did they work for DFAT at any stage?

**Mr Brady**—No.

**Senator RONALDSON**—Let us get back to our question before, Mr Murtagh, on those positions where there were separations but they will not be filled. I suppose if we take out the secondment of the Indigenous officer we are back to nine. Can you provide me with details of those positions that will not be filled?

**Mr Murtagh**—Yes.

**Senator RONALDSON**—Before we start, we would not be including that executive assistant in this, would we, because this is only a replacement role? I do not know whether that person should be in these calculations, because that was not a separation, presumably.

**Mr Fraser**—They are factored into our figures on both separations and commencements—short-term contracts are included in those figures. So the 10 separations include any separations of a short-term nature and include the commencements of two, one of which was the short-term contract for the executive assistant.

**CHAIR**—If I recall, two of the separations were short term.

**Mr Brady**—That is right.

**Senator RONALDSON**—Sorry, Mr Murtagh, I keep on interrupting you.

**Mr Murtagh**—That is all right. Among those positions, as Mr Brady has mentioned, is a position of household attendant. There is a records management position. There are three positions of case officer in the honours secretariat that will not be filled.

**Senator RONALDSON**—This is someone who checks the records of nominees, is it?

**Mr Murtagh**—Correct. I am just looking for the other two. There was a position in executive branch—senior executive adviser.

**Mr Brady**—We are missing one, so we will take it on notice.

**Mr Murtagh**—I think I have worked that out. I think it is the doubling up of the senior media communication—

**Mr Brady**—That is right. The senior communications and media adviser was on our books, due to illness, until his retirement on 8 July, but in fact his successor started with the Governor-General.

**Senator RONALDSON**—What percentage of the salaries would those positions represent, Mr Murtagh? Do you want to take that on notice?

**Mr Murtagh**—I would have to take that on notice. I would have to sit down and work that out. I have not actually had a briefing to that effect.

**Senator RONALDSON**—Mr Brady, are you aware of any morale issues amongst the staff at Government House?

**Mr Brady**—I would preface my answer by saying that it is a very challenging and demanding environment. As you would imagine, as for staff working for ministers and parliamentarians, there are long hours involved. To my satisfaction, the morale is good and staff are working effectively and well to allow the Governor-General to carry out her duties.

**Senator RONALDSON**—Did you recently have people coming to see you to express their concerns about the work conditions at Government House?

**Mr Brady**—Can I seek clarification—when you say ‘the work conditions’?

**Senator RONALDSON**—Perhaps you can answer the first question. Have staff been to see you recently to express their concerns with the working conditions at Government House?

**Mr Brady**—From time to time, in an environment like Government House, which is a little isolated in terms of its working environment, it is only natural that there are occasionally people who are unhappy or—

**Senator RONALDSON**—So the answer is yes?

**Mr Brady**—The answer is that it is a normal yes.

**Senator RONALDSON**—What specific concerns did they express to you about the working conditions?

**Mr Brady**—At times I have had concerns raised about just the volume of work that people are expected to undertake. As I said, we are operating under tight budgetary conditions and so fewer staff and yet a very active program having to be managed. Later on, I hope there is an opportunity for me to list the volume and the number of events that the Governor-General has been involved with. It is something in the order of just under 1,000 separate events and engagements in the course of a year. That places a tremendous pressure on staff as numbers go down and the workload goes up.

**Senator RONALDSON**—There has been a quite substantial turnover, hasn't there, since May, in senior positions? Did you undertake any exit interviews with those senior staff to ascertain what their concerns were?

**Mr Brady**—Can I just perhaps challenge the first part of your question, Senator, and say that, of the top 12 staff, only three have been replaced or have left, so there has not been this constant changeover that your question states. As to the question—

**Senator RONALDSON**—I am not sure whether I mentioned top staff or bottom staff, did I?

**CHAIR**—No, you said top staff.

**Mr Brady**—You said 'senior', so I took 'senior' to mean 'top'.

**Senator RONALDSON**—Okay.

**Mr Brady**—Yes, I have a continuous dialogue with staff and talk to people all the time, including when they leave.

**Senator RONALDSON**—They are formal exit interviews?

**Mr Brady**—No, they are not formal exit interviews.

**Senator RONALDSON**—Why would you not conduct formal exit interviews with these employees?

**Mr Brady**—Because the work environment is so small that I would talk to most of the senior staff on a daily basis.

**Senator RONALDSON**—What discussions have you had with the Governor-General in relation to the concerns that have been raised by staff?

**Mr Brady**—Senator, I think it would be reasonable to say that my conversations with the Governor-General are between her and me.

**Senator RONALDSON**—Surely you can give us some indication of what the nature of those discussions was?

**Mr Brady**—It is a continuous dialogue on each day.

**Senator RONALDSON**—I know, but I am asking, in relation to these specific staff issues, what is the nature and extent of your discussions with the Governor-General in relation to those?

**Mr Brady**—As I am invested with the responsibility of running the agency, I take responsibility for doing so and keep her informed as things progress.

**Senator RONALDSON**—But you would inform her of issues that the staff had raised, would you not?

**Mr Brady**—If they related to her, I would.

**Senator RONALDSON**—So have you had any of those discussions with her in the last five months?

**Mr Brady**—I would again just say that conversations that I have with the Governor-General necessarily must stay private.

**Senator RONALDSON**—I take it from your answer that indeed you have had discussions with the Governor-General in relation to complaints made by staff about the Governor-General herself, because if you had not had those discussions then the simple answer would have been no. So I am taking it from your answer that you have had those discussions. What were the nature and extent of those discussions you had with the Governor-General following complaints about her specifically which you related to the Governor-General?

**Mr Brady**—I have to backtrack here and just say that I am charged with the responsibility of running the office of the official secretary to the Governor-General. Working in an office such as ours is challenging and it is demanding. It requires a constant ability to deal with change. Some staff respond well to that, and occasionally there might be somebody who does not. I feel as if we are going around in a circle. I am not quite sure who you are referring to.

**Senator RONALDSON**—With the greatest of respect, Mr Brady, you are the one who is going around in a circle. You have in effect acknowledged that you have had to raise with the Governor-General complaints about her personally from staff. I am asking you: what were the nature and extent of those complaints?

**Mr Brady**—No, I am saying that any conversations at all that are held between me and the Governor-General are necessarily private—otherwise no Governor-General good could effectively work.

**Senator RONALDSON**—Mr Brady, with the greatest of respect, I have no doubt that if you had not had those discussions with the Governor-General since May then you would have said that you had not had those discussions. Therefore I put it to you again that, by the nature of your answer, you have had those discussions and I ask you again: what were their nature and extent, and what complaints had the staff made of the Governor-General herself?

**Mr Brady**—It would help me if you could be more specific and then I could perhaps—

**Senator RONALDSON**—No, it would help me if you were more specific, Mr Brady. What were the specific complaints made by staff against the Governor-General which you communicated to her?

**Senator CAMERON**—I am after some clarification here so I understand where this is going. On a point of order, I am not sure that Mr Brady has made any concessions in terms of any factual issues that Senator Ronaldson is pursuing here and I would just like some clarification from Mr Brady as to whether he has made those concessions and I missed them in terms of what is being put by Senator Ronaldson.

**Mr Brady**—Senator, I have endeavoured to just return to a basic principle, which is that conversations between me or my predecessors and the Governor-General or her predecessors are necessarily private.

**Senator RONALDSON**—Mr Brady, with the greatest respect, back in May you were completely and utterly indignant with my line of questioning. Whether that was fair or otherwise we will leave for the history books to say. But I do remember that we were discussing the Governor-General's overseas trips, and you were most indignant that there had been allegations made in relation to the motives for the Governor-General's travel. You were very, very quick to dispense with or to attempt to dispense with those stories. Indeed, my recollection was that at the time we had had discussions about the motives for the trip between you and the Governor-General and PM&C and others, and you were very quick at that stage to deny the matters that I put to you. You are now invoking a defence of 'I do not respond to questions about my discussions with the Governor-General'. In May, you were not at all passive; you were quite passionate—and indeed, I think, produced some very nice pictures of the front cover of the *Kenya Times*, I think, or the *Kenyan Post*, from recollection. I cannot think of the others. They are not papers, I have to say, that I have direct access to, but I was pleased to see the front pages. In May, you were very quick to defend the Governor-General. You were quite happy at that stage to refute allegations.

What I am putting to you today is that I have asked you a quite specific question. With your prevarication, you are, in my view, acknowledging that there have been matters raised with you about the Governor-General herself that you have communicated to the Governor-General. I want to know: what were the nature and extent of the complaints made by staff who were leaving about their attitude to the Governor-General?

**Senator CAMERON**—That concession has not been made.

**Senator RONALDSON**—Come on, Doug!

**Senator CAMERON**—That concession has not been made.

**Senator RONALDSON**—If it looks like a duck and it quacks like a duck and it walks like a duck, it is still a duck. The fact that he has refused to answer this makes it quite clear, as you well know, that—

**Senator CAMERON**—The concession has not been made.

**Senator RONALDSON**—the answer to this question is yes. I am asking—

**Senator CAMERON**—No, you have not cracked it.

**Senator RONALDSON**—what were the complaints made by the staff about the Governor-General that you communicated to her?

**Mr Brady**—From time to time, an individual might come and see me. You would expect me, if need be, to keep the Governor-General informed. It is a continuous dialogue that she and I have. It is an open dialogue. It is a confidential dialogue.

**Senator RONALDSON**—These complaints made by the staff about the Governor-General to you—did you think they were reasonable? Surely you are not going to deny that there were

comments made to you about the Governor-General. I am pretty sure that is absolutely clear, at any rate.

**CHAIR**—Just a moment, Senator. Can I clarify where we are here. Mr Brady has made reference to complaints that have been made in relation to the volume of work. You are on a different issue, which is complaints about the Governor-General herself. Mr Brady has not made reference to those, so where is this coming from?

**Senator RONALDSON**—Madam Chair, with the greatest respect, that is not what Mr Brady said. Someone from your office might have sent you—

**CHAIR**—No, no-one has sent me anything; this is exactly what I have heard.

**Senator RONALDSON**—an email in relation to this, but that most certainly was not—

**CHAIR**—In fact, look: it is dead.

**Senator RONALDSON**—You can borrow mine—on second thoughts, no! That most certainly was not the matter that I put to Mr Brady, but anyway—

**Senator CAMERON**—I do not need someone emailing me to tell me—

**Senator RONALDSON**—I suspect that people will form their own views about Mr Brady's refusal to answer a question and particularly Mr Brady's refusal, Madam Chair, to answer the question in the light of his very, very, very passionate defence of the Governor-General in May, but I will leave that there. As I say, others will make a judgment. I understand, Mr Brady, that—

**CHAIR**—Sorry, Mr Brady has—

**Mr Brady**—Can I just put on the record that the Governor-General is an amiable, very highly regarded person. People who work for the office feel very privileged to be working for the Governor-General and—

**Senator RONALDSON**—Come on, Mr Brady, you cannot give third-party endorsement from the table at Senate estimates. We all know that you are a great admirer and I understand that, but let us not invoke third staff.

**Mr Brady**—It is not a—

**Senator RONALDSON**—If you are happy to do that, are you happy for me to give your staff a ring and see whether they share your views?

**Mr Brady**—No comment.

**Senator RONALDSON**—I am sure you haven't. Don't come in here and start talking about what the staff are telling you. I am happy for you to do that if you are happy for me to get on the phone this afternoon to ask them whether they agree with you. So do we have a deal or not?

**Mr Brady**—The point I am making is that life at Government House moves at a fast pace. There is a lot of work and some people deal with that work well and enjoy it and others do not. In the absence of your being able to detail to me some particular instance that I can respond to, it is rather hard.

**Senator RONALDSON**—Yes, I am sure that is right, Mr Brady. On 6 September the *Sunday Telegraph* contained an article from Glenn Milne. I have no doubt that your very good media service down there would have produced it for you. What is the protocol in relation to briefings from top public servants, including the head of the armed forces? I should, in fairness, give you some background on what the article said. At the end of the article about some matters I am just about to ask you about in relation to expenditure, Mr Milne said:

She—

the Governor-General—

also broke with protocol recently by ordering private security briefings from top public servants – including the head of the armed forces.

Ms Bryce summoned the Air Chief Marshall Angus Houston, along with the then head of the Department of Foreign Affairs, Michael L'Estrange, and the Treasury Secretary, Dr Ken Henry, to Yarralumla.

**Mr Brady**—I think this has been traversed at some length at a previous Senate estimates, and I said to Senator Abetz, I think it was, who ran the line of questioning that on that occasion there were the CDF, the secretary of DFAT and the Secretary of the Treasury who had kindly agreed to brief the governors and Administrator of the Northern Territory who had come down for a gathering.

**Senator RONALDSON**—Do you accept that that was a break with normal protocol in relation to the sorts of briefings that governors-general would request?

**Mr Brady**—No, I do not. It is quite normal for the Governor-General to receive briefings from the Chief of the Defence Force and from the secretary of DFAT before travel or in case of a situation that she needs to be briefed about. I do not think they are at all untoward. What I did say to Senator Abetz, if you will recall, was that he made the point to me that in the first instance it might be useful to go through the minister's officers, and in response to that I said I would take it on notice and I responded favourably to the question.

**Senator RONALDSON**—I take it from your answer that you have some knowledge about what occurred prior to you coming to this position, in the context of people like the Chief of Air and others coming down there. You gave me an indication that this was a longstanding tradition that these people would appear at Government House.

**Mr Brady**—My understanding is that when a Governor-General takes up office she or he is entitled to be briefed. In fact, the Governor-General is inducted into various levels of security clearances and those clearances only make sense if she has been briefed accordingly as commander-in-chief on what the Army, Air Force and Navy, what the CDF and what the VCDF are thinking. She needs to get to know them and most of those calls which are sat in on were getting-to-know-you exercises.

**Senator RONALDSON**—When was that meeting held?

**Mr Brady**—These were within the first few weeks of her becoming Governor-General. The other meeting which I referred to—I would have to get the date—was when the governors and the Administrator came to Canberra.



**Senator RONALDSON**—If you can find out when Air Chief Marshal Houston and the then Department of Foreign Affairs Secretary Michael L'Estrange gave this briefing, and also Dr Henry and whether Dr Henry was there at the time.

**Mr Brady**—Dr Henry was there at the same briefing session with Mr L'Estrange and the CDF.

**Senator RONALDSON**—Will you find that date for me?

**Mr Brady**—I will.

**Senator RONALDSON**—I have got some other contract stuff.

**Senator BERNARDI**—Mr Brady, just a few brief questions. My information is that the capital works program on the official residences was going to be \$970,000.

**Mr Murtagh**—I believe you are referring to the response to some questions on notice. That response covers works that were approved at that time and, yes, the expected cost was \$970,000.

**Senator BERNARDI**—I actually was taking this from a newspaper article. I may have missed the response on notice. It was spread across a range of projects. Can you give me a breakdown of what those projects are or have you already put that on notice?

**Mr Murtagh**—That has been advised on notice.

**Senator BERNARDI**—I will accept that. Thank you. Have the works commenced?

**Mr Murtagh**—Some works have commenced, yes.

**Senator BERNARDI**—Which works have commenced?

**Mr Murtagh**—One of the items there, the refurbishment of the staff quarters at Admiralty House, has commenced. We have gone out to tender and the tender is current at the moment for upgrading the inground irrigation system at Government House. And some engineering work is occurring in respect of a number of other projects on that list although the projects themselves have not started. This is preliminary work.

**Senator BERNARDI**—There has really only been one project that has started and the others are in tender mode.

**Mr Murtagh**—Yes.

**Senator BERNARDI**—Is there still a reasonable expectation that it will come in within the budget allocated to that particular project?

**Mr Murtagh**—In the engineering works we identified that there were some additional structural issues to be dealt with. It is a very old building and we were not altogether sure about those structural issues at the time. The new estimate for those works is around the \$600,000 mark.

**Senator BERNARDI**—So the estimate of \$970,000 for all the projects is going to be significantly higher.

**Mr Murtagh**—The overall price for that range of projects will be \$200,000 higher.

**Senator BERNARDI**—Is that \$200,000 cost due to the overrun in the engineering project?

**Mr Murtagh**—In the main. That is the largest single component. Without going into too much detail, it involved strengthening of the roof and floor areas. They were found to be under specification.

**Senator BERNARDI**—What are the expected completion dates of the projects? You have started one; what about the rest of them?

**Mr Murtagh**—That particular project is expected to be finished in December 2009. The irrigation project is in tender, expected to be commenced before Christmas and finished in January or February. The other projects that are in engineering stage have a variety of dates. Do you want me to go through them?

**Senator BERNARDI**—If you would not mind, Senator Ronaldson has some questions on this too, so the more expansive your answers the easier it will be and you will not have to repeat them.

**Mr Murtagh**—The upgrade of lighting in Government House is going to occur concurrently with another project which is expected to be delivered in January and February. The resurfacing of the access roads is currently planned to occur in February. The renovation of the public lookout at Government House has been delayed slightly and will now commence in April and should be finished by June. The upgrade of the bulk fuel storage facility has been delayed and is now expected to commence in April and be finished by June. The emergency exit lighting system is going to occur concurrently with that other project that I referred to a moment ago. The damp-proofing works at Admiralty House, there has been a slight delay on the engineering there. We are still hopeful of delivering that in November. The repairs to the sea wall at Admiralty House, we are still waiting on some engineering work there but they are likely to occur in February 2010.

**Senator BERNARDI**—Suffice to say that all the projects will be completed in this financial year.

**Mr Murtagh**—At this stage I believe so.

**Senator BERNARDI**—I think Senator Ronaldson has some other questions.

**CHAIR**—Senator Ronaldson, is that still on the residence work?

**Senator RONALDSON**—Yes. Mr Brady, when were these projects reactivated? After the May Senate estimates, at what stage were all these projects reactivated?

**Mr Brady**—I presume this is about the 10-year planned savings—

**Senator RONALDSON**—No, it is not.

**Mr Brady**—Are you sure?

**Senator RONALDSON**—Maybe you are right. Maybe I have got my questions wrong. No, it has nothing to do with the 10-year plan. I do have my failings, Mr Brady, but I actually do know the questions I am asking.

**Mr Brady**—I just wanted to confirm that the \$7.8 million in projects that have been considered and cancelled remained cancelled and that the further \$6.4 million in projects that were planned to occur in 2009-10 have been deferred again.

**Senator RONALDSON**—In fairness to you, the matters that my colleague raised were the cancelled projects effectively from May.

**Senator BERNARDI**—The \$970,000 works programs I asked about were the projects themselves and the status of them and whether there were any cost overruns, and we were advised that there was a \$200,000 cost overrun on an engineering project.

**Senator RONALDSON**—These projects, including the ones that my colleague asked about, were nominated, I think, at the May budget estimates about those that would not proceed.

**Mr Fraser**—No, that is not right.

**Senator RONALDSON**—I am happy for you to clarify that for me.

**Mr Fraser**—Yes. All of the projects that were mentioned in the May estimates, the totals that Mr Brady has just referred to, the savings there of \$7.8 million and the further \$6.4 million in projects planned to occur this year or earlier, remain on hold. These are other projects that get considered regularly that are on the 10-year property capital works program.

**Senator RONALDSON**—That was the air-conditioning, was it?

**Mr Brady**—That was what was cancelled.

**Senator RONALDSON**—That was cancelled. But was that part of the long-term or was that the short-term?

**Mr Fraser**—That was also on the 10-year property program. All of these works are part of that 10-year program.

**Senator RONALDSON**—Can we just go through them? The \$885,000 for air-conditioning and the repairs to the marine barracks—were these projects that were cancelled because of the current economic situation, which you referred to on page 60 of the Senate estimates *Hansard*:

**Mr Brady**—I think this is worth putting on the public record. With the current economic situation, which really spares no agency—nor should it—I took the decision that some of these very large expenditure proposals should not go forward. The construction of an extension to Government House was one which I felt simply could not be justified. The proposal for that extension was in the vicinity of between \$3.5 and \$5 million.

**Senator FORSHAW**—Was that the proposed function and reception area?

**Mr Brady**—Yes.

Then you went into detail about air-conditioning and repairs to the marine barracks at Admiralty House, of \$100,000. There was a sea wall. There was a lighting upgrade. There was the building management system installation, of \$30,000; Government House road repairs and resurfacing, of \$90,000; and some other work, of \$50,000. So those projects were part of the projects that were not proceeded with because of the current economic climate?

**Mr Fraser**—Yes. That is correct. That was one of the points being considered in a big 10-year program. It was considered at the time that these large amounts of expenditure, such as the \$5 million or more on the multifunction room could just not be justified in this climate, so certain projects were cancelled and others were considered and deferred for reconsideration in the future.

**Senator RONALDSON**—Have those projects that were specifically referred to in May—the air-conditioning, the Admiralty House marine barracks, the sea wall, the lighting upgrade, the drainage repairs, the building management system et cetera—been reactivated?

**Mr Fraser**—No, they have not.

**Senator RONALDSON**—None of them?

**Mr Fraser**—No.

**Senator RONALDSON**—What about the sea wall?

**Mr Fraser**—There are a range of issues involving the sea wall at Admiralty House, as you can imagine. There are different projects being considered at different times. That particular project is not proceeding.

**Senator RONALDSON**—That has not been put out to tender?

**Mr Murtagh**—No, it has not.

**Senator RONALDSON**—So none of those projects that I referred to are proceeding?

**Mr Fraser**—That is correct. Things evolve very quickly with a property of that age, of course. With erosion and things there from Sydney Harbour, we need to tackle different issues at different times. While we might be preparing to do repairs to sea wall, these are different repairs to those that we were previously considering.

**Mr Brady**—This would probably be a good time to put on the record that the office has very recently approved a hydraulic upgrade at Government House to replace the iron heating pipe work throughout the house that was installed in 1939. This project will occur in January and February 2010, which will close Government House for those two months.

**Senator RONALDSON**—This is not the same request for tender 0007/09, which closed on 24 September, which involved refurbishment and bracing and strengthening of the roof before stripping out the bathrooms et cetera? Is that at Admiralty House?

**Mr Murtagh**—That is at Admiralty House. That tender refers to the staff quarters refurbishment at Admiralty House.

**Senator RONALDSON**—What is the state of the rooms, the corridors and the bathrooms at the moment?

**Mr Brady**—‘Repellent’ would be an accurate description. The house seemed to operate on an ‘upstairs, downstairs’ policy, where staff who were required to stay at Admiralty House were given substandard accommodation which contravened some fairly basic OH&S standards.

**Senator RONALDSON**—How many people were involved in that?

**Mr Brady**—Staff who would stay?

**Senator RONALDSON**—Yes.

**Mr Brady**—Depending on the nature of the event—

**Senator RONALDSON**—I hope there are not more photos.

**Mr Brady**—There are more photos.

**Senator RONALDSON**—Spare me!

**Mr Brady**—I wanted to show you just how ghastly the communal bathroom—

**CHAIR**—You did ask, Senator.

**Senator RONALDSON**—One question too many!

**Mr Brady**—This, Senator, is the ceiling and this is the floor. Here you have the rising damp and the mould of the shared bathroom accommodation. This is a horror all of its own. Suffice to say that the accommodation would not meet even a one-star equivalent.

**Senator RONALDSON**—Mr Murtagh, this tender was only open for six business days; is that correct?

**Mr Murtagh**—I do not believe that is correct, Senator. Tenders are required to be open for a longer period than that. I would have to check the exact dates. There is a reduction in tender opening time available when a project is on your annual procurement plan, but I am quite sure we met those requirements.

**Senator RONALDSON**—The tender closed on 24 September. I understand that the request for tender stated that the works must commence on Tuesday, 6 October and must be completed by Friday, 11 December. Is that right or not?

**Mr Murtagh**—There was certainly a reasonably short turnaround for assessing the tender and putting the works into the field, yes.

**Mr Brady**—Just bear in mind, Senator, that Government House is closed for January and February, so we had to ensure that Admiralty House was capable of being used.

**Senator RONALDSON**—That was obviously a fairly short-term decision, wasn't it? I might not have made it clear before, but that is six working days between the tender closing and the works commencing. That seems to me to be a remarkably quick turnaround. Is there any reason why that tender was not put out earlier?

**Mr Murtagh**—You are referring to the time from when the tender closed to when the office intended to start the work.

**Senator RONALDSON**—Yes.

**Mr Murtagh**—So the consideration time for the tender is in the office's hands. The tender was open for members of the public to respond to for the required period of time.

**Senator RONALDSON**—Until 24 September.

**Mr Murtagh**—Yes.

**Senator RONALDSON**—But there is no reason why someone could not have put in a tender on 24 September, is there?

**Mr Murtagh**—There is no reason why someone could not have put in a tender up until that last day.

**Senator RONALDSON**—No. So there is still a six-day turnaround for works of quite substantial value.

**Mr Murtagh**—Indeed.

**Senator RONALDSON**—I think it was \$400,000 to \$450,000, wasn't it?

**Mr Murtagh**—Indeed. To assist us, though, in that process we arranged for a cost estimator to work through the tender and to determine a suitable range of prices for the various elements of that tender, which streamlined the process for the office in assessing the tenders.

**Senator RONALDSON**—So who assessed that tender over those six working days?

**Mr Murtagh**—I signed off on the tender. It was assessed by my project manager.

**Senator RONALDSON**—On what date did you sign off on it?

**Mr Murtagh**—I am just trying to recall. I do not recall the date. It was the week before the works were to start. I am happy to get back to you with that date.

**Senator RONALDSON**—The works were due to start on 6 October, so if it was the week before it was actually the week that the tenders closed, was it? You have actually got there—

**Mr Murtagh**—It would have been in the order of 1 October. It would have been in the order of the Thursday or Friday prior to that.

**Senator RONALDSON**—The 24th was a Thursday and it was due to start on the sixth. It was a week before that, so that is either the 28th or the 29th, and they did not close until the Thursday. So effectively there were two to three working days to assess this tender. I will bet there are a lot of people in the Northern Territory, who are looking for Indigenous housing, who would love to have seen a turnaround of two or three days of tender documents such as that.

**Mr Murtagh**—Yes, Senator, it certainly was a high-priority project for us and, as I said earlier, we had arranged for a cost estimator to work through the tenders so we knew what to expect in certain areas, and that assisted in streamlining the process.

**Senator RONALDSON**—Two to three working days—

**Mr Murtagh**—I do not believe that it was three working days—

**Senator RONALDSON**—It has got to be.

**Mr Murtagh**—I would need to time that out myself, Senator.

**Senator RONALDSON**—With the greatest respect, would you go back and have a look and we might have another talk about it in February. But from what you have said to me, it had to start on the sixth. The week before that was the 29th and they closed at the close of business on the 24th, which was a Thursday. You have got one to two days, a Friday and Monday, for this to be—

**Mr Fraser**—With all due respect, Senator, I think that—

**Senator RONALDSON**—Excuse me, I am not talking to you, Mr Fraser; I am talking to Mr Murtagh. You had two working days to assess this tender.

**Mr Murtagh**—Senator, I am happy to go and check the day on which the tender was signed. I am happy to go and check that date and provide that to you.

**Mr Fraser**—I was going to add that I was also involved in overseeing the project. It was a high priority for me and I had the relevant staff working full time on this issue, and my recollection is that there were about three or four working days over which these tenders were considered full time for eight hours a day. That was more than sufficient time to satisfy us that the correct tender was selected.

**Senator RONALDSON**—I am interested to get this back. It has been taken on notice and I will be very interested to find out exactly when it was. So, Mr Fraser, it was eight hours a day, was it?

**Mr Fraser**—Full time. The staff involved were working on it full time during that period. It was the highest priority in that section.

**Senator RONALDSON**—How many days was it?

**Mr Fraser**—I believe it was three or four working days spent assessing the tender.

**Senator BERNARDI**—You remember that it was eight hours a day but you do not remember whether it was three or four days. You cannot be more specific.

**Mr Fraser**—As I think the senator indicated, the tender itself closed on the Thursday. We assessed on the Friday and, I believe, on the following Monday, Tuesday and Wednesday. I think the report was signed off on the following Thursday or thereabouts. We need to check the specific timing.

**Senator RONALDSON**—As I said, I am sure that of the many, many tens of millions of dollars allocated for Indigenous housing in the Northern Territory, they would have loved to have had, at maximum, a four-day turnaround. All strength to you, Mr Fraser, if you can get things moving so quickly to get this turned around in four days when there are people in the Northern Territory who have been waiting for upwards of six to 12 months for the expenditure of this money and they cannot get it.

**CHAIR**—Senator Ronaldson, I think you have made that point twice and, given the latitude of this committee, we have given you another 10 minutes beyond the time we were due to break. I think the generosity should be noted.

**Mr Brady**—I would just like to put on the record that it was 17 February, Senator Ronaldson, when Mr L'Estrange, Dr Henry and the CDF gave their briefings.

**Senator RONALDSON**—And when was the Governor-General—

**Mr Brady**—It was on 5 September.

**Senator RONALDSON**—So it was 5 September and the briefing was not until—

**Mr Brady**—No, this was a separate briefing. The briefings that she had with the CDF and those other individuals were within the first few weeks. They are the dates that I can also provide for you.

**Senator RONALDSON**—So this was not the meet and greet in February, because she had already had that, hadn't she?

**Mr Brady**—No, this was when the three individuals, as I said at the previous Senate estimates, had agreed to come and give presentations to all the Governors and the Administrator of the Northern Territory who had come to Canberra to be briefed on matters of interest.

**Senator RONALDSON**—So all those people were at that meeting on 17 February—

**Mr Brady**—Those three.

**Senator RONALDSON**—with Houston, L'Estrange and Henry and others.

**Mr Brady**—But they were not there together. They would come for their particular presentation.

**Senator RONALDSON**—I am not going to incur the wrath of the chair by saying anything more.

**CHAIR**—Generous, as always.

**Mr Brady**—Madam Chair, if I may just close with a comment—I did not have an opening statement and I will only take a few seconds. In the context of today, I would just like to record that we have had a very pleasing ANAO audit result. We have received an unqualified financial statement with no graded findings. That is a rarity, as senators will be aware. There would probably not be many more than a small number of agencies or departments that have achieved that result.

**CHAIR**—Thank you, Mr Brady.

**Proceedings suspended from 12.40 pm to 1.47 pm**

**Department of the Prime Minister and Cabinet**

**CHAIR**—I welcome officers of the Department of the Prime Minister and Cabinet and the minister. We will commence with general questions, and then when Mr Mrdak arrives we will move to a discrete session of questions on the Office of the Commonwealth Coordinator-General. Beyond that, we will return to the department. Are there any opening statements?

**Senator Ludwig**—I do have a short opening statement, and this is clearly my first in this area. To assist the committee in its examination of portfolio supplementary budget estimates, I would like to make an opening statement. As the committee would be aware, the Prime Minister announced my appointment as Cabinet Secretary and Special Minister of State on 6 June this year and this appointment took effect after I received both the oath of affirmation and appointment from the Governor-General from 9 June. I would like to acknowledge the dedication and effort of my predecessor, now the Minister for Defence, Senator Faulkner, and I look forward to continuing his excellent work in this area and his work with the Standing Committee on Finance and Public Administration. Perhaps you could pass those comments on to Senator Polley, the chair. That would be helpful.

Part of the work, of course, involves ensuring timely responses to questions taken on notice following each estimates hearings. Just to give you an update on that, at budget estimates hearings in May the department took 119 questions on notice. This compares with 282



questions on notice at the same time last year and 155 questions on notice at the additional estimates hearing in February this year. I am pleased to note that consistent with previous performance, responses to all questions on notice were provided by the due date. In addition, the annual report you would now have from the Department of the Prime Minister and Cabinet has also been provided in a timely fashion. It is usual that the reports are provided for tabling by 31 October. It is better practice that this occurs prior to the commencement of supplementary budget estimates hearings and I am pleased to advise that the PM&C annual report was tabled last week ahead of supplementary estimates hearings this week.

Finally, I would like to comment on a procedural area, a matter that was raised for the first time at hearings in May in this particular form. I am referring of course to the Senate order of 13 May 2009 on public interest immunity claims and the discussion around the process for dealing with such claims which occurred at the budget estimates hearing on 25 May 2009. I would like to inform the committee that the minister and the department officials appearing as witnesses before the committee will fully comply with the order. You will be aware that it is ultimately the responsibility of the relevant minister to make a claim of public interest immunity. To avoid any risk of inadvertently damaging the public interest by disclosing information that, in the government's view, should remain confidential, officials and ministers, including the Prime Minister, are likely to require time to consider whether the disclosure of particular information or documents might damage the public interest.

In effect, I am simply reminding senators that it will be entirely appropriate for witnesses to take certain questions on notice in order to give proper consideration to possible public interest immunity claims. So where they are referred to me I will endeavour, as always, to provide responses to the committee. If it is an issue that will cross public interest immunity then it may very well be an issue that I have to take on notice for proper consideration of whether that should be claimed and the reasons for claiming public interest immunity in respect of that. Thank you.

**Senator RONALDSON**—I hear what the minister is saying but ultimately the decisions about the veracity of public interest and other requests from ministers for matters to be dealt with is actually dealt with by the committee. The committee makes that decision whether a matter might be in the public interest or not. With the greatest of respect to the minister, he does not actually have that right to make that decision; it is the committee historically that has made decisions about those sort of immunities and those sort of decisions.

I do not know whether the minister can table that statement now. I would be very grateful for that. But at first blink I have to say that I think this is a bit of a rewriting of the rules. If it is not, fair enough. But I have to say that I am very concerned about the commentary—and I am not suggesting the minister wrote it; it was obviously written for him. I think this is remaking the rules a bit. I would like to have look at that and reserve the right to make some commentary about it later on if the minister is happy to have that statement tabled.

**Senator Ludwig**—It is not in a form that can be tabled at the moment. What I will do is seek to have a form that can be tabled. Perhaps you have jumped the gun on some of this. What I said was, in considering the public interest immunity claimed—so it is still a matter for the committee to determine—it is a question of whether, rather than simply claiming public interest immunity by myself stating the reasons, it may be necessary for the relevant

minister or in this case the Prime Minister to consider those reasons to properly inform the committee. So it is keeping in accordance with the order. We are certainly not seeking to depart, reinterpret or change the order. The order is there and we will comply with it. I said that in my opening remarks.

**Senator RONALDSON**—My only issue with that is that if there is not the ability from the minister at the table to state what the reasons are for the committee's deliberations and that is delayed then we have no guarantee that the reasons for that claim would come back to the committee in time for the committee to make an appropriate decision. With the greatest of respect to the minister, I think this is actually one step removed from what is standard practice. Again, I will look at the statement. But, Minister, if you are now reserving the right to effectively go back to the Prime Minister or other ministers to see what reasons they may or may not want to articulate for making those claims then I think that is a precedent this committee should look at very carefully. I am not a member of this committee but I would strongly suggest that the committee look at this very carefully.

**Senator Ludwig**—It would only be if you could imagine the circumstance where you ask a question which the officials indicate may cross public interest immunity in which case I may not be across the detail of the particular matter in any way, shape or form and do not have sufficient information to make a decision at the table. It may very well be a case that it does have to be referred back to the relevant minister, more broadly, for the relevant minister to provide additional information which might ground the claim of public interest immunity. That would be the circumstances I could easily imagine would arise. That still is in keeping with the public interest immunity order, particularly where, as it says in paragraph (2)

(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.

So it is only the referral of the question to the minister. What I am indicating, and I think this is in fairness to the committee, is that if it covers an area where it certainly is not within my grasp to answer the public interest immunity claim then it would seem reasonable for the committee to allow time for that public interest immunity claim and the answer to it to be looked at by the responsible minister. Otherwise I would be making decisions without the benefit of understanding the background or the information that might in fact either make the public interest immunity claim or alternatively not make the public interest immunity claim—and the minister makes the relevant decision that it is a matter that can be provided and the claim is not made. I guess that is a shorthand way of putting it.

**Senator RONALDSON**—If you look at the information that has been provided to us in relation to the Senate Standing Committee on Procedure third report of 2009 then you see that in the attachment at paragraph 1(a) it says:

(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.

What effectively the minister has just said is that if he receives advice from the officer that they are not in a position to do so then he the minister will defer further consideration until he the minister gets back and provides, either via himself or via the committee, those reasons. Very clearly there is not provision for a deferral of the articulation of the reasons to claim the public interest immunity. I am not trying to be difficult.

**CHAIR**—I understand.

**Senator Ludwig**—Hopefully it will not arise.

**CHAIR**—And I know you have reserved your position on this for when you see the actual statement. But can I point out to you that, on my listening to the minister's comments at the start of the session, this is essentially a paraphrasing of point 2 to remind the committee that point 2 applies to allow for the elaboration of these grounds to be addressed by the relevant minister.

**Senator RONALDSON**—Under paragraph 3 there is certainly no provision at all for a deferral of those stated reasons until another time. I am not in any way trying to impart to this minister anything devious. All I am saying is that if we rewrite the rules in relation to this—and I do not care which government it is—then I think it provides the executive the opportunity to flick this off and it will get lost in ether, and the only time we could possibly pursue it would be at the next estimates or in questions on notice. In my view that is not in line with the Senate Standing Committee on Procedure third report.

**Senator Ludwig**—I will go to the third report; I think that would be helpful, now that you have mentioned it. I refer to page 1. I did not think it was much of a controversy, actually, when I read the statement. I thought it would just remind senators about where we were at so that we did not have an argument in the future. But, clearly, I was mistaken. Paragraph (3) of the order concludes:

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.

The relevant minister, the portfolio minister at the table, would be able to provide that. But, of course, in estimates there are representing ministers who may not necessarily have that information to hand. That was recognised in the Procedures Committee *Third report of 2009* where, at the bottom of page 1—I will not read it all but just go to the salient point—it said:

Under the order it is open to a minister representing another minister at a committee hearing to refer any public interest immunity claim to the responsible minister. It is also open to a Senate minister who is responsible for the matters under consideration to defer, and further consider, a decision on whether to make a public interest immunity claim.

**CHAIR**—Sorry, minister—where are you now?

**Senator Ludwig**—I am at the Procedures Committee *Third report of 2009*, which dealt with the order. I think it provides an explanation.

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**Senator RONALDSON**—What page are we on, CHAIR?

**CHAIR**—This is page 1, the second-last paragraph—is that where you mean?

**Senator Ludwig**—It is the last paragraph. You could read the second last paragraph as well but in the interests of time I did not. Those paragraphs provide more for those, such as me, who are representing the Prime Minister today. Also later on in the week I will be representing, in the Senate, the human services portfolio for Mr Bowen. I thought it was a timely reminder just to make that point today. I think it is well supported by the Procedures Committee examination. It is in keeping with the order. And we will obey the order.

**Senator RONALDSON**—I will read the statement. It might have been a misunderstanding and a misinterpretation of the minister's verbal commas. But I will have a look at it, and I thank the minister.

**CHAIR**—Are there any general questions?

**Dr Grimes**—If the committee could indulge me, I have a short opening statement to make, if that is acceptable to the committee.

**CHAIR**—That is fine.

**Dr Grimes**—Thank you. To assist the committee in its examination of portfolio supplementary budget estimates, I would like to make the following comments. In addition to the Senator's comments about our questions on notice and annual report, I can also advise the committee that the department provided its responses to the Senate orders on government appointments and departmental and agency grants on Monday, 12 October 2009, in line with the requirement that responses be tabled a week before the commencement of estimates hearings.

I would also like to provide some advice to the committee on senior departmental changes since the last hearing in May. I have taken over as Associate Secretary of Domestic Policy Group from David Tune who, of course, has gone on to be the Secretary of the Department of Finance and Deregulation. Glenys Beauchamp has replaced Mike Mrdak as Deputy Secretary (Governance), following his appointment as Secretary to the Department of Infrastructure, Transport, Regional Development and Local Government. Mr Mrdak continues in his role as Coordinator-General, and the Office of the Coordinator-General remains within the Department of Prime Minister and Cabinet, and it is headed by Jennie Granger, Deputy Secretary. As the committee may know, Barbara Belcher, the long-serving head of Government Division retired after the hearings in May, and we do include a tribute to her in our annual report. I can also advise that Philippa Lynch has been appointed to the position of First Assistant Secretary, Government Division.

As you noted at the outset, Chair, Mr Mrdak, as coordinator-general, will be available in a short while to answer questions and Ms Granger will be able to appear with him to answer questions relating to the operation of the office.

Finally, I would like members to note the annual report provides a report against the output group structure applying to the 2008-09 year. Changes in the output structure between 2007-08 and 2008-09 are clearly mapped out in the annual report at pages 21 and 22. For the

purpose of the supplementary budget estimates hearings we will follow the program reporting structure in the 2009-10 budget, which took effect on 1 July 2009.

**Senator PARRY**—I have got questions which may need to be taken on notice; in fact, I am sure they will be. In response to cabinet formally considering the National Broadband Network policy on 7 April 2009: firstly, could advice be given to this committee as to the commencement time of that cabinet meeting; secondly, what was the duration of that cabinet meeting; and, thirdly, who was present at that cabinet meeting?

**Dr Grimes**—We would have to take those sorts of details on notice.

**Senator PARRY**—I assumed that would be the case. If that could be taken on notice it would be appreciated.

**Senator RONALDSON**—Minister, I am just looking through another media report from the *Herald Sun* over the weekend. Your boss has got a few problems, hasn't he?

**Senator Ludwig**—I would not have thought as many as your boss, but there you go.

**Senator RONALDSON**—But your boss has got a few problems.

**Senator Ludwig**—He might have.

**Senator RONALDSON**—There is a high staff turnover. This report shows that almost half of the Prime Minister's staff have left his office in less than two years. We have got recent revelations about his behaviour with a group of backbenchers when they came to see him about entitlements. What is happening in that office, Minister, which would force almost half the staff to leave in two short years? It is unprecedented staff turnover in a prime minister's office.

**Senator Ludwig**—I thank the senator for that question. The interesting thing to note is that, first of all, this is an active government. It has a large agenda. It has also been dealing with a range of issues right through from dealing with the global financial crisis and all offices have been working diligently to do that, including staff from the prime minister's office. But I think more importantly when you look at the staff turnover, it is unsurprising given the range of work and the size of the office to have staff turnover during that period. I think it is a not a proper description you have outlined—saying that the Prime Minister has an issue with it. When you look at the opposition's experience, you will find turnover in the opposition leader's staff as well. It is a matter that I think all prime minister's offices have to deal with. It is also about ensuring that there is continuity within those offices as well. I am positive that the Prime Minister's office, through a range of processes, has been able to adequately deal with those issues.

**Senator RONALDSON**—The defence always is the hard work defence, isn't it? That they have been forced to work hard and people are uncomfortable with that. But if you look at these quotes in the *Herald Sun* on Saturday there is no mention of hard work. I will tell you what is mentioned—insiders describing the PM as 'manic':

With the next election less than one year away, the PM has lost most of his senior policy advisers, leaving an office that insiders say is almost unrecognisable.

Here is another quote:

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“He’s demanding and a bit all over the place,” says one former staffer of the PM ...

Again, this article repeats that the PM:

... recently tore into Labor’s factional chiefs with an expletive-laden rant. Another was more blunt: “He gives little in the way of constructive feedback. And he just doesn’t listen to anybody.”

I put it to you that the Prime Minister does have some serious issues.

I thought it very interesting that there was an article in the same paper on the same day, which I will read, which is headed ‘Confidence crisis cause of power abuse.’ It says, ‘Bosses who are in over their heads are more likely to bully their workers. Research by the University of California found supervisors or upper management staff who feel incompetent in their roles are most likely to lash out. The findings from four separate studies found a direct link among people in positions of high responsibility who feel unsure and aggression.’ Study author, Associate Professor Serena Chen, said:

It’s the combination of having a high-power role and fearing that one is not up to the task that causes power holders to lash out. And our data suggest it’s ultimately about self-worth.

**Senator Ludwig**—I would ask, Senator Ronaldson, that before you—

**Senator RONALDSON**—I will take you, Minister, to a number of incidents—

**CHAIR**—Just a moment, please, Senator Ronaldson.

**Senator Ludwig**—While you are taking yourself to a range of those comments, I wonder if you could table the documents so that at least I can have a look at the information that you are referring to. It is not that I doubt that you are quoting accurately; it is sometimes worth while understanding the full context of the article that you are reading from and making it available. It is something that I have always asked senators to provide to witnesses and it applies equally to me as well. If you have a copy of those quotes it would be helpful for me to have a look at them as well.

**Senator RONALDSON**—I am happy. I have the newspaper article here.

**Senator Ludwig**—The attendants can photocopy it.

**Senator RONALDSON**—I appreciate that. I will tell you what might be best. How about I just finish off my questions and then I can get it photocopied and you can then—

**Senator Ludwig**—I know that you have gone through the research. If you could table a copy of it it would be good so that I could have a look at it equally. It would then inform me in my responses as well. I do not know the researchers. I do not know the article that you refer to. I do not know the nature of the research. What I do know is that it is, as I said, an act of the government. We are dealing with a range of issues across not only the PMO, the Prime Minister’s office, but also each portfolio. I know my own portfolio is busy. But what I would be more interested to understand is the point that you make. If you are talking about staff turnover, it is clearly indicated at the end of the report. That is why we have annual reports—to provide information about that type of material. But it is important for the committee to bear in mind that in all organisations with staff numbers of 40 or more you would expect staff to turn over. You would certainly not expect numbers to remain unchanged over the 22 months that we have been in government.

**CHAIR**—It might be a time now, Senator Ronaldson, to have copied what you are referring to, and we will call Mr Mrdak, who has just arrived, and move on to that area. We will go back to your questioning when we have concluded, since Senator Coonan has time limitations.

**Senator RONALDSON**—Yes. I have just one more and I will go back—

**Senator Ludwig**—It is only when you look at it. That is why I would be interested in looking at the article. I am advised that of course it is not just the government having trouble holding onto valuable staff. Since February, 11 media advisers working for the 32 federal opposition frontbenchers have quit their high-pressure jobs as well. You may be cherry picking from the article. In a balanced approach, if you looked at it totally, it cuts across both government and opposition. As you know, these jobs create pressure in certain areas.

**Senator RONALDSON**—But there is a difference, Minister. For example, I do not think anyone in the opposition—

**Senator Ludwig**—Eleven media advisers across 32 federal opposition frontbenchers is—

**Senator RONALDSON**—has abused a stewardess on a plane. I do not think there has been any allegation against someone from the opposition about hairdryers in Afghanistan. I do not think there have been other comments—such as abusing people.

**Senator CAMERON**—That was probably—

**Senator RONALDSON**—Honestly and truly, it is nothing to do with the high-pressure job. It is actually about, in my view, the fact that this fellow has got a serious issue—a very, very serious issue.

**Senator BERNARDI**—Chair, Senator Ronaldson is entitled to ask a question without interjections from Senator Cameron. Could you please ask Senator Cameron to desist from being belligerent and ridiculous.

**CHAIR**—I have asked Senator Cameron to desist but I have also asked Senator Ronaldson to consider the minister's request and to look at meeting that during the time in which we can move on to Mr Mrdak, who has been requested to rush in here, so that we deal with him immediately.

**Senator Ludwig**—I think it would be advisable, chair, to have a look at the research. We do have Mr Mrdak available. His time is short. He has moved on outside of this portfolio and he has made himself available. I think it is important that we do deal with it now, quite frankly.

**CHAIR**—Senator Ronaldson, can you look at providing the research you were referring to to the minister and we will move on to that area?

**Senator RONALDSON**—I am getting that press article copied now. I will say it is most unusual for a minister not to accept the quotes from newspaper articles from senators. They might not agree with them, but it is unusual for ministers to query—

**Senator CAMERON**—It is not unusual.

**CHAIR**—Rather than continuing this discussion—

**Senator Ludwig**—I was going to go on to say that I am sure it is not unusual for Senator Coonan or Senator Cameron or Senator Moore to understand that I have always asked for these documents in previous estimates committees. I am not sure what the practice in this committee has been, but at least we have made it clear that from here on in if you quote from a document I will be asking for the document for myself if it is a question directed to me. If it is the question directed to a witness, I will be asking for the document to be provided. I think that is clear. It is the way I have always operated in the past. Occasionally I may have forgotten to do that but usually someone around the table reminds me.

**CHAIR**—That request is being addressed now. The point I made earlier was that the committee has resolved to bring on Mr Mrdak as soon as he got here. He is now here. Senator Ronaldson will be able to readdress those issues after we had finished with Mr Mrdak.

[2.17 pm]

#### **Office of the Coordinator-General**

**CHAIR**—Welcome. Is there an opening statement you wish to make?

**Mr Mrdak**—I am happy to go straight to questions.

**Senator COONAN**—Thank you, Mr Mrdak, for making yourself available to the committee to suit us. I want to refer you to your progress report, the executive report for the first quarter of the \$42 billion economic stimulus plan that was published in August. It was current to the end of June this year. Is that correct?

**Mr Mrdak**—That is right, Senator.

**Senator COONAN**—At the end of June the establishment phase had been completed and the delivery phase is in progress but far from complete. Would that be a fair summation?

**Mr Mrdak**—The delivery phase at that stage was starting to ramp up and has now largely got under way across most categories of the building construct.

**Senator COONAN**—Was the establishment phase just planning, or what was it? What was included in establishment?

**Mr Mrdak**—Establishment involved a number of elements, firstly the negotiation and finalisation of funding agreements, particularly in relation to the Building the Education Revolution package where funding agreements were put in place between the Commonwealth and the states and territories and also the block grant authorities in relation to school projects. So funding agreements in some situations. There were also during that phase planning and applications being submitted by the states and territories and block grant authorities and social housing providers to the Commonwealth for approval of projects. So there was that whole process there of planning and development of projects and then the approval process by the Commonwealth which took place. There was also during that phase the development of a range of governance arrangements by ourselves and the states and territories in relation to reporting and also in the way in which we operated as Coordinator-General's to ensure the rollout, that is removing any regulatory or other impediments to the fast-tracking of the projects.



**Senator COONAN**—If I understand you correctly, all the planning for this was completed by June. Is that right?

**Mr Mrdak**—Largely yes. There were obviously some planning issues still being dealt with in relation to some individual projects. By June we had still not progressed to phase 3 of the Primary Schools for the 21st Century program, P21, so that round was still to be completed. There are also still approval processes taking place into a small number of social housing projects and the like.

**Senator COONAN**—So it is not quite correct for this report to say that the establishment phase had been completed. There are obviously still some issues.

**Mr Mrdak**—There is still a small element. At the time the report was released by that stage, which was in August, the Deputy Prime Minister had made the final allocation of the P21 program and the like. The report was looking at the data to the end of June, but in that period to the release in August the planning and the approval process by that stage had been completed.

**Senator COONAN**—Just to be perfectly clear, what this report addresses in detail is not the cash payments or the temporary business investment tax break. It concentrates almost exclusively on the upgrade of schools, the social and defence housing, the local community infrastructure, the local road and rail and the pink batts. Is that correct?

**Mr Mrdak**—That is correct. The report does contain the context of the government's fiscal stimulus strategy—which certainly included the cash payments and the like, the initial part of the stimulus payments and the like and the various elements—but was principally focused, which was my role, around the delivery of the infrastructure elements of the fiscal stimulus package.

**Senator COONAN**—So your role is principally the delivery of the infrastructure package?

**Mr Mrdak**—That is correct. The Office of the Coordinator-General was established in Prime Minister and Cabinet to oversee the implementation of the infrastructure elements.

**Senator COONAN**—And that is \$18.6 billion, is it?

**Mr Mrdak**—It is more than that. I think it equates to around \$28 billion of the \$42 billion fiscal stimulus package being related to infrastructure elements.

**Senator COONAN**—If you turn to page 23 of your report, it says that during the period from February to June 'the major stimulus drivers were cash'. Then it goes on to say that the Commonwealth Coordinator-General, working with state and territory coordinators-general and Commonwealth agency coordinators—which is an awful lot of coordinators—was responsible for initiating implementation of the building and infrastructure elements of the stimulus package to ensure the stimulus projects and funding will impact in the 2009-10 to 2011-12 financial years. Is that correct? So you have two years to run this package?

**Mr Mrdak**—That is correct. The government structure of the fiscal stimulus as set out in the budget papers and also in the report is that the projects are to be completed by the conclusion of 2010-11.

**Senator COONAN**—What chart 10 shows very clearly is that the primary driver of the stimulus becomes the construction and infrastructure projects planned for and approved in the last five months of the 2008-09 financial year and due to roll out this year, next year and a bit into 2011-12.

**Mr Mrdak**—That is correct.

**Senator COONAN**—Unfortunately, I do not have a colour chart here and I cannot see it very clearly, because apparently there are different colours. Could you tell me what is left to go, in dollar terms, in 2009-10? Perhaps you could do a breakdown across the four years of cash and infrastructure for each of the years 2008-09 through to 2011-12.

**Mr Mrdak**—You are looking at the straight cash per year?

**Senator COONAN**—Yes, could you go across each chart and tell me how much cash and how much infrastructure it is in billions each year.

**Mr Mrdak**—Again, I do not have the exact figures. I do apologise. I can get those for you, but if I work off the chart there you are looking at something in the order of \$16.5 billion in 2009-10.

**Senator COONAN**—What is the breakdown?

**Mr Mrdak**—Between all the various elements?

**Senator COONAN**—No. What is the breakdown between cash as opposed to infrastructure?

**Mr Mrdak**—Sorry, that was the infrastructure. Perhaps I could give you my colour version? I do not know if that would assist you.

**Senator COONAN**—No, you can tell me. I would like it on the record, please.

**Mr Mrdak**—Certainly. It is of the order of \$16.5 billion of construction and infrastructure in 2009-10 and a small amount is looking like—and I would have to take it on notice—\$100 million or so which is the remainder of the cash bonuses and payments figure there. In subsequent years, in 2010-11 and 2010-12—

**Senator COONAN**—How much was in 2009-10?

**Mr Mrdak**—It is a total of around \$17.5 billion. I will get you the exact figure, if I may.

**Senator COONAN**—What about 2010-11? Is that \$17.5 billion all infrastructure?

**Mr Mrdak**—Around \$16.7 billion, I believe, is infrastructure.

**Senator COONAN**—So \$16.7 billion is for this year.

**Mr Mrdak**—And the remainder is cash and payment bonuses. Then in the subsequent years, around \$8.3 billion is infrastructure for 2010-11, and a figure of around \$1 billion in 2011-12 is the remaining balance of infrastructure. But I will get you the exact figure, if you do not mind.

**Senator COONAN**—By all means. Sometimes it is difficult working off documents and questions. How have you actually set yourself up? I gather from this report that the

organisational structure means that you have overall responsibility for this enormous spend. Is that right?

**Mr Mrdak**—The Office of the Coordinator-General was established following the COAG meeting in early February to—

**Senator COONAN**—I know that. You have overall responsibility—

**Mr Mrdak**—Overall responsibility to coordinate the very delivery of the program.

**Senator COONAN**—So you monitor it, do you?

**Mr Mrdak**—We do the monitoring, working with the states and territories to remove any impediments or blockages.

**Senator COONAN**—Gee, you must have been worried, if reports are correct of all this incredible mess and waste.

**Mr Mrdak**—I do not believe all those reports are necessarily correct.

**Senator COONAN**—We might come to a few of them. I just want to establish a few things first, because I want to talk about how much money we are talking about, and then we might talk about how it is actually being spent. So you monitor it. How do you do that?

**Mr Mrdak**—We set up governance arrangements from 5 February, when the office was established, and in the wake of the intergovernmental agreement. Essentially there are coordinators-general appointed in each of the states and territories, and they were appointed within days of the COAG meeting. Then there are coordinators—essentially responsible people—within each of the line areas, both Commonwealth and state. Essentially we have a reporting system in place. The coordinators-general meet—initially it was weekly and now it is fortnightly—by telephone predominantly but there are face-to-face meetings about every month. We receive monthly reports from the states and territories which set out, project by project, details of expenditure and progress. Through a combination of direct contact with the program line areas who are responsible for the programs and with the states and territories, and also through the monthly reports, we monitor progress on the projects across the country, which is reflected in this summary report which we provided to the government in the middle of this year.

**Senator COONAN**—Getting back to your report, on page 25—I think there are a couple of versions of this report—I am looking at table 2, a breakdown of approved projects and payments to 30 June. It says there that more than \$18 billion of funds have been approved nationally across the infrastructure payments of the plan. What does approval mean? Does it mean that a contract has been signed or that somebody has written a letter? What does it mean?

**Mr Mrdak**—Under the funding agreements for each of the programs, generally under the Commonwealth-state agreement that was signed by COAG it essentially provides a series of milestones where states and territories and block grant authorities, in the education area, for instance, would submit project proposals for individual school projects. They are subject to the approval of the Commonwealth minister. Similarly, in relation to the infrastructure portfolio, all of the various road and rail elements are subject to approval by the Commonwealth minister. So essentially approval means that the processes have been through

the state and territory planning processes and have been submitted for Commonwealth approval for funding and they have been approved for projects. Similarly, in the social housing area, the states and territories have brought forward individual social housing projects which have been approved for Commonwealth, and funding has been committed to those projects.

**Senator COONAN**—When is payment made?

**Mr Mrdak**—It varies in each of the programs. In some of the programs, there are some initial upfront payments, and then projects are paid by milestones. For instance, in the education portfolio—and you may wish to get more detail from them—it is done on a monthly basis in relation to works undertaken. In my portfolio, of infrastructure, it is done on a monthly basis paid on milestones of achievement. So it varies across the individual projects.

**Senator COONAN**—What does ‘commencement’ mean? I know it varies by program element, but does it mean that construction starts, or what is ‘commencement’?

**Mr Mrdak**—Not necessarily, Senator. Generally it varies. As you know, across the building industry, ‘commencement’ generally means where a contract has been entered into. Essentially, the successful tenderer has entered into a contract and therefore has access to the site. Project commencement generally involves the letting of the contract for the work and hence the commitment by both parties to make payments under that contract.

**Senator COONAN**—It would mean basically that a contract would have to be signed, wouldn’t it?

**Mr Mrdak**—That is correct.

**Senator COONAN**—Your chart 13 talks about ‘Approvals against total funding’. Could you just look at that.

**Mr Mrdak**—Yes.

**Senator COONAN**—Over all the programs, that is about \$28 billion, is it?

**Mr Mrdak**—That is correct.

**Senator COONAN**—Could you please tell me, for Building the Education Revolution, how much funding has been approved.

**Mr Mrdak**—There has obviously been considerable progress since my report to 30 June in August. In Building the Education Revolution, if I can break it into the various elements, the three rounds of projects for Primary Schools for the 21st Century have now been approved. There are 10,701 projects approved. As of 30 September, 6,302 projects have commenced, are underway, and four projects are complete. In relation to the other element of BER, the National School Pride Program—this is the repairs and maintenance projects—

**Senator COONAN**—I am really just looking for an overall figure that speaks to this chart, even if you have to alter it slightly. You have an overall figure there for Building the Education Revolution. You have an amount for total funding, an amount for approved funding and an amount that has been paid. I would just like to please have those three figures.

**Mr Mrdak**—I was giving you the projects, but I might ask Ms Granger—

**Senator COONAN**—I am really just looking at the moment—

**Mr Mrdak**—The dollars.

**Senator COONAN**—I am talking about funding.

**Mr Mrdak**—Okay.

**Senator COONAN**—I will get to progress in a minute.

**Ms Granger**—If I may, Senator: in relation to the P21 project, which has a little over \$14 billion in funding, my understanding is that about \$13.5 billion of that has been approved and there has been an amount of \$61 million returned to budget.

**Senator COONAN**—I do not know whether—

**Senator Ludwig**—I am not sure if that should be primary schools.

**Senator COONAN**—I am trying here to get a figure—

**Ms Granger**—Primary schools, sorry; my apologies.

**Senator Ludwig**—Just for the record, Hansard may worry about acronyms and get some explanations.

**Senator COONAN**—The overall program—which has, I understand, different elements in it—is called Building the Education Revolution. I realise it has different things in it. What I am trying to establish according to your chart, which was presumably correct as of August or June, which is where it purports to report to, is just to put some billion-dollar figures against each of the three columns under Building the Education Revolution. How much was the total funding? I know it has blown out, and I will get to that, but how much is the total funding? How much has been approved, and how much has actually been paid?

**Mr Mrdak**—Let me start with Primary Schools for the 21st Century. Approved funding is 14.1—

**Senator COONAN**—I am going to ask you for a total.

**Mr Mrdak**—Okay.

**Senator COONAN**—By all means tell me the bits, but I want a total.

**Senator Ludwig**—I am sure Mr Mrdak can get to a total at the end.

**Senator COONAN**—Thank you. I am just trying to make this chart actually add up.

**Mr Mrdak**—As of 30 September—and Ms Granger will do the totals, if she does not mind—for Primary Schools for the 21st Century, the complete three rounds, approved funding is \$14.1 billion; National School Pride is \$1.3 billion; and science and language centres are \$821.8 million. That brings you to the \$16.2 billion for approved funding under Building the Education Revolution.

**Senator COONAN**—How much has been paid?

**Mr Mrdak**—I do not have that information with me, Senator. I will take that on notice. The department of education will be able to give us the latest information on that.

**Senator COONAN**—How much was it with the little green bit that you have published in your report? How much was it then?

**Mr Mrdak**—I will get you an accurate figure while we are talking, if that is okay, Senator; I will track that down.

**Senator COONAN**—Yes, of course, but this is your chart.

**Mr Mrdak**—It is. I do apologise. I just do not have with me the detailed breakdown of the figures to give you an accurate number; I am sorry.

**Senator COONAN**—Let us have a go at housing, then.

**Mr Mrdak**—I will pursue that now while we continue.

**Senator COONAN**—Could you do the same exercise for the three bars for housing: total funding, approved and amount paid? It was minuscule at the time the chart was actually published.

**Mr Mrdak**—It was just starting to ramp up. Again, that chart is intended to be illustrative, highlighting progress which had been made to that point. We will get you the more detailed figures. At that stage, the total funding approved for the social housing program was just over \$6 billion. Up to today, the total budget of social housing construction is \$5.2 billion approved and \$400 million for repairs and maintenance. At this stage, there are currently approvals for 19,421 new dwellings under social housing construction, of which 1,933 dwellings are under construction and 36 have been completed.

**Senator COONAN**—How much has been spent—actually paid?

**Mr Mrdak**—Again, Senator, I will get that information for you.

**Senator COONAN**—What about with infrastructure? Can we do the same exercise?

**Mr Mrdak**—Infrastructure comprises a number of components.

**Senator COONAN**—I know that. I want a total.

**Mr Mrdak**—The total, which I will get, of the February package is \$1.2 billion equity injection into the Australian Rail Track Corporation, \$711 million for road projects, \$150 million for black spots and \$150 million for boom gates. That is the transport component of the infrastructure package.

**Senator COONAN**—How much has been spent?

**Mr Mrdak**—To date, expenditure on transport infrastructure has been \$1.1 billion paid to the Australian Rail Track Corporation, \$711 million to the 14 road projects, \$90 million to the Black Spot Program and \$91 million to the Boom Gates for Rail Crossings Program.

**Senator COONAN**—‘Efficient homes’—that is pink batts, is it?

**Mr Mrdak**—That is correct.

**Senator COONAN**—How much has been approved and how much has actually been spent?

**Mr Mrdak**—I am advised that on the insulation program component 376,437 applications have been received for home insulation. To this date \$501,475,000 has been paid.

**Senator COONAN**—How much is in the program—nearly \$3.7 billion, isn't it?

**Mr Mrdak**—There is \$2.7 billion for the home insulation element, and there is an additional element for the solar hot water rebate.

**Ms Granger**—Just to add to that answer, Senator Coonan, those figures are as at the end of September. Energy Efficient Homes, as you would know, is a rebate situation. There will have been more claims since then, of course. So it is not really an 'approved' figure; it is a claims figure.

**Senator COONAN**—So, for the big items—Building the Education Revolution—you do not have the figure for how much has actually been paid so far?

**Mr Mrdak**—I do, Senator. We now have it. Sorry to hold you up. For Primary Schools for the 21st Century, I am advised that there are 10,701 approved projects and funding paid to this date is \$1.8 billion.

**Senator COONAN**—That figure is for the whole of Building the Education Revolution?

**Mr Mrdak**—No, that is for the Primary Schools for the 21st Century component. Let me work through it. For the National School Pride Program there are 13,188 projects approved and, to date, \$652 million has been paid. For science and language centres there are 537 approved projects and, to this date, \$336 million has been paid. That is a total of around \$2.8 billion paid to this point.

**Senator COONAN**—That is \$2.8 billion out of 16.2 approved.

**Mr Mrdak**—That is correct. Coming to social housing, I can give you those figures now as well. Social housing new homes, 19,421 approved projects. To this point paid funding is \$1.015 billion.

**Senator COONAN**—That is out of six, is it?

**Mr Mrdak**—That is out of six. Social housing repairs and maintenance, 60,680 projects and \$262 million has been paid of the 400. In total, to give you a summary of the overall spending, at this stage about \$7.7 billion has been paid by the Commonwealth—

**Senator COONAN**—Of the 28.

**Mr Mrdak**—Of the 28. It includes reimbursement for home insulation.

**Senator COONAN**—Of the balance, how much of that is committed?

**Mr Mrdak**—My advice is that around \$23 billion has been approved, so around 89 per cent of the approved projects has been committed.

**Senator COONAN**—Of that, what percentage have been commenced?

**Mr Mrdak**—It varies across projects.

**Ms Granger**—Twenty-two thousand projects have been commenced, which is about 44 per cent.

**Senator COONAN**—And of the approved but not commenced category, what percentage have had contracts signed?

**Mr Mrdak**—Generally when they are moved to the commenced category is the point at which we say the contract is signed.

**Senator COONAN**—No, of the approved but not commenced category, what percentage have signed contracts?

**Ms Granger**—We will have to take that one on notice. We do not have that information here. We will see if we can get it.

**Senator COONAN**—All right. Could I get you to take on notice, please, and provide me with a list of all the projects and what category they fall into so that it makes some sense out of the chart?

**Mr Mrdak**—Certainly we can do that. There are, as we say, some 50,000 approved projects many of which are on the website of various agencies—

**Senator COONAN**—But you are coordinating it all, aren't you?

**Mr Mrdak**—We are. You wanted it for each other projects across each of the fiscal—

**Senator COONAN**—I am just interested to get some overall clear picture with this massive spending project. What is the funding parcel, what has actually been approved, what has been commenced and what has been spent?

**Mr Mrdak**—We will give you that detail.

**Senator COONAN**—What is the percentage that has actually been spent out of that package now?

**Ms Granger**—The total payments made to date? As Mr Mrdak said, it is \$7.7 billion.

**Senator COONAN**—That is quite small, isn't it? The projects for the Primary Schools for the 21st century—you call it P21, do you, just so I have got the acronym right.

**Mr Mrdak**—P21.

**Senator COONAN**—It sounds a bit like the Leyland P76 to me, and we all know what happened to that. They are all due to commence by the end of September 2009. Is that right?

**Mr Mrdak**—Originally, the bulk of them were due to be approved and commence by that time, yes—September-October.

**Senator COONAN**—And has that happened?

**Mr Mrdak**—At this stage we have certainly met the timetable for rounds 1 and 2. Some of those in round 3 of the P21 program, which were announced in August, are still in tender processes and the guidelines provide that they either are to commence by October or be under construction by December. So at this stage the bulk of rounds 1 and 2 are contracted and many are underway but the balance of round 3 is not yet contracted.

**Senator COONAN**—What did you or the author of this report have in mind—presumably you approved it—when you said that all projects were due to commence by the end of September 2009? Is it right that there were just some that had not been approved?

**Mr Mrdak**—That was the original timetable which was sent in the COAG agreement.



**Senator COONAN**—You said that Science and Language Centres for 21st Century Secondary Schools approved projects will also be underway by this time. Is that right? Are they all underway now?

**Mr Mrdak**—Of the science and language centres, all of them have been approved and 75 projects are at construction. All of them have been approved and the bulk of them are moving to commencement and physical construction is underway on 75.

**Senator COONAN**—So everything will be finished by February 2010; is that correct?

**Mr Mrdak**—No. The timetables for the various elements of the projects vary. The timetable is that a proportion of the first of the round 1s, the smaller schools, are due to be completed by next year. The completion of the P21 and the science and language centres is in the first part of 2011.

**Senator Ludwig**—One of the points that may be missing in all of this is that once the money is committed it then goes into a pipeline. If you were a tradesperson, you would then put that on your forward work plan. That is what the stimulus was designed to do. You would then have a tradesperson that would employ subbies and apprentices and would bring people on board on the basis of the pipeline of work that they have in front of them and that they would expect to get. So once it is committed to the states—that is, from us to the states—then contracts and all of those things would, as I have indicated, create the expectation and confidence in the market that there would be this stimulus. That is exactly what it was designed to do. It was to provide that pipeline of work so that there would not suddenly, from a contractor's perspective, be no future—no future contracts and no work to go to and, therefore, no need to keep apprentices and employment opportunities open within their business. That is what it was designed to do and that is what it is continuing to do. It just concerns me a little bit that the way that the questions are being asked is that there seems to be a cliff. There is not one. These amounts have been committed and they are doing their job effectively.

**Senator COONAN**—Thank you for that, Minister. The problem and a growing concern is that these amounts are being spent at a fast and furious rate, if you look at the way in which this whole program is designed. The stimulus is supposed to continue for another two years in the climate of rising interest rates and great concern as to why this stimulus that was designed for very different times is continuing to pump on. There is a very serious issue that this stimulus, being provided through the construction of infrastructure, is not going to phase out. It is not going to be temporary, as touted. It is certainly going to continue into the forward estimates. And it is not the only stimulus, of course. We are only dealing with a small part of the \$96 billion stimulus that is being pumped into the economy. So I think it is a legitimate inquiry for this committee and, indeed, others to really wonder at the wisdom of how this money is being spent and continued to be spent when it was designed for very different economic circumstances.

**Senator Ludwig**—I am not questioning the legitimacy of the questions but what I am doing is trying to put them in context—that the stimulus package was designed in terms of providing support to jobs; it was designed, as I think you have described it, with a range of elements, one of which was to provide immediate relief. That went to pensioners and others in

the form of the cash stimulus payment. It then had inherently built into it a way of phasing in and then phasing out—in other words, providing support for jobs now. And that is exactly what it has been doing. If you look at how that pipeline works—

**Senator COONAN**—I know how the pipeline works.

**Senator Ludwig**—If you are a contractor or a tradesperson, you then schedule your work in, to ensure that you have got work for the remainder of the year—why you would continue to employ an apprentice or people in the building industry. This is to support the building industry. And the stimulus package has been designed with all of those things in mind.

**Senator COONAN**—Well, not surprisingly of course, there are now huge problems with spikes in construction costs—which we will get to—because these things that are coming down the pipeline are now causing bulges and crowding out any ability to build anything else in the private sector. So, if you do not mind, I am going to continue down this line of country, because it is very much of concern. Really, it is a matter of commonsense that, if you are going to continue to pump up this economy which is in a recovery phase and going better than the forecasts, then obviously you have to calibrate your policy, to respond—

**Senator CAMERON**—That is your economic dogma. That is not commonsense. It is economic dogma from you lot.

**Senator COONAN**—It is absolutely incredible. And also, of course, we have some issues—

**Senator Ludwig**—Is there a question in all of that?

**Senator COONAN**—Yes, there is a question.

**Senator CAMERON**—No, it is just dogma spewing out.

**Senator Ludwig**—At some point I think we have had the debate about the economic stimulus.

**Senator COONAN**—I think we have, so that is why I was surprised that you re-engaged in it.

**Senator Ludwig**—I am surprised that you have persisted, quite frankly. But it is necessary—

**Senator COONAN**—These are questions, not statements, Minister. If you want to make statements, we will make statements all day. I would like to ask a question.

**Senator Ludwig**—to put it in context.

**Senator CAMERON**—You've tried this with Treasury—

**CHAIR**—Order, Senator Cameron!

**Senator Ludwig**—To put it in context, it was important to ensure—

**Senator COONAN**—This must be what Garnaut thinks you—

**Senator CAMERON**—This is your first strike.

**Senator COONAN**—Ooh, that hurt! Let us get back to some questions, if we could.

**CHAIR**—That would be helpful, Senator Coonan.

**Senator COONAN**—What happened to this blow-out in Building the Education Revolution—\$1.5 billion—which the Deputy Prime Minister described as ‘a bump in the road’?

**Mr Mrdak**—As the government has announced, there was a review and a recalibration of the funding between various elements of the program in August this year. That reflected some changes to the actual committed costs of Building the Education Revolution, as opposed to the initial indicative estimates that were done at the time the program was—

**Senator COONAN**—So what happened with that? What was the difference between the indicative estimates and the actual cost? I know the amount, but what was the problem?

**Mr Mrdak**—My understanding was that, earlier in the year, when the indicative estimates were done, some assumptions were made about utilisation by schools of the amount of funding available and, as outlined by the—

**Senator COONAN**—What assumptions were they?

**Mr Mrdak**—As outlined by the department of finance in the budget estimates, there was an assumption of 90 per cent utilisation of total funding by schools that was undertaken based on experience of previous programs. That was based on the fact that there would be a number of schools which would not apply for the funding because they were either newly constructed, or were about to merge or close, or would not want to meet the requirements of the program.

What transpired was that, as the guidelines for the program were being developed, and in discussions with the block grant authorities and the state governments, it was clear that there were some additional flexibility required for states and block grant authorities to make applications which may involve—and the guidelines did set out—the ability to put in project proposals which were a little bit under or over the indicative amounts available for each school. That took place, to meet those community needs.

The end result was that the utilisation rate has approached 100 per cent of the total funding available under the program or exceeded the funding available under the program to meet the commitments. Also, there was new data received, which was the 2009 enrolment data. Initially, the estimates were done on the basis of 2007 data, which was available at the time. Once the program was announced, states were asked for the 2009 data, to ensure that schools were being accurately given the opportunity to bid for projects based on their actual enrolment, and that also added to the cost in a number of locations. The end result of both of those factors—the higher than anticipated utilisation and the enrolment data—led to the increase in appropriation required for this element of the program.

**Senator COONAN**—What was the increased enrolment number?

**Mr Mrdak**—I will have to seek that from the department of education, Senator; if you do not mind, I will seek that.

**Senator COONAN**—The additional funding of \$175.9 million reallocated in 2008-09 came from the Department of Education, Employment and Workplace Relations. That was one element; is that correct?

**Mr Mrdak**—That is correct, Senator.

**Senator COONAN**—Where did that come from within the department? Do you know?

**Mr Mrdak**—It came from one of their other administered programs. You may wish to take it up with that portfolio.

**Senator COONAN**—There was \$178.8 million that was taken from the science and language centres. Is that right?

**Mr Mrdak**—That is correct, Senator.

**Senator COONAN**—Was there any reason that was chosen as one of the components to have its funding reduced?

**Mr Mrdak**—The government's original announcement was for 500 science and language centres. That could be accommodated at a lower cost than the total program allocation, so a saving was identified there. The government had in fact exceeded its target of 500 schools which would receive those facilities and there was an opportunity to utilise some of that additional program money to offset the increased take-up of the schools program.

**Senator COONAN**—There was \$750 million from social housing—new homes. How was that rationalised?

**Mr Mrdak**—Again, Senator, the take-up of both the repairs and maintenance program meant that more houses were brought back into the social housing system than was originally envisaged and the leveraging of other Commonwealth programs in social housing provided an opportunity to make some savings in that program without significantly reducing the number of new dwellings. In fact it exceeded the total number of new dwellings which will be available to social housing providers. These factors provided the opportunity to make a saving from the program. Again, the department of family and community services will be able to give more details in relation to the actual delivery of that program.

**Senator COONAN**—There was \$6 million from defence housing. Wasn't the additional money needed for that?

**Mr Mrdak**—The original plan was for 800 houses to be built. In fact, the outcome will slightly exceed that so there was a relatively small amount, \$6 million, available from defence housing which could be applied to other elements of the program. The target of 800 homes is being met at a lower cost.

**Senator COONAN**—And there was \$620 million from the Energy Efficient Homes Package. Your report stated that the Low Emission Assistance Plan for Renters will be scrapped. Why is that being scrapped?

**Mr Mrdak**—There was a very low take-up of that program, Senator, since February and it was felt that by rolling that into the mainstream program there would be more effective delivery and that provided the opportunity for those funds to be applied to be Building the Education Revolution program.

**Senator COONAN**—How many had applied?

**Mr Mrdak**—I will get you the exact number and take it on notice. I will get the exact number of how many applications there were. A very small number applied under the low-income renters scheme.

**Senator COONAN**—What role does your office play in measuring the quality of spending?

**Mr Mrdak**—Our role is essentially the monitoring of the delivery. As I said initially, the role is to remove impediments and blockages to the fast delivery of projects. Issues in relation to program delivery remain the responsibility of the line agencies involved. For instance, I am also the secretary of the department of infrastructure, and the responsibility for the delivery of the infrastructure elements rests with my normal departmental processes in terms of our normal arrangements with the states and territories for the delivery of road and rail projects. Similarly, the Department of Education, Employment and Workplace Relations are responsible for the project and program management of the schools program and they apply their normal accountability and governance arrangements. They have put in place additional mechanisms for oversight of the program and I am sure, when they appear before the committee, they can take you through some of those.

**Senator COONAN**—We were assured, when we expressed concerns about the lack of planning and forethought in getting this money rushed out of the door and trying to spend it on shovel-ready projects and anything that popped up that might be something that could be justified, that your office was put in place to ensure that there would not be waste, duplication and inefficiencies and that the lines of reporting and communication would be able to deal with that. I am not quite sure from your answer just how hands-on this monitoring really is. It seems to be a line management that does not involve much real input from the top. Is that correct?

**Mr Mrdak**—Certainly we do work with the agencies in terms of monitoring the monthly reports that come in from the jurisdictions.

**Senator COONAN**—So you read them, do you? What does ‘monitoring’ mean? Do you ever go and look at any of these projects?

**Mr Mrdak**—We do.

**Senator COONAN**—Just tell me then, what does ‘monitoring’ mean and how can you avoid some of the more egregious examples of waste, such as one-student schools receiving funding that is not needed?

**Mr Mrdak**—I think the government has dealt with those issues that have been raised in relation to individual cases but certainly in relation to the program overall the monthly reports that are received by the line agencies are analysed by the line agencies. The Department of the Prime Minister and Cabinet works with those agencies to identify where there are issues emerging, and they are dealt with back with the states and territories. As I say, we meet with the states and territories fortnightly to oversight programs, to deal with any program delivery issues and the like, to make sure they are sorted out at senior levels.

**Senator COONAN**—Thank you. I am not seeking to be flippant. I am not even seeking to be critical. I am trying to understand just what ‘monitoring’ really means. Does it mean having a chat, saying, ‘Look, there are a few problems here,’ or is it a matter where somebody prepares a report at local level, it goes to the coordinator at the state level and then you guys all have a chat on the phone every fortnight or week or whatever it is? What does ‘monitoring’ really mean? This is taxpayers’ money. This is a humongous amount of money that will not be

available for other projects and for other requirements. We really need to be reassured here to know that this is all in good hands in terms of monitoring this implementation and rollout.

**Mr Mrdak**—Certainly within the line agencies there is critical evaluation of the reports that are coming in from the states and territories in relation to projects, and there are the normal audit and assessment processes that take place. Departments have long-established processes for dealing with program and project management, and they are being applied rigorously to these projects. In relation to the schools projects, as I say, the Department of Education, Employment and Workplace Relations will be able to give you much more detail, but they certainly do have rigorous project management based on the reporting that is received from the states and territories, which is quite detailed on a project basis.

**Senator COONAN**—As the head honcho of it all, what input do you have into the serious issues that have emerged in the Building the Education Revolution program?

**Mr Mrdak**—Those sorts of issues that you flagged are largely being managed by that line agency.

**Senator COONAN**—So you do not actually do anything. You do not say: ‘What the hell is going on here with a one-teacher school getting half a million dollars’—or whatever it is—‘to build a hall?’

**Mr Mrdak**—If there are issues raised, we certainly discuss those with the agency, and the agency—as they have done on a number of occasions—clarifies what the actual situation is and, where necessary, takes action to remediate anything which is not in accordance with the guidelines. I think that has been documented.

**Senator COONAN**—I am not getting a great feeling of confidence that, right up the top, there is some real oversight going on here.

**Mr Mrdak**—I can assure you that the coordinators within each of the program areas are managing this program in accordance with Commonwealth requirements.

**Senator COONAN**—The Treasury prepared a document for COAG, the Council of Australian Governments, which says that, while the stimulus spending provided opportunities to increase service delivery, there was ‘scope for improving the effectiveness of every dollar spent’. Is that something you are aware of?

**Mr Mrdak**—Not that I am aware of—

**Senator COONAN**—You are not aware of it? Do you agree with that comment that there is scope for improving the effectiveness of every dollar spent?

**Mr Mrdak**—I think in all Commonwealth programs we look for every opportunity to improve program delivery. In the rollout of this program, we have seen some very innovative program delivery approaches being taken by block grant authorities, state and territory governments and authorities.

**Senator COONAN**—The document actually has further concerns about the inflexible nature of the funding, which has emerged in rigid allocation of individual budgets to individual schools, which limited the potential benefits or long-term efficacy of such spending.

**Mr Mrdak**—I think you may be referring to a media article last week that I am aware of, which referred to a New South Wales Treasury comment. I am not too sure that it refers to a Commonwealth Treasury comment. But in relation to that matter my understanding is they may be positions of the New South Wales government internally in relation to how the program has applied in their jurisdiction.

**Senator COONAN**—Is it the case that the Commonwealth provides the money and it is really up to the individual states and, if there are problems, you will not step in and correct or require that they be remediated?

**Mr Mrdak**—Certainly, the states and territories and also the block grant authorities which administer the funding for the various independent and Catholic schools systems have to take responsibility for the delivery of the projects. They are their schools and they are responsible for delivery of these projects. Clearly, where there are procedures or processes taking place which are not in accordance with the guidelines then the Commonwealth does take action, and I can assure you that we do closely monitor the delivery of these projects.

**Senator COONAN**—How much did New South Wales get under its total allocated funding?

**Mr Mrdak**—Under which program?

**Senator COONAN**—For schools. I have the total but not for schools. For infrastructure it got \$5,876,000 but I gather that that would not be all for schools.

**Mr Mrdak**—I do not have those figures with me.

**Senator COONAN**—It is table 2 of your document. It is my page 25, but it may not be yours. Approved funding, \$5,876,000, but it would be for other things. I am wondering how much funding there was for schools?

**Mr Mrdak**—I do not have the figure broken down by schools, but I can get that for you, if that is okay.

**Senator COONAN**—There is a media report that suggests that more than half the New South Wales schools had fully tendered projects for libraries et cetera that exceeded their budget by some \$3 million. Is that correct? Yet fewer than half the 730 schools were under budget.

**Mr Mrdak**—I cannot be accurate on that figure, but certainly I am aware that on a number of occasions schools have submitted projects initially to the state governments which exceeded their notional allocation of funding for that school. Hence, as you are aware, through the guidelines for the program, there is effectively a cascading order of facilities available. In some locations the notional allocation of funding, based on enrolment basis, would not enable some larger structures to be built. But, then again, we are talking about some schools with a relatively small number of pupils. It very much depends on the mix of needs for the school and the enrolments as to what facilities they require.

**Senator COONAN**—In terms of your overall monitoring of this, what attitude do you take if you get a report that says that fewer than half the 730 schools are under budget? Do you just say, 'Go back and do it again?' I am still trying to understand how this monitoring takes place.

**Mr Mrdak**—In relation to those issues the assessment of those individual state proposals is done by the Department of Education, Employment and Workplace Relations, not by—

**Senator COONAN**—You get a report?

**Mr Mrdak**—That is right. We are involved in a discussion of how they are travelling. But the individual assessment of those state proposals is done by that department and that portfolio for the approval of the Deputy Prime Minister.

**Senator COONAN**—Is this really the Deputy Prime Minister's bailiwick and not the coordinator general's?

**Mr Mrdak**—Individual program approvals and decisions such as allocations are done by individual ministers with responsibility for those programs.

**Senator COONAN**—How do you monitor that? What is your role in relation to that? If something is going really wrong in a project, is it the Deputy Prime Minister who fixes it or do you step in?

**Mr Mrdak**—Generally, it has been that agency or that department responsible for the program, which is responsible for addressing any of those issues as they emerge. They will do that in accordance with their agreements with the states and territories and under normal Commonwealth project management requirements.

**Senator COONAN**—Has there been any discussion on the amount of money that has been spent on these memorial hall plaques, which is about \$7.3 million? Is that something you monitor?

**Mr Mrdak**—No, that is an issue for the program agency.

**Senator COONAN**—No monitoring of that; okay. Senator Ronaldson is very anxious to know whether or not the \$7.3 million for the Julia Gillard memorial hall plaques actually comes under the amount of money that is administered and monitored by the Coordinator-General.

**Mr Mrdak**—It is not administered or coordinated by my office, no.

**Senator RONALDSON**—I know it is not coordinated and not administered. You have said that. But is it part of the bucket of moneys over which you have general oversight?

**Mr Mrdak**—It is part of the departmental expenditure provided to that portfolio to administer the program. It is where that funding is being drawn. So it is funding provided to that agency.

**Senator RONALDSON**—On the back of my colleague's questions, why would you not have oversight of that expenditure?

**Mr Mrdak**—Our role is to ensure the rollout of the program to meet the timelines. Issues such as those, which are normal decisions of program management, are left with the portfolio agency.

**Senator RONALDSON**—So if you walk into a school that just had one of these halls put up, do you put your hand over one eye when you are walking past the Julia Gillard memorial sign and just look at the building? That sort of beggars belief a bit, doesn't it?



**Mr Mrdak**—I am certainly aware of the signage issues. The role of my office was to provide coordinated advice to Commonwealth agencies in relation to signage and those matters but the decisions on those matters are with the line agency. The provision of signage is something that successive Australian governments have undertaken in accordance with the design of individual programs.

**Senator COONAN**—The issue really is, as my line of questioning has been directed to, just how effective—or ineffective, as the case may be—this Office of the Coordinator-General is in addressing this waste, inefficiency and problems as they come up. It appears that it is all basically down to line management and the agencies. Is that it?

**Mr Mrdak**—Administration of the program remains with the line agencies.

**Senator COONAN**—I think the answer to that is, ‘Yes’. Have you had any input, in your monitoring role, into how agencies address over-inflated, expensive quotes, high project management fees, poor planning and funding that does not meet needs?

**Mr Mrdak**—Yes, from quite early on we have been working with the agencies, both Commonwealth and state, about how we best go to the market and manage these project management issues. Quite a lot of the work that has been done between the Commonwealth and the state and territory coordinators has been around managing some of these program issues as they emerge, such as the best way to go out to the market and tender, and how that has been done. Those decisions, at the end of the day, have been done by the states and territories, but we work pretty closely with them to understand their processes. And also—and Ms Granger might want to comment—more recently quite a lot of the work is being done by the states and territories to coordinate their procurement activities to make sure they are matching their procurement with capability and industry to minimise the cost and risk of cost increases.

**Senator COONAN**—So that was not done at the beginning of this splurge? It was done recently, you said?

**Mr Mrdak**—Well, right from the start in designing the program, states and territories, block grant authorities and various agencies have had an eye to how they manage the program in a way to meet the budget and how they effectively deliver it. From day one that has been really part of the planning and procurement processes that were undertaken. For instance, in each of the programs, such as—

**Senator COONAN**—What has happening recently? You said, ‘Recently’.

**Mr Mrdak**—Recently, obviously as issues have emerged and we have seen some of the tendering processes taking place, there has been work going on between the states and territories and ourselves about how we mitigate some of those procurement risks and cost increases, recognising that there are certain areas. That is, as the tenders have come back on certain projects which have identified capability issues and cost increases they are being managed by the states and territories and strategies have been put in place.

**Senator COONAN**—What are the strategies?

**Ms Granger**—Perhaps I could illustrate with a couple of examples. For example, there have been a couple of discussions with various states about some price pressures they saw in

their competitive tender processes. In one case, in Victoria, they have retendered part of their round as part of that. Another state asked for some flexibility, not in the end date for completion but the midpoint, to be able to get a better cost outcome. As we have gone into the building and construction phase, the concern has been more, at state and territory level, about the cost of materials, which has already been dealt with, in a contract sense, from the Commonwealth's point of view. There has been cooperation between the coordinators-general to map the supplies they need and identify where there might be materials that are scarce and therefore might be subject to cost pressures. They have been mapping those and talking to suppliers in order to be able to ensure they have sufficient demand to do that. Those are a couple of illustrations of where we have worked with them to try and deal with those issues.

**Senator COONAN**—What are you doing about capacity pressures?

**Ms Granger**—As I just mentioned, that is one of the things that is being done—the mapping of materials in particular. There have been a couple of localised pressures. For example, one of the issues that the coordinators-general are concerned about is hardwood floors and sufficient materials for them. There are several ways that they are looking at that. One is to talk to suppliers about what can be increased in the pipeline, but they are also going back to look at their specifications to see if there is a broader range of timbers that are acceptable. There are a range of different things.

**Senator COONAN**—Was this the same problem with the pink batts issue and not having local suppliers?

**Mr Mrdak**—Some of it rests with the specifications which have traditionally been set down by school authorities for certain building products in schools. Clearly they have certain specifications for, say, window design or timber flooring for certain halls and the like. Given the need to construct a large number of these buildings all at once, that has led to supplier issues. As Ms Granger has indicated, that has led to a number of jurisdictions rescoping and respicing some of the design parameters for windows and floors and the like to make sure they can match the delivery timetable to supply and deliver those products. That is the sort of normal thing that happens in any building project. The speed of rolling out such a large number of projects all at once has meant that we have had to do that on a larger scale.

**Senator COONAN**—Is it correct that the government has had to deregister some companies—in the order of 100—from delivering pink roof batts under the \$2.7 billion program?

**Ms Granger**—Yes, that is correct.

**Senator COONAN**—Why is that?

**Ms Granger**—My understanding is that in most of those cases it was inadequacy of insurance. The department of environment can give you more detail—

**Senator COONAN**—Sorry, it was what?

**Ms Granger**—Inadequacy of insurance of those installers.

**Senator COONAN**—So 100 of them were not insured?

**Ms Granger**—I do not have the detail of whether it was inadequate or no insurance. The environment department would be able to give you more detail.

**Senator COONAN**—Can you get me some information about that? It seems extraordinary that 100 people who purport to be builders or contractors for the purpose of these sorts of installations either do not have insurance or cannot get it. It is a problem one way or the other, isn't it?

**Senator Ludwig**—Would those questions be better referred to the relevant committee that is dealing with it?

**Senator COONAN**—They might well be.

**Senator Ludwig**—I worry, in the sense that we have heard about the work that the coordinator-general does, but now we are getting into what I would call the detail of people making complaints and the complaints process. When I was listening, I allowed you reasonable latitude in this area, but I think we are now getting into the detail which should be directed at the relevant committee for answers.

**Senator COONAN**—This is a pretty big issue. You have a \$2.7 billion program. Billions still matter to the taxpayer. We find that over 100 people put themselves forward presumably as capable of doing this installation and have had to be deregistered or otherwise excluded. This is more a systemic, broader issue in the program. I am not talking about the detail of putting pink batts in a particular address; I am talking about a broad, systemic problem in a program that you have overall responsibility for delivering.

**Senator Ludwig**—That is how you have described it. What I do not know is the total number of actual tradespeople that have registered and the amount of work that they are currently doing, to provide the detail that you seek. I cannot verify your figures, but if there have been 100 people then clearly it seems that the system is working to make sure that the people who are providing the activity and the work have got the requisite skills and abilities. That only tells me in one part that the system is working well. I am not sure it makes the case that you have described. That is why I think, in broad terms, unless the witnesses can provide a specific response, the questions should be directed at the relevant policy area—because they will have the nature of the issues that I have canvassed. I certainly do not have that in front of me. If you think logically about the program, it is a significant program—it is being run well, as far as I can tell, and many households will require the availability of this. It is certainly demand driven. As people put up their hands, they will expect that the government does have an interest in ensuring that the quality of work is there. It would be a proactive—

**Senator COONAN**—The problem is that hardly anyone has taken it up and there is very little spent. That is the problem with it.

**Senator Ludwig**—If you would let me finish—

**Senator COONAN**—But you are wrong.

**Senator Ludwig**—I am sure Mr Mrdak can add something on that new question, but you would also expect that there would be a framework in place to ensure compliance and you would expect that they would have a compliance system. I am sure the public would expect that, when there is installation by installers, it is done correctly. So all of those things put

together suggest to me that the questions should be directed at the policy department, which would have that information at hand. But, if Mr Mrdak does have any additional information to provide along this line, it would be helpful.

**Ms Granger**—I will just provide a little bit of detail around the context of how many installers there are. I am advised there are 12,000 individual installers, and that relates to over 7½ thousand businesses. So the 100 installers need to be put in the context of the overall 12,000. In terms of regular claimers, there are about 3,000 very regular claimers in the installer group. I do not have more information on the insurance issue, but certainly Environment will. What I do have is that 100 installers have been deregistered because of lack of appropriate evidence of insurance. It may well be a documentation issue. I just do not have that detail.

**Mr Mrdak**—Can I just add—

**Senator COONAN**—I want to ask a couple more questions in the time available to me, because other people were asking questions.

**Senator Ludwig**—Sorry, Senator, Mr Mrdak just wanted to clarify something. There was that additional question that you asked about the rollout. I think it is important for Mr Mrdak to answer it.

**Senator COONAN**—The answer, as I understood it, was that, on the latest available figures, it seems that about \$500 million has been paid out.

**Mr Mrdak**—That is correct.

**Senator COONAN**—This is a comment rather than a question, but there would clearly be scope to slow this down or to stop the scheme, wouldn't there?

**Mr Mrdak**—As the minister has indicated, the commitments to the program have been to an overall number of houses insulated. This has been a very popular program. Thus far 375,000 homes—or higher than that now: nearly 400,000 homes—have been insulated under the program. Given the ramp-up that has really taken place since 1 July, when the new arrangements came into place, that is a very considerable take-up. As Ms Granger said, some 7,000 businesses have registered for the program. I may be corrected, but I think that is around a tripling of the number of businesses entering the insulation installation business. One of the objectives of the government was to grow employment in this sector, and that is certainly taking place. I think the popularity of the program is growing, as you would have seen from the increased number of industry advertisements looking to advise people to be able to do the program.

**Senator COONAN**—There are great problems, aren't there, with the building program and with pink batts, with labour shortages that have started to push up costs? Isn't this what has happened?

**Mr Mrdak**—Not uniformly.

**Senator COONAN**—Where is it?

**Mr Mrdak**—We have identified in a number of jurisdictions specific locations where the costs of the tenders have come in at higher estimates, and that has been driven by capability in a number of locations.

**Senator COONAN**—In rural and regional, or where?

**Mr Mrdak**—It varies. In some jurisdictions in New South Wales—for instance, in the Western Division of New South Wales—they have identified a shortage of skilled tradesmen in relation to the building of schools and social houses and that is being addressed by the way they have then sought to procure those skills from other areas and the way they stage projects across the state. In other jurisdictions there has been a combination of factors both material prices, as Ms Granger has indicated, and labour availability, and the two jurisdictions where clearly they have sought to contract early and lock in prices have been WA and Queensland where we have started to see a resurgence in the resources industry starting to take place and, hence, they have been very keen to lock in contracts for building quite early before there are any shortages and prices start to increase.

**Senator COONAN**—But isn't the problem with Building the Education Revolution that the start date for the remaining projects has had to be postponed so that it does not commence by 1 December because of labour shortages that are pushing up costs?

**Mr Mrdak**—No, the revised guidelines for Building the Education Revolution: Primary Schools of the 21st Century are that the projects are commenced by September-October or construction is underway by December to try to give a little bit more flexibility. But there has been no change to completion dates for any those elements of the program.

**Senator COONAN**—So there is a re-phasing or a re-timing of it?

**Mr Mrdak**—There has been some additional flexibility given to the jurisdictions for the start.

**Senator COONAN**—What is the flexibility?

**Mr Mrdak**—That period of several months by which they can either have contracted or, if they are not able to contract by September-October, they must have commenced construction by December. It gives them a little bit more flexibility to complete some of the tender processes we discussed earlier to ensure that they are getting value for money. But the completion dates have not been changed. The P21 program is due to be completed by March 2011.

**Senator COONAN**—So you do not actually monitor value for money.

**Mr Mrdak**—We certainly work with the states and territories and, as Ms Granger indicated earlier, a number of states and territories have re-tended phases of the Building the Education Revolution where they have had prices coming in over their indicative cost and they have gone back out to the market and in most cases have been able to achieve prices within their estimates once they have gone back to the market. In a number of cases they have negotiated prices back into their scope. I certainly know that is the case for Western Australia and Victoria and, in some cases, in New South Wales. Where they have re-tended and redone that, they have actually managed to get prices coming in which have met their expectations. So there has been a lot of value-for-money work being done and I do not think that it would

be correct to say that there is no oversight of value for money. In fact, the delivery agencies are very conscious of that.

**Senator COONAN**—I have run out of time for my questions so what I am asking you to particularly take on notice for me in relation to that earlier chart, chart 3, with the allocation, the money approved, the money actually rolled out, is a list of all the projects in each of the particular categories of the package and where in particular in relation to approvals there is a contract signed and where there is not.

**Mr Mrdak**—We will take that on notice.

**Senator RYAN**—I was wondering if you could take on notice—and I imagine it would be relatively easy for you to provide the information—a list for the committee of the states and territories’ coordinators-general and the positions they hold within their respective jurisdictions.

**Mr Mrdak**—We can do that, Senator.

**Senator RYAN**—Back in the budget estimates in May I asked you whether or not the department had provided any views in respect of such appointments at the state and territory levels. You said initially ‘not in relation to individuals’ and you corrected that in answer PM49 where it says:

It also—

the advice—

included a suggested position on the suitability of certain individuals proposed by jurisdictions to that point.

Does the Commonwealth have any say over the appointment of those officials or are they completely within the realm of the state and territory governments?

**Mr Mrdak**—They are within the realm of the state and territory governments. As I indicated in an answer which I corrected, we provided advice through ministerial offices of the sorts of skill sets that we think should be present at those levels and those positions but the individual appointments were all matters for the states and territories.

**Senator RYAN**—In that answer, that last sentence that I read where you included a ‘suggested position on the suitability of certain individuals proposed by jurisdictions to that point’ am I reading that correctly to say that you provided advice with respect to the appointment of actual individual people by the state and territory governments to this position?

**Mr Mrdak**—There were discussions taking place between states and territories and ministerial officers about the sort of person they might look to appoint to that position. We provided advice. For instance, our strong view was that it should be an office sitting within the first minister’s office or which had access to the first minister to give oversight leverage across the portfolios. We felt there were certain skill sets in project delivery and a background in project delivery would have been a benefit. That was the sort of advice we were providing.

**Senator RYAN**—Am I misreading by assuming when I read ‘the suitability of certain individuals proposed by jurisdictions’ that that you provided advice on individuals proposed

by state and territory governments or did you provide such advice when a name or series of names were put forward to you by state and territory governments?

**Mr Mrdak**—Where names were suggested, we provided some comments from what we knew of those people as to whether they would meet the sort of skill set we thought was necessary for the position.

**Senator RYAN**—Were they comments or a suggested position? A suggested position would suggest to me that you said ‘This is a good idea’ or ‘This is not a good idea’, with or without the reasons that you have just outlined.

**Mr Mrdak**—The sort of comments we provided were, ‘This person’s background seems suited to the type of skill sets we think are needed in that state and territory role.’ That was the level of our comments.

**Senator RYAN**—So they did not reflect on any individuals proposed?

**Mr Mrdak**—Not on individuals. I cannot recall a situation where an individual suggested did not meet the skills that we thought were needed. Our comments were largely, ‘Those are the sorts of skills we require, yes.’ As I said, an area we identified quite early was for a person to have access to first ministers and an ability to work in premiers’ and chief ministers’ departments and have access to their treasuries. Those sorts of senior skill sets were the sorts of skills we were looking for in terms of people who could manage whole-of-government processes.

**Senator RYAN**—In your comment then you just said that you did not imagine there was someone unsuitable—and I do not want to misquote you. When you mention this suitability of a certain individuals, were your advice or concerns reflected in the final appointments by the states and territories?

**Mr Mrdak**—They were. I think the essence of it is that names were suggested and we commented, ‘That person’s background and CV looked suitable to us for the position.’

**Senator RYAN**—Were there any examples where you said a person would not be suitable?

**Mr Mrdak**—Not that I recall.

**Senator RYAN**—We also discussed in May the COAG milestones. Has there been any change to the COAG milestones that we discussed in the budget estimates with respect to the delivery requirements of the states? Has there been any change since then to the milestones by which you are measuring state performance?

**Mr Mrdak**—There has been some modification to the Building the Education Revolution requirements for commencement. I might ask Ms Granger to give you those dates. That reflected the timing of when states were able to go to the market in a number of areas and the revised arrangements, as mentioned earlier. For instance, round 3 of the P21 program has been slightly adjusted to a commencement in September-October. I think the original time frame was around September, but with the construction commencing in December. Ms Granger might want to give you the current dates.

**Ms Granger**—That is all I have too.

**Mr Mrdak**—I think that is the only change there has been to the milestone dates.

**Senator RYAN**—Which was pushing back by how many months that particular program?

**Mr Mrdak**—In the order of two months for them to start construction.

**Senator RYAN**—I misunderstood you. From when to when?

**Mr Mrdak**—Sorry. I would just get the actual detail. I think the original intention was that round 3 of the Primary Schools for the 21st Century program was to commence in August-September. That was revised to September-October or construction must commence by 1 December. So we have given them a bit more flexibility in relation to that element of the P21 program. But there has been no change to the completion date. In relation to the science and language centres, the original COAG time frame was that they would commence by July. That has been given a little bit more flexibility, given some delays in the announcement of the program and approvals, to August-September. That has taken place. Again, there is no change to that completion date.

**Senator RYAN**—If there are any other changes—

**Mr Mrdak**—I will let you know. But there are only those two elements that I am aware of.

**Senator RYAN**—I would now like to turn to the issue of project management fees. In May you advised the committee that, ‘We are currently doing an analysis of project management fees being charged across the jurisdictions.’ Can that analysis be made available to the committee?

**Mr Mrdak**—You will have to bear with me. I am not sure that has been finalised as yet. Can I take that on notice and come back to you, if that is okay. Certainly we have been aware of tracking through the monthly reports that are received from the states. Agencies are tracking the level of project management and project fees, but I will come back to you, if that is okay, with details on it.

**Senator RYAN**—I was going to follow up by asking for a state by state comparison of the project management fees that have been applied in respect of this particular program. I got the impression in May that was going to be finished sooner, as in we would have it now.

**Mr Mrdak**—We certainly provided advice to the states and territories that our expectation in a program such as the schools program was that four per cent was an industry benchmark for direct project management fees. We do monitor through the monthly reports project management fees which are being recorded against that. So we did provide guidance subsequent to that hearing in May to the states and territories about what we saw as a reasonable level of project management fee. Clearly that is for direct project oversight of design and construction and there are range of other professional fees obviously in every building project. But the four per cent is what we have advised. Where project management fees are coming in over that, for instance I know the education department does query that with states and territories.

**Senator RYAN**—In your answer to a question taken on notice last time, I think it was PM50, you said that the Department of Education, Employment and Workplace Relations had reminded education jurisdictions about these issues. As Coordinator-General, I am assuming that you would get reports about the number of projects or the extent to which projects are not meeting the 1.5 and the four per cent for direct oversight. Do you receive reports on that?



**Mr Mrdak**—We do not in the Office of the Coordinator-General but certainly the Department of Education, Employment and Workplace Relations monitors those in relation to individual school projects.

**Senator RYAN**—It strikes me, Mr Mrdak, that if you are, as you said earlier, responsible for the rollout and meeting the benchmarks in terms of spending and delivery, the Coordinator-General's office should receive information where a benchmark set by yourself is not being met.

**Mr Mrdak**—As I say, it is certainly being monitored by the line agencies. If there was an issue there, they would raise that with us. But we have not sought that formally in reporting from the individual agencies on a monthly basis. We do that on an exception basis. If there were issues there that the agency drew to our attention we would manage those with them. But I am not aware that they have raised that with any of us at this point.

**Senator RYAN**—I think you would appreciate that one of our challenges and why we asked you to attend is that you are the Coordinator-General that was set up and your office was created to coordinate the program and presumably meet the benchmarks the government had set through the COAG process. It makes it very difficult for senators to chase down through every single line agency whether or not the benchmarks that you yourself have set are being met. Would it be possible for us to be given a tabulation of what proportion of projects are falling outside the benchmarks that you have set for reasonable project management fees? I think you will understand it is a matter of some public concern.

**Mr Mrdak**—It is, and I will take that on notice, if you do not mind. I will raise that with agencies. But I am certainly aware that they are monitoring it.

**Senator RYAN**—Have you had to apply any of the sanctions we discussed in May to any of the state or territory governments for not meeting benchmarks, or is that something we should also look at through the line agencies?

**Mr Mrdak**—The Commonwealth has not at this stage applied any sanctions to states and territories.

**Senator RYAN**—And that is something you would be informed of as a matter of course by the relevant line agency?

**Mr Mrdak**—That is correct. If there was noncompliance that is an area we would be aware of.

**Senator RYAN**—Finally, there have been reports of changes in cost of projects that may have been on a project timetable three years ago under one of the states or territories but that under the federal program are costing more than local communities were led to believe they would cost. Have you investigated any reports of projects being substantially more expensive now that they are under your oversight or the line agency, as the case may be, compared to what they might have been two years ago before this particular package?

**Mr Mrdak**—We have not directly but the line agencies certainly have where there have been media stories, and this is an issue you may want to raise with the education department, for instance, where there have been those issues. I am aware that they have sought verification of the costs involved from the individual state agency.

**Senator RYAN**—But they are only being undertaken by the line agencies?

**Mr Mrdak**—That is correct.

**Senator RYAN**—We also discussed the oversight arrangements with respect to states not withdrawing funding from forward estimates or plans and utilising Commonwealth money for projects such as schools. Have you undertaken an investigation or an analysis of any changes in the states' forward estimates or projections? Since we last met, many states have brought down budgets.

**Mr Mrdak**—That is being handled by the Treasury portfolio through the heads of treasuries process. They receive the quarterly reports from the states and territories against the benchmarks. We in PM&C have not been involved in that process, but that is being handled by the Treasury in terms of maintaining benchmarking.

**Senator RYAN**—Am I getting confused between the monthly reports and the quarterly reports here?

**Mr Mrdak**—Sorry, there is a quarterly report in relation to maintenance of effort, which is the state expenditure profile as against what was forecast before this program, and then there are monthly reports, which are on project delivery and which are provided to agencies. So the quarterly is specifically in relation to the maintenance of effort of state spending, which is done through the heads of treasuries process.

**Senator RYAN**—You are not aware of any states failing those tests or being counselled, for lack of a better way of putting it?

**Mr Mrdak**—Not that I am aware of.

**Senator RYAN**—Is that something that, as a matter of course, you would be informed about?

**Mr Mrdak**—If that were the case, yes, I would expect the Treasury would raise that with us and with the government.

**Ms Granger**—If I could just add to that answer. There are Treasury representatives who are part of our weekly coordinators meeting across the Commonwealth, and we use that opportunity both to give feedback from the coordinators about any trends they are seeing in relation to states and territories and also to get feedback from Treasury around the maintenance of effort issues.

**Senator RYAN**—Again, if you could take that on notice. If there has been a change to the benchmarks I would be interested, because your answer to PM52 last time said:

... MinCo will take into account that factors outside a State's control may result in a State not meeting the Benchmark.

I would appreciate being informed if any of those benchmarks have been altered, particularly as we have gone through a state budgetary round.

**Ms Granger**—The Treasury portfolio will be able to answer your questions on that.

**Mr Mrdak**—We will also need to take that on notice.

**Senator RYAN**—Senator Bernardi has asked me to follow up on his questions, so I will do that now. On the issue of the monthly report, have all states and territories presented a monthly report since May, when they were first required to?

**Mr Mrdak**—I believe so, yes, because the following month's payments are premised on that.

**Senator RYAN**—And they have all presented them on time without any of them being given an extension? Have they been presented at the dates initially set or has there been any relaxation in the dates on which they were to be submitted?

**Mr Mrdak**—I am not aware of any relaxation. Once we settled the dates—and generally in the portfolios they are due within 21 days of the close of the month—those reports have been provided. Initially a lot of the work we did with the states and territories was to set up the reporting system, to make sure we had the categories right and what they were reporting against. That took some time, but the reports have been received. The first of those monthly reports was the May data, and since that time—I will just check with my colleague—I am not aware that any monthly reports have failed to be submitted across the portfolios.

**Ms Granger**—There have been no instances of failure to submit. We have worked through data quality problems with the Commonwealth coordinators in relation to some areas. As you would appreciate, we are all trying to use existing systems that were not quite configured for this purpose. There has been no failure to report at all, but we and the line agencies have had to work through some data quality issues.

**Senator RYAN**—What would be an example of a data quality issue?

**Ms Granger**—The data around commencements, for example—the numbers. As I said, there are disconnects between reporting systems. This is not all able to be rolled out electronically, so there is also human error where people, in moving data from one spreadsheet to another, have simply introduced inaccuracies. So line agencies have needed to go back and work with various states and territories to clarify the data. Again, we have done some of that ourselves inside the Coordinator General's office as well. The reports are brought to us for consolidation—just to give you a picture.

**Senator RYAN**—The reports allow you to assess projects as being on time and on budget or ahead or behind their scheduled delivery, do they not?

**Mr Mrdak**—That is correct. We are essentially tracking expenditure against the forecast milestones for the projects.

**Senator RYAN**—So it would be possible for you to provide the committee with the number and proportion of projects that are behind or not meeting the schedules set at their commencements?

**Mr Mrdak**—We are really tracking expenditure because with a number of them, as the minister outlined, once a project has commenced there is sometimes a period before construction actually starts and the funding is drawn down with physical construction. What we are tracking against individual projects is expenditure profiles.

**Senator RYAN**—Presumably expenditure can occur before a sod is turned, so what do you rely upon to ensure that the sod is turned? If expenditure has commenced and you are tracking expenditure, how do you track project fulfilment, not just at completion but at various stages?

**Mr Mrdak**—Within the portfolios there is a requirement to report construction commencement and, depending on the portfolio, there will be milestone points at which reporting is required—for a housing project it would be at the lock-up or slab stage—and those points are reported to the line agencies. There is that ability to track expenditure also against milestone points being achieved in the construction phase.

**Senator RYAN**—And payment is dependent upon those milestones?

**Mr Mrdak**—Payment is dependent on the program milestones, and that point varies with the programs, but generally from here on in program milestones have to be met before payments are made.

**Senator RYAN**—Understanding the difference between expenditure and milestones, is it possible to be provided with a number of projects within each program and the proportion that represents of projects that are not meeting the milestones set for an individual project?

**Senator Ludwig**—Chair, is that a question that should be directed to the actual policy departments monitoring them? Unfortunately, Senator, I think you shifted away from expenditure to the milestones and while that is interesting I think that question may be better referred to the particular policy department that has responsibility over the program because as you know there is a range of programs in place.

**Senator RYAN**—I appreciate that, Minister. I reiterate the point I made earlier that while there is a coordinator general with responsibility for expenditure it is very difficult to track things down if the milestones are farmed out to each department. It strikes me that the coordinator general could simply be shelling out the cash.

**Senator Ludwig**—Unless I misheard, I think Mr Mrdak went through their role in relation to each projects, how that expenditure is mapped and the reports that they receive. Maybe he can reiterate this for the benefit of the committee.

**Senator RYAN**—Maybe his title should be changed to expenditure general rather than coordinator general then. It strikes me that coordination would depend upon milestones not simply expenditure.

**Senator CAMERON**—Senator Coonan has raised a couple of macroeconomic issues, one relating to crowding out and the other arguing that the policy was designed for very different times. I think underpinning that is to say that we need to cut back. Are you aware that the secretary of the Department of the Treasury, Ken Henry, said that if we removed the stimulus then it would detract 1.5 per cent from GDP and there would be the loss of 100,000 jobs? Are you aware of that statement?

**Mr Mrdak**—Yes, Senator, I have seen the *Hansard* transcripts of the Secretary to the Treasury's comments to the committee.

**Senator CAMERON**—On that basis, are you getting any widespread feedback from contractors involved in the stimulus package that there is an upsurge in private sector activity and we now no longer need a stimulus?

**Mr Mrdak**—No, Senator. I think there are two issues here. Discussions I have with the civil construction industry in particular are indicating the need for stimulus projects to continue because of the lack of resurgence in private sector investment as yet. They see that coming as firms revisit their cap ex programs, but that is yet to occur, certainly in the large civil construction industry. Also, the more recent publications of the ABS data on building construction show that the last two quarters remained very flat in comparison to 2007 and early 2008 which I think highlights the fact that private sector activity is yet to fully return to the construction industry. I think that is the basis on which the treasury secretary made his comments.

**Senator CAMERON**—So, from your practical experience, there is no evidence of crowding out starting to be a problem?

**Mr Mrdak**—No, not overall. As I indicated in my answer to Senator Coonan earlier, there are clearly capacity and capability issues in some locations and in relation to some projects, but overall the anecdotal evidence and the data from the ABS and the treasuries indicate the fact that civil construction is yet to return to the levels we saw 15 to 16 months ago.

**Ms Granger**—Just to add to that, certainly the comments from coordinators-general is that they have been surprised that, where they have seen higher prices than expected, they have on the whole been able to negotiate relatively straightforwardly. As Mr Mrdak said, there are a few regionalised areas where that has been more difficult than summary tendering, but on the whole they have been able to achieve it. That certainly anecdotally supports what Mr Mrdak as saying.

**Senator CAMERON**—Senator Coonan ran the position that the stimulus package was designed for very different times. Ken Henry, in evidence to the Senate reference committee, argued that:

Evidence of a self-sustaining recovery in private activity remains tentative ...

Is that the feedback you are getting from contractors involved in this program?

**Mr Mrdak**—Yes.

**Senator CAMERON**—Dr Henry indicated there would be a loss of 100,000 jobs. Could you just give me a broad overview of, if the stimulus package was halted now, what type of jobs would disappear in the economy?

**Mr Mrdak**—Certainly the stimulus package, as I indicated earlier, has been a very great incentive to industries such as the energy efficiency industry. There have been a large number of new entrants as we see them registering for that scheme. Clearly businesses have gone into that area, as has the general construction industry. The evidence from firms that I have spoken to and also some of the agencies which coordinate or head up those industry groups has been that the stimulus package has provided an underpinning of jobs where previously there may have been jobs lost because of a loss of projects coming through not just for building firms but also for professionals such as engineers, architects and the like. These were professions that were looking at a fairly bleak order book towards the end of this year and into next year. They are professions which have largely kept those professionals employed. Certainly the view of the industry groups has been that the stimulus package has underpinned employment

by keeping those people engaged by firms that otherwise would have cut back hours or laid those people off.

**Ms Granger**—Just to add one more thing to that, there is also an objective to try to achieve 10 per cent of work hours on these projects for apprentices. As you know, that is an area of great vulnerability in more difficult economic circumstances. So, again, that is a very important objective in relation to these projects.

**Senator CAMERON**—In relation to the ongoing operation of the stimulus package, have you got any examples in New South Wales—I am a senator for New South Wales—of some of the big milestones that have been achieved in the package? You might like to take that on notice.

**Ms Granger**—Perhaps we should take that on notice and see what we can get you.

**Mr Mrdak**—Certainly I know in my own infrastructure portfolio that the work on the Pacific Highway, the Kempsey bypass project, for example, has been a major stimulus for that region. It is a major civil construction project. As I said earlier, I know from talking to the civil construction industry that, in the absence of projects like that being brought forward, there would be serious issues in terms of their being able to retain their workforce in New South Wales.

**CHAIR**—Thank you, Mr Mrdak and Ms Granger. That concludes the estimates for you.

**Proceedings suspended from 3.54 pm to 4.09 pm**

#### **Australian Public Service Commission**

**CHAIR**—Welcome, Ms McGregor. Senator Boyce has questions. If you have an opening statement, we will go to that, or else we will just move directly to questions.

**Ms McGregor**—I do not have an opening statement, but I just wanted to thank the committee for putting us on this time, as I am unavailable later. I appreciate that. Thanks very much.

**CHAIR**—That is fine.

**Ms McGregor**—I think I appreciate it!

**Senator BOYCE**—My questions all relate to the area of employees in the Public Service with disabilities. I note from the annual report last year, which of course Ms Briggs produced, that there had been a decline in the employment of people with disabilities and that this was a continuing trend. You have figures showing that the number of people with disabilities employed in the Australian Public Service at the end of 2008 was 3.1 per cent. Are you able to give me an update on that figure?

**Ms McGregor**—Not an update at this stage. The *State of the service report* comes out soon. It will be tabled on 26 November. We will have a further update at that point.

**Senator BOYCE**—Is there any anecdotal evidence of an improvement in that area?

**Ms McGregor**—Not as such, but we are working on it. Also, as part of trying to improve the public sector employment of people with disabilities, we are working across agencies with

a network to bring them together to discuss disability related workplace issues. So at that level we will be trying to tap into practices in each agency. We are of course developing training and best practice advice.

**Senator BOYCE**—For each department?

**Ms McGregor**—Yes. So there is a lot that can be gained by establishing the network, but the third point, which will help answer your question, is that we are asking agencies to consider over the next 12 months whether or not they could set a target and what an appropriate target would be. That may help focus the mind.

**Senator BOYCE**—I actually asked this question regarding employees with disabilities of every department at the last estimates. Of the 14 who have so far responded—there are five currently who have not responded—only nine said that they had an ongoing disability employment policy.

**Ms McGregor**—As part of this network that would be considered, in our terms, better practice. So by the sharing of those ideas agencies will be coming up with how they might best address this issue. The notion of a target, though, is a vexed one and can be a bit of a blunt instrument, so we want to get that nuanced correctly.

**Senator BOYCE**—Yes. I must admit I am very surprised that we have gotten to 2009 without having a policy across the Public Service on the topic of employees with disabilities. Could you tell me what definition is used for an employee with a disability? A number of the departments have made the point that they are telling me about employees who identify as having a disability, and obviously there would be dozens and dozens of disabilities that would not in any way impact on your ability to do a particular job, particularly an administrative position.

**Ms McGregor**—The definition does require self-disclosure. I do not have them on me, but I can find the categories of disability that people can indicate apply to them. My colleague Nicole Pietrucha may be able to add further to that.

**Ms Pietrucha**—As the acting commissioner said, it is up to employees to self-identify as having a disability. So the employee identifies as having that disability, and that is the data we report on in APSED, our database.

**Senator BOYCE**—Would I be correct in assuming the majority of people who identify as having a disability would be doing so because there would need to be some alteration of some type to their job or their workplace?

**Ms Pietrucha**—I would not be able to say that, no.

**Ms McGregor**—Not necessarily, but where they do identify and that indicates some assistance in the workplace—

**Senator BOYCE**—That is what I am suggesting.

**Ms McGregor**—But there are some disabilities that require no modification.

**Senator BOYCE**—Exactly, and that group of people—people who do not need to identify because no changes are necessary for them to function in their job—are not the people that we are trying to get into employment from the disability support pension. There are literally

thousands of people on DSP who would prefer to be employed. Are the criteria for the definition that you are talking about consistent right across the entire Public Service—all departments?

**Ms Pietrucha**—Yes, the data we collect is based on an APS employee survey and in that survey we ask employees, ‘Do you have an ongoing disability?’. They answer yes or no, and that is the data we have.

**Senator BOYCE**—That is the only question that is asked?

**Ms Pietrucha**—Yes.

**Senator BOYCE**—So it may well be that we are picking up people who in the normal course of events would not be eligible for a support pension if they were not in that position?

**Ms Pietrucha**—Yes.

**Senator BOYCE**—I am not quite sure how we make that distinction. I am interested to hear that your figure came out at 3.1 per cent. The figures that the departments themselves gave me came out as an average at March 2009 of 1.93 per cent. This included full-time and part-time people counted together. I have no way of knowing why there is that discrepancy, which is nearly half.

**Ms McGregor**—In fact, our latest figures are for the end of June 2008. We will publish in the *State of the service* next month the update as at June 2009.

**Senator BOYCE**—But I hope we are not looking at something that takes us from 3.1 per cent to 2 per cent, even though they are the figures for 12 months to March 2009 from 14 of the departments.

**Ms McGregor**—Yes, I do not have those figures but I too, like you, hope that it does not diminish. We have no indication that that would be the case but we are awaiting—

**Senator BOYCE**—But we also do not have any indication that it has increased, do we?

**Ms McGregor**—Correct. Not at this stage.

**Senator BOYCE**—FaHCSIA announced five traineeships for employees with an intellectual disability. Was the Public Service Commission involved in that at all?

**Ms McGregor**—Not directly.

**Ms Wilson**—We were not directly involved but we were in discussions with FaHCSIA over the course of the last few years and were aware of what they were doing. They used a provision in the Public Service Act dealing with special positions so that they could actually advertise and restrict that recruitment process just to people who had an intellectual disability.

**Senator BOYCE**—Is that a concern across the board? Do you come up with a reverse discrimination problem by trying to employ people with disabilities? You said they had restricted the advertising. They had used—

**Ms Wilson**—Yes. Under the Public Service Act there are these special provisions where an agency can restrict a merit process.

**Senator BOYCE**—So there is no impediment to advertising specifically to attract an employee with a disability?



**Ms Wilson**—Not with an intellectual disability, no.

**Senator BOYCE**—With a physical disability?

**Ms Wilson**—The special measures do not cover people with a physical disability. They are only there for people with an intellectual disability. We are doing some work at the moment to think about how we might change those commissioner's directions to widen it.

**Senator BOYCE**—So we actually need some changes to the act itself?

**Ms Wilson**—To the commissioner's directions, which are part of the act.

**Senator BOYCE**—To allow for further employment of people with disabilities other than intellectual, is that right?

**Ms Wilson**—That is right.

**Senator MOORE**—I have one question, Ms McGregor, following on from Senator Boyce's questions and it is about the network you have developed for the commission. Is there any incentive or compulsion to departments to take part in that network? My understanding is that normally the commission encourages people to be involved and talks about best practice. But I am just a little concerned about how you find out whether all the agencies that should be involved are and what can you do to ensure that that does happen?

**Ms McGregor**—We do, as you say, encourage them and there usually is a pretty strong take-up. What we can do, if you like, is find out who has attended the network and where there may be gaps. I do not have that data on me at the moment.

**Senator MOORE**—It would just be useful to know, particularly for the next round of estimates, exactly which agencies have taken part, because sometimes the good ones cover up for the ones who are not so good.

**CHAIR**—That concludes questions. Thank you very much.

[4.21 pm]

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

**CHAIR**—Welcome back. Senator Ronaldson was mid questions, I think.

**Senator RONALDSON**—Unless the minister wants to comment on that, I have other matters I want to go to.

**Senator Ludwig**—I am in your hands, Senator.

**Senator RONALDSON**—I think the point has been well made that the Prime Minister has got a serious problem and he sacks a lot of staff.

**Senator Ludwig**—Well, now you have invited—

**Senator RONALDSON**—He has been variously described as 'manic' elsewhere and otherwise.

**CHAIR**—Where was the sacking suggestion?

**Senator RONALDSON**—Anyway, we have probably covered that ground.

**Senator Ludwig**—With all due respect, CHAIR, I cannot leave those remarks, which are not a question, unchallenged. I think they are baseless. If you look at the article that was tendered, there is a leap of faith there that I cannot make. I am sure Senator Ronaldson in a quiet moment would find that there is a leap of faith within it. What I said earlier, which I reiterate, is that it would be unsurprising to find, in a staff of 40, that there would not be turnover. The article talks about the number of staff who have gone. It does not appear to provide much analysis in terms of an exit interview for any of them, other than some unreported or other people who are recruitment specialists. I am not sure what their role, if any, was in relation to the PMO's staff. I suspect that it was none and that they are making a third-party comment. As I have indicated, it has been a busy time for all. All people have been working diligently. They have been working hard. I really congratulate them on that. But it is unsurprising to find a staff turnover. As I indicated earlier, if you look at the staff turnover, it is not limited to the Prime Minister's office. I think the opposition will also find staff turnover. That is not unsurprising either, because some of the staff would have gone from government to opposition and would find that challenging work.

**Senator RONALDSON**—Have you had that sort of turnover in your office?

**Senator LUDWIG**—There has been turnover across my portfolio as well. That is not unsurprising either. People have moved on. People have found alternative employment. People have changed their careers. These are all things that people do. If you reflect upon it briefly, if you look at the demographic of mobile young people—I do not think I can put myself in that category any longer—it is certainly different from when I was a public servant, when you would expect to be in place for 10 years or even a career as a public servant, stretching over 10 or 20 years. The young people of today are much more mobile, much more likely to change jobs, which contributes to staff turnover but does not necessarily correlate to any other issue that may be there other than the fact that there is greater mobility amongst the young nowadays. Expectations are quite large as well, I would imagine. My expectations as an early public servant were to go from a class 1 to a class 2. I was pleased when that happened. There seem to be higher expectations—and many of them are realised—in today's environment, when you have great opportunities that present themselves. All of that provides a reasonable explanation of what can happen, especially where you have got people who have been in long-term employment in a particular area. You find that there is turnover.

**Senator RONALDSON**—Do you accept that there has been a 66 per cent staff turnover in the space of less than two years in the Prime Minister's office?

**Senator Ludwig**—I have not looked at the exact figures. I accept that there has been turnover across the board.

**Senator RONALDSON**—Do you accept that it is 66 per cent?

**Senator Ludwig**—I will have a look at that myself and pull out a calculator in due course.

**Senator RONALDSON**—Take it on notice.

**Senator Ludwig**—I will take it on notice.

**Senator RONALDSON**—If it was 66 per cent, do you think that would be incredibly high and certainly way beyond any staff turnover in other ministers' offices? Indeed, think from

this article it seems that for former prime ministers Howard, Keating and Hawke there was only fairly minor turnover. But, anyway, you will take that on notice, will you?

**Senator Ludwig**—As I said, I will have a look at it. But, as I was saying earlier, today's workforce is highly mobile and does seem to me to have more frequent turnover of staff. It is very difficult to compare one era to the next. During the period you were referring to, the Hawke-Keating years, I spent—

**Senator RONALDSON**—What about the Howard years? I do not think the world has changed dramatically start in the last 2½ years, has it? The transition from the Howard stability, which came on the back of the Keating-Hawke stability, was only talking three years ago. I hardly think the world has changed in that amount of time.

**Senator Ludwig**—I do not have the figures for the staff turnover in the Howard ministers' offices. I think you would have to look over the longer period from when they first came into office in 1996 with those people who may have come from opposition to government and see whether that created any turnover in a comparative time. All of that can contribute to staffing turnover.

**Senator RONALDSON**—I want to go back to the premise of this extraordinary 66 per cent staff turnover. It is extraordinary; it is quite remarkable. You are putting this down to hard work. But the trouble is, as this article indicates, none of these people who are quoted actually says they worked too hard. They talk about the Prime Minister being 'manic' and 'a bit all over the place'. We heard again the story about the expletive-laden rant. They say that he does not listen to anybody and that he gives little in the way of constructive feedback. As I said to you before, we have this ongoing litany of this sort of behaviour. We have not the stewardess, the Afghan hairdryer and the phone rants. Do you think the Prime Minister, like the member for Robertson, needs to attend some sort of anger management course? That is the first question.

**Senator Ludwig**—I was wondering when you were going to get to a question, quite frankly, rather than having a manic rant yourself.

**Senator RONALDSON**—I will ask the two questions and then you can answer them. Is it, as Associate Professor Serena Chen said:

... the combination of having a high-power role and fearing that one is not up to the task that causes power holders to lash out. And our data suggest it's ultimately about self-worth.

How many more examples do we need of someone lashing out than we have of this Prime Minister?

**Senator Ludwig**—As you seem to have been quoting extensively from the article, can I take you to the article. It seems to be a little bit of a leap of faith to go from a position of where you allege there is high staff turnover—I think you will find that comparatively in any workforce in the types of work that is currently being taken on you would find staff turnover; it is unsurprising that people move onto different careers—

**Senator RONALDSON**—I do not disagree with that; it is the extent of it.

**Senator Ludwig**—But to make the leap from that to what the research from the University of California found is not only the longest bow since the English archers; it is an incredible

position to take. There is simply no correlation between turnover rate in itself and the leap which is being made by you to the research by the University of California. The issues that are contained within the article seem to be from unnamed sources. But, when you look at the people who are going on, you have got turnover amongst some senior staff. With a 25-year parliamentary veteran such as Mr Lake it would be unsurprising to find that, after 25 years, he might want to consider a change in careers. But when you look at the correlation you make, I think that it is a long bow to draw and I do not think it is substantiated by the facts, quite frankly, and I think that the position that you are putting is far from accurate.

**Senator RONALDSON**—I think other people will make that judgement. Minister, can I provide you with these? I am nothing if not obedient, Madam CHAIR; having been asked by the minister to provide him with material that I am going to quote from, I madly rushed around, while the minister was having a cup of tea, and photocopied some newspaper articles.

**Senator Ludwig**—The joys of opposition!

**CHAIR**—Where did the 60-something per cent come from?

**Senator RONALDSON**—Sixty-six per cent?

**CHAIR**—Yes.

**Senator RONALDSON**—Why—are you disagreeing with it?

**CHAIR**—Yes.

**Senator RONALDSON**—Are you?

**CHAIR**—Twenty three on 39 is not 66 per cent.

**Senator RONALDSON**—Can I suggest that you do not ask one question too many.

**CHAIR**—No, you were talking about the article—or is there another source?

**Senator BERNARDI**—Let us not question Senator Ronaldson.

**CHAIR**—I just want to clarify it.

**Senator RONALDSON**—I wish it was.

**Senator BILYK**—This is a clarification for me.

**Senator RONALDSON**—Minister, can I—

**Senator BERNARDI**—Perhaps you could stop Senator Bilyk from interrupting.

**Senator BILYK**—It is a clarification. I am asking for clarification.

**Senator BERNARDI**—You can ask your questions later. The minister will take them on notice.

**Senator BILYK**—I still want to clarify that last point—the point that Senator Ronaldson made, that it was 66 per cent, because, if he is referring to the article, the article says 23 of 39, and that is 59 per cent.

**Senator RONALDSON**—I do not think I actually quoted 66 per cent from the article, did I?

**CHAIR**—No, I asked you where—

**Senator BILYK**—We asked you where the 66 per cent came from.

**Senator RONALDSON**—I think if you go and check it you may well find that it is absolutely entirely accurate. The minister apparently does not know. You clearly do not know. I am telling you it is 66 per cent. So go back and check it.

**CHAIR**—You are claiming it to be—

**Senator BERNARDI**—Please continue, Senator Ronaldson.

**Senator RONALDSON**—I love these questions to death, but I have other ones.

**Senator Ludwig**—Just on that point: I did not accept the basis of your figures. What I said was that I would take it on notice to have a look at it—

**Senator RONALDSON**—Yes, that is right.

**Senator Ludwig**—because I did not want to actually challenge you here and now. I would rather get the accurate information—

**Senator RONALDSON**—Because you do not know.

**Senator Ludwig**—and provide you with the accurate response to it. But if you did want to provide how you arrived at 66 per cent then certainly I am all ears.

**Senator RONALDSON**—You said you were going to take it on notice. You are not too sure. Are you, Minister, familiar with an organisation called the China Australia Cooperation Society, founded by a woman named Deborah Lei who is reportedly a large donor to the Australian Labor Party?

**Senator Ludwig**—I am not personally familiar with it, no.

**Senator RONALDSON**—You do not know of this organisation?

**Senator Ludwig**—I said, ‘I am not personally familiar with it’. I have certainly seen various reports in papers about it, but—

**Senator RONALDSON**—You know that it exists, though?

**Senator Ludwig**—I have seen reports in papers about it.

**Senator RONALDSON**—But you do know that it exists? I mean, if you did not know that it exists then I would have to have a different line of questioning. If you acknowledge that it exists then we can move on.

**Senator Ludwig**—I am not acknowledging anything. I said I had seen reports in the paper about it. It is up to you to ask the questions, I suspect.

**Senator RONALDSON**—Did you see the one dated 20 July in the *Australian*—an article under the headline, ‘... making friends in high Labor places’, that described Ms Lee? Is it ‘Ms Lee’ or ‘Ms Lei’ do you know?

**Senator Ludwig**—I am relying on you to ask the question, and, if you are going to—

**Senator RONALDSON**—It is just that you are a Queenslander; I thought you might know.

**Senator Ludwig**—If you are going to refer to newspaper clippings, as I have indicated it would be helpful if you made those available.

**Senator RONALDSON**—It described Ms Lee or Ms Lei as a property developer who enjoys close political ties with senior ALP figures including the Prime Minister and the Treasurer, as well as high-ranking figures in the Chinese government including the Vice-Premier of China. Are you aware of that article?

**Senator Ludwig**—As I said, I do not have a clear recollection of the article but if you are going to quote from an article it would be helpful if you made it available to the committee.

**Senator RONALDSON**—It is all there for you, Minister. As I say, you asked for them and you have been given them. So you are based in Queensland? You are a Queensland senator, aren't you?

**Senator Ludwig**—Absolutely.

**Senator RONALDSON**—Thank you. And it is no secret, is it, that the Australia cooperation society, or CACS, as it is affectionately called, I gather, by you and your colleagues, you are unaware of Deborah Lei and unaware that people like the Prime Minister and the Treasurer have had their photos taken with this woman. She comes to Labor Party fundraisers. You know nothing of that at all.

**Senator Ludwig**—If you would like to put your questions—

**Senator RONALDSON**—I have asked you questions.

**Senator Ludwig**—As I indicated, I do not have a recollection of that particularly. I have seen the newspaper reports—

**Senator RONALDSON**—It is not actually about you, so you do not have to be defensive. It is actually about one of your colleagues.

**Senator Ludwig**—I am trying not to be.

**Senator RONALDSON**—I will get to that in the second. You are aware of a story from 18 July edition of the *Australian* which reads:

Agriculture Minister Tony Burke—

**Senator Ludwig**—I am interested to make sure that you are going to make that available to the committee.

**Senator RONALDSON**—You asked for it and you have got it there. I presume you were given it.

**Senator Ludwig**—I do not have it at this point in time.

**Senator RONALDSON**—I actually had made a separate copy for you. There is no need to photocopy it, it is already photocopied. I was trying to assist, as always. Do you want me to continue on so that you can then cross-reference them when they come back?

**Senator Ludwig**—Let us see where we are going, I guess, in the interests of time.

**Senator RONALDSON**—Given that you have made a request that has not been made by others which I was happy to assist with, are you aware of a story from 18 July edition of the *Australian*. I will start again:

Agriculture Minister Tony Burke is listed as an honorary adviser to a Chinese Australian businesswoman who donates to the Labor Party and convinced him to use a ministerial visit to Beijing to promote her cause.

**Senator Ludwig**—What was the question? I have got the weekend *Australian* before me.

**Senator RONALDSON**—Are you aware of that story of 18 July?

**Senator Ludwig**—I have some recollection of it. I recall reading it at the time.

**Senator RONALDSON**—Are you aware that, according to the same article—have you received a brief on this matter, Minister?

**Senator Ludwig**—For the purposes of?

**Senator RONALDSON**—Estimates.

**Senator Ludwig**—I have not worked out your question.

**Senator RONALDSON**—It is hardly a trick question. Have you received a briefing or not?

**Senator Ludwig**—I have not worked out your question yet, other than am I aware of the article. As I indicated, I am aware of the article.

**Senator RONALDSON**—The issue surrounding Minister Burke. Have you been provided with a brief in relation to Minister Burke for estimates or otherwise regarding these matters that have been raised? I can cut to the chase if you actually have one tucked away which you have read.

**Senator Ludwig**—A couple of matters. It is a matter for me as to what briefs I get. Secondly, I do not keep scrapbooks about a whole range of issues that get reported in the paper, but let us go to the issue. Can you outline what the relevance is to the actual portfolio or do you feel like just going through Media Monitors? That is the case then we can spend all afternoon doing that.

**Senator RONALDSON**—Are you aware that, according to that same article, Mr Burke accepted an invitation from Ms Lei to address an international forum on traditional Chinese medicine while on an official visit to Beijing in April of this year? If you are not, just say so.

**Senator Ludwig**—I do not know whether he personally did that or not. That is certainly what the article says. To the extent—

**Senator RONALDSON**—Are you also aware that the forum to which Mr Burke spoke was jointly organised by both Deborah Lei's China Australia Cooperation Society and the state administration of traditional Chinese medicine, an arm of the Chinese government? If you are not, say so; if you are, say yes. They are not trick questions. Not yet.

**Senator Ludwig**—Within reason, I am happy to try to assist you, but I am not Minister Burke. Neither do I keep a scrapbook of all his events and what he does—

**Senator RONALDSON**—If you are not aware of them, just say so.

**Senator Ludwig**—or whether he has made a statement in parliament about it. I do not have any personal knowledge as to whether Minister Burke has in fact gone to China, other than what is provided here.

**Senator RONALDSON**—Are you aware that in that speech Mr Burke, as minister for agriculture, declared:

... I'm also in charge of (the) quarantine system, and we very regularly receive import requests for a product involving Chinese medicine to be transported into Australia.

I think that is probably a loose interpretation. What he probably meant is 'requests for products involving Chinese medicine to be transported into Australia'. Are you aware of that speech?

**Senator Ludwig**—I am now reading the article to refresh my mind, but I do wonder whether you are asking the questions in the right portfolio. If you are talking about customs or AQIS, you may find those questions should go to—

**Senator RONALDSON**—Is ministerial ethics part of your portfolio responsibility?

**Senator Ludwig**—Those questions should go to—

**Senator RONALDSON**—The standard of ministerial ethics—is that part of your portfolio?

**Senator Ludwig**—We are actually in the Prime Minister and Cabinet portfolio at the moment.

**Senator RONALDSON**—Yes, and ministerial ethics are not within that, or pecuniary interests guidelines are not?

**Senator Ludwig**—They are.

**Senator RONALDSON**—Thank you. I will continue. Are you aware that on the China Australia Cooperation Society website Ms Lei lists herself as president of a commercial enterprise called the East West Group? Are you aware that the China Australia Cooperation Society and the East West Group share the same Queensland telephone number and the same office space? Are you aware that AEC records show that during the 2004-05 financial year East West International Pty Ltd made a \$5,000 contribution to the Australian Labor Party and that Ms Deborah Lei signed the annual return form documenting that donation? I will take it from your silences you are not going to answer. Are you aware—

**Senator Ludwig**—You are making the statement. I do not have any personal knowledge of whether that is accurate or not. I am reading this to refresh my mind of what the story outlined.

**Senator RONALDSON**—Are you aware that the East West Group is described in a Queensland government brochure as having 'grown from a small residential property group in 1996 into an international, multifaceted conglomerate' with offices in Brisbane, Ipswich, Beijing, Shenzhen and other places?

**Senator Ludwig**—What I am more interested in is if we are going to continue down this line. Is it the case that you are indicating that there is a breach of a particular ministerial standard, or are we simply going quietly through the press release? If that is the case, we can do that all day, but my personal knowledge of Minister Tony Burke's travel and my personal knowledge of Ms Lei and her business is only gleaned from the *Weekend Australian*.



**Senator RONALDSON**—Are you aware that this Queensland government brochure also states the East West Group is ‘also exploring international markets’ and is involved in ‘investment consultation and the food industry’?

**Senator Ludwig**—As I have said, if you are alleging a breach of the ministerial standards, then perhaps you could outline what it is.

**Senator RONALDSON**—I am asking you a series of questions and then I will ask you some further questions in relation to the ministerial standards. Are you aware that the East West Group website boasts that its consultancy division can ‘organise meetings with high-level government officials’ for its clients?

**Senator Ludwig**—As I have indicated, my knowledge is derived from this particular article, and if you are alleging—

**Senator RONALDSON**—Would you accept that ‘organising meetings with high government officials’ is probably just a euphemism for political lobbying?

**Senator Ludwig**—There are a couple of issues that you might want to address. If we are going to talk about the lobbyists code, then if there is an issue there you might want to address it more directly than the circuitous way we are now travelling. Alternatively, if we are going to spend all afternoon—

**Senator RONALDSON**—Minister, with the greatest of respect, I determine how I ask the questions.

**CHAIR**—Senator Ronaldson, would you please let the minister conclude.

**Senator Ludwig**—going through a Media Monitors *Weekend Australian* press report, my knowledge of company details—particularly obscure company details—is limited and in this instance nil, as far as I can recollect.

**Senator RONALDSON**—Organising meetings with high-level government officials—could that also be described as political lobbying?

**Senator Ludwig**—‘No’ would be the short answer. There are many meetings that are organised by non-lobbyists. That would seem to be a relevant consideration.

**Senator RONALDSON**—I will take you back. The East-West Group website boasts that its consultancy division can ‘organise meetings with high-level government officials for its clients’. That would be lobbying by the consultancy group, wouldn’t it?

**Senator Ludwig**—It would depend on—

**Senator RONALDSON**—Does not it also stand to reason that the firms involved in traditional Chinese medicine would be—

**CHAIR**—Senator Ronaldson, the minister is trying to answer.

**Senator RONALDSON**—It is very hard for me when there is nothing coming from the minister as to whether he is contemplating or whether he is not going to answer.

**CHAIR**—If you listen, you will hear.

**Senator Ludwig**—In fact, I am answering. The difficulty confronting you, Senator Ronaldson, is that there have been a series of questions which, quite frankly, are odd, but

which seem to go a *Weekend Australian* article. I am not in a position to confirm the various bits and pieces within the article. That is certainly not within my knowledge. If you have a question in relation to the ministerial standards then ask it. If you are alleging a breach of that—

**Senator RONALDSON**—Your advice is very generous. That is very generous of you. As always, I listened to you, but you might also want to listen to my questions and then I will ask you a series of further questions.

**Senator Ludwig**—There are two possibilities. In terms of a lobbyist register, it is possibly yes and possibly no. It would depend on the nature of what is being put forward. Be that as it may—

**Senator RONALDSON**—I actually got an answer to something—possibly yes or possibly no. Thank you. Doesn't it stand to reason that firms involved in the traditional Chinese medicine business would be quite eager to meet with a Commonwealth minister who in his own words is 'in charge of the quarantine system'? Are you aware that the *Weekend Australian* described the China Australia Cooperation Society as:

... an organisation established by Brisbane developer Deborah Lei and run out of her company offices, as a means of promoting Chinese medicine.

Minister, would you accept that being able to deliver Australia's agriculture minister to a business conference of this nature would substantially enhance Ms Lei's credibility and reputation as a political lobbyist, especially in light of the fact that she co-sponsored the event?

**Senator Ludwig**—As I have indicated, I do not keep Minister Burke's diary. I am not his PA. His portfolio is broad enough that he attends many, many functions right across his portfolio. The agricultural portfolio is huge and he would attend many conferences, I suspect, across that portfolio on agricultural interests from graziers right through to seafood and a whole range of different areas.

**Senator RONALDSON**—Right through to Chinese medicine?

**Senator Ludwig**—What I am trying to ascertain is if you are making an allegation of any particular type and whether it goes to ministerial standards. If so, what is the allegation that you are trying to make?

**Senator RONALDSON**—I wish you would stop telling me what questions I should be asking. It is very generous of you!

**Senator Ludwig**—If you put it in context, such as the community cabinet and the community forums that we have, many people make representations to and book appointments with ministers across the breadth of portfolios.

**Senator RONALDSON**—Donors to the Australian Labor Party lobbying organisations out of China, a minister who is an honorary adviser to these companies—how many community cabinets have you been to where a donor to the Australian Labor Party approached a minister who is an honorary adviser to a company that they are running which does lobbying in China and Australia? How many community cabinets have you been to where that has happened?

**Senator Ludwig**—First of all, as I have indicated, what you really need to then highlight—

**Senator RONALDSON**—You gave the analogy of the community cabinet—how many times does that happen?

**Senator Ludwig**—I go to many functions. I certainly do not ask everyone in the room what their background is and whether they are donors. You might, in the Liberal Party, do that as a matter of course. But what I want to understand is: what claims are you making in this stream of, quite frankly, unconsciousness that is streaming from you? In all of this are you alleging anything other than a stream of consciousness, because that is what it appears to be to me.

**Senator RONALDSON**—That is actually a question not an answer. Do you think it is appropriate for a minister of the Crown essentially to be steering business towards a commercial enterprise owned and run by a major donor to the Australian Labor Party?

**Senator Ludwig**—I am not a company representative either and I do not understand the background to many of these questions.

**Senator RONALDSON**—I have given you the background. I am asking you the question: do you think it is appropriate for a minister of the Crown to be essentially steering business towards a commercial enterprise owned and run by a major donor to the Australian Labor Party—either you do or you do not.

**Senator Ludwig**—Let us unpack that. If you are alleging that that is the case—that business has been, to use your phrase, ‘steered’—let us really unpack that. Is that the substance of your allegation? If so, can you demonstrate how that has actually occurred? Because to my mind all you are doing is badly smearing Minister Burke, to be quite frank. It seems to me that that is all you are doing in this.

**Senator RONALDSON**—Dear me. Why didn’t you just come out and throw that defence in 15 minutes ago. I have taken you through the relationship between Minister Burke and Deborah Lei, a person you apparently—

**Senator Ludwig**—What you have taken me through—

**Senator RONALDSON**—You asked me a question; I am going to respond to it. I have taken you through a relationship where one of your cabinet colleagues is an honorary adviser to a donor to the Australian Labor Party. This minister was invited by this Deborah Lei to a function at which there were in attendance potential customers for her lobbying business with the east west group. The minister was there at her request and he also indicated that he was the quarantine minister and that the import of Chinese medicines was within his bailiwick. I will continue. I am asking you on this basis—

**Senator Ludwig**—Let me reject this link that you seem to be making between ministerial activity and donation. It is not unsurprising that you make it—I remind you, Senator Ronaldson, that the current Prime Minister ceased the practice of the previous Prime Minister Howard of hosting party donor functions at Kirribilli House. It is not unsurprising to me that you would make that link. But let me completely reject that link that you make. It is unsubstantiated. You are now entering—

**Senator RONALDSON**—What is unsubstantiated here?

**Senator Ludwig**—What I have indicated is that you are making a link that is not there—you are linking ministerial activity and donation without any evidence and without any proof. You are slurring Minister Burke. Quite frankly there is no evidence that you have put forward. If you are alleging a breach then, as I have indicated earlier, you should state what that breach is and in fact, rather than point to an article in the *Weekend Australian*, you should do your homework and provide what is the substantial allegation that you are making because all you are doing is making a link that does not exist. As I have indicated, it is not unsurprising that you would make that link, quite frankly, given the practice of your previous government and Prime Minister. But in this instance let me reject it out of hand.

**Senator RONALDSON**—Joe, that is probably the most childish response that I have heard.

**CHAIR**—That is Senator Ludwig, to you, Senator. It is the minister at the table, not Joe.

**Senator RONALDSON**—That is right. I am sorry. Senator Ludwig, I am a bit surprised that you are running that defence, quite frankly.

**Senator Ludwig**—Well I am quite surprised at the broad allegations that you are making, quite frankly, without any substantial—

**Senator RONALDSON**—How does Mr Burke's behaviour in relation to his relationship with Deborah Lei, the fact that he is an honorary adviser and the fact that he was in China pushing her barrow fit with the Rudd government's standard of ministerial ethics that minister should, and I quote:

Ministers will act with due regard for integrity, fairness ... and the public interest ... .

Are you saying that his behaviour falls within all those bounds?

**Senator Ludwig**—What I am saying is (a) I am not sure what an honorary adviser is. Let us be frank about this: I am only reading from what the *Weekend Australian* seems to say—

**Senator RONALDSON**—Well go a bit further and have a look at her website. I have given you all the information.

**Senator Ludwig**—Let me also be clear about this: you cannot simply make an unsubstantiated allegation with what I would call information that is simply links rather than anything other than that to make a point. It seems to me that you are going to spend a substantial amount of time making a point in relation to this. Clearly you are clutching at straws, quite frankly, in terms of trying to involve a constructed story you seem to have worked your way through. What evidence do you have of a particular breach? Nil. None. Of course if you do have any then you should state it clearly and unambiguously so that we can understand what it is that you are alleging and so that, for the record, if it does require a response then I can take it on noticed and have a look at the issue.

**Senator RONALDSON**—In light of the matters that have been raised, I take it that what you are saying is that you believe that Minister Burke has acted with due regard for integrity, fairness and the public interest. Is that what you are telling the committee?

**Senator Ludwig**—All you have used so far is a newspaper report. Do you have any evidence to substantiate the slur that you are making and any breach of the particular guidelines? Short of that you are canvassing what has already been well canvassed in the

media already. Of course if that is the level of analysis that you want to put forward then we can all examine the media reports and we can all talk about them till the proverbial cows come home.

**CHAIR**—Senator Ronaldson, can I just clarify one point before we move on. You and the minister were talking a moment ago about Minister Burke being an honorary adviser. What was the source of that comment?

**Senator RONALDSON**—Madam Chair, with the greatest of respect, it was a bit of fun the first time round but I am telling you he is the honorary adviser to Deborah Lei's company.

**CHAIR**—What is the source of that statement, because I cannot find it in the article that has been circulated?

**Senator BERNARDI**—He does not need to justify the source of his statement to you, Madam Chair.

**CHAIR**—So what you are saying is that there is no source.

**Senator BERNARDI**—Please do not verbal us.

**Senator RONALDSON**—I am not going to sit here and be questioned by the chair. Are you denying that he is an honorary adviser?

**CHAIR**—No, I am asking you for the source of that statement.

**Senator RONALDSON**—I am telling you that he is. Now, if you don't mind, can I go on because we are running short of time and I would like to pursue this further.

**Senator Ludwig**—What concerns me most, Chair, is that you are using parliamentary privilege to make unsubstantiated allegations against a minister and—

**Senator RONALDSON**—What is unsubstantiated about what I have said?

**Senator Ludwig**—You are using and going through an article that appeared back in July 2009. It seems to me that you are not providing any further evidence of any particular breach—you are simply trawling through a July *Weekend Australian* article which does not make the allegation itself. It seems to me that you are making the allegation. What I would like to know is what that allegation is—if you could state it clearly. If you say that there has been a breach of the ministerial standards then can you say that is the position that you are going to pursue, state what that breach is and provide the evidence, if you can, of it. Otherwise it seems to me that you are simply using this article, and going much further than the article itself, it appears, by making links that are not even in the article—which amounts to nothing short of a slur on Minister Burke.

I am advised that Minister Burke is not and has never been an honorary adviser to this organisation. This is the problem that you are now traversing. You are taking an article without your own research and putting it to us as gospel. What I can say is that I am advised that Minister Burke is not and has never been an honorary adviser to the organisation. So if you would desist from simply making what now amount to allegations which are untrue and then using those untrue allegations to slur Minister Burke, it would be helpful if you could in fact ask some factual questions and we could provide some factual information to you.

**Senator RONALDSON**—Are you aware that Bernie Ripoll, the member for whatever he is, is the honorary president of this organisation affectionately known as CACS, the China Australia Cooperation Society?

**Senator Ludwig**—I think I have indicated, if we are going to go down this path again, that my knowledge seems to be only based on what I have read in the particular article that you have given me and my general recollection of other articles that have been around at that time. I think this was not the only one, from recollection, although I am happy for you to correct me if it was. Do I have any personal knowledge? No. But I think it is also fair to say that in the *Weekend Australian* on 1 August 2009 Mr Burke denied being an honorary adviser to CACS, particularly albeit promoting Chinese medicine. I think there were others who were mentioned in the article as well.

**Senator RONALDSON**—Under section 1.34 of the standards of ministerial ethics, ministers must ensure that their conduct in office is in fact and in appearance in accordance with those standards. You would acknowledge that is part of the standards of ministerial ethics?

**Senator Ludwig**—If you are quoting from the ministerial standards of ethics, I am sure you have managed to get that right.

**Senator RONALDSON**—In fact and in appearance: you remember that? It says section 1.34 of the standards requires that ministers must ensure that their conduct in office is in fact and in appearance.

**Senator LUDWIG**—I will take it that you have quoted the section in full and accurately, but if you wanted to finish the whole sentence that would be helpful for the record.

**Senator RONALDSON**—Thank you. Can I also ask you do you think it is in the public interest for a minister of the Crown to be seen doing lucrative flavours for a donor to his own political party?

**Senator Ludwig**—Is this a hypothetical question or a question that you want an answer to?

**Senator RONALDSON**—I want an answer to it.

**Senator Ludwig**—What concerns me is do you read your own sources. But is it the case that you are going to lead us into an area where you are actually going to ask a question which is not hypothetical? At this point it seems to me we are going to circle the wagons continuously.

**Senator RONALDSON**—You are the one I think that is circling. You should just answer some of these questions. Again, do you think that the sight of a minister of the Crown giving special treatment to a friendly political donor constitutes due regard for integrity and fairness?

**Senator Ludwig**—Let me reiterate. You are trying to establish a link between ministerial work, appearing at events and functions, and other work. It does not surprise me that you would make that connection from the connections that the Liberal Party may or may not have but, in this instance, if you are making an allegation around a breach of the standard then perhaps you should articulate what that is. You should then support it with evidence that you might otherwise have in your possession and we can then deal with it in a substantive way.

What you are now doing is making unsupported allegations. But they are also hypothetical in nature.

**Senator RONALDSON**—Can I take you to section 2.15 of the standard of ministerial ethics. I quote:

- A Minister shall not act as a consultant or adviser to any company, business, or other interests, whether paid or unpaid, or provide assistance to any such body, except as may be appropriate in their official capacity ...

**Senator Ludwig**—Is that the full section?

**Senator RONALDSON**—Yes.

**Senator Ludwig**—Are you quoting the full section or simply an extract?

**Senator RONALDSON**—An extract.

**Senator Ludwig**—I have sought to get a copy of the code brought because my feeling is that you are selectively reading from it.

**Senator RONALDSON**—Are you arguing that Mr Burke's association with this organisation, whose business interests are under his ministerial purview, is appropriate in his official capacity as a minister?

**Senator Ludwig**—I am waiting for you, if you are making an allegation, to describe what it is and substantiate it. It is not up to me. If there is an allegation that you are seeking to make then perhaps you could succinctly make it. If there is not then perhaps we could move on to factual questions that you might want to find. As I understand it, Mr Burke has no role in the China Australia Cooperation Society. It is clear Mr Burke never received an offer to be or accepted a position as an honorary adviser. In addition to that, the listing of the China Australia Cooperation Society website has now been corrected. So we are now traversing—

**Senator RONALDSON**—What has now been corrected?

**Senator Ludwig**—I am advised that the listing on the China Australia Cooperation Society website has now been corrected.

**Senator RONALDSON**—It listed him as an honorary adviser?

**Senator Ludwig**—Yes, but he never was. It is not unsurprising—

**Senator RONALDSON**—The answer to your question, Madam Chair, is that the website of the China Australia Cooperation Society had Minister Burke listed as an honorary adviser.

**Senator Ludwig**—The point that I made right at the start which you have ignored, quite frankly, is that if you do have evidence or information that assists in this area then you should state it clearly and state the source from which you got it rather than this odd system that you have now developed of going through a July *Weekend Australian* press clipping to make a range of unsubstantiated allegations, some bordering on slurs.

**Senator RONALDSON**—When was the website changed, do you know?

**Senator Ludwig**—I do not have that information to hand. What I have said and what I will continue to say is that Mr Burke is not and has never been, as I am advised, an honorary adviser. If you have information contrary to that then you should state it.

**Senator RONALDSON**—You are telling this committee that the website has now denied that he is an honorary adviser; is that right?

**Senator Ludwig**—What I am advised is that the listing on the China Australia Cooperation Society website has now been corrected because, as I have indicated, Minister Burke has no role in the China Australia Cooperation Society.

**Senator RONALDSON**—This organisation indicated on its official website that he was an honorary adviser to the organisation; is that right?

**Senator Ludwig**—You are making that allegation, not I.

**Senator RONALDSON**—You just said that—you said that now something has come up and he is not.

**Senator Ludwig**—You are making that allegation. What I will continue to say is that Minister Burke has no role to declare in the China Australia Cooperation Society. Minister Burke never received an offer or accepted a position as an honorary adviser. That is the position that I am putting to you.

**Senator RONALDSON**—Do you acknowledge that Minister Burke was on the website? What does the website say in relation to this? You are the one that quoted it.

**Senator Ludwig**—I do not know. I do not run the website, quite frankly. It would be interesting if I did, but I do not.

**Senator RONALDSON**—What does it say? You said the website now says he is not an honorary counsel.

**Senator Ludwig**—I said, ‘I am advised’. I am sure you are capable of having a look of the website. In fact I am sure you capable of doing your own research. Maybe you have found in opposition that you actually do need to do your own research and you might find that a bit of a challenge, but it would be helpful.

**Senator RONALDSON**—You are quoting from this website. When did the information go up that he was actually not an honorary counsel?

**Senator Ludwig**—As I said, Minister Burke advised that he never was, so it is a completely different position—

**Senator RONALDSON**—Why do you think this association put that up there?

**Senator Ludwig**—I am in your hands about that, Senator Ronaldson. You can speculate, but as I have indicated now is not the time for me to be making speculative comments. It seems to me that you are minded to make them all afternoon, but I am not going to engage in that.

**Senator RONALDSON**—You are quoting from a website—

**Senator Ludwig**—No, I did not say I am quoting from a website, Senator Ronaldson: perhaps you should listen to what I say.

**Senator RONALDSON**—That is not true. You said the website now says that Mr Burke was not an honorary counsel.

**Senator Ludwig**—I said, ‘I am advised’.



**CHAIR**—That the listing has been corrected.

**Senator Ludwig**—Corrected.

**Senator RONALDSON**—So there was a listing, it was there, but you are now saying it has been removed.

**Senator BERNARDI**—Why would they make something like that up?

**Senator Ludwig**—You can speculate, Senator Bernardi, but I am not going to.

**Senator BERNARDI**—It is either deliberate dishonesty or—

**Senator Ludwig**—As I have indicated, you can speculate on these issues. I am sure you have your own blog to deal with.

**Senator BERNARDI**—I do.

**Senator RONALDSON**—At least we have now acknowledged that it was there and it has been taken off. My question to you, Minister, is: why do you think Ms Lei would have put that up?

**Senator Ludwig**—You might have to ask Ms Lei those questions. I do not understand your obsession with websites. It has been noted; I have nothing to do with posting, taking down or providing information to the website. It is interesting that you may think I do, but I can assure you and the Senate that I do not.

**Senator RONALDSON**—I gather the website has pictures of Ms Lei with Minister Burke at Parliament House and I think in the *Weekend Australian*, under the headline ‘Well connected’, there was a picture of Ms Lei with Tony Burke in his Canberra office. Was any pressure placed on Ms Lei to remove this from the website?

**Senator Ludwig**—You may have to ask Ms Lei about that, not me. This would not be the first time that a website has got things wrong. You are not suggesting that websites always produce accurate information and never, ever get anything wrong. I do not know the facts surrounding why Ms Lei may or may not have put something on a particular website. You may recall cases in the past when Ms Bishop and the Australian International Trade Association found themselves in websites that were inaccurate.

**Senator RONALDSON**—This is someone who has been networking with the Prime Minister—there are photos of that—and networking with the Treasurer, Wayne Swan. There are pictures of Ms Lei with those two people. We have pictures of Minister Burke in Canberra. So this is someone who is incredibly well connected with the Australian Labor Party and who has made donations to the Australian Labor Party, and, mysteriously, Minister Burke, who was on the website as an honorary adviser, is suddenly removed. I am asking you, Minister, did anyone in the government, including Minister Burke, ask Ms Lei to remove that from the website?

**Senator Ludwig**—As I said, it seems to me that you are obsessed with a particular website, but those questions in fact should be directed to Ms Lei. I certainly can say that I have not had any involvement with the website or Ms Lei or asked it to be removed. I can only speak for myself in this instance but it seems to me that you could have asked those questions to Ms Lei. It seems to me that it is not the first time that websites get information

wrong. I think I recall some time ago where Ms Bishop has also written to particular organisations and asked the information to be removed. I think Ms Bishop accepted a paid trip to China back in 2003 and that she said she had had no contact with the particular international trade association and when it was brought to her attention her response was that it was listed on the website. She then wrote to the organisation formally requesting that the reference be removed and presumably it was. I do not know whether it was or was not but I am advised that her name was then taken off the site. So it is not unusual for people to undertake that task themselves. I can check for you and take that part of the question on notice to see whether or not in fact it was—

**Senator RONALDSON**—Are you alleging that the *Australian* made all this up?

**Senator Ludwig**—I am not alleging anything.

**Senator RONALDSON**—I think you are. Maybe you are denying what they put there.

**Senator Ludwig**—You are asking the questions and I am happy to answer the factual questions.

**Senator RONALDSON**—I am asking you a question. Do you think they have made all this up?

**Senator Ludwig**—I do not know whether they are questions or streams of consciousness from you, quite frankly, and they are certainly unsubstantiated allegations that you are making. I am certainly not required to try to deal with your slurs which are continuously being made, but anyway.

**Senator RONALDSON**—Why do you think a spokesperson for Mr Burke, when asked about Minister Burke's failure to register his association with Ms Lei's organisations on the official parliamentary ministerial registers, would respond that that was a question for Ms Lei?

**CHAIR**—The only request he had received from CACS was to address the forum. You are back to cherry-picking, Senator.

**Senator RONALDSON**—How can the question of whether or not Minister Burke puts information on his pecuniary affairs possibly be a matter for Ms Lei?

**Senator Ludwig**—I am not sure I follow the question you are making.

**Senator RONALDSON**—The question is quite simple. The *Australian* asked Minister Burke why he had failed to register his association with this Chinese association under the various requirements—the ministerial requirements and the ordinary pecuniary interests register of the House of Representatives. The response was that 'that was a question for Ms Lei'. Why wouldn't the spokesperson at that stage have said, 'There is nothing for him to register'?

**Senator Ludwig**—Because he has got no association, I think was the point that I was making earlier. It seems to me there are two things that are happening here. One is that I am not a media commentator and do not intend to be. If you have a problem with a particular article then perhaps you could take it to *Media Watch*, but what the primary—

**Senator RONALDSON**—I do not have a problem with the article at all. What I have a problem with is why that spokesperson would make that comment and why they would not deny that there is any pecuniary interest.

**Senator Ludwig**—There you go again. I am not a media commentator. I am certainly not going to comment on the particular article. If you have any evidence then you can put it to me, but—

**Senator RONALDSON**—I have got evidence. This minister was on the official site of Deborah Lei, a donor to the Australian Labor Party, who asked the minister to appear at a function she had organised in Beijing and who has had her picture taken with the Prime Minister, Wayne Swan and one of your parliamentary colleagues who was chairman of this organisation, Bernie Ripoll. I put it to you, Minister, that Minister Burke was indeed an honorary counsel and I put it to you that Ms Lei was approached after this became a political issue and asked to withdraw the statement that he was an honorary counsel.

**Senator Ludwig**—I will deal with them in seriatim. First of all, you asked me to comment on Mr Burke's media adviser. I am not in a position to know why or how and I cannot answer for Minister Burke's media adviser. You are aware, as I indicated, that Minister Burke has denied the claim that he is an honorary adviser to the association. Other than providing the article itself you have not produced any evidence to support your claim. You are now using parliamentary privilege to make unsubstantiated slurs against Minister Burke.

**Senator RONALDSON**—No, you supported it, Minister, by acknowledging that it was on the website.

**Senator Ludwig**—As I indicated, there is no association and Minister Burke has indicated that. If you have any substantive evidence then you should put it to the committee, put it to me, and I can have a look at it. You are now making unsubstantiated allegations which I think are quite unkind. It seems to me that you may be frustrated, you may have seen a shadow and you may be chasing it; but you should do your homework, Senator Ronaldson, if you are going to come to this committee and make such accusations. It does you no good to make unsupported allegations using parliamentary privilege.

**Senator RONALDSON**—Minister, can I remind you that you have acknowledged to this committee that this website named Minister Burke as an honorary adviser—that is No. 1. Do you acknowledge that Ms Lei is a donor to the Australian Labor Party? You must, because I have provided you with the information.

**Senator Ludwig**—If the document you have provided is accurate then I presume—and let me go to it—

**Senator RONALDSON**—What, the donor form?

**Senator Ludwig**—This is for the period from January to November 2005.

**Senator RONALDSON**—Yes, we have been through that. So you acknowledge that Ms Lei is a donor to the Australian Labor Party.

**Senator Ludwig**—Many people are and many donate to the Liberal party as well, I suspect.

**Senator RONALDSON**—Thank you, but is she a donor? Is Mr Bernie Ripoll the chairman of this organisation?

**Senator Ludwig**—That I do not know. You might have to ask Mr Ripoll that question.

**Senator RONALDSON**—Minister, with the greatest respect you have changed portfolios and these are legitimate questions under your portfolio obligations. You should be able to provide information or get the requested information and bring it to this committee.

**Senator Ludwig**—As I indicated earlier, if you provide me with the details I will check them out, but to date all you seem to be doing is taking us painfully through a press clipping from July and some other material which does not substantiate the end point that you seem to be trying to get to.

**Senator RONALDSON**—Minister, if you want to take this on notice, that is fine. Can you advise this committee, first, whether Minister Burke approached Ms Lei and asked her to change this website? Will you then come back to this committee and advise this committee whether anyone in the Department of the Prime Minister and Cabinet spoke to Ms Lei and asked her to remove that name from the website?

**Senator Ludwig**—As I said—

**Senator RONALDSON**—I have not finished. Will you take it on notice and come back to this committee and advise whether anyone authorised by Mr Burke or on Mr Burke's behalf ask Ms Lei to remove that from the website? Will you also come back to this committee and advise whether anyone associated with the Australian Labor Party asked Ms Lei to remove Mr Burke being an honorary counsel from the website?

**Senator Ludwig**—I can see what I can do to provide a response to the committee. I think it is reasonable for me in my role to examine the question you have raised about the minister. I am not sure it goes to the breadth of the Labor Party, but I will see what I can find out for you.

**Senator RONALDSON**—Thank you, Minister. I think one of my colleagues has some questions.

**Senator Ludwig**—But let me just go there again. If a website is wrong, it would seem relevant that you might want to correct it. There is nothing wrong or inappropriate in asking for a website to be corrected. As I have indicated, Ms Bishop has done that in the past in relation to a particular website. I am sure if there were a website that had information about me that was incorrect I would seek for that website to correct the details in the listing it might have about me, and I am sure—

**Senator RONALDSON**—I am sure if you were sitting on this side of the table—

**Senator Ludwig**—you would do the same in relation to that if a website listed information about you that was erroneous.

**Senator RONALDSON**—Minister, if you were doing your job properly and you were sitting on this side of the table and you had clear evidence about a major donor to the Australian Labor Party with very close contacts to the Australian Labor Party who runs an organisation chaired by a member of the Australian Labor Party and clear evidence that a minister of the coalition government had acceded to a request from that particular person to

speaking at a function organised by her, I just have a funny feeling that you might ask the same questions as well. But if you say no then it is probably time for my colleague to ask some questions.

**Senator Ludwig**—The minister's trip to China was in April 2009. As we indicated, it was official—and I think that is from the newspaper article itself—ministerial travel, and it was not funded by any non-government organisation. During the visit, Minister Burke discussed a range of agricultural market issues of quality, supervision, inspection and quarantine with the general administration, as you would expect the minister to do. And, of course, at the international forum on traditional Chinese medicine, Minister Burke discussed quarantine risks associated with bringing Chinese medicine into Australia. All of this seems unsurprising, quite frankly. It seems to me that you are making links that simply are not there. You are simply jumping over crevasses to make your position. If you do have any information to assist the committee or to assist me, I will look at it. But, on the point of asking whether I would ask these questions, quite frankly, I would not unless I could substantiate the questions—because you raise very serious allegations, quite frankly. It seems to me that you are all prone to make mountains out of molehills and leap to conclusions that are unsubstantiated. Quite frankly, I would not ask these questions unless and until I could verify them, verify their source and ensure the accuracy of the statements that I was going to make.

**Senator RONALDSON**—The source is you.

**Senator Ludwig**—It seems to me that you have thrown that book out the window and now find it quite easy to make completely unsubstantiated allegations—in fact, slur a minister about this.

**Senator RONALDSON**—The source is you. You said it was on the website and it was changed, and I asked you to obtain some information about it, and you said that you would look at it. So do not—

**Senator Ludwig**—I think you are now departing from the substantive allegation that you are making. You know better, Senator Ronaldson, and I would have expected more from you than simply these unsubstantiated allegations, which are—

**Senator RONALDSON**—I do not think we need these platitudes. You are the one who has acknowledged that it was on the website—

**Senator Ludwig**—You can twist it all you like, Senator Ronaldson, but now you are—

**Senator RONALDSON**—so go and make some inquiries.

**Senator Ludwig**—There is an old Chinese proverb, Senator Ronaldson: if you are in a hole, stop digging. I suspect that you should stop digging at this point.

*Senator Bernardi interjecting—*

**CHAIR**—On that note, Senator Bernardi is suggesting we move on.

**Senator RONALDSON**—Old Chinese proverb: doing deal for mate get you unstuck.

**CHAIR**—Senator Ryan.

**Senator Ludwig**—You are again making unsubstantiated allegations which are just quite preposterous.

**Senator RYAN**—I would like to turn to staffing arrangements within the Department of the Prime Minister and Cabinet. The annual report shows a significant increase, from 464 to 617, in the number of staff employed in the Department of the Prime Minister and Cabinet. What are those extra 150-odd people doing?

**Dr Grimes**—I think Ms Beauchamp should be able to assist you with that question.

**Ms Beauchamp**—Thank you for the question. In relation to staffing numbers, they do change from year to year. For example, back in 2006-07 we had the APEC task force and that was up around 655.

**Senator RYAN**—I understand. I have seen the 2006-07 figures, but I am wondering what explains the increase over this last 12 months.

**Ms Beauchamp**—All of the initiatives announced in the last budget would have explained most of those, particularly in relation to things like the Office of the Coordinator General, enhancing our strategic capacity, follow-on arrangements around the National Security Adviser and support for him. So they are all well documented in the budget papers.

**Senator RYAN**—Is it possible to get a simplified list of where the additional staff have been placed in the context of the organisational chart of the department?

**Ms Beauchamp**—Yes.

**Senator RYAN**—I would appreciate it if that could be provided. It is not the sort of thing I imagine you would have handy.

**Ms Beauchamp**—It is very difficult to go through line by line.

**Senator RYAN**—There are also some reasonably significant increases in certain areas. Is there a specific explanation for why there is a roughly 50 per cent increase in the EL1 category and an increase by a third in SES band 1?

**Ms Beauchamp**—The department is involved in providing high-level advice across government to the Prime Minister and the Cabinet Secretary. Depending on the skills and capability of staff and the work level standards, we apply appropriate levels to the type of work that is being done in the portfolio.

**Senator RYAN**—Have any of the additional staff been employed in a media and/or a corporate communications role within the department?

**Ms Beauchamp**—No, not that I am aware of.

**Senator RYAN**—If you could confirm that, it would be appreciated—whether it be corporate communications in the widest definition of the term, external communications or media relations.

**Ms Beauchamp**—Could you be more explicit around what you mean by media relations?

**Senator RYAN**—Departments have media officers—people who assist ministers' officers in drafting up press releases. They have staff preparing newsletters that may be sent out as a departmental newsletter. They prepare material that may not be of a political nature but may be of a government announcement nature. There are people answering queries from media about technical aspects of programs. So whether it is media relations or communications

generally, they are usually located, I understand, in a corporate services or governance part of a department. I would be interested in whether there had been any increase in the last 12 months in those areas and what the increase was compared to where it was 12 months ago.

**Dr Grimes**—We can have a look at that for you.

**Senator RYAN**—Thank you. Do you have a figure for the increase in wage, salary and other associated costs for the Department of the Prime Minister and Cabinet?

**Dr Grimes**—Are you referring to salary costs for the 2009-10 year, or—

**Senator RYAN**—I am referring to the additional cost of the extra employees in the annual report compared to 12 months ago. I have only had this for a couple of days, I am afraid, so I have not had a chance to—

**Dr Grimes**—I understand that completely. It may be difficult to provide precisely the breakdown you are looking for but we can have a look at the additional resources that were provided to the department in previous budget announcements that applied for the 2008-09 year and extract out of that how much is the wages, salaries and supplements component. We can at least see if we can do that.

**Senator RYAN**—That would be appreciated. I would like you to compare the numbers this year to the numbers 12 months ago.

**Dr Grimes**—We will make our best efforts to do that for you.

**Senator RYAN**—Am I reading this correctly in saying that in the Department of the Prime Minister and Cabinet the increase in SES salary and associated costs has come to around \$3.5 million, and that this is \$3.5 million higher, or about a 40 per cent increase, compared with the year before?

**Ms Beauchamp**—Can I ask exactly which part of the annual report you are reading from?

**Senator RYAN**—I am looking at my notes. I do not have a page number on me, I am afraid. I made some notes earlier.

**Ms Beauchamp**—In relation to your previous question about employee expenses around wages and salaries, I would point you to page 186 of the annual report, which gives our wages and salaries budget.

**Senator RYAN**—Would there be a similar, comparable table in the previous year's annual report?

**Ms Beauchamp**—Yes, there would.

**Senator RYAN**—So I would be comparing apples with apples.

**Ms Beauchamp**—Yes.

**Senator RYAN**—Would I be correct in assuming that the highest remunerated person in the department in the last two years is the secretary of the department?

**Ms Beauchamp**—That would be correct.

**Senator RYAN**—I go to note 12 of the annual report, which off the top of my head is on page 204. Would it be correct for me to read that the highest remunerated person in the

department 12 months ago, from the end of 2008 to the middle of 2009, went from a top bracket that finished at \$355,000 to a top bracket that now finishes at \$580,000?

**Ms Beauchamp**—Could I just provide some clarification in relation to this table. The secretary's remuneration is publicly available on our website. That goes for all secretaries of agencies. In relation to what is included in this table, the finance minister's orders require us to also include things like accrued leave, performance pay, superannuation and cost of motor vehicles. They are mentioned there in that footnote.

**Senator RYAN**—So that explains the difference between the number I got on the website, which is \$488,560, which I understand is the Prime Minister's most recent determination, and the banding available here? It is a different definition.

**Ms Beauchamp**—Particularly around things like accrued leave liability and performance pay, yes.

**Dr Grimes**—If I may just make one observation. I do not know whether this will be helpful or not. There can sometimes be part-year effects, particularly when you are talking about a small number of people. If there is a year where someone has only been employed for part of the year or you have a number of executives appointed for part of the year, that may have an impact when you look at a comparison when that same person has been there for a full year. I do not know what influence that has had on the table, but it is an observation of something you need to bear in mind when interpreting these sorts of tables.

**Senator RYAN**—So presumably, if the highest paid person had not been employed for all of the 2008 financial year, that could explain the difference between the two years.

**Dr Grimes**—For that person, yes.

**Senator RYAN**—For that person. I would appreciate it if you could explain the difference between the top three people in the department between 2008 and 2009 and if it can be explained along those lines, because if I just look at the number of people paid more than \$295,000 it has gone from four in 2008 to eight in 2009.

**Dr Grimes**—One observation to make is that I am not sure you can compare a number in that column for 2008 and say that translates over to the same person in 2009. Obviously there can be changes in staff over that time.

**Senator RYAN**—Yes, I was looking at the aggregate. We had four people paid more than \$295,000 in 2008 and we have eight people being paid more than \$295,000 in 2009.

**Ms Beauchamp**—We may not be talking about the right people. We do have two associate secretaries. We have also had in 2009 a re-evaluation of salaries following salary increases and the rolling in of our performance pay, the discretionary part of the salaries, as well. That is also included in the 2009 figure.

**Senator RYAN**—Sorry, could you repeat that? I got a bit of background noise.

**Ms Beauchamp**—I was just saying that in the 2009 figure there has been a re-evaluation of salary increases. We may not be talking about the right people. There has been a roll-in of performance pay in 2009, which was not there in the previous year. So that is now part of the salary.



**Senator RYAN**—What proportion of the eligible bonus was rolled into salaries?

**Ms Beauchamp**—I think it was around 70 per cent of what was available.

**Senator RYAN**—So 70 per cent of the maximum bonus was rolled into the base salary?

**Ms Beauchamp**—That is my understanding.

**Senator RYAN**—I am happy for you to take that on notice, but I would also appreciate an explanation, whether it be part-year effects—and I know I am not necessarily looking at the same people, but there is a doubling of the number of people who are paid more than \$295,000 according to your table. Could you take that on notice?

**Dr Grimes**—We could certainly take that on notice. The observation I made before is that if you had a greater part-year effect in 2008 it would have the impact in 2009.

**Senator RYAN**—I appreciate that. If that is the case then that will prevent me asking further questions about it in future.

**Dr Grimes**—We are happy to do so.

**Senator RYAN**—I would like to move to the issue of management of staff—in particular, the number of people covered by the collective agreement. As I understand it, AWAs are no longer offered by the department and everyone, sub-SES, has been rolled into the collective agreement?

**Ms Beauchamp**—Yes, non-SES, correct.

**Senator RYAN**—I am trying to word this carefully. Can you provide a guarantee that with the end of the AWAs, or AWAs not being offered, no employees were worse off by virtue of being rolled onto the collective agreement?

**Ms Beauchamp**—Can I guarantee that no—

**Senator RYAN**—You obviously had a significant transition of people from AWAs to a collective agreement. The terms of the collective agreement, as I understand it, were set prior to these people moving. Was anyone made worse off by virtue of the expiration of their AWA and their movement onto a collective agreement? Were any employees in the department taking home less in total remuneration?

**Ms Beauchamp**—My understanding of government policy in terms of translating to collective agreements and the like is that no-one would be worse off, but I would have to take that specific question in terms of a guarantee on notice.

**Senator RYAN**—Thank you. I also note that the maximum level that an SES band 3 officer can be paid increased by just over \$30,000 comparing 2008 and 2009, yet there was no increase in SES band 1 or 2. What is the explanation for that?

**Dr Grimes**—Which page are you referring to?

**Senator RYAN**—Page 128, figure 8.4.

**Ms Beauchamp**—If you read the paragraph on the next page, 129, it shows the bands in terms of bands 1, 2 and 3.

**Senator RYAN**—Effectively you are saying that between 2008-09 people moved to the top of the band within Prime Minister and Cabinet?

**Ms Beauchamp**—Not everybody.

**Senator RYAN**—But some people moved up?

**Ms Beauchamp**—We would be looking at things like job size, performance—a whole range of things in terms of what SES attracted in terms of remuneration.

**Senator RYAN**—Were those bands changed in the 2008-09 year? As I said, we have only had this report briefly, so I am now catching up. I read that paragraph you have mentioned as saying that those bands applied in 2008-09. Am I correct in saying that there was a jump in the top of SES band 3?

**Ms Beauchamp**—If I could just clarify again—I mentioned it previously—there has been a re-evaluation of salaries plus a roll in of performance based pay.

**Senator RYAN**—I take your point. Is it possible to get a list of which bands the secretaries and deputy secretaries fall into?

**Ms Beauchamp**—The band that the deputy secretaries fall into is band 3.

**Senator RYAN**—They are all band 3, are they?

**Ms Beauchamp**—Yes.

**Senator RYAN**—That is all I have on staffing, Chair.

**Senator Ludwig**—On the question Senator Ronaldson was asking in relation to the turnover rate, particularly around the retention and loss of staff for the Prime Minister—

**CHAIR**—Is it 66 per cent?

**Senator Ludwig**—No, it is not. I find it incredible that Senator Ronaldson did not at least try to map that out himself. Prime Minister Rudd had 73 per cent staff retention in the period from 16 December 2008 to 16 December 2009—it is, I think, the same period we are talking about—with a loss of 27 per cent. I think there was one staff member who was transferred to another office, so I think the figures would look slightly better than that. Where Senator Ronaldson may have got it right is when you look at the opposition leader's figures. It seems that those figures correlate more closely to the position that he announced. It seems to me that your own leader might have egg on his face. His ongoing personal staff retention was 24 per cent and during the same period with 11 who continued in employment, so the retention rate was 46 per cent and the loss was 54 per cent, so more than half the staff left the opposition leader in the same period. This is the difficulty when you quote from papers, you do not do the work yourself, you do not look at the annual reports, you do not ask the questions and put them on notice to obtain the answers. Let us look at the quotes from *Herald Sun*—

**Senator RONALDSON**—We do not agree.

**Senator BERNARDI**—Minister, you are meant to find an answer, not give a commentary, Senator Ludwig. It is completely out of order.

**Senator RONALDSON**—Out of 39 staff, 26 per cent have left.

**Senator Ludwig**—You might want to defend your leader at this point. It seems to me that when you look at the article that was tendered to this committee to substantiate the position that you are trying to take in relation to—

**Senator BERNARDI**—The question was asked and you provided an answer. It is time to move on.

**Senator Ludwig**—You will get an opportunity to respond in a moment. It would seem to me that the poor research you have undertaken, just relying on the research of the University of California, would appear to more aptly apply to the opposition leader than to the Prime Minister. When you look at the figures that I outlined—

**Senator RONALDSON**—What date are you using, Minister?

**Senator Ludwig**—From 16 December 2008 to 16 December 2009, the same period.

**Senator RONALDSON**—Minister, I think you ought to be a little more careful before you start throwing that sort of rubbish around. If you had heard my questions you would know that I was looking at the last two years. Since Mr Rudd became Prime Minister his staff turnover was 66 per cent. You might like to go back and check this because I think you will find that, out of 39 staff, 26 have left and that is 66 per cent. If you would like me to go through this I will, because I reckon I am a bit better briefed than you are. Alex Gordon, Annie O'Rourke, David Epstein, Gary Quinlan—we can go through them.

**Senator Ludwig**—Let me watch you wipe the egg off your face, because you are not doing a very good job.

**Senator RONALDSON**—Why would you duplicitly quote from a 12-month period when you know that my question was about a two-year period? Why would you do that?

**Senator Ludwig**—Because what I am trying to do is to provide assistance to the committee—

**Senator RONALDSON**—No, you are not. That is appalling.

**Senator Ludwig**—These are the figures that I have at the moment and it is more interesting to note the Leader of the Opposition's turnover of around 54 per cent.

**Senator RONALDSON**—You know the question covered a period of two years and you have chosen not to answer it.

**Senator Ludwig**—It is quite extraordinary.

**Senator BERNARDI**—More spin.

**Senator RONALDSON**—I think 26 out of 39 is 66 per cent. Madam CHAIR, can I ask you a question?

**CHAIR**—Why are you asking me a question? Are you making a point of order?

**Senator RONALDSON**—I am making a point of order.

**CHAIR**—Okay.

**Senator RONALDSON**—Is it appropriate for this minister to selectively quote employment figures for the last 12 months when he is fully aware that I put to him that there

was a 66 per cent loss over the two years since the Prime Minister took office? I am asking you, is it appropriate for the minister to do that?

**CHAIR**—Senator Ronaldson, you will recall I asked you to source your ‘66 per cent’ comment some hours ago and you failed to do so—

**Senator RONALDSON**—I have 26 names. I will go through them.

**CHAIR**—Under those circumstances, it is perfectly appropriate for the minister to respond in a proper context—

**Senator RONALDSON**—Do you want me to go through them?

**CHAIR**—With respect to misrepresenting references in the press, I take you to your very limited quote, about half an hour ago, of one of the newspaper articles. As you continue to cherry pick and inappropriately reference articles—

**Senator RONALDSON**—Alex Gordon, Annie O’Rourke—

**CHAIR**—you can hardly sit here and complain about the minister doing something similar.

**Senator Ludwig**—In fact, Chair, on the point of order—

**Senator RONALDSON**—David Epstein, Gary Quinlan—

**Senator Ludwig**—Chair, on the point of order: what I was assisting the committee with was a reasonable comparison between—

**Senator BERNARDI**—Chair—

**CHAIR**—No, the minister on the point of order first, then I will come to you.

**Senator RONALDSON**—Jill Brunson—

**CHAIR**—Order! Senator Ronaldson, I have asked the minister to speak on his point of order.

**Senator RONALDSON**—John Fisher—

**Senator Ludwig**—It appears that we have Senator Ronaldson. But in any event—

**Senator RONALDSON**—George Wright, Walt Secord—

**CHAIR**—It looks as if Senator Ronaldson has lost the plot. Minister, try and ignore him.

**Senator Ludwig**—It does. I am trying to contain myself from engaging in descending to that level. The difficulty, Senator Ronaldson, is that when you try to wipe the egg off your face, all you manage to do is put it on Mr Turnbull.

**Senator RONALDSON**—Oh, come on.

**Senator Ludwig**—What I was endeavouring to do was provide a fair comparison between Mr Rudd and Mr Turnbull over the same period. That is what I have done. If you look at what you try to rely on—that is, the article and the Californian research—I think it makes the point that, when you look at the Leader of the Opposition’s turnover of more than 50 per cent in a reasonable comparison with Mr Rudd’s over the same period, you find, quite surprisingly, really, that the *Herald-Sun* crisis of confidence, calls of abuse of power would sit more neatly

with Mr Turnbull, in the way they are describing it in that research, than with Mr Rudd. Be that as it may, I will leave it at that. I just wanted to ensure that the figures were accurate.

**Senator BERNARDI**—I think it is absolutely outrageous that Senator Ronaldson made a statement that the minister sought to respond to using a completely different time line and you are saying the minister has responded appropriately. Clearly that is not right.

**CHAIR**—No, what I am saying, Senator Bernardi, is I had asked Senator Ronaldson to source his figures and he failed to do so—

**Senator BERNARDI**—That has nothing to do with it. It is not relevant.

**CHAIR**—so he can hardly sit here and complain about the minister providing a factual and substantial basis for any valid comparison.

**Senator BERNARDI**—Let me respond to that, because Senator Ronaldson quoted some figures over two years. It has got nothing to do with the source of information. He has got the names of the people. Would you like to run through the 26 people again?

**CHAIR**—He has added three people to those figures.

**Senator BERNARDI**—It is just outrageous—

**CHAIR**—It is outrageous.

**Senator BERNARDI**—that it is okay that the response from the minister is to claim another time line, a set time line.

**CHAIR**—No, what is outrageous is that we have sat here for hours and listened to Senator Ronaldson make unsubstantiated assertions.

**Senator RONALDSON**—You are now making commentary which is not your role as an independent chair, I would have thought.

**Senator BERNARDI**—It is completely inappropriate.

**Senator RONALDSON**—But anyway, call it what you want to. It does not worry me.

**CHAIR**—We can move on. Who else has questions?

**Ms Beauchamp**—I have some information on a question that Senator Ryan asked about the guarantee that no-one was worse off. I have been advised that nobody was worse off moving to the CA.

**Senator BERNARDI**—I have some questions in regard to the annual report, Ms Beauchamp. On page 96 of the annual report it says that a noise reduction and heat retention product was installed on the windows and glass doors of the rooms that face Adelaide Avenue—I would guess this is in regard to the Lodge. On whose request was the noise reduction installed?

**Ms Beauchamp**—I will take that on notice, only because I want to confirm it.

**Senator BERNARDI**—I am interested in the cost and whose request it was? Have noise levels increased so significantly that this was a required operation?

**Dr Grimes**—There seem to be two aspects to this. There is also heat retention.

**Senator BERNARDI**—I did mention heat retention, but it was specifically about the noise reduction. It is too cold in the Lodge—things might be a bit frosty!

**Senator Ludwig**—If there were an energy efficiency measure which came with an additional bonus of there being a noise reduction as well, I cannot tell—we will take it on notice.

**Senator BERNARDI**—One would need to justify the cost savings versus the cost of the re-installation. I am sure the department will be able to do that. Going back to the annual report, page 28 refers to a bigger commitment, a bigger investment in professional learning and development of all the staff. Can you tell me what this bigger investment actually is and how much it will cost?

**Ms Beauchamp**—We have a number of programs to improve the capability and capacity of staff, including, obviously, study assistance. We have a professional development program where professionals inside the department are encouraged to build on and maintain their skills in professional areas. We do look at secondments and the like to improve—

**Senator BERNARDI**—I am loath to interrupt but, in the interests of brevity, and I appreciate there are professional development programs, are there additional programs that have not hitherto been used and have there been increases in existing programs and, if so, what is the quantum of those increases? You might want to take it on notice.

**Ms Beauchamp**—In terms of quantum, are you talking about the number of people accessing—

**Senator BERNARDI**—No; dollars. But numbers of people—why not? It might be helpful. You are going to take that on notice?

**Ms Beauchamp**—I will take that on notice.

**Senator BERNARDI**—Page 82 of the annual report refers to community cabinet meetings—4,223 individuals registered to attend community cabinet meetings. How many of those people indicated that they wanted to ask a question?

**Ms Beauchamp**—How many indicated they wanted to ask a question—from the floor or meet with ministers?

**Senator BERNARDI**—I am presuming that, in the registration process, there would be an indication of people who wanted to ask a question.

**Ms Beauchamp**—Through the registration process we do not control whether or not people are going to ask a question. Questions do legitimately come impromptu from the floor.

**Senator BERNARDI**—So there is no registration to ask a question; people just seek the call?

**Ms Beauchamp**—Prior to running a community cabinet there is a registration in terms of people who would like one on one meetings with the ministers.

**Senator BERNARDI**—Of the 4,223 individuals, only 115 questions were asked in the public forum. So not many. I am interested in how those 115 people were chosen.

**Ms Beauchamp**—These are interviews with ministers?

**Senator BERNARDI**—No; 115 questions were asked in the public forum. I am interested in how those people were chosen to ask questions.

**Ms Beauchamp**—I do not know whether you have seen our community cabinet being run.

**Senator BERNARDI**—No, surprisingly, I have not been invited to one.

**Ms Beauchamp**—Each one is televised.

**Senator BERNARDI**—I do not have Foxtel.

**Senator CAMERON**—You have run out of excuses!

**Ms Beauchamp**—In terms of the operation, there are quite a number of people. Normally, they are sell-out crowds and there is an opportunity for people to ask questions from the floor. It depends on the complexity of the question or the number of parts it has and how many questions they can get through. Certainly, in the couple of forums I have been to, the Prime Minister has allowed questions to run over time, so people are given the opportunity as much as possible to raise issues from the floor.

**Senator BERNARDI**—How much time is normally allocated for questions?

**Ms Beauchamp**—I will have to take that one on notice.

**Senator BERNARDI**—I do not need to know precisely, but you have been to a couple. You must have an idea.

**Ms Beauchamp**—Between 45 minutes and an hour.

**Senator BERNARDI**—So if we said an hour it would be reasonably safe and within the margin of error. How many community cabinets have there been?

**Ms Beauchamp**—I have that in front of me, if you will just bear with me. I think it is in the annual report, too.

**Dr Grimes**—The annual report says at page 81 there were nine meetings in 2008-09, if I have read that correctly. That is at the bottom of page 81.

**Ms Beauchamp**—There have been a further four in this current financial year.

**Dr Grimes**—There might have been some in the 2007-08 year as well.

**Senator Ludwig**—I will get it corrected, but I think we are up to about 16 or 17, from recollection.

**CHAIR**—Are you trying to work out how many questions in a time period?

**Senator BERNARDI**—No. My maths is pretty good, actually. The Prime Minister is known for his long answers. I might come back to that in questions on notice. I want to move on to the fact that I was not advised that a community cabinet was on in any formal sense that I recall, and I certainly do not remember being invited. I just wonder: what is the process for informing members of parliament and senators about community cabinet?

**Ms Beauchamp**—When the decision is made where the community cabinet will be, the information will be available from the website. For local residents in that particular area, a small notice will be put in one of the local papers.

**Senator BERNARDI**—But what about the information provided to members of parliament and senators? Is there any formal notification process?

**Ms Beauchamp**—I will have to take that on notice.

**Senator BERNARDI**—Surely you must know.

**Ms Beauchamp**—I am not aware of a formal notification process for all members of parliament.

**Senator BERNARDI**—What about some members of parliament? Are some members of parliament advised formally—or informally, for that matter?

**Ms Beauchamp**—The members of parliament who would have an interest in that particular area would be.

**Senator BERNARDI**—So the local member of parliament would be informed?

**Ms Beauchamp**—The local member of parliament, yes.

**Senator BERNARDI**—Senators? Are senators advised that a community cabinet is taking place?

**Ms Beauchamp**—Only the duty senators from the government.

**Senator BERNARDI**—Only the duty senators from the government?

**Ms Beauchamp**—Correct.

**Senator BERNARDI**—That is hardly representative of an entire community, is it?

**Senator CAMERON**—Only important people!

**Senator BERNARDI**—You might think you are important, Senator Cameron. Others might have a different opinion. It is hardly representative of the parliamentary system and the interests of the community, is it, if only duty government senators are advised?

**Ms Beauchamp**—Opposition members are invited, too, in terms of House of Representatives members. They are actually invited to the community cabinet meetings.

**Senator RYAN**—Could you table a list of the duty senators for the government, please, as informed by the department for notification of community cabinet meetings?

**Ms Beauchamp**—I will take that on notice.

**Senator BERNARDI**—What about the Caucus Committee Support and Training Unit? Are they informed of community cabinet meetings?

**Ms Beauchamp**—I do not think the department directly advises them.

**Senator BERNARDI**—Are you aware of whether they are advised or not?

**Ms Beauchamp**—I am not aware if they are advised. They are certainly not advised by the department.

**Senator BERNARDI**—Minister, perhaps you can tell us. Is the CCST Unit informed of community cabinet meetings?



**Senator Ludwig**—I suspect they read the newspapers and the advertisements in the area. The local member might tell them. What is clear is that there is a huge uptake of people who do register online for attendance at these forums.

**Senator BERNARDI**—How many have registered online?

**Senator Ludwig**—When they open up the program, they usually send me an uptake. It depends on the area and on the interest. My recollection is from Port Macquarie and Geraldton. In Geraldton I am not sure the local member turned up, but I am sure he would have been invited. He would have been able to advise senators from WA that he was not or was going, as the case may be. Clearly the public do follow the community cabinet forums. They certainly do turn up in significant numbers. Since the inception of community cabinets in January 2008—up to at least Hobart—7,800 people have attended the public forums and there were around 1,035 one-on-one meetings with ministers. It has been positive, and the responses from those who have attended have been positive. I understand there have been numerous queries about locations and dates for subsequent meetings, as you would expect.

**Senator BERNARDI**—Minister, do any members of the CCST Unit actually attend community cabinet meetings? Whilst you are waiting for that answer, I am also interested in knowing how members of the CCST Unit, who I believe are all based in Canberra, because that is where the unit is based, are monitoring advertisements in regional newspapers. Is that something the government undertakes for them?

**Senator Ludwig**—It may be that the local members inform them. What troubles me more is that, although you live in South Australia, you did not know that there was a community forum going on in your home state. That concerns me.

**Senator BERNARDI**—The government does not notify us; we are meant to go to the website.

**Senator Ludwig**—Hundreds of people in your local community read the advertisement and turned up. They went to the community forum in Elizabeth.

**Senator BERNARDI**—Is the ALP national secretariat informed of community cabinet meetings?

**Senator Ludwig**—I can speak for the CCSTU. If you have questions for the national secretariat, I think you should direct them there.

**Senator BERNARDI**—Will you take on notice my request to be advised of any members of the CCSTU who have attended community cabinet forums in an official or unofficial capacity, whether they have been paid for their attendance or have taken leave and whether any travel allowance or any other payments have been made by the government to those people for attending?

**Senator Ludwig**—I will take that on notice and see what information we can get to you.

**Senator BERNARDI**—Thank you. Is any formal advice given to preselected ALP candidates about the community cabinets?

**Senator Ludwig**—I am not aware of any. I am sure they read the local newspapers as well as being as interested in the community as any other member. What amazes me is that, from

the number and uptake of people who register and come along to community cabinets, they seem to be very popular, and the feedback that the community provide to us shows that they are quite positive events for them. They are certainly something that this government takes a pride in doing. They provide a useful way for this government to engage with the local community in relation to local community issues. My recollection is that local councillors turn up. In Port Macquarie the independent member, Mr Oakeshott, came along and spoke. These meetings are well known in the regions and are well attended by people. I encourage all people to take an interest in the community cabinet meetings and come along.

**Senator BERNARDI**—Ms Beauchamp, would you undertake to provide me with a list of all questions asked at community cabinet meetings and the responses.

**Dr Grimes**—It may not be the case that we have that information. We can certainly look to see if it is available, but it would essentially be a transcript of the community cabinet meeting itself.

**Senator BERNARDI**—I understand that some of the transcripts of the community cabinet meetings are available online. I am not sure that all of them are.

**Dr Grimes**—I do not know.

**Ms Beauchamp**—Is this all the questions raised from the floor?

**Senator BERNARDI**—I am interested in all the questions raised from the floor and the responses.

**Ms Beauchamp**—Which is available through transcript.

**Senator BERNARDI**—I am not sure that they are all available online.

**CHAIR**—Senator Bernardi, are you after the full question and answer or are you after the subject matter and a summary response?

**Senator BERNARDI**—The full question and answer really.

**CHAIR**—If that is available.

**Senator BERNARDI**—Yes.

**Ms Beauchamp**—I will also be looking at the time required to put that information together. I do not want to divert unnecessary resources if it is already publicly available. We will do the best we possibly can, Senator.

**Senator BERNARDI**—Sure, and you can point me to where it is publicly available. I will be perfectly happy with that. It would probably take the same amount of time. It is no problem. Just do not hide it away in the website or something like that.

**Ms Beauchamp**—No.

**Senator BERNARDI**—It has been known to happen on occasions.

**Senator Ludwig**—More likely under the previous government.

**Senator BERNARDI**—Minister, that is not true.

**Senator Ludwig**—Maybe I could cite instances, but we will not go there. The question you ask is an interesting one in the sense that the community forums are broadcast. As I

understand it there are a range of networks but I am told APAC also shows them in the evening. They may simply be available from the parliamentary services, who may keep a list of all of them. I am not sure if you have made these inquiries. What does concern me a little bit is asking the department to go through and examine all of these, take transcripts and pull out all the questions. These are community events. Certainly come along, certainly watch APAC. Certainly tape them if you want to. Certainly review the tapes at your leisure.

**Senator BERNARDI**—I am actually interested in the transcripts. There are an hour's worth of questions and responses from each of the community cabinets. It should not be too hard to say, 'This is where they are' and we can review them at our leisure. I do not want to sit through 17 hours of Labor Party broadcast. I am interested in reading them.

**Senator Ludwig**—Excuse me. These are community forums. They are the Prime Minister, the cabinet ministers that are there—

**Senator BERNARDI**—Liberal senators are not invited.

**Senator Ludwig**—I will personally make sure that you get invited to community cabinet in your state. If it seems to be an oversight—

**Senator BERNARDI**—You invite anyone except Liberals.

**Senator RYAN**—I would appreciate if it were possible for you to take on notice the notice you have provided for each of the community cabinet meetings, the date it was provided and to whom. By that I am referring to the date the advertisement was provided, whether or not there was any local mail about the upcoming meeting and the date it was provided to any other parties—including sitting members—for each of the community cabinets. And we have just heard that your department advises Labor duty senators of community cabinets.

**Senator MOORE**—Senator Ryan, that is any advice that the department puts out?

**Senator RYAN**—Yes, any departmental advice.

**Senator MOORE**—Just to be clear, it is only the information the department puts out?

**Senator RYAN**—Only what the department puts out—to whom and the date for each of the community cabinet meetings. Is that possible?

**Ms Beauchamp**—Can I also point you to a question we provided on notice from the last estimates about engagement with local members. That goes into quite some detail around what the process is for advising local members. We do formally invite them.

**Senator RYAN**—Given the revelation that you are now informing Labor Party duty senators, I think this would be an interesting comparison. I just want to clarify: your department does not inform the caucus committee training and support unit of community cabinets?

**Ms Beauchamp**—That is correct.

**Senator RYAN**—It does not inform the Labor Party in any of its capacities as the Labor Party of the community cabinets?

**Ms Beauchamp**—That is correct.

**Senator RYAN**—At whose request was the department instructed to notify Labor Party duty senators but no other senators of community cabinet meetings and when was that advice provided or that request or directive made?

**Ms Beauchamp**—I would have to take that on notice.

**Senator RYAN**—I would appreciate that. Minister, if I can ask you this in your capacity as Cabinet Secretary: do you or your office inform the CCTSU of the dates and locations of upcoming community cabinet meetings following advice from the department of them being called or your directive to the department to call them?

**Senator Ludwig**—I will take that on notice. As I have indicated, I will now certainly take it on board to provide advice to you, Senator Bernardi, and, Senator Ryan, I think I can add you to the list too, to make sure that—

**Senator RYAN**—I would appreciate it if you could also check whether or not you or your office—sorry, I should clarify: my previous question I am also asking you in your capacity as representing the Prime Minister. So: if his office has undertaken similar action in informing the CCTSU.

**Senator Ludwig**—All right. I thought you had only limited it to me.

**Senator RYAN**—No, I am asking you in that capacity as well. I would also like you to answer, again, in your capacity as representing the Prime Minister as well as Cabinet Secretary: does his office, or you or your office, inform the Labor Party of the dates and locations of upcoming community cabinet meetings? And, if so, I would like to know the dates of such advice and when it was provided.

**Senator Ludwig**—I will take that on notice and have a look at that.

**Senator RYAN**—Can I also ask the same questions of you, Ms Beauchamp. Do you advise state governments or state members of parliament of upcoming community cabinets?

**Ms Beauchamp**—Not that I am aware of.

**Senator RYAN**—If it is different, I would appreciate—

**Ms Beauchamp**—If they are local members and engaged in that particular community—I would have to take that on notice.

**Senator RYAN**—I would appreciate that. Again, Senator Ludwig: I would appreciate you saying—again, in your own capacity and representing the Prime Minister—whether or not you, your office or his office notify state governments and state members of parliament of upcoming community cabinet meetings and, if so, to whom that notice is provided. I would be interested in knowing to which state members of parliament or state governments such community cabinet notice was provided.

**Senator Ludwig**—I will see what I can find out and take that on notice. I am informed, Senator Bernardi, that the footage of all except the last two are available on the website and, as I understand it, the transcripts are available on the DPM website, so it is a matter that you might want to do a little research on. But can I also say that, when we advertise these things, of course, the purpose of putting an advertisement in a local paper is for everyone to know that that community cabinet is on. From the uptake we have experienced to date, the

communities that we have community cabinets in are certainly aware of the community cabinet. I am advised that I may have made an error there. The transcripts are not available but certainly the footage is available. There are summaries, though. That is perhaps a better way of putting it. Senator Bernardi, if you wanted to have a look at the DPM website and at the summaries that are available, it might assist you.

**CHAIR**—With the time remaining before 6.30 pm, the intention was to spend some time with the Office of National Assessments. Senator Trood will now deal with his questions under the Department of the Prime Minister and Cabinet on national security and international policy. The Office of National Assessments I think is due to arrive also. Were you hoping to question them before the dinner break?

**Senator TROOD**—In the next 10 minutes?

**CHAIR**—Yes.

**Senator Ludwig**—And outputs are no longer required?

**Senator BERNARDI**—It was our goal, Minister, to complete this line of questioning before the dinner break. It just depends on Senator Trood.

**Senator TROOD**—I have questions that could well go beyond the dinner break, but if the committee has set a program then I realise we are all short of time.

**Senator Ludwig**—I understand that we have got climate change after the dinner break.

**Senator BERNARDI**—That is right. May I ask, CHAIR, seeing as how we did lose a few minutes to start with, and we did lose a few minutes at lunch, and we are losing a few minutes as some people are not in the building—they left the building when they should not have—if we could perhaps extend it until 20 minutes to 7 pm?

**CHAIR**—Sure, so we will deal with national security issues. And, just to clarify with Senator Trood, when the Office of National Assessments turns up then would you like them also to come to the table?

**Senator TROOD**—I do have some questions for them. If they have come when I have got some time then I will ask them.

**CHAIR**—Fine. People not responsible for those areas we just covered I believe we can release.

**Senator BERNARDI**—That sounds reasonable to me.

**CHAIR**—All we will deal with now for the remainder of the time is under outcome 1.2 or the Office of National Assessments--the remainder of the agencies under PM&C. Do we need ANAO to stay?

**Senator RONALDSON**—Yes, if it is only for 15 minutes. We will see how we go.

**Senator TROOD**—Mr Campbell, it is good to see you again. First of all, can you tell me whether or not Mr Lewis is likely to join us?

**Mr Campbell**—No, the National Security Adviser is not intending to be at these hearings.

**Senator TROOD**—Can you just clarify for me whether he has made an in principle decision not to attend these hearings, whether he has been directed not to attend the hearings

or if it just that on this particular day, and indeed on every other day that we have had hearings on these issues, he is indisposed. Could you explain his absence from the hearings please?

**Mr Grimes**—Mr Lewis is not available at the moment. He is travelling with the Prime Minister and so he has sent his apologies for today. Mr Campbell is available to answer questions.

**Senator TROOD**—I am happy to talk to Mr Campbell and that is a perfectly plausible explanation—that he is not here because he is travelling with the Prime Minister. But I cannot help but notice that on the last several occasions I have asked questions of the Office of National Security, and related divisions before the office was created, Mr Lewis has not been here. He seems to be serially missing from the hearings and I just wanted to clarify whether or not a decision had been made somewhere in government that would preclude him from attending.

**Senator Ludwig**—Certainly not. Now that I have heard that, for the first time, I will seek to encourage him to turn up—but that will always be dependent on the requirements of his job; it is a busy job that he has.

**Senator TROOD**—Thank you, Minister. Mr Campbell and I have established a strong rapport over a long period of time. The only thing I would ask of you, Mr Campbell, is that, for the sake of my blood pressure, you might resist using the term ‘in due course’ on more than perhaps one or two occasions.

**Mr Campbell**—I will certainly seek to do so. In that spirit, could I offer, through the chair, to close an issue that I did use that phrase with regard to at our last hearing. We advertised—

**Senator CAMERON**—What phrase was that, Mr Campbell?

**Mr Campbell**—I mentioned at the last estimates hearings, using that phrase, that our secretary would at an appropriate time advertise for and seek to appoint the head of an international division which was vacant at that time. On 18 June that process was initiated and on 17 September Mr Patrick Suckling was appointed head of the International Division. That brings to a close that item.

**Senator TROOD**—Thank you, Mr Campbell. I was going to ask you a question about the head of the international division and I am grateful for that information. It was also the case when last we met that there were people in acting appointments in the other divisions. Can you advise me whether or not those people have been confirmed in their positions and who they are? Or have other appointments been made in the meantime?

**Mr Campbell**—Yes. All the appointments are now confirmed. So if I speak through the National Security and International Policy Group senior executive structure, the National Security Adviser is Mr Duncan Lewis. I am the Deputy National Security Adviser. There are three divisions. The heads of those divisions are: Mr Michael Shoebridge, the head of the Defence, Intelligence and Research Coordination Division; Mr Tony Sheehan, the head of the Homeland and Border Security Division; and Mr Patrick Suckling, the head of International Division. There is a fourth band 2 level officer, Ms Rachel Noble, the National Security Chief Information Officer.

**Senator TROOD**—Thank you for that. On the last occasion we were here, Mr Campbell, we also discussed the possibility of undertaking some structural adjustments inside the International Division. You told me, I think, that that process had been contemplated but that it had been held back in light of suggestions from the secretary and in light of the uncertainty over the head. Has there been any development on that front?

**Mr Campbell**—International Division now comprises two policy branches, which have been there for some time, and the International Strategy Unit. So there are three band 1 branch level organisations within the International Division, and the Ceremonial and Hospitality Branch, which had been in International for a period of time, moved to the Ministerial Support Unit. So: International Division three branches, two policy branches dealing with the world and a third, the International Strategy Unit.

**Senator TROOD**—I think I also asked you some questions about the border security task force on the last occasion, or at least you mentioned it in your answer to one of my questions. You told me, as I recall, that the border security task force, which stood outside the division to some extent, was going to be reviewed after a period of time. You mentioned six months, or thereabouts. We have not quite got to six months but can you tell me whether or not the border security task force remains as it was, or whether or not there has been any change in its status?

**Mr Campbell**—Yes, I can. I would just specify the terminology. It was a broader protection working group which was established within the Homeland and Border Security Division. It was a temporary organisation and it has concluded its work, working from May until August this year. The purpose of that working group was to establish the support procedures and arrangements both within PM&C and in other relevant agencies to assist the Border Protection Committee of cabinet and, below that, the border protection task force, which is chaired by the National Security Adviser and is an interagency policy task force which continues.

**Senator TROOD**—I see, so the border protection task force is a permanent—

**Mr Campbell**—It is a permanent IDC arrangement.

**Senator TROOD**—As a consequence of the work that was completed in August, were there any significant or important changes—and I will leave you to make a judgment about this—in the way in which the various agencies connected with each other on this issue?

**Mr Campbell**—Yes. The most important part of its work in regard to the interagency processes was to assist in the development of our arrangements and the standing up of the operational responsibilities and the coordination roles from work that PM&C had done and into work that the National Security Statement was directing that the Australian Customs and Border Protection Service now do. So there were procedures and processes in transition to another agency and they were also setting arrangements and dealing with policy issues up to the task force and the border protection committee.

**Senator TROOD**—In light of recent developments in relation to border security—that is to say, the arrival of an increasingly large number of boats, for example—has there been any need to review any of these arrangements? In other words, has the intensity of at least some of

the activity around our borders required, in your view, any significant changes in policy or direction?

**Mr Campbell**—Our policy settings and the implementation of those are always a matter for consideration. The specifics of that I would not go to.

**Senator TROOD**—I am more interested in the process. I suppose the question is whether the intensity of the activity on our borders at the moment has withstood the arrangements that were put in place earlier in the year.

**Mr Campbell**—Yes.

**Senator TROOD**—I would like to turn to the counterterrorism white paper. My understanding is that your office, Mr Campbell, does not have carriage of this document. Is that right?

**Mr Campbell**—We do.

**Senator TROOD**—You do. This was announced in the Prime Minister's National Security Statement in December last year, as I remember.

**Mr Campbell**—That is right.

**Senator TROOD**—Can you tell me now, please, what the status of the paper is?

**Mr Campbell**—It is in an advanced form of draft and has had considerable contribution and assistance from a wide range of agencies and relevant stakeholders.

**Senator TROOD**—Can you tell me which agencies have participated in its preparation, please?

**Mr Campbell**—Yes, I can. I may not be completely comprehensive, but there is the Department of Foreign Affairs and Trade, the Department of Immigration and Citizenship, the Australian Customs and Border Protection Service, the Australian Federal Police, our intelligence agencies led by the Office of National Assessments, obviously the Department of the Prime Minister and Cabinet, the Department of Defence and the Attorney-General's Department. I think that that is probably a fair coverage.

**Senator TROOD**—How did you do this? Did you form a task force to develop the white paper? Give me briefly some idea about how this took place.

**Mr Campbell**—The coordination of its development and what I would describe as the coordinating drafting was done inside the National Security and International Policy Group within an area of the Homeland and Border Security Division. We worked through an interdepartmental committee process to engage agencies and departments on concepts, on strategy, on policy initiatives and on offering draft materials from which we worked to develop the document to its current form.

**Senator TROOD**—Were there a number of interagency meetings about the document?

**Mr Campbell**—Yes, there were.

**Senator TROOD**—When was the first of those meetings? Can you tell me?

**Mr Campbell**—I cannot tell you. I could get that for you. It has been some months. This is a process that would have been going on for perhaps about six months or so, at least.



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**Senator TROOD**—Could it be that the first meeting was somewhere in July?

**Mr Campbell**—I would need to take that on notice. I do not know.

**Senator TROOD**—Perhaps you could do that for me—would you?

**Mr Campbell**—Sure.

**Senator TROOD**—The Prime Minister made the announcement in December that there was going to be a counterterrorism white paper. Can you encourage me to believe that some activity took place in the preparation of this before some months ago? In other words, did activity in the preparation of the paper begin immediately after the Prime Minister's statement? The public record suggests that there was a long period of delay before anything was done in the preparation of the white paper.

**Mr Campbell**—I am utterly unaware of that public record. The work of this white paper has, as I have said, been going on for some months. It is on track. I would say that consideration with PM&C and engagement with relevant agencies on particular aspects of it has been ongoing throughout this year. It did not commence late last year but rather from the beginning of this year.

**Senator TROOD**—When are you now anticipating it will be released? I assume it will be released, as a white paper.

**Mr Campbell**—We are expecting it to be completed this year and to be available for government consideration very soon.

**Senator TROOD**—Presumably it will go to the National Security Committee of Cabinet for consideration.

**Mr Campbell**—That would be normal, yes.

**Senator TROOD**—And it has not been there yet?

**Mr Campbell**—I cannot comment on what the National Security Committee of Cabinet has or has not deliberated on.

**Senator TROOD**—Are we near to getting a document that is sufficiently complete to go through the final processes of approval?

**Mr Campbell**—Yes. I believe it is in a very advanced draft and I have no reason to think it is not on schedule.

**Senator TROOD**—There was a story in the *Australian*—you may have seen it—on 10 October with regard to the counterterrorism white paper. According to the author, Mr Maley, the white paper has an emphasis on what it called home-grown terrorism. Is that an accurate representation of the thrust of the white paper?

**Mr Campbell**—I found it a very interesting story but I would not speculate on government policy or developing government policy.

**Senator TROOD**—Where do you suppose the information came from for the story?

**Mr Campbell**—I do not know.

**Senator TROOD**—So it was not leaked out of your office?

**Mr Campbell**—Absolutely not.

**Senator TROOD**—You can be confident about that, can you?

**Mr Campbell**—I am absolutely confident of that.

**Senator TROOD**—I am delighted to hear that, but you are actually not able to confirm the content of the article?

**Mr Campbell**—I just would not speculate on media articles about government policy or developing government policy.

**Senator Ludwig**—It would be inappropriate, Senator Trood. If Mr Campbell were to go there, I might have to intervene, and I am sure Mr Campbell would not want me to do that.

**Senator TROOD**—I would be surprised if you did not, Minister.

**CHAIR**—Senator Trood, the ONA have just arrived. You have got two minutes.

**Senator BERNARDI**—Perhaps we could start by asking them why they were not in the building until dinner time, as requested of all agencies and departments. That is a pretty good question for them to answer first up.

**Senator Ludwig**—I think one of the challenges is that the program that you have set provides them at the latter end. At the rate that you were going through, one would have normally a little bit earlier signalled your intention to question them before—

**Senator BERNARDI**—We did say that there were certain agencies required. It is now 10 minutes into what otherwise would be the dinner break, and they have decided to turn up.

**Senator Ludwig**—The difficulty is that you then require a whole department plus a whole range of officers to sit around all day to find out that they get dismissed at 20 past six. I think it cuts both ways.

**Senator BERNARDI**—It was made very clear to the chair the agencies that were required, and we tried to facilitate those that needed to leave early. It is inappropriate that they were not available within the stated time frame and are turning up 10 minutes after the dinner break was scheduled, with one minute to go. It is inappropriate. You can defend it and excuse it, but it is wrong.

**Senator Ludwig**—I am not defending it. I am simply laying out the facts as I see them.

**Senator BERNARDI**—Well, we see them from a different perspective.

**Senator Ludwig**—I think you are now wasting your own time, so I will not—

**CHAIR**—Senator Trood has an opportunity to prioritise his questions. To whom would you like to ask them?

**Senator TROOD**—I will continue my questioning of Mr Campbell. I now have 50 seconds left.

**Mr Campbell**—I would like to update the committee. The first of the CT white paper IDC meetings, that initiated tasking and activities, was in February 2009.

**Senator TROOD**—Thank you, Mr Campbell. In light of the time, I will put many of the questions I have for you on notice, but I do wish to ask a question about the recent plot which

was foiled with regard to the seeming attack on an Australian Army base and whether or not the national security office had any role to play in relation to the matter. Did it in any way coordinate a response? Did it have a role to play with regard to that matter or not?

**Mr Campbell**—No.

**Senator TROOD**—Who had carriage of the management of the Australian government's response to that issue?

**Mr Campbell**—That issue was dealt with by the relevant operational agencies, the Australian Federal Police and other agencies.

**Senator TROOD**—Given that this was a matter of national security, I would have thought, perhaps you can explain to me why the national security office and the National Security Adviser were not involved.

**Mr Campbell**—I am not suggesting that we were not aware appropriately at appropriate times but that we were not involved in what was operational decision-making about an operational issue.

**Senator TROOD**—Can you tell me when the office was first advised about the knowledge of the plot, if I can call it that?

**Mr Campbell**—I would have to take that on notice.

**Senator TROOD**—Would you, and would you also take on notice when the Prime Minister was first briefed about the matter?

**Mr Campbell**—Sure.

**Senator TROOD**—And by whom he was briefed. That would be helpful.

**Mr Campbell**—Yes.

**Senator Ludwig**—We will see what we can provide. It will depend on the security classification of that information and what we can make available. I am sure that is what Mr Campbell was going to add.

**Mr Campbell**—Indeed.

**Senator TROOD**—So the question of base security alerts and things of that kind was not a matter that touched your office, not an activity for which you had any responsibilities?

**Mr Campbell**—As I said, we were aware and the relevant agencies were also aware and active.

**Senator TROOD**—Perhaps you could get that information for me or at least inquire. I will put that on notice as well. I can continue my questions.

**CHAIR**—If it is convenient that they all go on notice—

**Senator TROOD**—I have questions which will detain us well into the dinner break unless you stop me.

**CHAIR**—I wanted you to have an opportunity to have a bit more than the 50 seconds you referred to, but if this is a convenient time for you to place the remainder on notice then we should do that and have a decent dinner break for those of us who are here all day and night.

**Senator TROOD**—I will do that and thank you for your indulgence.

**Senator Ludwig**—In response to one question that was taken on notice, I am advised that no-one from the CCSTU has attended any community cabinet forum and nor do they have a role in providing assistance.

**Proceedings suspended from 6.44 pm to 7.46 pm**

**Department of Climate Change**

**CHAIR**—As there is no opening statement, we will start with Senator Abetz.

**Senator ABETZ**—There is one question for you to start off with, Minister. I assume that normal practice will be followed, that we can ask general questions about climate change without dividing them into particular segments.

**Senator Wong**—We are obviously in the hands of the committee. I am not sure what agenda the committee has agreed.

**CHAIR**—We commence on general, and then the degree to which other people have particular sections we can navigate.

**Senator ABETZ**—All right. Minister, there was a written question, reference CC18, Hansard page F&PA49, from the May hearings where I asked about an article in the *Australian* newspaper of 25 March 2009 in relation to whether or not you had met with Mr Evan Thornley. You took it on notice and you say:

The minister meets with a wide range of groups and individuals. Those meetings are generally held with the expectation of confidentiality.

I accept that. The question could have been interpreted as including what was discussed, so can I reframe that question and simply ask whether or not you met with Mr Thornley as reported in the paper, without traversing what may have been or may not have been discussed.

**Senator Wong**—Senator, my recollection is when similar questions were asked of you you gave a pretty similar answer. No?

**Senator ABETZ**—Not so. But I am sure you would not rely on me as a precedent.

**CHAIR**—Or a reliable describer of such events!

**Senator Wong**—I would have thought that there are a great many meetings which ministers and senators have, and I am sure you have had, Senator, where you may not wish to disclose with whom you met or every specific time at which you have met them. If there is a genuine public interest in determining whether or not someone has been met with by a minister then there may well be a reasonable argument for it. I am not quite sure what you are implying with this question. I would like to make the observation that I do not believe that this particular individual nor any company with which the individual is associated has received a grant from my department. I might be corrected on that. I certainly do not recall having signed off on such a grant. If that is the question, we can certainly take that on notice, and I suppose in that context it might be relevant as to whether I met with them. But I have to say about wanting a minister or a senator to disclose every meeting with people with whom you or I have met that I do not customarily, and I am sure you do not, when I meet with people say to them, ‘Do you mind if I tell the media that we are meeting?’ So I would invite

you, if you have an issue about this particular company, I am certainly happy to assist in whatever way is reasonable about the particular company or individual.

**Senator ABETZ**—What you are saying is right if I were to have asked, ‘Can you disclose your diary and tell us all the people you have met with over the last 12 months?’ But this is a matter that was asserted in the media, in the *Australian*, that suggested that Project Better Place, which is a business with which Evan Thornley is associated, had a meeting with you. I am asking you to verify a media story as opposed to just gratuitously trawling through your diary to find out whether there is any person of interest with whom you may have met. I think this is a legitimate request coming out of a media story. In fact, when I discussed it with you you took no objection. You said, ‘I will have to take that on notice. I have to say it isn’t ringing any loud bells.’ So you did not object to the principle of the question at the time, and now that you are objecting to the principle of the question it merely seems as though those that would be unkind to you—of course I am not in that category—might suggest that you now feel uncomfortable as to whether you are willing to disclose whether you met with Mr Thornley or not. But if you are not going to answer, that is up to you, but it was in the public domain.

**Senator Wong**—I have given you a response and I have also asked you what is the basis for the public interest in this. If the imputation or inference is something untoward in terms of any grant, I am not sure what the inference is, I will be very clear with you: I do not recall this particular organisation receiving any moneys from my portfolio. I can check that with the secretary but I want to put that on the public record.

**Senator ABETZ**—Do not worry about any inferences that may or may not be drawn. I do not have to give any reason why I may or may not be asking a question. It is a legitimate question; the public interest arises. It was raised in the *Australian* newspaper on 25 March in the context of a business project Better Place, regarding a launch in Australia. Given that that was in the main and if it was a confidential meeting, it would seem that Mr Thornley, his office or your office must have leaked it to the media and nobody else. So I do not think there is too much confidentiality associated with it. I will not waste any more time on it if I am not going to get a response.

**Senator Wong**—If the suggestion is because it is in the media it should be disclosed, I would remind you of your refusal to disclose meetings with the Exclusive Brethren when you were a minister on the basis of confidentiality. I would also remind you that there were a range of meetings in relation to a matter which was in another estimates and subsequently in the media where you also declined to provide details of your meetings with a particular Treasury official. My suggestion is that just because something has been reported means it is in the public interest is not really the threshold. There may be occasions on which a minister’s meeting is in the public interest, and I have asked you to indicate to me what you say is the reason that it should be disclosed whether or not a meeting occurred with this particular individual. You have really not given me any indication other than that it was in the newspaper.

**Senator ABETZ**—Clearly on the occasion when I did ask you, you took no position of principle on it. You have now gone back to your office, considered the situation and now you are raising the issue of principle concerning the two examples that you used which relate to

me. The first related to any meeting that I may have had with the Exclusive Brethren. None of them were in the context of my being a minister—they were potentially in my role as a private senator and therefore they did not fall within ministerial responsibilities. The second was the case where somebody has a meeting with you and you are sworn to silence. I would accept that. But you do not say that in your statement. You are just saying ‘generally’—that these meetings are ‘generally’ held with the expectation of confidentiality—and I would agree with that. That is why I am not trawling through your diary. But, for any meeting that took place, either Mr Thornley or your office must have disclosed it to the media, one would imagine.

But let us move on to the emissions trading scheme. Can I ask some questions about modelling that should have been carried out or whether it has been carried out? The question is: what advice has been provided to you, Minister, in relation to the impact on job losses and, in particular, have you been provided with any advice in relation to specific areas?

**Senator Wong**—The modelling that the government has undertaken was not simply done as advice to me. It was publicly released by the Treasurer and me in October of last year in *Australia’s low pollution future: the economics of climate change*—the Treasury modelling. You may recall, Senator, and I have previously traversed this in Senate estimates and in question time, that that modelling shows an increase in jobs, an increase in output, an increase in GNP and growth in all major employment sectors out to 2020. My recollection is that Dr Parkinson has, I think, also previously made public an increase in net employment out to 2020 of 1.7 million jobs and, for example, output in the coal sector is also projected to increase. So the government has been quite transparent in terms of its modelling of the impact on the economy and we have taken that carefully into account when designing the scheme.

**Senator ABETZ**—So the only modelling is that to which you have just referred? You have not received any specific modelling since that time in relation to jobs?

**Senator Wong**—The ‘only modelling,’ as you call it, Senator, is, I might remind you, the largest modelling exercise the Australian government has ever undertaken.

**Senator ABETZ**—And the answer is?

**Senator Wong**—That is the government’s modelling. It has been publicly released.

**Senator ABETZ**—So that is the only modelling that has been undertaken in relation to jobs. Is that correct?

**Senator Wong**—I think that is the only economic modelling that has been done by the government in relation to this. I would just clarify, and we have, I think, dealt with this before, Senator: we can assist, but obviously the modelling was Treasury modelling. There was cooperation across government for that modelling exercise, but the product is a Treasury product.

**Senator ABETZ**—Yes, but that is the only modelling that has helped to inform the government in relation to job increases, job losses or whatever. Is that right?

**Senator Wong**—To my knowledge, yes, Senator. I am not sure where you are going with this. Obviously—

**Senator ABETZ**—Don't worry about where I am going; just concentrate on the question and we will get on fine.

**Senator Wong**—Obviously, for example, through the budget process, Treasury engages in a whole range of assessments and, potentially, modelling. But those questions would have to be addressed to Treasury.

**Senator ABETZ**—So you have undertaken no other modelling specific, let us say, to job losses specific to power stations—power stations that rely on brown coal, for example? Nothing as detailed or specific as that has been undertaken?

**Dr Parkinson**—Nothing, Senator, that was not done in the context of *Australia's low pollution future*.

**Senator ABETZ**—So all that data is in the public arena?

**Dr Parkinson**—It is in the public domain either in the modelling results that came out in October or in the white paper.

**Senator ABETZ**—So, therefore, there has been no specific modelling in relation to the small business or rural sector other than that which is already in the public domain?

**Dr Parkinson**—I think we have said to you at various times before—I might be wrong on this and, if so, I apologise—that fine detailed modelling of small geographic areas is quite problematic in Australia, and the ABS does not support any efforts to do that. You will see there have been a number of studies—for example, I think Concept Economics for the Minerals Council, and a number of others—where we have been on the public record as being critical of the work that was done because we did not think there was any credibility to attempting to do it at that level.

**Senator ABETZ**—I know that you dismiss other models and other works, but this was a particular question in relation to the small business and the rural sector.

**Dr Parkinson**—I do not dismiss other models and other work. There is other work that is done that is highly credible and which I respect, but not all modelling is equal.

**Senator ABETZ**—I think we could agree on that. Has there been any modelling done other than which is in the public domain in relation to the small business sector or the rural sector?

**Dr Parkinson**—By the Commonwealth, not that I am aware of. There are some pieces of work that have been done by others, such as ABARE, looking at particular little slices but not by us or Treasury in the context of the emissions trading scheme.

**Senator ABETZ**—That was the context I was asking about. Thank you for that clarification. Has any modelling been done in relation to increases in the price of electricity under the government's planned ETS and, if so, has it been done for, let us say, homeowners, businesses and what increases might be anticipated?

**Dr Parkinson**—It was all published in October last year.

**Senator ABETZ**—So there is nothing further to add to that modelling?

**Dr Parkinson**—Not that I am aware of.

**Senator ABETZ**—We have not drilled down to the specific impact on, let us say, a birthday cake, to use a GST example from 1½ decades ago, or on a bus ticket or on an average household electricity bill? Do we drill down to that extent?

**Senator Wong**—We have publicly released figures in relation to the third. Dr Parkinson may want to jump in, but my recollection is that for electricity, at a five per cent reduction, it is approximately \$1.50 in the first year and \$2.80 in the second year. These figures were all released, from memory, around the *Low pollution future* time but also in the context of the white paper, when the government released detailed information about how it was constructing its household assistance package.

**Senator ABETZ**—The household assistance package was to last for how many years?

**Dr Parkinson**—It was open-ended, with changes to payment rates and eligibility thresholds across those programs. It did not terminate.

**Senator ABETZ**—So we are agreed that household electricity prices will go up but then they will be offset by compensation payments?

**Senator Wong**—We have calculated, as the minister's announcement of December last year outlined, the household assistance package. Essentially, I am assuming no change in behaviour. There was no energy efficiency benefits, so assuming the full price pass through, and we have focused on the majority of assistance on low-income Australians.

**Senator ABETZ**—What about middle-income Australians?

**Senator Wong**—All of this information is public and it was released in December last year. As Dr Parkinson outlined, the assistance is to be delivered through the tax and welfare system to 2.8 million households, I think, is the estimate. That is, those households or individuals receiving the full rate of, for example, family payment or pensioner, would receive around 120 per cent of the anticipated cost increase with a significant proportion—perhaps Mr Comley can assist—of middle-income households also receiving some benefit to offset the increase in costs.

**Senator ABETZ**—How many households are there in Australia?

**Dr Parkinson**—Off the top of my head, I could not tell you.

**Senator ABETZ**—Because, I dare say, if I want to find out the figure of households affected, I would take the total number of households in Australia, minus 2.8 million households, and then that would be the number of households that would be impacted, without compensation?

**Dr Parkinson**—No, that is not what the minister said.

**Senator ABETZ**—Can you explain the 2.8 million households figure to me.

**Dr Parkinson**—It is the number of households which are receiving full or more than full compensation. The vast bulk of households in Australia receive either full or partial compensation. This is not new. This has been on the public record since October last year and has been discussed in numerous committee hearings that we have been asked by the Senate to participate in.



**Senator ABETZ**—I know. I am just going over some of this. So, over the first five years, do we also have that modelled for the average household electricity increases?

**Dr Parkinson**—Out to 2050.

**Senator ABETZ**—We seem to have it all sorted for households and that was the point I was trying to get at. What would you say to the local welding shop or car repair shop, with a dozen employees, or to the average dairy farm? What sort of price increases might they be looking at?

**Mr Comley**—The actual electricity price for small business would be very similar to the price for residential consumers, around 20 per cent. That is the initial price impact. That is the question you are asking?

**Senator ABETZ**—Yes.

**Mr Comley**—It is over two years—that is, once you have hit the full—

**Senator Wong**—Seven per cent and 13 per cent are the first two years.

**Senator ABETZ**—Compensation for small businesses, dairy farmers?

**Senator Wong**—The assistance for industry—and I am aware this is covered in one of the amendments that I think you are proposing—has been focused essentially on two broad categories. That is bearing in mind, as Mr Howard indicated, there is not a cost-free way to respond to climate change. Inevitably, that does involve some cost and the government, I think, has been completely upfront with the Australian people by acknowledging that this will result in higher energy prices, as will the renewable energy target, which I recall the coalition also supported. The assistance for industry is essentially in two categories. The first is that, for those emissions-intensive trade-exposed industries, we have a very substantial set of assistance in the form of the provision of a proportion of free permits. That is calculated on the basis of the likely cost impact. We have used a metric of one million tonnes of carbon per one million dollars of revenue. In relation to those firms which are below the threshold, we have the Climate Change Action Fund—of about \$2.75 billion over the first seven years, from memory—and there are various streams of that. There are two of those. One involves energy efficiency measures which will enable small business, for example, to reduce the impact of higher electricity prices through putting in place better energy efficiency measures in their business.

**Dr Parkinson**—There is also a range of education arrangements to help people identify how to become more energy efficient. As Dr Shergold said today, it is important to find ways to help small business become more energy efficient. The aim of the Climate Change Action Fund is to do it through both an educative stream and an investment stream—

**Senator ABETZ**—And through higher prices.

**Dr Parkinson**—which small- and medium-sized businesses would be able to access.

**Senator ABETZ**—Do you agree with ABARE modelling? Do you think they are okay?

**Dr Parkinson**—As a generic comment?

**Senator ABETZ**—Yes.

**Dr Parkinson**—It would depend on the modelling itself that was being done.

**Senator ABETZ**—So it depends on the results of their modelling. Fair enough.

**Dr Parkinson**—I do not think that is what I said.

**Senator Wong**—Senator Abetz, that is not what Dr Parkinson said. You are entitled to make comment if you wish—

**Senator ABETZ**—Thank you! That is very gracious of you!

**Senator Wong**—Can I finish?

**Senator ABETZ**—Well, you go on whether we want you to or not.

**CHAIR**—Senator Abetz, let us not start this early in the evening.

**Senator Wong**—It is unfair to a witness for you to misconstrue the witness's perspective and then proceed along and not expect the witness to correct you. If you wish to keep doing that, we are going to be here a long time because people will correct the record.

**Senator ABETZ**—Have you finished?

**Senator Wong**—Yes, I have, thank you.

**Senator ABETZ**—Dr Parkinson, is ABARE modelling normally reliable?

**Dr Parkinson**—It would depend on what the modelling was looking at.

**Senator ABETZ**—Aha! Thank you. So it is dependent, thank you very much. Yes, Senator Wong. Those interventions are not helpful. Dairy farmers will be the hardest hit financially by the Carbon Pollution Reduction Scheme according to a new ABARE report. When I say 'new', it was the report from 3 June 2009. So it is not all that new anymore. It is a few months old. Are you aware of that report, Dr Parkinson?

**Dr Parkinson**—I am sure I am aware of its existence. Am I aware of—

**Senator ABETZ**—Are you across the detail of it?

**Dr Parkinson**—No, I am not.

**Senator ABETZ**—In that case, if you are not aware of the details of it, could I draw your attention to it and invite you to respond on notice as to the ABARE report's assessment and as to whether you agree with their conclusions in relation to, in particular, dairy farmers and broadacre industries. It talks about the economic value of farm production declining between 0.3 per cent and 1.9 per cent in 2011, and the greatest effects in 2011 are expected in the dairy industry with the average farm income estimated to fall by around \$1,800. Anyway, if you can have a look and respond to that on notice, I would be obliged to you.

**Dr Parkinson**—I am happy to do that. I think Mr Comley might have an observation to make before we move on. In all of these things it is important to do a reality check. You have mentioned cropping. I am not across the detail of the particular ABARE report you are talking about, but there are estimates out there that pasture growth could contract 21 per cent by 2050 if we have climate change that is not mitigated. So there are both costs and benefits—

**Senator ABETZ**—But others are saying more carbon in the atmosphere would enhance plant growth.

**Dr Parkinson**—That is an interesting question.

**Senator ABETZ**—Look, that is another—

**Dr Parkinson**—But it is an interesting question, and it is not—

**Senator ABETZ**—No, it was not a question and we are not going down that track. What I am asking you to do is to take on notice the ABARE report. If you think ABARE are deficient because they have not factored into account less pasture growth et cetera then tell us that on notice in your answer.

**Dr Parkinson**—I am happy to do so. If I can, I will just leave you with an observation from Mr Comley.

**Mr Comley**—My understanding of the ABARE reports is that they make it clear their estimates are worst-case scenarios which take no account of changes in farming practices, enterprise mix, industry structure or anything else that could reduce the emissions intensity of production. But even within the confines of that study—

**Senator ABETZ**—How quickly do you genuinely anticipate change in the mix on farms, farming practices et cetera over the next 18 months? This is going to be a long-term process and farmers are going to be confronted with this \$1,800 reduction in about 18 months time.

**Mr Comley**—The point that is made is that there is no allowance for that in the study. Even in the confines of the two studies that ABARE provided, they still had agricultural output growing by 35 per cent out to 2030. So I think that the figures that you may have been quoting before we not actually the absolute growth in the sector but a deviation.

**Senator ABETZ**—If you can give us the detailed analysis, the next time round we can ask ABARE about the way they do business.

**Dr Parkinson**—An important observation—and we have talked about this a number of times—is that this is an area where people of good intention often misinterpret the results of modelling. You particularly see this because people talk about job losses or income losses when they are really deviations from a baseline. That is, relative to today there is significant growth but relative to a world where there is no climate change impacts and no climate change response there is a deviation or a reduction from the income levels or the output levels that would otherwise have been achieved. You know that I am on the record on this issue. I have drawn this to your attention and the attention of your colleagues at other times. I think Mr Comley's point is an important one to recognise not just in the context of ABARE but in the context of other modelling work.

**Senator ABETZ**—I am advised that power prices have risen a double digit percentage annual rate in several Australian states over the past year or two. Do you agree that that has been the case?

**Dr Parkinson**—Are you talking wholesale or retail prices?

**Senator ABETZ**—Both.

**Dr Parkinson**—I would have to have a look at that.

**Senator ABETZ**—All right. What about wholesale? Can you tell us about wholesale?

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**Dr Parkinson**—No. As I was saying, I would have to have a look at that.

**Senator ABETZ**—And retail.

**Dr Parkinson**—There are power price increases in train. I just do not know the magnitude of them off the top of my head.

**Senator ABETZ**—I just want to ask you: how much have those quite substantial rate increases dampened the demand for electricity? Does the department have any modelling or advice to share with us on that?

**Dr Parkinson**—It would be difficult in such a short period to actually work that out. Perhaps another way to come at it is that in the CPRS minus five modelling exercise the demand reduction in electricity generation is around 30 million tonnes of CO<sub>2</sub>. That is in the context of being relative to a world without the CPRS and the RET where you are trying to take 167 million tonnes out. So the demand reduction—and that will be driven by a number of factors—provides around 18 per cent of the gap between business as usual and meeting the five per cent target.

**Senator ABETZ**—Isn't it the case that most historical and international evidence shows that demand for electricity is quite inelastic to price rises?

**Dr Parkinson**—In the short term—as is fuel consumption for motor vehicles—but over time there is a much higher price elasticity and you begin to get adjustments.

**Senator ABETZ**—So you would not agree—

**Senator Wong**—Sorry to interrupt, but this may be helpful. For example, if you are a business and you know electricity is going to continue to be extremely cheap then there is not much incentive, as you invest in new equipment et cetera, to focus on energy efficiency whereas if you are keen to reduce the impact of electricity prices on your business then obviously the imperative for more energy-efficient technology or equipment becomes more significant.

**Senator ABETZ**—So there is a deliberate strategy to drive up power prices to make people change their energy use, is there?

**Senator Wong**—I do not think that is what I said. You put a proposition about inelasticity—which is a very difficult word to say at this time of day—and we were responding by saying that it depends over which time frame you consider that. It is a different point to asking: is there a deliberate decision? The decision is, as per Mr Howard's own indication, that if you are going to tackle climate change then there are going to be costs. The decision really is: how do you best allocate those costs fairly across the Australian community. There may be differences of views between the two parties. I appreciate that you have put a position in relation to, for example, dairy farmers. I understand that is a particular issue for the opposition and I am not making a comment on that now but what I am saying is that there will be costs. The policy question and the political question is how they are best and most fairly distributed across the Australian community.

**Senator ABETZ**—Are we aware of what happened in California when power prices rose by 30 per cent in a single year around the year 2000? What was the demand response there? Are we aware of that at all?

**Dr Parkinson**—It is pretty hard not to be aware of it.

**Senator ABETZ**—And?

**Dr Parkinson**—There was a series of issues related to underinvestment in the power sector over many years.

**Senator ABETZ**—Let us not worry about what caused the price rise—

**Dr Parkinson**—Senator, if you do not worry about—

**Senator ABETZ**—Dr Parkinson, can I finish? You are always so high and mighty when I interrupt you. Please continue.

**Dr Parkinson**—I would not wish to offend you, Senator.

**Senator ABETZ**—It is just nice to know that sometimes we do interrupt each other, without trying to be rude, it just happens, and so the standard that we apply to each other sometimes might be reflected in the courtesies between each other. If you want to continue, that is fine.

**Dr Parkinson**—The only thing I would say is that I would be very happy to see an improvement in the civility of the interactions. I am prepared to do that.

**Senator ABETZ**—Excellent.

**CHAIR**—Senator Abetz, I think you were extending your question.

**Senator ABETZ**—Yes, I was talking about the 30 per cent rise in a single year—let us not worry about caused it. The question, as I am sure you well know, Dr Parkinson, was: what was the impact of that 30 per cent price rise on the demand for electricity in California?

**Dr Parkinson**—I would have to go and have a look at the exact details. I am happy to do so.

**Senator ABETZ**—Thank you very much.

**Mr Comley**—On this point of what caused it, that is quite important. Dr Parkinson said that the short-term electricity is lower than the long-term elasticity, and I think everyone accepts that. The issue of whether you think a price change is permanent significantly impacts on whether the elasticity is going to be high or low. So if, for example, price rises because of a temporary interruption of supply or a constriction of supply then you would expect a lower elasticity than you would in a situation where you thought that was a permanent price change because households, businesses and others do not have a strong incentive to make long-run investment decisions on the basis of the higher price. So it is actually very germane what the reason for the price change was.

**Senator ABETZ**—It is very comfortable for you, Mr Comley, to provide us with that view—for both of us ensconced in Canberra. But if you are on a dairy farm, doing it very tough now and faced with a potential \$1,800 bill or indeed more then you are not really worried about what might be the case in 10 years time; you are worried about what is going to happen in the very short term in the next 12 months or so. I will just leave you to ponder that thought. We can talk about the theories of short-term and long-term but when a dairy farmer is doing it tough the thought that they might be able to somehow rejig their business when they

cannot even renew their business loans with the banks becomes very theoretical and very impractical to them.

**Dr Parkinson**—I do not wish to buy into the issue of the dairy farmer. I take your point there. But it is inarguable that Australia's industrial energy efficiency performance across the board is quite poor by world standards. The IEA has done work on this and others have done work on this. Faced with an attempt to reduce emissions, a clear component of that has to be trying to improve our energy efficiency. If we think about the transformation that both sides of politics have committed to, we are trying to break the nexus between GDP growth and energy and between energy and emissions. So the energy and emissions nexus can be dealt with by moves to lower emissions technologies, renewable energies and any of those sort of lower emissions but the GDP-energy nexus is one that really does have to come about either because you have introduced a price signal that has changed the incentives for purchasing low-emissions goods and services and technologies or because, in addition, people are pursuing energy efficiency initiatives.

So to not work on that demand side abatement, as I said in the context of the CPRS-5 modelling, throws away about 18 per cent of the abatement. It is not just that it throws it away, because you still have to get the same amount of abatement—you still have to get the same number of tonnes—because that is what the cap drives you to. If you are not doing it through demand side measures then you must be doing it through other measures that are more expensive. So you are forcing the burden onto other parts of the community and you are doing it at a higher economic cost. I am sorry, but that is just inarguable—those are just the facts of the matter.

**Senator ABETZ**—I am sure the dairy farmers of Australia will be going to bed very shortly, ready for the morning milking, absolutely satisfied with that explanation that is going to assist them to meet their bills in the next period of 12 months or whenever the ETS starts. Can I ask whether Morgan Stanley was commissioned to undertake a study on the loss of value for power generators?

**Dr Parkinson**—Morgan Stanley was commissioned by the department to have a look at the claims that were raised by the electricity generators about their loss of asset value set against the backdrop of the worsening global financial situation and some pre-existing issues around the operation of the national electricity market.

**Senator ABETZ**—And is that report going to be made public?

**Dr Parkinson**—I have had conversations with your colleagues. Mr Macfarlane then mentioned in the press that I had indicated that it would not be made public. The reason it was not to be made public was that we entered into an agreement with the generators to undertake the review. The way in which the review is being undertaken is that the generators have provided highly commercially confidential material to Morgan Stanley on the proviso that it does not come to—

**Senator BERNARDI**—It sounds like protestors outside. They could well be supporters.

**Senator ABETZ**—So has that report been shown to ministers?

**Dr Parkinson**—No, it has not. It is not yet complete.

**Senator ABETZ**—When was it commissioned?

**Dr Parkinson**—Late May or early June.

**Senator ABETZ**—When it is anticipated that it will be finished?

**Dr Parkinson**—The secretaries have been iterating with Morgan Stanley, and I would hope it would be finished shortly, but what ‘shortly’ is is unclear at this stage.

**Senator ABETZ**—Has any minister been shown this?

**Dr Parkinson**—No, Senator.

**Senator ABETZ**—It has been iterative—what do we call it—draft reports floating around?

**Dr Parkinson**—No, not at all.

**Senator ABETZ**—Has there been any written documentation provided by Morgan Stanley to the department?

**Dr Parkinson**—We have worked with them on refining the scenarios that we have been asking them to look at, and we have been iterating backwards and forwards, so there have been draft pieces of material.

**Senator ABETZ**—And the question was: has there been any written material provided by Morgan Stanley to the department?

**Dr Parkinson**—I have just said that we have been iterating with them backwards and forwards on drafting, looking at different scenarios and understanding the impacts, so we have been asking questions of them and they have been doing more work and coming back to us.

**Senator ABETZ**—Asking questions about what—the material you have been provided?

**Dr Parkinson**—Asking questions about the material we have been provided.

**Senator ABETZ**—Right. So there has been material provided to you—

**Dr Parkinson**—Absolutely. I have not denied that, Senator.

**Senator ABETZ**—albeit in draft form?

**Dr Parkinson**—Yes.

**Senator ABETZ**—But we cannot call it a draft report—fine, but we have been receiving material in draft form.

**Dr Parkinson**—Senator, we have been iterating with them. As we have done this work with them, it has thrown up a range of issues, questions, that we have pursued with them, and we continue to do so.

**Senator ABETZ**—This is a fairly important issue, would you agree, as to the potential loss in value of the power generators?

**Dr Parkinson**—Of course it is an important issue; that is why we have been pursuing the work.

**Senator ABETZ**—When do you think that this might be finalised?

**Dr Parkinson**—We will continue to work on it, and, once we have satisfied ourselves that we understand what the results are showing us and what an appropriate way to think about it is, then it would be complete.

**Senator ABETZ**—Yes, but 12 months, six months, three months, a month—you must have some time frame in mind?

**Dr Parkinson**—We have to wait and see where we get to.

**Senator ABETZ**—So we will not be told, potentially, the result of this vitally important study on the value of our power generators before this legislation is debated again in the parliament. Is that correct?

**Dr Parkinson**—That is not the issue, Senator. The government has—

**Senator ABETZ**—Do not worry about what you think the issue is; the question is whether or not we will have that information available to us prior to the resumption of the debate in the parliament.

**Dr Parkinson**—I would hope so.

**Senator ABETZ**—The resumption of the debate—

**Dr Parkinson**—Sorry, let me rephrase that. I would hope that we would have the work completed. It is highly commercially sensitive, and we have undertaken it on the basis that we would not be releasing it publicly.

**Senator ABETZ**—Dr Parkinson, I just asked you when you thought it would be finalised—12 months or six months. Now you have given us a time line of within the next four weeks.

**Dr Parkinson**—I said I hoped so.

**Senator ABETZ**—Dr Parkinson, please!

**Senator Wong**—Senator, I am sure you can go back to Dr Parkinson. Can I indicate that obviously the government has already a significant amount of assistance on the table for generators. This is an issue that the opposition has indicated that it wishes to undertake negotiations on. We are very aware of that. If negotiations are to be successful, clearly that is one of the issues that would need to be resolved to the opposition's and the government's satisfaction.

**Senator ABETZ**—I would hope so. The Victorian government commissioned a report on power stations, did they not?

**Dr Parkinson**—I understand that they have considered a range of scenarios.

**Senator Wong**—Senator, can you give us any more information on it?

**Senator ABETZ**—There was a report in the *Age* on 16 October that Victorian government cabinet documents indicated that Labor's ETS could result in the Hazelwood power station closing as soon as 2013, only four years away, and that the Yallourn plant could follow in 2018. Those two plants provide about 40 per cent of Victoria's electricity. It is feared the early closure of these could result in widespread blackouts. The way we treat power stations, their capacity to roll over their finance et cetera, is vitally important, and that is why whatever is



being iterated between Morgan Stanley and the department is vitally important, not only in relation to the finances of the power generators but for the mums and dads at home in Victoria to get their power.

**Senator Wong**—Dr Parkinson may have something to add, but can I make a couple of points. First, I certainly cannot answer questions about what the Victorian cabinet considered. I do not know if anybody else in this room can assist you, but I certainly do not have that information.

**Senator ABETZ**—I thought cooperative federalism had broken out, but not so.

**Senator Wong**—We can have a private discussion about that at some stage if you want, Senator Abetz. The second point I make is on what was reported in the *Age*, and my recollection is that there were a range of scenarios alluded to. You have referenced one. My recollection is that a range of other scenarios were alluded to in that report but, as I said, it is not our report. Third, obviously energy security is at the forefront of the government's mind. That is why we provided significant compensation through the white paper process and why we engaged very closely with industry players as well as the energy market regulators in establishing the ESAS, the Electricity Sector Adjustment Scheme.

I also have a response in relation to some earlier questions. If it is convenient, I might reference that now. I want to be clear. Some of your questions about the increase in electricity prices did bear the hallmark of some of the comments in relation to the Frontier proposal. I am not going to get into that discussion here.

**Senator ABETZ**—You may find that you do, because I have a bracket of questions about Frontier as well.

**Senator Wong**—I am happy to. I wanted to be clear with you that the government's concern with that model is not simply about higher electricity prices. We have a range of concerns, in relation to costings and in relation to the inherent uncertainty in this sort of scheme. If I may humbly suggest it, that may be one of the reasons why there are significant concerns amongst many members of the business community about this model. The government has made clear that that is not a preferred approach, for some of the reasons which have been articulated. We are happy to go through a briefing process if required, but you might be aware that it is not a model that is supported by a very significant number of members of the business—

**Senator ABETZ**—Sorry, I did not get that.

**Senator Wong**—Sorry, I have a bit of a cough. I suggest to you that there is a reason why a very significant proportion of the business community has not indicated support for this model.

**Senator ABETZ**—What are the flaws in the Frontier analysis? I do not want a one-hour dissertation, but can you pick out the three or four major failings of the Frontier analysis?

**Senator Wong**—Mr Comley, I am sure, is itching to answer this question. First, we do not believe it is cheaper, because we believe it does increase uncertainty across the economy. By introducing an uncertain level of abatement in one sector, you necessarily throw uncertainty into the amount of permits which will be auctioned for the other sectors of the economy. We

do not believe it is greener. I might leave it at that and let Mr Comley respond in more technical—

**Senator ABETZ**—Possibly, rather than swallowing a lot of time, have we got an analysis? You say it is not greener—fine. But what do you base that assertion on? When you say it is not going to be cheaper, what do you base that assertion on? Has there been a detailed, written rebuttal provided in relation to the Frontier analysis? They have whacked all their information into the public domain. Is the department willing to put its response fully in the public domain so that there can be a debate about these things? You guys may well be right, but on closer analysis, who knows, Frontier might be right.

**Mr Comley**—Can I make a few high-level comments on it. I will come to technical points about the modelling. The first thing is about the question of greener. Even if you take the Frontier modelling at face value, what it indicates is that there are lower emissions reductions in Australia as a result of the Frontier model than there are with the CPRS model. That is because Frontier also has less abatement coming out of the use of electricity. So it makes up the difference to hit a particular target by having a greater level of import of international permits. So there is less reduction of emissions in Australia and there is more use of international permits. That is the first point. In terms of the ‘cheaper’ claim—

**Senator ABETZ**—Mr Comley, you seem to be reading from a document. Frontier put their work into the public domain. Is it possible for your rebuttal to be similarly fully put into the public domain so that Frontier can look at it and say, ‘Yes, we agree with that criticism but we reject this one because—’ so that there can be a further discussion on the matter rather than taking up what I assume could be considerable time this evening?

**Senator Wong**—Could I suggest a compromise, Senator. I suspect Mr Comley is probably reading from my question time brief which contains confidential matters, so I do not particularly want to provide that. If we are able to perhaps make some high-level comments and then we will consider in what form we might be able to—

**Senator ABETZ**—I would expect nothing other than high-level comments from you, Minister.

**Senator Wong**—It is an outbreak of civility.

**Senator CORMANN**—Is there a piece of advice that was provided to the government?

**Senator Wong**—Can I finish my response, Senator.

**Senator CORMANN**—Is there a specific piece of advice?

**Senator Wong**—Senator Cormann, I had not finished. I was going to suggest that Mr Comley could provide some high-level comments and perhaps we could take on notice the provision of documentation to the committee that might assist with Senator Abetz’s request.

**Senator BERNARDI**—Is there a specific piece of advice from the department to the government assessing the ins and outs of the Frontier Economics report on this?

**Mr Comley**—We have provided briefing on the Frontier model to—

**Senator CORMANN**—Can we get a copy of the briefing that you have provided on the Frontier Economics report?

**Senator Wong**—No. That is advice to government. What I have offered the committee though is that Mr Comley was halfway through an answer to Senator Abetz and I am prepared to go away and have a discussion with the department about what information we can reasonably provide on this issue to the committee.

**Senator CORMANN**—Advice to government is not, as you know, Minister, an appropriate public interest immunity claim. You have to give us an indication as to on what grounds you refuse to provide that information and what the harm to the public interest is going to be.

**Senator Wong**—I will take it on notice to consider it.

**Senator CORMANN**—If you can take on notice that we would like to get a copy of that advice and, if you are not prepared to provide it, on what basis you are not prepared to provide it. Madam Chair, I would ask you to make a ruling on whether we are entitled to insist on the minister indicating the reasons on which she is basing her refusal.

**CHAIR**—Senator Cormann, you have said two things. You have said that you are happy for the minister to consider it.

**Senator CORMANN**—No, I have not said that.

**CHAIR**—And now you have asked the committee to make a ruling.

**Senator CORMANN**—No, I have not said that. I have said that I would like to get access to that information and I am asking you to rule whether I am entitled to ask the question and whether I am entitled to insist that the minister provide a public interest statement as to why it is not in the public interest for that information to be provided.

**CHAIR**—The minister has said that she will consider what public interest grounds there may be and look at furnishing what information she can make available. There is no scope for the committee to make a decision at this stage until we see the outcome of that process.

**Senator ABETZ**—We will allow Mr Comley to finish his comments, the high-level dissertation.

**Mr Comley**—Even in Frontier's own modelling terms, less abatement occurs in Australia than under the CPRS model. In the Frontier model there is a situation where you are deliberately not seeking some low-cost abatement in Australia and being forced to import permits at a higher price: this goes to the question of being cheaper. There are probably two points about the report itself. The first is, as the minister said, one of the fundamental differences between the Frontier model and the CPRS model is the level of uncertainty brought about by having an allocation to the electricity sector which is very large in the overall scheme. The Frontier modelling is not designed to pick up the difference and uncertainty. In practice it models it like a cap-and-trade CPRS, gets the assumptions as if uncertainty does not exist and then gets the solution, but if there is uncertainty there is a very large risk for the results.

Perhaps the final thing that I will mention at the high level is that it is probably better to refer to the Frontier report as a modelling report rather than a fully fleshed policy proposal. Probably the best example of that is that the Frontier report says that you would have a single baseline for electricity that goes for 20 years. It comments that that would provide certainty,

but if uncertainty comes to pass and it turns out differently than expected, you would almost certainly have to recalibrate that baseline, and that would throw a significant uncertainty into the electricity sector as well as the rest of the economy.

**Senator ABETZ**—Thank you. I will read the *Hansard* for that. If you are able to provide what I assume is a low-level document after your high-level dissertation—however we describe it—that would be appreciated. Is the department able to deny that the ETS as currently framed could force the early closure of power stations such as Hazelwood and Yallourn?

**Dr Parkinson**—The modelling that was done for the Treasury modelling exercise and the two additional sets of modelling that were done to supplement that, all three of which were reported in the white paper, indicated that there would not be the closure of Hazelwood and Yallourn in the sort of time frame that you are talking about. If you recall, the white paper asked the three energy market bodies whether they thought they were issues of concern around energy security and at that time they said that they thought the design of the scheme had mitigated that. A key issue is the way in which the ESAS, the Electricity Sector Adjustment Scheme—the \$3.8 billion of free permits—has been set up. The way it works is—

**Senator ABETZ**—If I could interrupt you there, because I assume that the Victorian government study has taken into account ESAS and the way it will work and decided that it could still nevertheless result in Yallourn and a Hazelwood closing.

**Dr Parkinson**—I cannot speak for the Victorian government. It has been suggested to me that they were looking at a number of scenarios, one of which may have involved no ESAS. It could be that that is what is showing up.

**Senator ABETZ**—Have you seen the report?

**Dr Parkinson**—No, we said earlier we have not seen it.

**Senator ABETZ**—Have you asked for the report?

**Dr Parkinson**—Will I ask for the report?

**Senator ABETZ**—No, have you asked for the report?

**Dr Parkinson**—No.

**Senator ABETZ**—Will you ask for the report?

**Senator Wong**—Are these the Cabinet documents from the Victorian government?

**Senator ABETZ**—Yes, the Victorian government's report.

**Senator Wong**—We would not generally ask for cabinet documents from other governments. I am not trying to be smart.

**Senator ABETZ**—Clearly this has found its way into the *Age*, one would assume courtesy of the Victorian government—

**Senator Wong**—Certainly not courtesy of us.

**Senator ABETZ**—Because they are concerned about the possibility of 40 per cent blackouts et cetera. If that is a concern, it is interesting to note that the Victorian government

has not proactively sent it to you, Minister, or to the Department of Climate Change. I would have thought if they were concerned about this they would have done so to get your reaction.

**Dr Parkinson**—Senator, could I just finish, because there is an important point which I was just about to allude to. The way the ESAS conditionality operates is that the assets have to be available in the market for use for the period over which the ESAS is available. That would mean that were the owners of Hazelwood or Yallourn to wish to receive the ESAS moneys they would be available to at least the end of the ESAS period, which is five years.

**Senator ABETZ**—You have not seen the report, so at this stage we are dealing with hypotheticals as to what was or was not taken into account.

**Dr Parkinson**—That is exactly true, it is a hypothetical about might be in the Victorian report, but the way in which the CPRS ESAS is set up the owners of those assets will keep them in operation until at least the end of the ESAS period.

**Senator ABETZ**—And the ESAS period is five years. So when somebody says that one of these power stations might be closing in 2014—

**Dr Parkinson**—I think you said 2012, Senator.

**Senator ABETZ**—I will tell you what I said. I thought one was 2013 and one was 2014. But we would be pretty close to the mark, albeit it starts in 2011.

**Senator Wong**—The assumption would seem to be that people would close notwithstanding that they would continue to get assistance while staying open beyond that, which would seem to be counterintuitive. I think that was the point Dr Parkinson was making.

**Senator ABETZ**—Let us wait and see if the Victorian government releases its report and does not rely on putting it into the media for bits and pieces.

**Dr Parkinson**—It will also be counterintuitive to think that, were one power station to close, you would not then get higher prices that would induce others to stay in business. If you were in a world where you had multiple power stations closing then it would be an interesting world as to what was causing that and you would have to ask yourself what other things might be going on. So without having seen the Victorian report, as you said, it is entirely hypothetical.

**Senator ABETZ**—I think describing it as an interesting world, the mums and dads and businesses would have a different description for those circumstances. Can I briefly take you to the climate change—

**Senator Wong**—I did not understand Dr Parkinson to be making light of it. I understood him to be suggesting that it would be—

**Senator ABETZ**—The record will speak for itself.

**Senator Wong**—Which is why I am putting this on the record, Senator.

**Dr Parkinson**—Perhaps I would change it to implausible, then, rather than interesting.

**Senator Wong**—It is making comment on the likelihood of that scenario.

**Senator ABETZ**—Can I ask about climate change household action campaign and the evaluation report of it. A second phase was planned for this campaign. That has not occurred. Is that correct?

**Ms Grinbergs**—That is correct.

**Senator ABETZ**—Is a second phase being considered?

**Ms Grinbergs**—Not a second phase of this particular campaign, no.

**Senator ABETZ**—Is another campaign being considered?

**Ms Grinbergs**—We have undertaken some market research to test opinions and views on awareness of climate change within the community. We are looking at information activities associated with particular government initiatives and in particular the RET solar credit scheme.

**Senator ABETZ**—That is all very interesting, but the question was, are you considering another campaign?

**Dr Parkinson**—We are undertaking some market research, as Ms Grinbergs said, particularly with a view to finding out whether people understand the opportunities available in solar credits and the renewable energy target. It will be at the end of the day a matter to be decided in light of the results of that work. It is not just finding out what people know; it is also finding out whether we would be able to communicate a message to them in a way that would help them access the solar credits and the other elements under the renewable energy target.

**Senator ABETZ**—So the short answer is that yes, it is being considered.

**Dr Parkinson**—It is being considered but there is no decision.

**Senator ABETZ**—I did not ask about a decision. I asked whether it was being considered and the simple answer would have been yes. It is a pity that sometimes these questions have to be asked a number of times to get the detailed response. Do you think that the last campaign was a success? I withdraw that question because I know from your documentation that you think it was a success. Can I just take you to some of the tracking research—

**Ms Grinbergs**—Senator, can I ask you what you are reading from?

**Dr Parkinson**—Is it the evaluation report, Senator?

**Senator ABETZ**—That is it.

**Senator ABETZ**—Climate change household action campaign evaluation report of September—

**Senator Wong**—We tabled that last time, I think.

**Dr Parkinson**—We released it publicly and indicated to the JCPAA that we had committed to Senator Abetz that we were going to be releasing it.

**Senator ABETZ**—When you started with a campaign in July 2008—is that correct?

**Ms Grinbergs**—That is correct.

**Senator ABETZ**—It went from July to November, for three months. The issue of importance of addressing climate change was considered by 89 per cent of people to be either very important or somewhat important. That was the baseline. Is that right? That is on page 17 of your report.

**Ms Grinbergs**—Yes.

**Senator ABETZ**—And then after three months and how many million dollars, we have got a figure that 82 per cent now believe that it is very important or somewhat important. So having spent all that money, all that campaigning, and you have got a slippage of seven per cent.

**Dr Parkinson**—If I might, you may be being deliberately provocative and I may be rising to the bait, but you know that during that time the global financial crisis deteriorated significantly and it would be surprising if the ranking that people attributed to it had not declined. And it is always a matter of subjective judgment, but I suppose I am struck by how high it had remained.

**Senator ABETZ**—Sure, the global financial crisis hit, but can we just be reminded how many million dollars worth of advertising?

**Ms Grinbergs**—The actual buy for the campaign was not \$8.8 million. That was the total cost of the campaign.

**Senator ABETZ**—And of course the question was about the importance of addressing climate change, it was not nominate what is important to you. That is another category in the report about that. This is a question about importance of addressing climate change. It is interesting that in October 2007 it was 91 per cent, then it went to 89 per cent and then the latest figure would suggest that it is 82 per cent.

**Dr Parkinson**—You recall also that what we were doing was inviting people to participate in the consultation process around the green paper and inviting people to have their say. As we have discussed previously, the extent of public involvement was quite overwhelming.

**Senator ABETZ**—You did say somewhere in this document that it was the best campaign for public involvement that the department had ever run. How long has the department been in existence?

**Dr Parkinson**—I think we were also referring to our predecessor, the Australian Greenhouse Office, as well. I would have to check the actual language.

**Senator ABETZ**—In relation to the public consultation, seeing we have gotten on to that, and the success of the green paper public consultations—we find that on page 24 of the document—it is very interesting that these consultation events occurred only in capital cities. Is that correct, Dr Parkinson? Am I reading that table correctly on page 24?

**Dr Parkinson**—You are reading the table on page 24 correctly, but my recollection is that we did a range of presentations in regional centres.

**Mr Comley**—Certainly, Senator, I think we would have done another 10 or so regional centres. I certainly presented in Whyalla and I know there was a presentation in—

**Senator ABETZ**—To save time, could you please point out to me whereabouts we are told this in the evaluation report, and the number of attendees at each one.

**Dr Parkinson**—I am sorry, I do not know whether it is in the report. I do not think it is, actually.

**Senator ABETZ**—This is a very detailed evaluation report! Why are we not told what the people in the regional centres thought about the emissions trading scheme, as opposed to those who live in all the capital cities, enumerated on page 24?

**Dr Parkinson**—I am sorry, Senator, if you go back to page 6, it says that there were more than 1,250 emails; there were 1,600 calls received on the hotline; there were 364,000 visits to the website, 74,500 of which were more than once; there were 1,026 submissions—

**Senator ABETZ**—You have jumped one.

**Dr Parkinson**—There were 2,170—

**Senator ABETZ**—Australians registered for the CPRS green paper information sessions. And do you know what, Dr Parkinson? That is the figure for all the capital cities.

**Dr Parkinson**—That is right.

**Senator ABETZ**—So why didn't you take into account the regional ones and why did you just happen to skip over that as you were reading out the dot points?

**Dr Parkinson**—Why it is in here, I cannot tell you.

**Senator Wong**—We will check why. Certainly we did Newcastle and Whyalla. I can recall having a discussion with Mr Comley about Whyalla because I used to do a bit of work up there and we had a little discussion about the town.

**Senator ABETZ**—Clearly it is not important enough to find its way into that report.

**Senator Wong**—We will find out. Perhaps we could take on notice why the data has been aggregated in that sense. Obviously, it was important to also do regional centres.

**Senator ABETZ**—The interesting thing was that you skipped over that in your answer.

**Dr Parkinson**—Senator, there is no ulterior motive. I must say I did not even realise that we had not reported on the rural centres.

**Senator ABETZ**—You see, some of us are really concerned about rural and regional Australia. The fact that it did not even register, to me, is an unfortunate reflection on how business is being done, with great respect, in relation to the emissions trading scheme generally.

**Dr Parkinson**—For somebody who was born and brought up in regional Australia, that is a cheap shot.

**Senator ABETZ**—Well, some people forget their roots from time to time, Dr Parkinson, and clearly you have.

**Senator HEFFERNAN**—Where were you born and bred, Penny?

**Senator Wong**—I was really enjoyed the outbreak of civility.



**Senator ABETZ**—Tell me about the 1,600 calls to the call centre. What was the biggest cohort of those 1,600 phone callers? What did they have to say? I thought it was in this report. I was just wondering if I had read it correctly or not. You might find it on page 23, Ms Grinbergs, at about the middle of the page. Would it be fair to say that the biggest cohort was 29 per cent, who did not support action on climate change at all?

**Senator Wong**—There are so many responses, but I am going to be polite.

**Senator ABETZ**—Is that correct, Ms Grinbergs?

**Ms Grinbergs**—That is correct.

**Senator Wong**—The largest single cohort—is that the question?

**Senator ABETZ**—That is right—29 per cent. Then 25 per cent of callers supported the government's action on climate change. Then, we are told, the majority of callers expressing support for or against government action were likely to have held these views prior to the campaign. If that is the case, and I am willing to accept that at face value, 54 per cent of the callers were either trying to say, 'Well done,' 'Good job,' or, 'Terrible job,' but you were not convincing anybody. So this call centre actually only serviced less than half of 1,600. But I will give you the benefit of the doubt—let's make it 800 callers who wanted some information. How much did this call centre cost us?

**Dr Parkinson**—We have been through that.

**Senator ABETZ**—Yes, for the 1,600 calls. But we now know, courtesy of your report, that half of those people had already made up their minds one way or the other and you were not going to convince them. Undoubtedly the 29 per cent were calling to tell you that they do not believe, another 25 per cent that they do believe. But nothing was really changed in that, was it?

**Dr Parkinson**—It is clearly a matter of what you regard as important. But the fact that a significant number of those callers were seeking information and we were trying to encourage public participation in the policy consultation process I would have regarded as something that was quite important.

**Senator ABETZ**—So you saw it as a good result that 29 per cent rang up and said, I assume—because they did not agree with the policy—that this was a waste of money and of no real benefit?

**Dr Parkinson**—No, we have been over this before.

**Senator ABETZ**—No, we have not, because I have not got these cohorts before, have I?

**Dr Parkinson**—No, that is true, because we had not released the information. But it seems to me that it is actually quite important to give people the opportunity to express a view, whether they agree with you or not.

**Senator ABETZ**—So climate change sceptics have been given a forum, courtesy of a federal government funded call centre. That is great, and I am delighted to hear that see that that is part of the government's approach on this! Can I quickly move on, because time is getting on, unfortunately. I want to ask about the 1 Million Women funding, the website. I think it got \$10,000 or \$11,000—is that right?

**Dr Parkinson**—You asked that question of us last time and we indicated that we would take it on notice, because I do not think any of us knew anything about it. My recollection was that it related to the department of environment.

**Senator ABETZ**—You are quite right. So the department of environment is sponsoring this 1 Million Women in relation to climate change. Thank you for that. I will have to ask about that tomorrow. Can I then ask you, Dr Parkinson, about the speech that you gave calling for honesty in the emissions debate. The report I have is by Phillip Coorey from 24 July 2009 and by Lenore Taylor in the *Australian*. Was the speech that you gave vetted in any way in the minister's office?

**Dr Parkinson**—No, it was not.

**Senator ABETZ**—So it was all your own work, if I could use that sort of colloquialism.

**Dr Parkinson**—If you are asking whether I am the author, the answer is yes. Just to be clear—

**Senator ABETZ**—And was it cleared by the minister's office?

**Dr Parkinson**—Just to be clear, when I give a speech I drop a courtesy copy to the minister's office before I do so. Quite often that is the night before, or indeed even the morning of, the speech.

**Senator ABETZ**—Do you agree with the reports that have emanated saying that you were seen as taking a pot shot at the opposition and Senator Xenophon?

**Dr Parkinson**—I do not recall seeing a press article on it, but I have been accused by other journalists in front of other people as having also had a pot shot at the government around policy too. So without seeing the article, I cannot—

**Senator ABETZ**—Journalists can take pot shots; that is fine.

**Senator Wong**—We do agree.

**Senator ABETZ**—Ministers can and shadow ministers can. But when heads of department start engaging in that sort of behaviour, I think we are stepping over a line, and so—

**Dr Parkinson**—I agree.

**Senator ABETZ**—Right; you agree, so—

**Dr Parkinson**—Sorry, what I said—

**Senator Wong**—You have asked Dr Parkinson to comment on someone else's opinion in articles that he cannot recall. I am not sure that—

**Senator ABETZ**—You cannot recall the articles?

**Senator Wong**—I think he said he was not—

**Dr Parkinson**—I said that I do not recall seeing the articles. I am sure I have seen articles, but which ones you are talking about I do not know. All I was making was the observation that if a journalist says that I have had a pot shot that is their interpretation. I have had other journalists say that they think I am having a pot shot at the government. I am actually—

**Senator ABETZ**—Sorry, I did misinterpret that comment—

**Senator Wong**—He is saying he has been accused of pot shots on both sides.

**Senator ABETZ**—I stand corrected in relation to that.

**Dr Parkinson**—I agree with you entirely that there is a line that would be inappropriate for a secretary or a senior bureaucrat to cross over. It is always a matter for others, but I do not think I have crossed any lines.

**Senator ABETZ**—In talking about things such as magic puddings, questioning the role of biochar and talking about an intensity based emissions reduction model—some of the things that others in the political arena have put forward—do you think that is appropriate? To engage in that debate then makes you a participant and when we come to these forums seeking your assessment of certain things you have become a player. It does leave us wondering as to the advice we might receive from the table. Now if the minister engages in that sort of commentary—about magic puddings and having to be ‘honest about claims’ questioning the role of biochar—that is fine. That is the political discourse we have in this country. But—and I confess I might be very old fashioned in this regard—for heads of department to be engaging in that sort of activity does leave me cold.

**Dr Parkinson**—There are two observations that I would make. First, if you have the speech in front of you I would appreciate seeing it, because my recollection is that I did not have a pot shot at biochar. I have consistently said, for example, that biochar and green carbon will have a role to play over time and that it is important that we get both the science right and the accounting methodologies right. What I actually said in that particular speech I cannot recall off the top of my head. The second observation I would make is that I am sure that members of the now government probably had the same view that you are expressing about my public statements when, as acting secretary of the Treasury or as deputy of the Treasury, I also made observations including, for example, around modelling of the impact of Work Choices, when I was accused of making partisan comments, in a sense, by the other side. I think it is a part of the role of senior bureaucrats to participate in debates to provide information to ensure that people understand the issues. It is a different matter to taking a partisan party political position, which I was not doing and did not do when, on numerous times, I made speeches that were reported when I was deputy secretary in the Treasury working with Treasurer Costello.

**CHAIR**—This is the final question.

**Senator ABETZ**—An article in the *Australian* on 24 July said that Mr Turnbull has been championing the issue of biochar. In the article you are quoted as saying:

While on the magic pudding theme, I think we also need to be honest about claims that any particular technology is an alternative to a robust and comprehensive climate strategy ... examples include advocacy of individual technologies like—

and you just happen to pick—

soil carbon and biochar ...

**Dr Parkinson**—That is exactly right. At the time—

**Senator ABETZ**—Is it any wonder that Mr Robb then said that your speech was ‘a blatant attempt to once again choke off serious debate on an issue of great consequence for jobs and industries, ahead of further debate in the Senate in August’.

**CHAIR**—Dr Parkinson, we are about to break; is there anything further you want to say on this matter?

**Dr Parkinson**—I think the comments that Senator Abetz has made he is entitled to hold; they are not views that I hold.

**Senator Wong**—I do have an observation, Chair. Senator, obviously these things are often read from the eye of the beholder. I have to say that my observation of the interventions by Dr Parkinson publicly is that they have been very much focused on the factual situation and factual argument about policy. Politicians often place political readings on those things but that is how I have observed his interventions, and he is obviously a public servant who has served governments of both political persuasions at very senior levels most effectively.

**CHAIR**—Thank you, Minister.

**Proceedings suspended from 9.18 pm to 9.29 pm**

**CHAIR**—I call the committee to order. We are nearly through the day. One moment, Senator Bernardi; the minister has asked to deal with a matter.

**Senator Wong**—Sorry, Senator; I have been asked by Senator Ludwig if I could possibly provide some additional information in relation to issues which were raised earlier today. If the committee could bear with me, I will just read them out. It will take a couple of minutes.

During committee questioning earlier today, Senator Ludwig was asked a number of questions about Australian businesswoman Deborah Lei and a forum on traditional Chinese medicine which the Minister for Agriculture, Fisheries and Forestry, Mr Burke, addressed whilst in China earlier this year. I have obtained some further details and would like to provide additional advice to the committee.

As the committee was earlier advised, the minister travelled to China on ministerial business to discuss a range of agricultural, trade and quarantine issues. He was invited to address a forum on traditional Chinese medicine as part of that visit. I am advised that before making a decision on that invitation the minister sought the advice of his department on any relevant portfolio issues. The department advised that there were a number of relevant portfolio issues which included significant quarantine issues surrounding Chinese medicines, such as students wanting to bring medicines into Australia when they come to study and the growing domestic interest in Chinese medicines. It also included the potential new export markets for Australian producers looking to supply the Chinese medicine industry. I am also advised that Minister Burke’s office did not confirm his attendance at the forum until after that departmental advice had been received.

Chair, the committee has also asked about a claim on a website that Mr Burke was an honorary adviser to Ms Lei. One senator asserted that this claim was true and that the minister had failed to declare this role. The minister was told that the only response from the minister’s office on this issue of declaration was to say that it was a question for Ms Lei. This is incorrect. One senator read the following extract to the committee: ‘Asked why [Mr Burke]

was listed as an honorary adviser and had not declared it, the spokesman said this was a question for Ms Lei.' This is not the full quotation. As the *Australian* reported on 18 July 2009:

Asked why Mr Burke was listed as an honorary adviser and had not declared it, the spokeswoman said that was a question for Ms Lei, as the only request he had received from CACS—

the China Australia Cooperation Society—

was to address the forum.

As was earlier advised, the minister has never agreed to be an honorary adviser to the organisation, nor has he ever been asked to be an honorary adviser to the organisation; therefore, there was no declaration to be made.

The committee also asked whether the minister's office asked for the material to be removed from Ms Lei's website. I am advised that the minister's office tried to get in contact with Ms Lei but was initially unsuccessful. Changes were made to the website without the minister's office having spoken to Ms Lei.

I appreciate the courtesy of the committee in allowing me to do that at this stage.

**Senator RONALDSON**—Madam Chair, I wonder whether the minister has in her briefing note any information as to the rather extraordinary removal of any mention of the China Australia Cooperation Society on any website anywhere—and indeed all references to Minister Burke being an honorary adviser being removed in the most thorough, thorough fashion. Indeed, there is now no record at all of that. Is there any mention of that in the briefing note, I wonder?

**Senator Wong**—I have read everything with which I have been provided, Senator. I am happy to take it on notice. I apologise that I cannot assist any further. Obviously this was a matter that came up when I was at a previous hearing.

**Senator RONALDSON**—Would it be normal courtesy, Madam Chair, for the senator who had asked those questions to be notified? I thought it was, but I might be wrong.

**CHAIR**—I understood that the minister undertook to provide answers as soon as possible and presume that his responding on this occasion through Senator Wong is an attempt to do so.

**Senator Wong**—To be honest with you, Senator, I would have if I had known you had asked the questions.

*Senator Ronaldson interjecting—*

**CHAIR**—I did notice, Senator Ronaldson, that you were present, and certainly if you were not present then that would have been ensured.

**Senator BERNARDI**—Can we just move on?

**CHAIR**—We can, Senator Bernardi.

**Senator BERNARDI**—Thank you. Dr Parkinson, I refer to a question on notice, which is No. 849. It is in regard to the travel bill of \$119,196 and the description of hotels in which you

stayed. One of the hotels in which you stayed was the Emirates Palace in Abu Dhabi. Can you tell me how much it cost to stay at the Emirates Palace?

**Dr Parkinson**—I would have to check, but I think the cost was zero.

**Senator BERNARDI**—It was free?

**Dr Parkinson**—I think so. If you would allow me to—

**Senator Wong**—My apologies; can you just give me the question on notice reference?

**Senator BERNARDI**—849.

**Dr Parkinson**—I was invited by the government of Abu Dhabi to Australia-UAE consultations which Minister Smith participated in and which included a range of Australian business people, academics, people from the financial sector and the like. My recollection is that the government of Abu Dhabi picked up the entire cost.

**Senator BERNARDI**—Do you recall if they picked up the cost of incidentals—food, beverages et cetera?

**Dr Parkinson**—Can I take that notice? I am pretty sure that they provided some meals there. I do not recall what the department was out of pocket for.

**Senator BERNARDI**—It is interesting because I am reading about the Emirates Palace in Abu Dhabi. It says:

Fairytales come to life as your senses are treated to an extraordinary and unforgettable experience.

Did any fairytales come to life for you?

**Dr Parkinson**—Let me just say that this was a hotel that the entire group was booked into. I should not say the entire group. I do not know where Minister Smith stayed. But the business people, the academics and I were booked into the hotel. As we drove towards this building coming in from the airport I remember saying to the person who was driving, 'What's that?', because it was rather impressive.

**Senator BERNARDI**—Did you avail yourself of the roving staff members to clean sunglasses?

**Dr Parkinson**—No, I did not, nor did I know that such a facility existed.

**Senator BERNARDI**—Did you indulge in the desserts?

**Dr Parkinson**—Senator, I do not know where you want to go with this. I did not book it. I am sure that the Australian taxpayer did not pay for it. It was a delegation that included Minister Smith, Wal King from Leighton, Heather Ridout, the head of the Lowy Institute and a range of other people. If you are trying to allude to something improper then I suggest you put it out in the open. If you are not then—

**Senator BERNARDI**—I have asked about the cost of a trip to an extravagant hotel of which at one point you said you thought there was no cost to taxpayers and now you are adamant about it. This hotel uses five kilograms of pure gold to decorate its desserts every year. I just want to know whether this is what our bureaucrats are doing when they are going overseas—indulging in gold laden deserts.

**Senator IAN MACDONALD**—What is its carbon emission?

**Senator BERNARDI**—I am not sure what its carbon emission is.

**Senator Wong**—Dr Parkinson has taken on notice the confirmation of whether or not there was any taxpayer expense involved. He has also indicated that this was a delegation which involved pretty senior members of the Australian business community. I am not sure what further information you would like.

**Senator BERNARDI**—I think we have made the point. Let us move on. In July it was reported that the climate change department paid approximately 27 per cent of its invoices later than 30 days late. What is the current percentage of bills that are paid late within the department?

**Dr Parkinson**—We do not have that figure here. I will have to take that on notice.

**Senator IAN MACDONALD**—In the surveying that Senator Abetz raised, or in any other way, have you taken a sounding or consulted about whether this legislation should be passed before or after the Copenhagen conference?

**Senator Wong**—I might ask Dr Parkinson to respond on this in relation to the campaign per se. Obviously the government's position on this has been clear and has also been the subject of discussion with business groups. As I recall, there have been public statements by a range of business representatives, including from BCA and AiG, indicating that they would prefer passage of the legislation this year. But I will ask Dr Parkinson to respond. I think your question was whether not in this particular market research—

**Senator IAN MACDONALD**—Or any market research.

**Dr Parkinson**—Not that I am aware of.

**Senator IAN MACDONALD**—Through the consultations or on the website or through the phoning that, again, Senator Abetz referred to has there been any comment made about that?

**Dr Parkinson**—Not that I am aware of. In the case of the climate change campaign, the advertisements were directed at encouraging people to participate in the green paper consultation process. It was not about getting them to take any particular position. Copenhagen was not an issue. I am not aware that we have done anything subsequently.

**Senator IAN MACDONALD**—Would it surprise you that in a little survey I did, which did not cost millions of dollars like yours but cost 1,200 postage stamps, of a random selection of people in Townsville, Cairns, Mackay, Mount Isa, Rockhampton and the Bowen Basin coalfields 21 per cent said we should deal with this before Copenhagen and 74 per cent said after? Does that surprise you at all?

**Senator Wong**—I will comment on that. First, in relation to the millions of dollars, you might recall that your government spent some \$120 million on advertising for Work Choices, which, if we want to keep going on about this, seems to me to be a relevant fact. Second—

**Senator IAN MACDONALD**—Minister, I asked whether the result of my little survey, which cost a couple of hundred dollars, surprised you.

**Senator Wong**—Second, as you know, as an experienced politician, the answer to a question obviously depends significantly on what sort of question you ask and the

demographic of which you ask it. That can significantly affect what the responses are. I am aware that some of the coalition have a view about Copenhagen. That is a view that others do not appear to have, and certainly the government's position on this has been a clear, as has been the position of key business stakeholders.

**Senator IAN MACDONALD**—Minister, to help you out, the question was: are you aware that world leaders are meeting in Copenhagen in December to determine a world approach to greenhouse gas emissions? Sixty-five per cent said yes and 35 per cent said no. The next question was: do you believe Australia should finalise its position before or after the meeting of world leaders to determine a world approach to the issue? The figures were 21 per cent versus 74 per cent.

**Senator Wong**—That illustrates precisely the observation I am making. 'Approach' can mean a whole range of different things. For example, if the question were, 'Are you aware that the government scheme does not set its targets until after we know the rest of the world is moving?' you may have had a different response to that.

**Senator IAN MACDONALD**—That brings me to my question. Why is it so necessary that the approach be determined in legislation prior to Copenhagen when nobody else seems to think it is important, including President Obama and certainly 74 per cent of the few people I surveyed? I think if you read the papers you will get the same impression. Here is a chance for you to argue the case on why it has to be.

**Senator Wong**—First, regardless of your polling or the polling of others, the government is focusing on what we believe is in the national interest. Second, I do not necessarily agree with your interpretation of the US administration. In fact, the US administration has worked very hard to progress their cap and trade scheme through their congress.

**Senator IAN MACDONALD**—Are they going to have it legislated before Copenhagen?

**Senator Wong**—That is a matter for their congress, just as this ultimately is a matter for our parliament. The government has made its position clear. The third point I would make is that we are of the view that Australia has delayed long enough when it comes to taking action on climate change. We know that the longer we delay the higher the costs. We are very conscious of the calls from business for certainty—

*Senator Cormann interjecting—*

**Senator Wong**—If I could finish—

*Senator Cormann interjecting—*

**CHAIR**—Order, Senator! Please let the minister finish.

**Senator Wong**—We are conscious of the calls for certainty from business. We are conscious also, as I said, that we have delayed a substantial amount. In fact earlier this year was the 10th anniversary of the first emissions trading report being presented to your government. Finally, I have to say, Senator, there may well be some in the Australian community who would ask, given the propensity of some parts of the coalition to insist on any excuse for delay, whether the position would be any different after Copenhagen.



**Senator IAN MACDONALD**—Minister, that was all nice commentary but I really ask: what is the essential feature that requires you to have legislated work before 8 December?

**Senator Wong**—It is about getting on with the job. It is about providing business with the certainty that is required to take action on climate change.

**Senator IAN MACDONALD**—So two or three months is critical to that?

**Senator Wong**—How many times do you want to do two or three more months, Senator?

**Senator IAN MACDONALD**—When you see what the rest of the world is going to do perhaps.

**Senator Wong**—We set our targets post Copenhagen and nothing at Copenhagen will go to the domestic plans of individual countries to meet their targets. What Copenhagen goes to is what targets developed countries will take and what action developing countries will take, and that is why we will set our targets post Copenhagen. The design of the Australian scheme to get there to meet our targets is a matter for Australia.

**Senator IAN MACDONALD**—So if you are setting targets post Copenhagen what is the necessity for legislation before Copenhagen?

**Senator Wong**—I have answered that. I can go through it again.

**Senator IAN MACDONALD**—If you are not going to say anything more, that is fine.

**Senator Wong**—I also make the point that it is interesting that on this issue some members of the coalition and some members of the front bench choose to ignore the views of senior members of the business community.

**Senator IAN MACDONALD**—That is a nice commentary from you and a nice observation, but it is not answering the question, and I think I gave you a pretty good opportunity to answer it. I will move on, Minister, as I have a huge number of questions to ask. Time is not going to permit but hopefully we can address these in the committee stage of the debate, if it gets that far.

At the last estimates I asked the Secretary of the Department of Rural and Regional Affairs about emissions from the disastrous bushfires in Victoria as opposed to greenhouse gas emissions. I was told that they would ask the Department of Climate Change, but I can see, in looking at the *Hansard*, that it is a little bit confusing about whether they were going to ask or I was going to ask. So I ask this question of your department—and it may have to be taken on notice—the National Greenhouse Gas Inventory prior to the last estimates in May said that 2.7 million tonnes of carbon dioxide according to the National Greenhouse Gas Inventory were emitted during the Victorian bushfires. The bushfire CRC said it was something more like 70 to 105 million tonnes of carbon emissions from the bushfires. I was asking who could be right and why was there such a large difference? It was then that they said that I should ask the Department of Climate Change. I thought they were going to get the answer but apparently they did not. Could you give me that answer? Which is right? If my figures are correct and I have no reason to doubt them—the 2.7 million tonnes according to the National Greenhouse Gas Inventory and 70 to 105 million tonnes according to the bushfire CRC—why is there such a variation?

**Senator Wong**—Senator, we will take that on notice. It may be a difference between the Kyoto accounts and the inventory because the Kyoto accounting rules do have relevance on the extent to which natural disturbances such as bushfires are counted in a nation's Kyoto emissions. So we will take that on notice, if that is okay with you. Can you clarify what you said at the very opening of your question about bushfires vis-a-vis greenhouse gas emissions? I assume you mean—

**Senator IAN MACDONALD**—Carbon emissions.

**Senator Wong**—Carbon emissions from bushfires vis-a-vis other mechanisms.

**Senator IAN MACDONALD**—You are the people with the knowledge—

**Senator Wong**—Yes, that is fine. I think we can probably provide that.

**Dr Parkinson**—Yes.

**Senator IAN MACDONALD**—Can anyone give me a quick answer as to what caused the earth's ice cap to melt 95 million years ago or whenever? I did ask that question before. Someone was going to get back to me and I don't think anyone ever did. Can anyone stab a guess? Was it man-made emissions?

**Senator Wong**—I am sure someone could stab a guess.

**Senator RONALDSON**—My recollection—

**Senator IAN MACDONALD**—Senator Ronaldson is talking from personal experience, but—

**Senator CAMERON**—It was probably all those emissions out of your party room yesterday.

**Senator Wong**—We may have someone here who can assist. I have to say I would usually throw to Mr Carruthers, but unfortunately he has had to be absent. He is on personal leave.

**Senator IAN MACDONALD**—If there is someone here who can give me the answer, well and good. If not, please let me have it on notice.

**Senator Wong**—Unless an officer is keen to—

**Ms Thompson**—I would be happy to—

**Senator Wong**—She is keen to!

**Ms Thompson**—I think most scientists would agree that in fact the earlier melting of the polar ice caps was the result of global warming. But because it was clearly not the result of human induced emissions at that time that is not the case we are facing now, and the balance of scientific evidence suggests that it is in fact human induced emissions of CO<sub>2</sub> and the other greenhouse gases that are leading to the warming of the atmosphere, the warming of the sea and the melting of ice.

**Senator IAN MACDONALD**—As I always say, I do not have a view on this because if the top 10,000 scientists cannot get a unanimity of view, what chance have I got? I was just interested in the polar ice cap melting some millions of years ago. My final question relates to a report in the Mackay *Daily Mercury* that the Queensland Minister for Mines and Energy is vigorously opposing your Carbon Pollution Reduction Scheme. Is that going to cause

difficulties with the administration of the scheme if one government—and I suspect there are others as well but I am only talking about my own state government—is strongly opposed to the Carbon Pollution Reduction Scheme? Or is this report wrong?

**Senator Wong**—I just want to say that my understanding is that that report was not correct in its totality, and my recollection is that the Queensland minister did subsequently clarify the way in which he had been—and I do not want to put words in his mouth because I do not actually recall what was then said—misreported or misinterpreted. I do not have that information here with me but the assumption on which the question is asked is, I think, not correct. We have sought to consult state governments, as we have consulted industry, environment groups and members of the community. Obviously there are particular issues of particular concern to state governments that from time to time they make known to us and that sometimes they make public.

**Senator IAN MACDONALD**—Could you give me the response? You are not sure of it and you are saying this report is inaccurate.

**Senator Wong**—It is not necessarily a document I would have. It may be on the public record.

**Senator IAN MACDONALD**—Can I just quote you? It is on page 5 of the *Daily Mercury* on 1 October, 2009, which is pretty recent. Perhaps Mr Robertson did renege and my staff have not given me that, but—

**Mr Comley**—Senator, if I could assist. If the original question is: could the Commonwealth run the scheme in the hypothetical situation where a state—

**Senator IAN MACDONALD**—No, would it cause you difficulties in administering the scheme if one state government—that is Queensland, but perhaps others—was totally opposed to it, as this report suggests?

**Mr Comley**—I think the short answer is no, because the scheme is established under Commonwealth legislation, which is under constitutional heads of power. The administration of the scheme will be done by the Australian Climate Change Regulatory Authority, which is a wholly Commonwealth body. So from a perspective of actually administering the scheme it would not cause a problem if one state had a different view.

**Senator IAN MACDONALD**—You have got good legal advice on constitutional challenges by the states that nothing the states can do would be able to interfere with this? The states recognise what an enormous attack on their own financial viability this is going to cause, particularly in states like Queensland and Western Australia.

**Mr Comley**—As you know, Senator, it is not normal practice to disclose the nature of legal advice that we have, but obviously we have taken account of legal advice in framing all parts of the legislation.

**Senator IAN MACDONALD**—Okay. Finally, there is the modelling you had on the impact on regional Australia, which, for some reason that was never explained, you refused to release. Are you able to release that now? I think it was done by the New South Wales government. You had a copy of it. We were seeking for it to be released. It was one piece of modelling we understood that did actually look at the impacts on rural and regional Australia,

which the Treasury modelling clearly did not, and it has been so admitted by the Treasury. I am wondering whether you are now in a position to release that. It would be quite dated by now but—

**Senator Wong**—I will ask Mr Comley to answer that if I could perhaps assist you. We did go through with Senator Abetz the department's responses in relation to regional modelling. We can traverse those again if that would be—

**Senator IAN MACDONALD**—I heard him talking about regional polling—

**Senator Wong**—No, I think it was prior to your arrival, Senator. I am happy for Mr Comley to go through those again briefly to assist you. I am not sure precisely which modelling you are referring to. There have been a lot of people commissioning modelling.

**Senator IAN MACDONALD**—It was New South Wales government commissioned.

**Senator Wong**—But that would not be a document that the Commonwealth would hold unless the New South Wales government gave it to us.

**Senator IAN MACDONALD**—That has been established—they had.

**Senator Wong**—Has it?

**Senator IAN MACDONALD**—I have heard it before, but let me ask you: did the New South Wales government give you theirs?

**Senator Wong**—Not to my knowledge, and I would have to take that on notice.

**Senator IAN MACDONALD**—I am expecting you to take it on notice, Minister. Did the New South Wales government give you that modelling? If you do not know the one I am talking about—and I am sure you do—

**Senator Wong**—I was not obfuscating, Senator. Genuinely, as you may recall, there have been a lot of people paying for a lot of modelling in this debate and it is—

**Senator IAN MACDONALD**—We have been through this before and you had admitted that you had it; you refused to disclose it. So you will take that on notice. Have you done any modelling that shows the impact of the CPRS on rural and regional Australia?

**Mr Comley**—Senator, as has been said in this committee as among others, the sort of analysis I think you are referring to, which is substate regional analysis using computer models, requires the use of subregional databases which are not statistically robust. That is the view of the ABS and that is why the Treasury modelling did not attempt that modelling at the subregional level.

**Senator IAN MACDONALD**—So the answer is you have done no modelling, for the reason that the data is not good enough.

**Mr Comley**—Essentially none of the modelling that is done on that data set is reliable because of the sample sizes.

**Senator IAN MACDONALD**—One of the Senate committees that looked into this elicited this information, and you refused to release it at the time. I am wondering, with the passage of time and the coalition meeting with the government to talk about amendments,

perhaps you are now in a position where you can be fully expansive on the information you have.

**Senator Wong**—Senator, when I was expressing some—‘ignorance’ is perhaps a bit too strong a word—lack of recognition, it was actually quite genuine. I do not recall the discussion to which—

**Senator IAN MACDONALD**—You were not at the committee.

**Senator Wong**—It may be. As I said, there have been numerous questions in these and other contexts about modelling.

**Senator IAN MACDONALD**—Of course.

**Senator Wong**—I do not recall the specific interaction to which you are referring, nor did a number of people on my right. Mr Comley has given evidence that the advice, including from the ABS, is that sub-state regional modelling has significant problems in reliability. From the government’s perspective, our view about the best way to ensure assistance to regional economies has been to ensure that those industries, particularly trade-exposed industries which are located in regional areas, have a reasonable and appropriate level of assistance. I do not want to get into the—

**Senator IAN MACDONALD**—Minister, that is interesting but it is not the question I asked.

**Senator Wong**—I suggest that it is relevant to the issue so that you can understand the way in which the government approached it. If the advice to us is that that sort of modelling is not reliable then the question is: how do you ensure that you assist these communities? The best way to deal with that is to do two things. One is to provide assistance to the emissions-intensive trade-exposed sector, many of which are located in regional areas, and second, to provide assistance under the Climate Change Action Fund. The opposition may want to have—and is having—a dialogue with the government about whether it considers those two aspects to be adequate. I am happy to have that dialogue with your representative. But it is wrong to infer from the fact that we have not done modelling of this sort that we therefore have disregarded the impact on regional Australia. What we have sought to do is to address that impact in other ways.

**Senator IAN MACDONALD**—Thank you, Minister. That will be part of the debate in committee. Can I just make my question stand. It has been referred to in one of the other senate committees I was on—it was early in the debate but I can get the formal title and I am sure you will find out what it is—that work was done by the New South Wales government particularly referring to rural and regional New South Wales, and perhaps Australia. So if you could have a look at that and see if there is any reason now, as time has moved on—could I get you to take that on notice?

**Dr Parkinson**—I am happy to take the question on notice. I am not familiar with that piece of work. None of us are. I am not sure that it is us that have told you that we have got it but I will take that on notice. Perhaps I can make one very quick observation before we leave it. One of the things about doing the sub-state modelling is: if you could do it properly then it should in a sense sum up, in a broadly aggregated fashion, to the sorts of results that you are

getting out of the Treasury modelling. The Treasury modelling shows that output grows in all of the key industries that have tended to be focused on in our discussions and employment grows in every major sector.

**Senator IAN MACDONALD**—People who spent lots of money on their own economic assessments in the Bowen Basin and up in North Queensland came and gave very credible evidence that there would be huge job losses under the CPRS, which would have a big impact on rural and regional Australia. Now you say you cannot do it but everyone has seemed to be able to do it. But anyhow, if we leave it there you will get back to me on that assessment in relation to the question that I asked.

**Senator Wong**—We will do that—

**Senator IAN MACDONALD**—Would you release it?

**Senator Wong**—We will consider it. As I said, there have been numerous parliamentary inquiries and numerous modelling reports, but we will see if we can ascertain which one you are referring to. As to your comments about one particular industry, I just want to make a couple of comments. Various members of industry have paid for modelling. Obviously, and perhaps unsurprisingly, that modelling has given certain results. I will make a number of comments about it. One is that much of that modelling refers to jobs—not net losses but as against what would otherwise happen. That is an important—

**Senator IAN MACDONALD**—We have got half an—

**Senator Wong**—Now, Senator—

**Senator IAN MACDONALD**—I am here asking questions—

**Senator Wong**—Senator, you put certain things on the record and I am entitled to respond to those.

**Senator IAN MACDONALD**—I am trying to identify the work and in asking Dr Parkinson it could not be done. We have got half an hour left. This is a debate we will have in the committee. I am simply asking whether you can table that report.

**Senator Wong**—I will very briefly finish because I am responding to something you have put on the public record. Many of those comments on the so-called job losses are made not about net job losses but that there is less growth in particular industries than they otherwise anticipate. I also refer you to the fact that certainly in coal the projected output is to increase out to 2050 under the government's scheme. That is what the Treasury modelling says.

**Senator IAN MACDONALD**—We have had the evidence before our committee—

**Senator Wong**—As a Queensland senator, you will also know the very significant investments that are going into the sector, which would seem to fly in the face of a suggestion that somehow people are of the view that this scheme will be so highly detrimental to that sector. The government has made clear that, for example, in coal the median liability—that is, up to half the mines in Australia—

**Senator IAN MACDONALD**—Madam Chair, this is really a waste of very precious time.

**Senator Wong**—at a \$25 carbon price will face an impost of 80c a tonne.

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**Senator IAN MACDONALD**—Can we move on?

**CHAIR**—I think we are ready now to move on to Senator Ryan.

**Senator RYAN**—On 14 October the Premier of Victoria said on Sky News, ‘We want a scheme that ensures energy security for our state,’ and that he wanted ‘changes to some arrangements’. My question is: have any of the state governments been in contact with the minister or the department and requested changes to the government’s legislation, as it stood when it was last in parliament?

**Senator Wong**—We engage in dialogue with the state governments on these issues. It is no secret that some state governments would like more assistance for some sectors. Those views are not consistent across the states.

**Senator RYAN**—I appreciate that. So it is fair to say that some state governments have asked for changes to be made to the CPRS?

**Senator Wong**—Different states have expressed different views—

**Senator RYAN**—That would not be surprising.

**Senator Wong**—and many of these are on the public record. They are not consistent views. In other words, obviously, what one state government believes would be in the interests of some of that state’s industries may differ from what another state government considers. We have sought to take those views into account and design a scheme that we think is in the national interest.

**Senator RYAN**—I appreciate that. I am interested in exploring the issue, fully understanding that different states will likely have different priorities with respect to their industrial bases, even their environmental bases. What if any specific changes has the state government of Victoria requested to the government’s program?

**Senator Wong**—I am not going to go into detail of what may or may not have been requested by a state government, other than what is on the public record. If you want me to do that, I will take that on notice and consider it. This is to shortcut this discussion—I will be clear with you.

**Senator RYAN**—Did you say you were only taking on notice what is on the public record?

**Senator Wong**—No, I am saying we can have a discussion about what is on the public record.

**Senator RYAN**—Yes, and I am happy to circumvent that today.

**Senator Wong**—If you are asking about dialogue between governments, you can ask those questions but I am flagging with you as a matter of courtesy at the outset I will be taking those on notice.

**Senator RYAN**—I am quite happy for that, to save time. Could I ask that you also take this on notice. I am interested in the requests that have been made for changes to the government’s CPRS by the six state governments.

**Senator Wong**—I will consider that, but can I flag with you that there are obviously a whole range of issues that the government will consider here.

**Senator RYAN**—I am not questioning what advice you take; I just want to know what the state governments have asked for.

**Senator Wong**—I will take it on notice and I will give it due consideration.

**Senator RYAN**—I want to clarify a question that Senator Abetz asked earlier, because I was not sure if I caught the answer correctly. I understand the only modelling that has been undertaken has been the Treasury modelling that was referred to in discussion earlier. Is that right?

**Dr Parkinson**—There was also some associated modelling. Are you talking about electricity or more general?

**Senator RYAN**—This was about the CPRS generally.

**Dr Parkinson**—The modelling that was undertaken by the government was that which is reported in the Treasury modelling results and/or in the white paper.

**Senator RYAN**—Has the department sourced from outside the government any other economic consulting or modelling work or research? I say ‘research’ given Mr Comley’s comments earlier about the difficulty in modelling substate impacts with a full computer equilibrium model. Has the department sourced from outside the government other economic research or modelling work to assess the impact of the CPRS, either on the whole economy or on specific sectors or regions?

**Dr Parkinson**—All three pieces of modelling and analysis of the impact on the generators that were reported in the white paper and in the Treasury modelling were undertaken by private consulting firms.

**Senator RYAN**—And there is no work other than that?

**Dr Parkinson**—Not that I am aware of.

**Senator RYAN**—If there is a difference, I would appreciate—

**Dr Parkinson**—Let me rephrase that. We talk about the Treasury modelling. In fact, a more accurate description is that it was Treasury led modelling. Treasury involved a range of national and international modellers with expertise in various areas. So quite a lot of what was reported in *Australia’s low pollution future* will reflect work that was done by private sector bodies. Other than that, it is the additional private sector modelling on electricity generators that was reported in the white paper.

**Senator RYAN**—I appreciate that. That leads me to my next question. You referred to the collaborative—although that was not your word—effort that drew on work from outside the government as well as other departments, including yours, I assume, in that Treasury modelling, or Treasury led modelling, to use your term. Did the Department of Climate Change, in its input into that, provide a series of assumptions that were fed into that model with respect to the cost of mitigation or the baseline that was being used with respect to where we would be in 50 years with or without the CPRS? What sorts of assumptions or involvement did the department feed into that process?

**Dr Parkinson**—The Treasury will be in a better place to give you the detail about it, but those assumptions were developed by the modelling group. There was a group of people



which included the Garnaut secretariat, because recall that the modelling results also underpinned the Garnaut report. There were private sector and public sector people involved in that whole process.

**Senator RYAN**—I appreciate that. I was specifically after the department's involvement.

**Dr Parkinson**—The department did not specify any particular assumptions. We were part of a steering group that had a range of people on it whose job it was to quality assure all of these assumptions that were being taken around the place from the various national and international experts. So there was a lot of consultation. You may not recall, but there was an invitation by Treasury to industry groups to participate, to help them develop the assumptions. Then there was a steering committee whose job it was essentially to do a bit of quality assurance to make sure they felt that everything fitted together. But we as a department did not specify any assumptions.

**Mr Comley**—The department also seconded an officer to that Treasury team, so they were full time on that team to input to the process.

**Senator RYAN**—I would now like to turn to the impact on electricity, particularly with respect to my home state. Do you have any forecasts with respect to the impact upon electricity prices in Victoria vis-a-vis other states in the national electricity market?

**Senator Wong**—I am sure Mr Comley, Dr Parkinson or Mr Sterland can assist. We did go through electricity prices with Senator Abetz at the commencement of the hearing, prior to your arrival, but we are happy to traverse these issues again.

**Senator RYAN**—I do not think this specific question was asked. I was listening.

**Dr Parkinson**—It is all in the white paper.

**Mr Comley**—There was a table published in the white paper.

**Senator RYAN**—Can you give me a reference? I cannot recall that off the top of my head.

**Mr Comley**—It is volume 2, chapter 12, of the white paper. There is a table that breaks down expected electricity price impacts in all of the states and territories in five five-year blocks, with the expected price impact.

**Senator RYAN**—And recent public pronouncements by some of the brown coal generators in Victoria have not led the department to request outside expertise to reconsider that potential impact?

**Dr Parkinson**—That was the import of the discussion around the modelling with Morgan Stanley that Senator Abetz was asking about earlier.

**Senator RYAN**—Which, I understand, will not be made available to the committee, if I was correct earlier.

**Senator Wong**—We had a lengthy discussion about it. Would you like us to traverse it again?

**Senator RYAN**—No. I am happy for you to confirm that it will not be made available.

**Senator Wong**—I think Dr Parkinson's answer was that the report is not finalised.

**Dr Parkinson**—It is twofold: (1) the report is not finalised, but (2) it is highly commercially sensitive—even the aggregate results—and when we asked the generators to participate we assured them that the results would not be made public.

**Senator BOSWELL**—The Rural Industries Research and Development Corporation released a study saying that farm income for the average beef farmer could fall by over 60 per cent at a carbon price of \$25 or as much as 125 per cent at a carbon price of \$50, when and if agriculture becomes part of the ETS. Have you seen that study? You must have seen it.

**Senator Wong**—I am sorry; we are having a little trouble hearing you.

**Senator BOSWELL**—The Rural Industries Research and Development Corporation released a study which said that the incomes of farmers could fall by over 60 per cent at a carbon price of \$25 or by as much as 125 per cent at a carbon price of \$50, when and if agriculture becomes part of the ETS. You, no doubt, would have seen that study. Do you agree with it?

**Mr Comley**—I have not seen that study but—

**Senator BOSWELL**—Come on, guys—you must have seen the study. I mean, it was all over the papers. Don't you get the *Australian*?

**Senator CAMERON**—The *Australian*! Are you reading the *Australian* again? Can't you think of one question without the *Australian*?

**Senator BOSWELL**—Well, don't you get the *Financial Review*?

**Senator CAMERON**—The *Australian*!

**Senator BOSWELL**—It is a dirty word with Senator Cameron! But what about it—you must have seen this study; it was all over the media.

**Senator CAMERON**—It was in the *Australian*!

**Senator BOSWELL**—It was in *Country Life*!

**CHAIR**—When was this, Senator Boswell?

**Senator BOSWELL**—It was about the time of the Rockhampton—

**Senator CAMERON**—The crisis in Malcolm's leadership—around about that time, I think?

**CHAIR**—Senator Cameron, please—we have been doing very well.

**Senator BOSWELL**—It was around six months ago. I can't believe that you—

**Senator Wong**—You might profess that, but there have been an enormous number of modelling reports and other studies paid for sometimes by individual companies, sometimes by particular industries, sometimes by other groups.

**Senator BOSWELL**—This was by a government group.

**Senator Wong**—Well, you would not expect, I would have thought, that we could immediately recall all the details of a particular report just because it has been in the public arena, given how many have been in the public arena. We are happy to take the question on notice. We have our own modelling, and we have consistently referred to that, and we regard

some of the statements made by some senators from the National Party as being, frankly, unsubstantiated in terms of the cost that is being imputed. We can have a discussion about it. For example, under the first two years of the scheme, the government's modelling—which is, as I have said, the largest modelling exercise the Australian government has undertaken—shows a CPI impact of, I think, 1.2 per cent.

**Senator BOSWELL**—That is an imputation on the National Party members.

**Senator Wong**—Well, where did you get the \$100-and-something a roast? Senator Joyce talks about the \$100 roast. What particular modelling produces that result?

**Senator BOSWELL**—This is a government instrumentality that is giving evidence two doors away.

**Senator Wong**—We are not in Japan, Senator.

**Senator BOSWELL**—It is a government instrumentality. It is a research and development corporation. It is under the government's umbrella. And it has made those observations.

**Senator Wong**—I have one note that refers to a study by the Rural Industries Research and Development Corporation, a study by the Australian farm industry, a study by the meat and livestock association, and two ABARE studies released in February and June. The note refers to the fact that these are likely to overstate the economic impact of the CPRS, and there is a range of reasons put. I am happy to take it on notice and, if the department can assist you as to its response to that particular report, we would be happy to provide it.

**Senator BOSWELL**—They are in the other Senate estimates committee giving answers to questions at the moment. I will go and ask them whether they stand by it. You made an observation 20 or so minutes ago that employer groups were seeking certainty and therefore we should proceed with an ETS post haste. Which employer groups are calling for certainty?

**Senator Wong**—There have been calls, I think, for this issue to be resolved from groups such as the Business Council of Australia, the Australian Industry Group and—from memory—also the Energy Supply Association of Australia. I am not suggesting that various parts of business do not want particular changes that they have been lobbying for, but I think there is a consistency of view—and, if I may say so, it was also the position of many business leaders when your government was in power—amongst many business organisations that it would be much better for business in terms of investment certainty if this policy issue could be resolved.

**Senator BOSWELL**—The Business Council of Australia represents about 120 people, 60 of whom are rent seekers and have never done anything in their lives except claim a tick as various things go through them; about 60 actually produce something. Are you aware that the Australian Chamber of Commerce and Industry has 350,000 members and it is the biggest employer organisation in Australia? It represents the very small businesses, the small to medium businesses and big businesses. Its policy is not to do anything until Copenhagen.

**Senator Wong**—I am aware of that, Senator.

**Senator BOSWELL**—Just as long as you do not claim that everyone—

**Senator Wong**—I do not think that I ever did that.

**Senator BOSWELL**—No, you did not claim that and I am not saying that you did. I have read some of your reports when you have been overseas, and the *World economic and social survey* calls for funds for developing countries to come on board in an ETS. Have you made any provision for paying some of these developing countries to be part of the ETS? What is the government's position on this?

**Senator Wong**—First, there is no payment for being part of the ETS. The government has a range of election commitments regarding assistance for developing countries. They include an International Adaptation Initiative—from memory—of \$150 million and a \$200 million International Forest Carbon Initiative, IFCI. The issue you raise is the broader issue of the role of financing developing countries particularly for adaptation in the context of the international negotiations. Those matters are still the subject of negotiation, so the government has not made any final decision in relation to those because those issues are still being discussed internationally. I make the observation that—and I appreciate that Mr Hunt may not speak to you, but Mr Hunt has made public comments recognising the need for this—if we want an international agreement, and I think we all do, then the expectation, given previous agreements which Australian governments have signed up to, is that there will be some mechanism for assistance being provided to developing countries. The question will be how that occurs, to what extent that is private sector funding and to what extent there is public funding, and those are all issues which are currently the subject of negotiations.

**Senator BOSWELL**—Will this issue be discussed in Copenhagen?

**Senator Wong**—Yes. You may recall that when we attended the Major Economies Forum in Italy President Obama in fact asked that this issue be referred to the G20 finance ministers meeting for discussion, so there are discussions within the G20 track on this issue.

**Senator BOSWELL**—If there will be discussions, you must obviously have made some sort of provision.

**Senator Wong**—We have not indicated in those discussions what Australia would or would not be prepared to contribute and neither have other developed countries at this stage. Discussions are still at the point of considering both what the global figure might be and what the mechanisms might be.

**Senator BOSWELL**—How would this figure, and I read that it runs into the trillions—

**Senator Wong**—Who is suggesting that?

**Senator BOSWELL**—I read it in a paper the other day and your name was not associated with that figure, but your name was associated—

**Senator Wong**—I do not think I have ever said 'trillions of dollars'.

**Senator BOSWELL**—No, your name was not associated with it, but your name was in the particular story. You did not say it was going to cost trillions but someone was indicating that it would take trillions to get everyone into an ETS. My question is: how would you finance this? Does it come out of consolidated revenue?

**Senator Wong**—There are a number of assumptions and leaps in logic, if I may suggest, in that. I do not know the article to which you are referring. I do not know what the 'trillions' reference is. It may be, because there has been public discussion, the cost of climate change—

the cost the world will bear over the decades to come as a result of climate change and as a result of the economic impact of, for example, sea level rise, more intense storms, more cyclones and more droughts. There have been a range of figures put about regarding the cost of that. I think I have answered the question in relation to finance as best I can at this point.

**Senator BOSWELL**—Is there a world estimate of what it is going to cost to get these level 2 countries—what is the term?

**Senator Wong**—Developing countries?

**Senator BOSWELL**—Developing countries, but I think they are called level 2.

**Senator Wong**—Non-annex I countries.

**Senator BOSWELL**—Non-annex I countries. What is the cost? Obviously you have done some research on it.

**Senator Wong**—I think there are two questions there. One is: what will the cost of climate change be for different countries? On that, it is extremely difficult to cost and the costs vary significantly. Obviously the cost for a Pacific island nation that is having its water supplies impinged upon by rising sea levels will be very significant per capita. The cost for a country like Bangladesh, which is vulnerable to flooding, will be very significant. The cost to Africa and countries in Africa which will experience longer periods of drought, in a continent that already suffers from extreme poverty, will be very significant. It is very difficult—and many people have tried—to estimate the costs of climate change.

The second part of your question, or the second issue behind your question, is: what is the developing world going to want as part of entering into an international climate change agreement? Clearly, that is not an issue that is settled. For example, the African countries and many least developed countries have said very clearly their priority is adaptation financing—that is, how do they deal with the impact of climate change? Other nations have views about the importance of technology. These are issues which are still being negotiated.

**Senator BOSWELL**—In the budget you have \$150 million—and you did tell me what that was for—and \$200 million, which comes to \$350 million. That is what we are up for.

**Senator Wong**—They are existing commitments that the Australian government is implementing in terms of international assistance or international programs.

**Senator BOSWELL**—Would you or your government support an international tax or levy in order to finance green aid to developing countries, as suggested by the UN report?

**Senator Wong**—The government has not made a decision on that issue. As I said, these are issues that are still being negotiated. There are a range of views about what is the best way to provide finance. Again, I want to emphasise that the carbon market will be important. I appreciate you are aware of what we are talking about but, for example, if you have an ETS or CPRS in Australia and you allow the trading of international permits, you are actually providing an incentive for private sector Australian companies to invest in reducing emissions in developing nations. That is a carbon market source of finance.

**Senator BOSWELL**—So you are not ruling out a tax or levy to finance it?

**Senator Wong**—I will refer to my previous answer. I think the way you have construed it, if I may say so, is perhaps a little blunt. I did not say that. Do you want me to repeat what I said?

**Senator BOSWELL**—Yes.

**Senator Wong**—I said that the government has not made any decision on that issue and that the issue of how these international financing arrangements will work is still an issue for the negotiations. Then I explained to you that we do see a very substantial role for private sector financing.

**Senator BOSWELL**—That is not ruling it out. You are not saying, ‘We are not going to do that.’ You are not ruling it out.

**Senator Wong**—There has been no decision on that issue.

**Senator BOSWELL**—I absolutely accept that. You are not ruling it out. You are not ruling it in or out.

**Senator Wong**—We can play this game all night long.

**Senator BOSWELL**—I do not want to play it any longer.

**CHAIR**—There are other senators with questions.

**Senator Wong**—If every time the government said ‘We have not decided to do that’, you said, ‘Therefore you are not ruling it out’, there would be a very long list of things not ruled out.

**Senator RONALDSON**—Minister, I will make a quick statement and then I will put a proposition to you.

**Senator Wong**—Can we finish early?

**CHAIR**—No. Senator Heffernan is coming back.

**Senator RONALDSON**—My statement is that, with major change, a responsible government would take the community with it. My proposition is that positive community perceptions of an ETS will be important for its successful implementation and for community acceptance of any incurred personal financial costs. Do you agree with that?

**Senator Wong**—I think that engagement by the community is important. I will make two points. The first is that this is an issue that was quite prominent at the election. Time and again the Australian people have made it clear they do want action on climate change. I would also say that I think it is a welcome development that the opposition is seeking to engage more constructively on this issue. I think that is a much better position in the public policy debate.

**Senator RONALDSON**—Minister, you know me well enough. You know that I am deeply concerned, but you also know that I am not a philosophical warrior. After 16 years of politics, I think there is a lot more pragmatism in me than there is warrior.

**CHAIR**—Well, I am not sure about that.

**Senator Wong**—I think that was Senator Ronaldson’s softer side.

**Senator RONALDSON**—What I cannot understand is why the government have been so bloody-minded in the context of an event in December and the opportunity to take the community with you in February and ensure that you do have positive perceptions rather than running the risk, which you are at the moment, of actually deeply dividing the community.

I will put it to you this way: why would you deeply divide a community on such major change when, for the sake, literally, of two months, you could take the community with you—and, I suspect, take with you not just the community but also, with relative ease, probably the political process as well. I just cannot for the life of me understand it. Do you have a reason for this, I think, just bloody minded, urgency to get it done before Copenhagen?

**Senator Wong**—I do not accept that. I think what is bloody minded, if I may say, is continuing to delay action on climate change when we know we have to do it. With respect, Senator, I think when you talk about division you are conflating the community and the opposition—the fact that the opposition, or some members of the opposition, do not want to deal with this until after Copenhagen is not necessarily reflective of the community.

I have outlined to Senator Macdonald—and in fact I have outlined it many times—why we believe we need to act. We have delayed long enough. Business wants the certainty that is required for the long-term investments. We know that delaying increases the cost and we do believe it is important as we go into Copenhagen—the more nations taking action the better the chance of getting the agreement we need. We have traversed those issues in detail. I do not put you into this category, Senator, but I have to say that there are some members of the coalition who have made it clear that the purpose of delay after Copenhagen is simply to have another round at trying to knock off this action on climate change. I am responding to members of the opposition who have been quoted in the national media on this.

**Senator RONALDSON**—But, Minister, I do not think this is actually about the opposition; I think this is actually about the community and a very widely held committee perception now, which is unrelated to people's views on climate change, I have to say, that we should wait until we know what the rest of the world is doing—and those people are not climate change sceptics; I actually think they are probably the true pragmatists about this debate. The trouble is that the government has put those people and those who articulate the concerns of those people into a very tight led-bound box of scepticism, and I just think that is totally unreasonable.

**Senator Wong**—I do not agree with that. In fact what I have noted in this debate—and, again, I actually do not include you in this—is that much of the rather personalised rhetoric has come not from those who support action on climate change but rather those who oppose it. We think Australia has waited long enough to take action. We know delay simply increases the cost. This has been delayed time and again, primarily because of the division, frankly, within your party. As I have said, we think business should have the investment certainty that is required to make the long-term investments we know are needed. We also know that delay simply increases the cost. On the issue of Copenhagen, Senator, I would remind you that we do not set out targets until after we know what the rest of the world is doing. What this is about is getting our plan to meet those targets right.

**Senator RONALDSON**—It is fair to say that the government has a particular view regarding the urgency of the measures that you advocate in response to the issue of climate change, is it not? Is it fair to say that those views are not uniformly held in the context of the debate we have just had?

**Senator Wong**—There are a range of views on the way the best way forward, including in your party room, Senator. We all know that.

**Senator RONALDSON**—But it is the urgency of the measures that we have had some discussion about today. I think it is fair to say that some accept your urgency and others do not accept that. I will to other matters now. In opposition shadow minister Lindsay Tanner promised to clean up government advertising because, and I quote, ‘a large proportion of it was devoted to propaganda’. That quote comes from his National Press Club address on 8 August. Presumably the government deems taxpayer funded partisan advertising through traditional media to be objectionable in the light of Mr Turner’s comments, and I would assume that the same objections apply to taxpayer funded advertisements through other forms of communication. On that basis I bring you to contract notice No. CN205011—and if this has been gone through already then I humbly apologise because I have been in and out tonight. This is a contract for the sum of \$110,220 between the Department of Climate Change and Kids Media Pty Ltd for a schools competition. Has that been discussed? If it has, I apologise.

**Senator Wong**—No, it has not. It is Murray order documentation, is it?

**Senator RONALDSON**—I do not know whether it would be a Murray order document.

**Senator Wong**—Perhaps somebody in the department could assist by finding this but—

**Senator RONALDSON**—No, it is just a contract notice view from 16 July.

**Senator Wong**—I do not have that in front of me but I think you are referring to the schools competition we ran. I would make the point in relation to advertising, and I do not want to get into a political argument here because given the time I am sure you have some questions to finalise, but obviously the government has put in place a range of reforms including Auditor-General consideration and sign-off on advertising programs.

**Senator RONALDSON**—But of course the ANAO would not have investigated this matter because it would not have been triggered under their rules.

**Senator Wong**—I would not suggest that this was advertising.

**Senator RONALDSON**—I assume that this competition was directed towards school children, either in primary or secondary school, was it?

**Dr Parkinson**—The schools competition was directed towards school students. It has been the subject of lengthy discussion in this committee in the past. Kids Media was the company that was employed to run that.

**Senator Wong**—It was a very successful campaign. Some 7,600-odd students entered the competition, which reflects—and you may have experienced this; certainly I have—that school children and young people have a very significant level of interest in this issue and often a great deal of knowledge.



**Senator RONALDSON**—I am very mindful of the time and I do not want to go much past 11.30 pm—

**CHAIR**—It is 11 pm when we finish.

**Senator Wong**—We are finishing at 11 pm.

**Senator RONALDSON**—Are we? Well, we will need to rattle through it a bit quicker then. Was the question asked, when this was the subject of great discussion, Dr Parkinson, whether the competition happened to advance any particular point of view on the issue of climate change and the actions needed to combat it?

**Dr Parkinson**—If you are asking—and this is a question that I think Senator Abetz has asked in the past—could somebody who submitted a view that was sceptical of climate change win the competition then the answer is that absolutely they could. The competition was: what does climate change mean to you?

**Senator RONALDSON**—It was not so much whether somebody had a view about it and whether they could win it or not. I am not actually worried about that. What I am concerned about is whether that schools competition happened to advance any particular point of view on the issue of climate change and the actions needed to combat it.

**Dr Parkinson**—It was asking children to enter a competition—

**Senator Wong**—On what does climate change mean to you?

**Senator RONALDSON**—And nothing further? Was there nothing else?

**Senator Wong**—We did specify, I think, that we would take poetry, art, writing but, from memory, not videos et cetera.

**Dr Parkinson**—And we did provide some educational material. That included some fact sheets, a glossary of terms, a poster displaying tips to combat climate change and online quizzes.

**Senator RONALDSON**—Did Senator Abetz request, by any chance, copies of any materials associated with this?

**Dr Parkinson**—Senator Abetz had printed off material from our web site.

**Senator RONALDSON**—So this has been canvassed. I am taking it at face value, Dr Parkinson, that this has been canvassed.

**Senator Wong**—I was glad that some members of the coalition attended the prize-giving ceremony and looked at some of the entries because they were really of a very high standard. I certainly found it really inspiring, which might not be too strong a word, the way in which many of these young people had engaged with this issue and had really put a lot of thought into what they wanted to enter into the competition and were so interested.

**Senator RONALDSON**—I accept that, but I was seeking to ascertain whether the terms of the competition were such that it was directed towards a particular point of view and whether that reflected the government's point of view in relation to both the issues and the urgency. But if you are saying that it did not, then I accept that.

Let me take you to the issue—and, again, if this has been raised by Senator Abetz previously, I apologise—concerning a contract notice CN502000, with some \$77,000 between the Department of Climate Change and Silver Sun Pictures Pty Ltd for the development of a climate change DVD. Has this been raised before?

**Senator Wong**—Could we take that on notice, Senator? We think we know what it is but we are not sure whether the reference that you have given refers to the DVD we think it does.

**Senator RONALDSON**—Climate change DVD, contract note IDC and 205000, 1 July 2008 to 30 June 2009—

**Dr Parkinson**—Was that July 2008 to June 2009?

**Senator RONALDSON**—Yes. \$77,000, climate change DVD, Silver Sun Pictures Pty Ltd.

**Senator Wong**—Senator, I think we need to take that on notice.

**Senator RONALDSON**—When you are taking that on notice, Minister, could you please let me know whether that DVD happened to advance a particular point of view on the issue of climate change and the actions needed to combat it. And if the DVD did advance that view, does that point of view constitute an endorsement of the government's position that its ETS legislation must be immediately passed by parliament? Was notice taken whether the government intended any particular target audience for the DVDs, for example, primary or school children? Then I take you to contract note CN205026, with some \$215,000, which is a contract from 23 March 2009 to 30 June 2009 with Ogilvy Public Relations Worldwide Pty Ltd for public relations activities.

**Senator Wong**—We will have to take that on notice. The list is quite extensive and if we had been provided with these we might have been able to answer them now. But, as you know, the list of contracts provides reasonably scant information and we do not want to give you the wrong information.

**Senator RONALDSON**—Minister, I accept that but I have got to say that it is most unusual for officers not to have the details of contracts at hand.

**Senator Wong**—As a senator who has been on the other side I can tell you that that is not the case.

**Dr Parkinson**—Just to clarify, when we were told that members of the committee wished to discuss provision of support for community groups and others we asked for additional information so that we could assist the committee, and it was not forthcoming. I am happy to take those questions on notice but at the moment I cannot—

**Senator RONALDSON**—I am mindful that my colleague wants to ask a couple of questions. Would any of those public relations activities have involved the advancement of the government's particular point of view on emissions trading legislation? Has the Department of Climate Change played any role in the planning or execution of climate change public relations activities carried out by other departments so that effectively other departments are on message and sing from the same song sheet?

**Dr Parkinson**—I think there is a grouping of officials which compares notes about what work is being done across departments but we do not have control over anything like that.

**Senator RONALDSON**—I am not asking whether you had control. I am asking whether you actually effectively are the lead agency in the sort of language and words and message that might be used by the departments in relation to climate change.

**Dr Parkinson**—We would need to be consulted if people were going to start talking about climate change issues, to make sure that it was consistent.

**Senator RONALDSON**—Can I ask you to therefore take on notice contract CN 194839 for the sum of \$242,000 between the Department of Agriculture, Fisheries and Forestry and instinct and reason, a company of Surry Hills, for ‘market research to provide a more detailed understanding of our clients and their stakeholders and their behaviours, attitudes and information preferences in relation to climate change and drought’. I put it to you, Minister, that market research is an integral part of any political advocacy campaign and provides you with the necessary skills and intelligence to craft an effective messaging strategy, with very real risk that it would enable partisan points of view to be put across more effectively. I ask you please to take on notice what involvement the Department of Climate Change had in that contract, whether advice was sought by the Department of Agriculture, Fisheries and Forestry and indeed whether there was any information provided back to the Department of Climate Change from the Department of Agriculture, Fisheries and Forestry following that market research.

**Senator Wong**—There are a range of assertions in your question which I do not accept. But in relation to the request to take on notice that contract and details associated with it, I am happy to do so.

**Senator HEFFERNAN**—Can I just follow on there, which is off the lines of where I want to go and I have not got the bloody time to go there anyhow. There are two R&D organisations which are concerned about their future wellbeing if they do not toe the line. They have actually had to go back and redo their reports because they had to take out references that were against the message of the government on emissions trading impact on those particular industries. One of them had a howling argument in the minister’s office as part of the process to—

**Senator Wong**—Are you referring to me?

**Senator HEFFERNAN**—I am referring to the role you may have played in it.

**Senator Wong**—I have not had a howling argument with an agency outside of my portfolio, if that is the insinuation.

**Senator HEFFERNAN**—It was not you. So I think it is despicable. I saw the MLA backed red meat glossy brochure five-year plan for the future which had all that taken out of it. There were two lines in it about how emissions trading might impact on red meat in the future and we all know it is a serious issue, yet it did not turn up in the five-year vision. That is not the one I am referring to, by the way. There is a serious problem with the government bullying R&D people to the point where they are worried about their jobs and their future bloody funding.

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**Senator Wong**—Senator, that is a very heavy imputation you have just made.

**Senator HEFFERNAN**—It is. Fortunately for me, it is backed up by—anyhow, there you go.

**Senator Wong**—It is not really a question, it is a set of, frankly, unsubstantiated—

**Senator HEFFERNAN**—Good-o.

**Senator Wong**—Well, it is, Senator Heffernan. There are a series of unsubstantiated allegations.

**Senator HEFFERNAN**—Good-o.

**Senator Wong**—Good-o!

**CHAIR**—Are there questions?

**Senator HEFFERNAN**—I want to go to agriculture and the implementation. The present model for the government is that we are going to tell you in 2013. I understand all the reasons, as you know, of the complexities of trying to get agriculture in on the credit side. ‘We are going to implement whatever we decide in 2015 and, by the way, we could include you on the debit side if we do not include you in the program.’ For people who are trying to model their future on their farms, part of the information they have been given is that they may be included in the emissions-intensive trade-exposed industries by way of a credit. Wouldn’t we have to lower the threshold to do that?

**Senator Wong**—It would depend on how emission intensive the activity is.

**Senator HEFFERNAN**—The bulk of mixed farming, as you know, is nowhere near the threshold and cannot be. By the way, I have not been able to get anyone to answer these questions. We were told in another committee that they were going to try and pass back the debt to the processors.

**Senator Wong**—This is the situation. You know the government is not including agriculture in the scheme that is before the parliament. We have said we will not make a decision to include it until 2013. Even if we did make a decision then, it would not come in until 2015. There is all this work that will need to be done, and that is starting to be done, with the agricultural sector. On your second point about assistance, we are saying that the most emissions-intensive trade-exposed activities can get assistance in accordance with the policies the government have put out. Whether they are food-processing or whatever, the issue is whether they meet those thresholds. The third point I make is that this is an issue on which the opposition has put forward propositions to the government. We will have a dialogue with Mr Macfarlane and others in the coalition about this issue because we are serious about negotiating with you in good faith.

**Senator HEFFERNAN**—Thanks for that.

**Senator Wong**—I take your point, Senator Heffernan, and I am happy to continue to have a discussion with you at another time about your views on agriculture.

**Senator HEFFERNAN**—Thank you. With the emissions-intensive trade-exposed threshold and the capacity to be able to participate in that, we were told in another committee

today that industries such as the beef industry would be able to pass back to the abattoir and they would pick up the debt.

**Senator Wong**—I do not know where this discussion occurred, Senator.

**Senator HEFFERNAN**—It occurred in DAFF today. My problem is—

**Senator Wong**—Beef is not in at the moment.

**Senator HEFFERNAN**—The people who are doing the government's paid for modelling under the Farm Institute model are being told it does have an impact. For instance, a guy in the *Land* this week said that he has a \$75,000 debt on his farm, because he put it through the model. If he then included the proposed emissions-intensive trade-exposed concession, he would reduce his debt on the farm from \$75,000 to \$10,000. That sounds good. That did not include, of course, the fertiliser, fuel et cetera. The difficulty I have is that from what we were told in DAFF today, they are going to do that by including his exposure in the processing EITE.

**Mr Comley**—No.

**Senator HEFFERNAN**—No? Otherwise you are going to have to change the threshold dramatically.

**Mr Comley**—This is in fact part of the work program that is currently occurring with agricultural stakeholders. One model is similar to the one that you have referred to which is to push the point of liability upstream to an abattoir or a processing plant.

**Senator HEFFERNAN**—Can I tell you that you cannot do that? I will tell you why. It is completely flawed because three-quarters of the cattle herd and three-quarters of the sheep do not end up at the abattoir.

**Senator Wong**—Correct. That is why in the discussion—

**Senator HEFFERNAN**—So that is a failed option.

**Senator Wong**—Hang on, Senator, you are having a go about something that is not government policy. So let us not get hot under the collar about this.

**Senator HEFFERNAN**—This is what the cockies have been told.

**Senator Wong**—What I am saying is that it is not included currently. I will outline to you the time line. You have raised a point of liability issue. I have heard very clearly the view from farming representatives about that—

**Senator HEFFERNAN**—It will not work.

**Senator Wong**—for the reasons that you have outlined just now—that is, the number which end up there—but also that farmers want to have control of their own destiny and therefore want to manage their carbon risk themselves. We are very conscious that that is the view of the sector.

**Senator HEFFERNAN**—All right. We will have this discussion at a greater depth at some other place and time.

**Senator Wong**—No worries.

**CHAIR**—It sounds good.

**Senator HEFFERNAN**—In the meantime, while we are waiting until 2015 and have to explain to the bank manager how we are going to get our line of credit, the US says to its farmers, ‘You can get into the market now and get your credits because it is going to put you in on the credits and out on the debits,’ and if Europe does the same with the exception of France, how are we supposed to manage? We would be seriously disadvantaged in the market if that happens.

**Senator Wong**—Firstly, Australia is pressing for changes in the international accounting rules that enable much better accounting of land management issues. Of course we will look at what is occurring overseas, but let us remember we also have to be able to measure it and we have to be able to do the technical work that makes sense. You understand that, Senator.

**Senator HEFFERNAN**—More than most. You would know, and I certainly know, that if you have a beast and you have to try and estimate what it’s belching and expressing, shall I say—I am not allowed to use the other word—

**Senator Wong**—Everybody else does.

**Senator HEFFERNAN**—Farting, okay?

**CHAIR**—Discharging.

**Senator CAMERON**—Is that a farm technical term?

**Senator HEFFERNAN**—Well, you would know, Senator, if you have a feed of baked beans or a feed of porridge the difference in your body bowel habits.

**CHAIR**—Can we get to this last question please?

**Senator HEFFERNAN**—How do you absolutely, without some lunatic proposition, model a cow which could be put on lucerne that has not gone to flower, lucerne that has gone to flower, lucerne that has gone to seed or lucerne that has been mown for silage and cut off and is four inches high? How do you model a cow on an oat crop or on a spear grass paddock? How in the name of hell are you going to try and get—

**Senator Wong**—Fair enough, which is why it is not included in the scheme that you are being asked to consider.

**Senator HEFFERNAN**—The banks are not going to stand for the proposition that I am going to sit around until 2015 on this. Why can’t we say what the rest of the world is saying—

**Senator Wong**—Not everybody is saying that.

**Senator HEFFERNAN**—and that is, in on the credits and out on the debits. Thank you very much.

**Senator Wong**—Thank you. That was an entertaining note on which to finish. Thank you, CHAIR.

**CHAIR**—That concludes tonight’s hearing.

**Committee adjourned at 11.02 pm**

