



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

MONDAY, 18 OCTOBER 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE FINANCE AND PUBLIC ADMINISTRATION****LEGISLATION COMMITTEE****Monday, 18 October 2010**

**Members:** Senator Polley (*Chair*), Senator Bernardi (*Deputy Chair*) and Senators Faulkner, Kroger, Siewert and Stephens

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

**Senators in attendance:** Senators Abetz, Adams, Back, Barnett, Bilyk, Bernardi, Coonan, Cormann, Crossin, Faulkner, Fierravanti-Wells, Fifield, Forshaw, Humphries, Hurley, Kroger, Ludlam, Macdonald, Marshall, Moore, Nash, Parry, Payne, Ryan and Sterle

**Committee met at 9.00 am**

**PARLIAMENT PORTFOLIO****In Attendance**

Senator Hogg, President of the Senate

**Department of the Senate**

Dr Rosemary Laing, Clerk of the Senate  
Mr Cleaver Elliott, Acting Deputy Clerk of the Senate  
Mr Chris Reid, Acting Clerk Assistant (Committees)  
Mr Richard Pye, Clerk Assistant (Procedure)  
Ms Maureen Weeks, Clerk Assistant (Table Office)  
Mr Brien Hallett, Usher of the Black Rod  
Mr Glenn Krause, Acting Deputy Usher of the Black Rod  
Mr Joe d'Angelo, Chief Financial Officer  
Mr Simon Harvey, Director Parliamentary Education Office

**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 Liz Bryant, Acting Assistant Secretary, Projects Branch (formerly known as Product and Service Development Branch)  
Ms Judy Konig, Chief Finance Officer  
Mr John Edwards, Senior Project Manager—Security, Building and Security Projects Section, Projects Branch  
Ms Kylie Scroope, Director, Art Services, Projects Branch

**Output 1: Parliamentary Library services**

Ms Carol Kempner, Acting Assistant Secretary, Research Branch

Ms Judy Hutchinson, Acting Assistant Secretary, Information Access Branch

**Output 2: Building and occupant services**

Ms Bronwyn Graham, Acting Assistant Secretary, Building Services Branch

**Output 3: Infrastructure services**

Mr John Harrison, Acting Assistant Secretary, Infrastructure Services Branch

**Output 4: Parliamentary records services**

Mr Paul Oglethorpe, Acting Assistant Secretary, Content Management Branch

**CHAIR (Senator Forshaw)**—Good morning, everyone. I declare open this meeting 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 2010-11 for the parliamentary departments and the portfolios of Prime Minister and Cabinet and Finance and Deregulation. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed Friday, 3 December 2010 as the date by which answers to questions on notice are to be returned. Senators are reminded that they have until the adjournment of hearings tomorrow, Tuesday, 19 October, to lodge written questions on notice with the secretariat. The committee's proceedings today will begin with an examination of the parliamentary departments, followed by the Prime Minister and Cabinet portfolio. Tomorrow, Tuesday, we will commence with continued examination of the Prime Minister and Cabinet portfolio, including the Department of Regional Australia, Regional Development and Local Government and the Finance and Deregulation portfolio.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat can provide copies of the rules. I particularly draw to the attention of witnesses an order of the Senate of 13 May 2009 specifying the process by which a claim of press and public interest immunity should be raised, 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

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shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

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

If senators wish to table any documents or provide additional information during the proceedings, I ask that they provide at least one or more duplicate copies so that copies can then be made as quickly as possible for the information of other members of the committee.

[9.02 am]

#### **Department of the Senate**

**CHAIR**—I now welcome the President of the Senate, Senator John Hogg; the Clerk of the Senate, Dr Rosemary Laing; and officers of the Department of the Senate. I thank the department for again providing the committee with updated information on Senate committee activity. Mr President, do you wish to make an opening statement?

**The PRESIDENT**—No.

**CHAIR**—Dr Laing?

**Dr Laing**—I have a short one. I wish to inform the committee that the department's annual report was presented out of sitting last Thursday. We received an unqualified audit report from

the Australian National Audit Office, but, for the second year in a row, we have recorded an operating deficit. The deficit at 30 June 2010 was \$306,000. It is larger than I forecast at the last round of estimates but significantly less than the previous year of \$1.43 million. Two consecutive deficits show that the requirement to absorb the additional two per cent efficiency dividend on top of the normal 1.25 per cent efficiency dividend is a significant burden. The President and the Appropriations and Staffing Committee have been provided with quarterly updates on our financial position.

At the last estimates I mentioned that we were undertaking a structural review, which has now been finalised. It has recommended some relatively minor changes. Proposals to augment the Deputy Clerk's functions and to enhance the department's public information capacity will now go to the Appropriations and Staffing Committee for endorsement, along with some funding proposals. As you mentioned, Chair, we provided the usual update of committee operations to the committee last week, showing continuing strong levels of activity.

We are often asked what we do while you are all away campaigning during the election break. I can assure the committee that we were not idle. Apart from the usual end-of-parliament finalisation of records and papers and related matters, 54 committee reports were tabled between the last sitting day in June and the eve of the new parliament. Work was done on a wide range of election period projects, ranging from updating manuals and reference works and developing training materials and new training videos et cetera to contributing to the redevelopment of the APH website and other IT projects. The department also coordinated this year's open day, which was held on 18 September, which was well attended and well received. Intensive preparations occurred over a relatively short time for the opening of parliament. Finally, we ran a preorientation seminar for the 12 senators-elect on 29 September. Thank you, Mr Chairman.

**CHAIR**—Thank you, Dr Laing.

**Senator BERNARDI**—I was glancing through the annual report this morning. On page 109 is the Commonwealth Disability Strategy. Could you update me as to a Senate order which was passed a couple of years ago, or 18 months ago, with regard to providing greater online access to the work of the Senate to people with a disability? In particular, I think it was for visually impaired people.

**Dr Laing**—For quite a long time the department has been working to improve access to vision impaired people. We have been working with Vision Australia on what we can do in relation to making our website more accessible. I must say that our website generally conforms to disability access standards, but there is one area where we have had some issues in the past and that is in relation to handwritten submissions to committee inquiries. We can prepare most submissions in the appropriate format, but what we do with handwritten submissions—which, as you will appreciate, is a fairly small proportion of submissions—is that we prepare a PDF and post them on the website. It is those files that we have had complaints about from the vision impaired community. The department has been in dialogue with Vision Australia. We have had a number of meetings. Vision Australia has said that they would come back to us with a possible solution to this. Rather than us rekeying every handwritten submission, which we do not have the resources to do, there is apparently a service available that could transcribe requested submissions. The trouble with the usual



software is that it works on optical character recognition, and that is fine for typed text, but when you have handwriting there is no optical character recognition software on the market that can cope with the variations in handwriting. I guess the bottom line is that we are still working on it and we are working in cooperation with Vision Australia.

**Senator BERNARDI**—So Vision Australia are happy with the progress in other areas to date. I do not want to put words in your mouth, but they recognise that it is conforming to best practice, I guess.

**Dr Laing**—I do not know that they are happy but they have not been complaining, and we are working with them.

**Senator BERNARDI**—That is always a good start for any organisation. Thank you.

**Senator KROGER**—Good morning, Dr Laing. Thank you for the update. It is good to see that the pressure on the deficit is coming down. At the last estimates you mentioned that a lot of the pressures on the department were due to the increase in committee activity. Have you employed extra staff to cope with that increased activity?

**Dr Laing**—No, we have not, Senator. If you look at the figures that we provided to the committee last week you will see that our average staffing level across the committee office remains around the 59 or 60 staff number. We augment those staff in a variety of ways. We have a program called Working in the Senate whereby we recruit interested officers from the Public Service to spend a year with us to gain experience. We also have the capacity to recruit temporary staff according to the peaks of workload, but you cannot just pull somebody off the street to support a committee. Our secretariats have a huge amount of expertise and, while this expertise can be augmented with specific help, we do not have a floating workforce where we can just recruit an extra 10. We do not have the money for that either. So we place our workforce according to the peaks and troughs. We have a very mobile workforce.

**Senator KROGER**—You also mentioned that the then staff agreement was expiring on 3 January 2010. Has the new agreement now been ratified? What is the situation there?

**Dr Laing**—It has. A new agreement was negotiated with staff in the earlier months of the year. It was voted on and agreed to, and it is in place. Mr Hallett might add something on that.

**Mr Hallett**—Senator, negotiations were held in the first half of this calendar year. Just for the record, the former collective agreement actually expired on 30 June 2009. We commenced negotiations with staff when we came back after Christmas. They proceeded very well. Quite a large number of staff were involved, as they are entitled to be under the new arrangements. As the Clerk has just said, that was put to the vote. It was approved by a majority of staff. It then went to the relevant authorities, who approved it, and it is now in force. Probably the key thing to point out is that there is a three per cent pay rise next year and a three per cent pay rise the following year.

**Senator KROGER**—Have projections on the effect of that pay rise been taken into account for the budgeting?

**Dr Laing**—That is right. Those pay rises have been factored into our operating budget.

**Senator KROGER**—If I can turn to the news clipping services that you were questioned on by Senator Ronaldson last estimates, I understand, Mr Hallett, that you said that the annual cost of the clipping services was \$185,000. Does that sound right?

**Mr Hallett**—That is correct, Senator, and, as I explained at the previous estimates hearing of this committee, that can be divided into three components: there is an \$85,000 payment to Media Monitors for their services; the staff costs involved in producing it, in our printing unit, are \$55,000; and about \$45,000 is spent on consumables, which is basically paper. That gets us to around the \$185,000 mark that I mentioned at the last hearing. I should, just for the record, make the point that obviously, when we are sitting, we produce more clips and, when we are not sitting, we produce fewer, so that figure can fluctuate a little bit.

**Senator KROGER**—You also mentioned that there were preliminary discussions with the serjeant's office regarding a possible collaborative news service with the House of Reps. Have they proceeded?

**Mr Hallett**—Yes, they have, but again, just for the record, most of the discussions our department has had have been with the Parliamentary Library, because the Parliamentary Library already have a very sophisticated system in place. Senator Ronaldson made quite a valid point at the last estimates hearing that there possibly could be some efficiencies there, so we have been in discussions with the Parliamentary Library. I think the key issue has been the time that the clips are available, and that is certainly, I have been advised by the library, becoming earlier and earlier in the morning. We are hoping to run a trial, basically giving our profile of what we get from Media Monitors to the library and seeing if the library can produce that through its already existing systems and have it available at a time suitable to senators and their staff and the department. So that is ongoing but hopefully we will have more news about that in the next little while.

The other thing that I should quickly mention is this: Senator Ronaldson asked about the archiving of existing clips on our intranet site—

**Senator KROGER**—Yes.

**Mr Hallett**—the so-called *SENNET* site, which obviously senators and their staff have access to. I said that we would go away and look at that. We did. The advice that we got was that we can archive up to 90 days without having to pay an additional copyright fee, so we are now doing that. That is happening incrementally. If you go onto that site today, we are now up to 16 September, and we will keep adding to it until we get to the 89-day mark.

**Senator KROGER**—So it was 10 days?

**Mr Hallett**—It was 10 days and it is now going to be up to 90. We had to do some technical things to get it ticked off. That has happened. We now go back to Thursday, 16 September. We will just keep archiving until we get to 90 days and then the oldest one will drop off.

**Senator KROGER**—Okay, that is great. I do not have any more questions.

**Senator MOORE**—Mr Hallett, in terms of the time frame that you mentioned, for the ongoing work with the library you said 'in some little while', I think. Has there been any further discussion about a formal time line for that work?

**Mr Hallett**—There is a trial under way at the moment. I am advised that the trial is expected to be completed before the end of October. I am always nervous about putting a time frame on trials and raising people's expectations, but we are hopeful that the trial will be completed by the end of October and then, if that works, we will look to it proceeding.

**Senator MOORE**—Who makes that decision?

**Mr Hallett**—That will be a discussion between this department and the library. It will be a cooperative venture, I suppose. That is the best way to put it.

**CHAIR**—Are there any further questions for the Department of the Senate?

**Senator FAULKNER**—Yes, I have a question. I would be interested to know, Mr President—or perhaps this is better addressed to the Clerk—what, if any, communication there was from our friends in the House of Representatives about the operation of the Senate standing orders in relation to our procedures and whether you were asked for any advice as to how these procedures might apply in the House of Representatives, given the changes to the procedures in that chamber. I ask this, Chair, because many of the new procedures of course very closely correlate to longstanding procedures in the Senate and I wondered if anyone had had the good sense to draw on the Senate experiences here.

**Dr Laing**—I guess I could say that most of the advice I provide, I provide to senators on request. In this context I have provided on request to senators advice about the proposals in the House of Representatives and the implications for the Senate. But there have been no formal requests either way from the House.

**Senator FAULKNER**—I appreciate that you provide information to senators on request about a whole range of things, including of course a lot on Senate procedures. But as the House of Representatives developed its procedures, there was no formal or informal communication about the application, or the letter, of Senate procedures that might have benefited the House of Representatives?

**Dr Laing**—Not formally with me, no.

**Senator FAULKNER**—Can I ask you, Mr President.

**The PRESIDENT**—No, not with me either.

**Senator FAULKNER**—Thank you for that. I cannot say I am necessarily surprised at your response. Has the Senate looked closely at the new procedures in the House of Representatives, done any analysis of those procedures—any comparative analysis of the new procedures might be the best way of describing it—and had a look at how they might compare with or correlate to the procedures that we use in the Senate?

**Dr Laing**—The answer to that is yes. I have certainly been through all the proposals in the various agreements between the government and the cross-benchers in the House and have done some analysis of their potential impact on the Senate. As you point out, Senator Faulkner, for the most part the procedural changes are things that are old hat to the Senate, and there are just a couple of areas where suggestions in the House may bear some fruit in the Senate.

**Senator FAULKNER**—Did you initiate that work yourself, Clerk?

**Dr Laing**—Yes, I did. Senator Faulkner, I would have assumed you would undertake such work and I think that is useful. Can you share with us any outcomes of those considerations that you might have made; particularly, what are the areas where you think there might be some opportunity for the Senate to look again at its own procedures.

**Dr Laing**—The area where there seems to be the greatest uncertainty for the Senate is in relation to the extent to which the House may refer bills to its own committees. My suggestion would be that we have a bicameral system and it is up to each house to do with bills what they choose to do with bills. Whatever the House does should not be seen to inhibit the Senate in any way, which has a long history of examining and scrutinising bills to great effectiveness. I think that the procedures for this in the House have yet to get underway and bear fruit, and you can compare that with the work of our 20-year old Selection of Bills committee, which on the third day of the parliament managed to refer 17 bills to Senate committees. So I think, as far as the process in the Senate goes, it is business as usual and we will have to wait and see what impact the House procedures will have on things. Clearly people would be uncomfortable if both houses were asking the same sets of witnesses for the same information to duplicate inquiries. I do not think that that would be a sustainable situation because I think witness fatigue would set in pretty quickly; otherwise, I think it is a question of waiting and seeing.

**Senator FAULKNER**—Mr President, from your perspective would the Senate stand ready to assist colleagues in the House of Representatives as they develop those procedures if so requested, given, as the Clerk has said, most of these new procedures in the House are ones that have been very longstanding procedures in the Senate.

**The PRESIDENT**—Given the independence of the Senate and the House of Representatives, we would nonetheless be prepared to assist where we could if we thought that it was going to be in the best interests of the parliament. I think, as the Clerk has said, we are yet to wait and see how their system is going to unfold, and once we see how that works on their side we will undoubtedly develop closer cooperation. I think you can look quite reasonably at the joint house system—that seems to work fairly well. If that works fairly well and avoids a number of clashes on a number of major issues—and I am thinking particularly in the foreign affairs area where there is a Senate foreign affairs committee and there is a joint foreign affairs committee and the two to seem to work in harmony without clashing with each other. One would hope that that could happen in the same way when it comes to considering the legislation of the parliament.

**Senator FAULKNER**—But, Clerk, is it true to say that, while these procedures might be new to the House of Representatives, they are longstanding if not old hat procedures in the Senate?

**Dr Laing**—That is true. To a certain extent they are old hat in the House as well; they just have not been used very often. The House has had the capacity to refer bills to its committees for donkey's years, as the Senate has, but under previous arrangements very few bills were referred to House committees. That did not prevent the Senate referring the same bills to its committees on very rare occasions.

**Senator FAULKNER**—Yes, but let us look outside the referral of bills issues to broader procedures. Let us pick one, for example: limitation of answers in question time. This is something that has been in place, as you know, for a very long time in the Senate, so old hat might not be the right way of describing it but longstanding is certainly reasonable, isn't it?

**Dr Laing**—That is right, Senator. We have had procedures like that since around 1992 or 1993 I think. The Senate first agreed to adopt time limits on questions and answers. I am not sure that the impact of the adoption of time limits has been as dramatic as may be expected in the House.

**Senator FAULKNER**—What do you mean by that?

**Dr Laing**—Simply putting time limits on questions and answers does not change the nature of the questions and answers. If you want to make question time something different, it is going to take a lot more than time limits I would suggest.

**Senator FAULKNER**—But the Senate has always struggled with this issue of relevance, hasn't it? This has always been a challenge for whoever is presiding and for the senators themselves. Perhaps Mr President might care to comment on that. You might care to share your own experiences, but this has always been a challenge regardless of who has been presiding.

**The PRESIDENT**—Yes, I have viewed question time in a number of other parliaments and the issue seems to be the same no matter where one goes.

**Dr Laing**—One of the issues with relevance, if I may suggest this, is that the Senate has traditionally taken a very wide view of relevance in respect of all other procedures so to suddenly take a narrow view of relevance on one aspect of procedures is a little bit of a challenge I think.

**Senator FAULKNER**—So no-one from the House, either in terms of the clerical hierarchy in the House or the Speaker and the Speaker's office, have contacted the Senate to ask about the application of the Senate standing orders?

**Dr Laing**—Not formally, no.

**Senator FAULKNER**—You say 'not formally'. Does that mean that someone has got on the telephone and made a surreptitious little call and said: 'I don't want you to be able to say you were asked formally at Senate estimates'?

**Dr Laing**—I can speak for myself and say that I have not had these conversations with either members of the House or officers of the House. Some of my colleagues may have had conversations.

**Senator FAULKNER**—But you are not aware of any, either formal or informal?

**Dr Laing**—I am not aware of anything significant, no.

**Senator FAULKNER**—And, Mr President, you were not aware of any, either formal or informal?

**The PRESIDENT**—Nil.

**Senator FAULKNER**—I would have thought a no would probably cover it off there.

**Dr Laing**—Well, yes.

**The PRESIDENT**—Just wants to feel wanted.

**CHAIR**—We are getting a bit of hearsay, but anyway.

**Senator BERNARDI**—On the topic of relevance: Dr Laing, we changed the standing orders in the Senate to require answers to be directly relevant. Has there been a formal instruction about what is ‘directly relevant’ or an explanation of ‘directly relevant’? I know many of us have slightly different interpretations.

**Dr Laing**—Ultimately it is up to a ruling of the President. It is a common term. It has a common meaning. Its application is in the hands of the Senate through the President.

**Senator BERNARDI**—But we have changed the terms and yet there does not seem to have been any meaningful change in the interpretation of the answers. I am happy for you, Mr President, to answer that.

**The PRESIDENT**—No, that is not necessarily so at all. One listens very closely to the answers. The difficulty in question time is that you cannot construct the question and also construct the answer that you think should be given.

**CHAIR**—You can try.

**The PRESIDENT**—Yes, you can try and it is always the difficulty that the questioner believes that there is an answer that they have predetermined should be given by the person answering the question. In listening to the answer one has to take into account the nature and the elements of the question itself and whether the person answering the question is in effect addressing the issue that was asked in the question. There are numerous times when people take points of order on this issue but on many occasions I am quite sure they have not listened to the answer. You will note that I pay very close attention to the answers that are given and where I think the answer has not been given in an appropriate manner I draw the minister’s attention to that. I think my record is fairly consistent there.

**Senator BERNARDI**—Mr President, I was not having a shot at you.

**The PRESIDENT**—I know you are not, but I am just saying that I think—

**Senator BERNARDI**—I understand that sometimes the interjections make it very difficult to hear the answer appropriately.

**The PRESIDENT**—I am glad you raised that as well. That is another contributing factor to listening to the answers that are given in the chamber from time to time.

**Senator BERNARDI**—Yes, by government senators.

**CHAIR**—Interjections are disorderly, Senator Bernardi. The President—

**The PRESIDENT**—I would not even start to name those who are the worst interjectors in the chamber.

**Senator BERNARDI**—I think that is a very wise thing. But suffice it to say that there has been no formality about what is directly relevant or not in any definition.

**Senator KROGER**—We have never given a definition.

**The PRESIDENT**—It is a matter for interpretation by the chair—the President of the Senate—based on previous interpretations. Also, I have had the privilege to look at question time in the New Zealand parliament, which part of the model for the changes here was supposedly based upon. Based on the broad view that I have seen in other parliaments where this becomes an issue, I think we are doing reasonably well.

**Senator BERNARDI**—So it is consistent. Thank you for that.

**Senator FAULKNER**—Can I follow up on that. Isn't it true—and perhaps the Clerk might care to respond to this—that the Senate Standing Committee on Procedure examined, in quite considerable detail and at some length, a proposal from former President Ferguson, now Deputy President, in relation to changes to question time?

**Dr Laing**—That is correct.

**Senator FAULKNER**—Isn't it true that that proposal from Senator Ferguson included the concept, which has been agreed to, of the capacity for additional supplementary questions?

**Dr Laing**—That is right. There are now two supplementary questions permitted to the primary questioner.

**Senator FAULKNER**—Isn't it also true that the original proposition from Senator Ferguson, which included a primary question and then additional supplementary or follow-through questions, also included the recommendation or concept that a broad subject matter would be provided about those questions or matters on which a minister would be asked detailed questions or follow-through questions in the Senate?

**Dr Laing**—Yes, that is correct, because I think Senator Ferguson based his original proposal on studies that he had undertaken and on such jurisdictions as the House of Commons in Westminster and New Zealand, where notice is given of questions. Once that question has been asked, there is then a capacity to ask supplementary questions based on that question of which notice was given.

**Senator FAULKNER**—That is right. What has, of course, evolved in the Australian Senate—and this is just politics, and that is fair enough—is that we are caught in the middle of this. We have a primary question and two supplementary questions—there is a capacity for a senator to ask for more detailed information following on from a minister's answer—but the original plan was that some notice would be provided to the minister, which is particularly important in areas of some detail. Then the expectation would be placed on whoever was presiding—the President in most cases—to ensure relevance on the part of the minister in the minister's answers. But, of course, a critical element of this has not been agreed by the Senate, which is the Senate's absolute right and entitlement which goes to the issue of providing notice of the area to be examined by a senator. Hence, of course, the President, when presiding, is in a very difficult position in terms of relevance. These things are all related, aren't they? It is very difficult to insist on absolute relevance in fine detail when you allow for supplementary questions.

The other part of the proposed package, which was to provide ministers with notice of a broad area that might be examined by a senator, has not been agreed on. That is the problem, in a nutshell. We ought to be just honest about it. This is not a criticism of anyone. I am not at

all surprised that the Senate would wish to maintain its long-held capacity to ask any question without notice that it cares to, but when you look at changing the standing orders and making substantial changes to question time, it comes effectively as a package deal, doesn't it?

**Dr Laing**—Yes, I think that is right. I do not think I could add to Senator Faulkner's summary, Mr Chairman.

**Senator FAULKNER**—I commend for any committee member the statistics that I asked the Clerk to develop about questions on notice taken on relevance during the last parliament. When senators have little to do and have more time on their hands, like some who will remain nameless, they can ask for those sorts of statistics too and I am sure they will find them interesting.

**Dr Laing**—I thought they were riveting statistics, Senator.

**Senator FAULKNER**—You and I probably think that, Clerk, but that is probably a commentary on our eccentricities, I suspect!

**CHAIR**—As there are no more questions for the Department of the Senate, I thank the President, the Clerk and other officers for their attendance.

[9.37 am]

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

**CHAIR**—I welcome officers from the Department of Parliamentary Services. Are there any opening comments before we proceed to questions?

**Mr Thompson**—My opening comment will be quite brief, but I hope I can raise a couple of important points. Firstly, we are very pleased to be here and we are very pleased to be involved in the discussion today. Equally, we were very pleased to work with the two chamber departments in the recent opening of the new parliament and to co-operate with both chamber departments in the open day that happened earlier which was attended at least by a lot of Canberrans who were fascinated by the inner workings of the parliament.

Since the last meeting of this committee, obviously we have continued to be very busy with our normal service delivery, but, in addition, we have been doing a couple of other important things. Notably, we initiated and had operating successfully, I believe, the Pre-Election Policy Unit which operated within the Library through the election campaign. That was an interesting experiment and it will be very interesting to get feedback from senators and members about the effectiveness of that. We have also continued with our project work. We have had a lot of improvement projects underway. One or two of them have been about the physical fabric of the building but most of them have been about the electronic underpinnings of the building. One of the more interesting ones is the completion of the digitisation of *Hansard* records, which are now accessible through ParlInfo Search, right back to 1901. They are being made even more accessible through an XML process over the next couple of months. It is fascinating to be able to go right back and look at the commentary on the days after the Anzacs landed at Gallipoli.

We have also completed our annual report, and we tabled it at the same time that the Senate department tabled theirs last week. Our accounts were unqualified for last year, so thank you to all the people in the department who contributed to a good annual report. Before we get



into the future issues I would also like to recognise three of our officers who have been well recognised beyond parliament house: Ms Rina Brettell, one of our project managers, was a close runner-up for the Australian project manager of the year; Ms Roxanne Missingham, was a finalist in the Telstra ACT businesswoman of the year awards; and Ms Irene Hunter, from my office, was a finalist in the public sector executive assistant of the year award. So congratulations to all of them.

Finally, looking to the future, there have been some new agreements between the political parties. They were agreed in late August or early September. One of the current constant themes through those agreements has been the idea of a parliamentary budget office to be located within the Parliamentary Library. We have begun to work up our ideas about how that could work effectively and we will certainly be submitting our ideas to the relevant parliamentary committee but we suspect there might even be questions about that today and we would be more than happy to respond to the level of our thinking at this stage. Thank you very much. We are very happy to respond to any questions.

**Senator BERNARDI**—Thank you, Mr Thompson. Has there been any damage reported to suite MG8 since May 2010?

**Mr Thompson**—No, there has been none.

**Senator BERNARDI**—So newspaper reports suggesting there was damage to MG are incorrect?

**Mr Thompson**—I have not seen any of those sort of reports. Our advice from the Infrastructure Services Branch, who look after the repair and maintenance of the building, notes that, along with all the other suites, there have been normal repairs but I have not received any reports about any damage.

**Senator BERNARDI**—What about prior to that date? Have there been any repairs required in suite MG8 back to the election of the government in 2007?

**Mr Thompson**—The information we have today I think would only go back over about the last 15 months, and I do not recall any over that period. My deputy, David Kenny, might have some further information.

**Mr Kenny**—I do recall this question being asked at previous estimates going back many many years and my recollection of the answers from the last couple of times was that there was nothing other than routine maintenance.

**Senator BERNARDI**—Mr Kenny, perhaps you could just confirm your recollections for me and take that question on notice.

**Mr Kenny**—Yes, we can do that.

**Senator BERNARDI**—And if there have been any repairs outside of routine maintenance then I would be interested in what has occurred, how it occurred and the associated costs.

**Mr Kenny**—I am pretty confident that there has been nothing but routine.

**Senator BERNARDI**—If you could take that on notice, that would be great. Mr Thompson, I will address my next question to you again. It goes to what I will call the operations room that has been constructed. Would that be best addressed to you?

**Mr Thompson**—We can provide some information on that, certainly about the preparatory work, but thereafter I would suggest that the questions would be better put either to the Department of the Prime Minister and Cabinet or to the Attorney-General's department. The reason for mentioning both of them is that the actual day-by-day operations of this place—it is called the Parliament House briefing room—is now being conducted by the Prime Minister's department but the actual project management of installing all of the electronics and so on has been done by the Attorney-General's department. They have also overseen the construction.

**Senator BERNARDI**—So was DPS responsible for any of the costs of construction?

**Mr Thompson**—Perhaps I should set the scene. We were approached about two years ago, initially, I think, by officers of the Prime Minister's department, and then received the courtesy of a letter from the Prime Minister of the day asking the presiding officers for their agreement about looking for a space within the building for an emergency response briefing room. Over the next few months we worked with the Prime Minister's department and the Attorney-General's Department to look at various spaces. In the end they expressed a strong view that they wanted a space immediately adjacent to the cabinet suite. That space did happen to be occupied by about 20 of our staff. It is the space directly south of the ground floor Parliamentary Library. After we had identified a way we could accommodate our staff for the future and after discussions with both presiding officers, we agreed to make that space available. Early this year we arranged for our staff to leave, organised for the demolition of the existing office space and facilitated the establishment of a works compound in the garden outside—the garden between the curved wall and the Leader of the Opposition's suite. Since then we have been acting as a facilitator, but the overall project management of the building of this new area has been overseen by the Attorney-General's Department.

**Senator BERNARDI**—Going back to the issue of cost, has it come at a cost to the department, in terms of space or refurbishment or remodelling?

**Mr Thompson**—Yes. I suppose you could say we have incurred a number of different costs, but the main one was the cost of demolition and of cleaning up the old offices. We have been reimbursed by the Attorney-General's Department for those costs, and they are also going to make a capital contribution to the creation of a new space, where we will reaccommodate those staff, hopefully early next year. They are the two principal costs we have had, as well as some project management costs in facilitating the building of the facility. But the actual payments to contractors—the building contractor or the electronics people—have all been managed through the Attorney-General's Department books.

**Senator BERNARDI**—Thank you. What were the costs of demolition?

**Mr Thompson**—We have in our midst Mr John Edwards. John was the overseeing project manager. I do not know whether John would have that information at his fingertips, but I will ask him to come forward. John has been looking after a lot of our security projects right across the building. This is only one of a number, but I do recall John being deeply involved in it through the Christmas-January-February period as we were doing the demolition.

**Mr Edwards**—Senator, I do not have the exact figure immediately available, but I can get it very quickly and get back to you. I might add that all costs associated with the Parliament

House briefing room were fully reimbursed by the Attorney-General's Department, so anything that we incurred here in terms of project management costs or costs of contractors was all on a repayment basis by the Attorney-General's Department and we invoiced them monthly to get those costs back.

**Senator BERNARDI**—I am interested in the cost of the demolition and in the capital contribution that the Attorney-General's Department is going to make. Did you say that would be next year, Mr Thompson?

**Mr Thompson**—We hope to start those works soon to allow us to bring back the staff, who are outposted at the moment in some offices in the new Attorney-General's Department building on National Circuit.

**Senator BERNARDI**—Sure. Mr Edwards, I understand you are going to get reimbursed, but I am still interested in the project management fees.

**Mr Edwards**—Certainly. At this stage I have some figures. The Parliament House demolition element was \$171,000.

**Senator BERNARDI**—Do you have the capital contribution you are expecting from A-G's?

**Mr Edwards**—At this stage it was originally agreed that DPS would be reimbursed \$1.1 million and that, depending on the actual costs of the new facility, Attorney-General's would also contribute a pro-rata cost for any additional amount. The final amount is yet to be decided, depending on the cost of the relocation.

**Senator BERNARDI**—So the \$1.1 million is for the construction of additional space to re-accommodate the staff that lost immediately?

**Mr Kenny**—Yes.

**Senator BERNARDI**—And there is a provision for additional cost should the expenditure be more than that?

**Mr Edwards**—Certainly. The number of people displaced was 18, and I think the figure we are looking at in the new space is 65. So we are looking at a pro-rata of 18 sixty-fifths of the cost that Attorney-General's would contribute.

**Senator BERNARDI**—Why is the new space for 65, instead of just replacing 18?

**Mr Thompson**—Having realised that we had to create some extra space, I was very keen to rectify one significant problem in the building: we have quite a lot of people doing what I call conventional office work from basement offices. I do believe it would be far better for their productivity and morale if they at least had some daylight. Having identified a space beyond the staff dining room which could accommodate more than just the 18 who need to come back from the Attorney-General's Department, we are aiming to establish a space which can accommodate the 18 plus further people out of the basement so that they can work in what you would call normal office space.

**Senator BERNARDI**—They are not additional people?

**Mr Thompson**—No.

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**Senator BERNARDI**—They are just relocating internally?

**Mr Thompson**—Yes.

**Senator BERNARDI**—That is fine. Back to you, Mr Edwards: what about the project management costs that you mentioned? What were they?

**Mr Edwards**—I would need to get the current break-up because it is an ongoing cost at this stage. I should be able to provide very quickly the figures up to the end of September for you, if they will suffice?

**Senator BERNARDI**—Yes, that would at this point—that would be great. These costs that the DPS have incurred do not include the fitout, do they?

**Mr Edwards**—We facilitated some parts of the fitout—for instance, some of the furniture. In other words, we let the contracts—the tables, some of the chairs and the like—but we were completely reimbursed by Attorney-General's for all that.

**Senator BERNARDI**—You would then have a list of the cost of tables and chairs in the fitout that the DPS have provided, wouldn't you?

**Mr Edwards**—We can certainly provide that, yes.

**Senator BERNARDI**—I would be interested in obtaining that—an itemised list and the costs attached to it.

**Mr Edwards**—Attorney-General's has been keeping track of all the costs of all the different parts. You can appreciate that the fitout, for instance, also includes the audiovisual fitout, which was not part of our involvement. I am sure Attorney-General's can do a more comprehensive list of costs for you.

**Senator BERNARDI**—I have no doubt that Attorney-General's could do it for us. But—call me suspicious—they will probably say that DPS has been responsible for some of it. I would like to get a list of what DPS has actually been involved in and we can ask the A-G's.

**Mr Edwards**—We can certainly provide that, but I just add that it will not be the total amount for the facility because some was being provided—

**Senator BERNARDI**—I understand that and I appreciate that, so please provide that for me. The ongoing costs, then, are not a responsibility of DPS, are they?

**Mr Edwards**—No.

**Senator BERNARDI**—That is for A-G's.

**Mr Thompson**—The ongoing costs would be mostly carried, I believe by the Prime Minister's department. They look after the cabinet suite, and they will be, if you like, the keepers of the door for this new facility. Precisely how the costs split up between them and the Attorney-General's Department, I am not sure. Obviously, the Attorney-General's Department has some other facilities that link in, but I think you would really have to ask them about how those physically link from this building to other buildings in Canberra.

**Senator BERNARDI**—Thank you. I do have another subject, with regard to security—and I think that is your bailiwick too, Mr Edwards. I wrote to the presiding officers earlier this

year because I was concerned that people were allowed to enter the building with full facial coverings and were not asked to remove them when they went through security.

**Mr Edwards**—I am not—

**The PRESIDENT**—It is not Mr Edwards' area, I do not think. If you could just hold your question—

**Senator BERNARDI**—Saved by the President, Mr Edwards!

**Mr Thompson**—We have asked Bronwyn Graham to come to the table. Bronwyn looks after the day-by-day matters of security.

**Senator BERNARDI**—Ms Graham, you would have heard the preface to my question. I wrote to the presiding officers because I was concerned that people were allowed through security into Parliament House without having to show their faces. I received a very respectful and informed response from the presiding officers but I am still a little perplexed about why some people are required to, say, remove their hats when they go through security detection and other people are allowed to have their faces covered.. Can you explain it to me?

**Ms Graham**—In answer to the Senator's question, it is certainly not the intent of our security procedures to require people to remove headwear—hats—as they come through security screening. In our security section we are trying to address issues of consistency across our workforce of about 150 people so it may be that there are some inconsistent practices in there. But certainly it is not the intention to require people to remove headwear. You would be aware that as a person goes from public areas into the private areas a pass holder is required to present their pass to security staff. In those instances, if a person is wearing an item of clothing that is obstructing the security officer's ability to verify the identity of that pass holder, the person would be required to remove whatever the garment is that is obstructing their facial features.

**Senator BERNARDI**—I am pleased that you acknowledge there might be an inconsistency, because I actually went down and spoke with some security officers about the requirements and they said that they had been instructed not to ask people to remove facial coverings. I asked: what if someone was wearing a balaclava? They said, 'We would ask them to remove it.' I am not really sure what the difference is. I understand the difference between a balaclava and a facial veil—let us be clear about that—but the principle is the same.

**Ms Graham**—It would be very unusual for someone to enter the building with a balaclava.

**Senator BERNARDI**—It would be unusual to see someone in a burka too.

**Ms Graham**—The security staff have been advised that if someone does enter the building in a very unusual manner, such as wearing a balaclava, it would rate on a level of alertness and in those instances the advice that we have given to our staff is certainly to watch that person for any unusual behaviour. It would be very dependent on the circumstances. If that person were only in the private areas, for example, we would conduct some surveillance on that person's activity.

**Senator BERNARDI**—You make an excellent point, Ms Graham, in that there is an increased level of alertness if people are wearing what could be deemed to be a disguise or a mask or something like that, and yet it seems that a facial veil is treated differently even

though the outcome is the same. It is unusual in that we cannot determine the gender of a person let alone what they look like.

**Ms Graham**—In terms of the way we approach the security screening procedures, and certainly the procedures that occur after that, I think the point that we are looking for is around the level of risk. Procedures at entry are more concerned about whether or not the person is carrying an item that is prohibited either under law or under the guidelines that operate within the building. We are not at that point concerned about identity. We do not ask people for identity as they enter the building particularly in the public areas—it is a public space—but, as I said, if anyone is behaving in a certain manner, or raises the suspicions of our security staff, the advice to our staff is that they conduct an appropriate level of surveillance on that person whilst they are in the building.

**Senator BERNARDI**—But in essence then, someone could walk through wearing a balaclava and they would be permitted entry into the building without being asked to remove it.

**Ms Graham**—That is the advice that has been given to our staff.

**Mr Thompson**—There is one exception that is important to make. There is the issue of crash hats, as in bike helmets and the like. You can view those partly as masking somebody's face but you can also view them as a weapon. So the rules we impose for those are different, and Bronwyn can explain it.

**CHAIR**—They are also metallic.

**Mr Thompson**—Yes—some of them.

**CHAIR**—They are likely to set off the alarm in any event. That is the primary purpose of the screening of members of the public coming through the public entrances. You are not actually checking their identity against a pass because they probably do not have a pass. You are actually checking what they are carrying on them or items of clothing—in the same way as airport security.

**Mr Thompson**—It is certainly not in any way intended to vet the actual person; it is more to ensure that as they come into this very public space of the parliament they are not putting others at risk.

**Senator BERNARDI**—Have you examined security best practice procedures occurring in other parliaments around the world with regard to public entry? Do you have a comment on how our criteria for entry compare with other parliaments?

**Mr Thompson**—I have looked at those issues to some extent—notably Wellington, Ottawa and Westminster. It is difficult to compare completely because our building is on such a grand scale compared with others. Our building is actually used as a place of visitation for almost 900,000 people a year, educational experience for young kids and so on, on a scale that is not possible in those other places. That said, where we compare very favourably and very rigorously is in vetting people going into the chambers. In our framework, the level of vetting using magnetometers and the like, is about the same as applies in Westminster and Ottawa.

**Senator BERNARDI**—Except that when I went to Westminster relatively recently there was a requirement to be photographed and have a photographic pass for every member of the public that went in.

**Mr Thompson**—My experience with Westminster is that you can go into the public area of Westminster Hall without any undue elaboration. It is only when you go beyond that and start going on conducted tours and the like. That is where I experienced the photographic pass.

**Senator BERNARDI**—I stand corrected; it was a public tour that I went on.

**Mr Thompson**—As soon as you go on those guided tours—they are wonderful tours—there is an expectation that you will have your photo taken. That happens as soon as you wander out of Westminster Hall space, which is more or less the equivalent, I suppose, of our Marble Foyer if you want to draw a rough parallel.

**Senator BERNARDI**—Thank you. I have no further questions on that.

**Senator BARNETT**—Thank you for the indulgence. With regard to the parliamentary budget office, I have a question about that and the status of the development of that. Can you provide an update?

**Mr Thompson**—I will do a very preliminary update and then hand over to Roxanne Missingham. Over the last couple of years there have been some general discussions about the idea of Australia having a parliamentary budget office. Obviously, Senator Barnett, you have been leading some of that thinking. That has gelled in two ways. One is that you introduced a bill and it was further discussed as part of these various agreements that have been recently signed. Out of that we have been looking at ways we could deliver an appropriate model for the parliament. We have taken as our starting point three of the overseas models—the very large US Congressional Budget Office is one model; the substantial office that is associated with the Netherlands parliament and has been in operation since 1945 is the second model; and the third model is the very recent Canadian Parliamentary Budget Office model, which, it would be fair to say, is still finding its legs. It is still a work in progress, to look at various committee proceedings. It is working but could improve a great deal. Roxanne and her team have been working on how any of those might be developed for an Australian parliament and we would expect to make that information available to an appropriate parliamentary committee.

**Ms Missingham**—There has been a strong emergence not just in Australia but around the world of interest in a budget office that provides more analysis, more tools to help members of parliament understand fiscal issues for nations. More than one-half of the OECD countries have now set in place budget offices that do a range of different activities. Some of them, like the one in the Netherlands, publish statistics that are equivalent to some that are published by our Treasury. That one also provides advice to the cabinet on legislative matters. There are others that are more similar to the research service in the Parliamentary Library. I have talked to my colleagues around the world about the budget offices that work in their countries and the benefits and the issues. We have also provided two background papers to the Joint Standing Committee on the Parliamentary Library this year to start to put some information about options and issues on the table. The next steps after the agreements will be referral to some committee or committees in the parliament so that we can consider what would be the

best model for the Australian Parliament. We have been collecting information. Much of it is in the submission that we made to the Senate committee inquiry into your bill. Our view is that the Presiding Officers will be considering committees and the consultation process within the parliament because there is quite a lot of water to go under the bridge to determine what is best in terms of the need for us.

**Senator BARNETT**—Thank you for that response; it is most appreciated. I am fully aware of the agreement for a better parliament which included reference to the merit of the PBO and the establishment of it. Can you provide further and better particulars regarding the timing of the establishment? I presume you are looking at a draft bill perhaps to establish a PBO that would then go to a committee for consideration. I do not want to put words in your mouth. Are you able to explain or share that view with us and the timing of that? If not, I understand. If you can, that would be of use.

**Ms Missingham**—In terms of legislation there are at least three different legislative options—ways to go. Whether it is taking the Parliamentary Services Act, whether it is a separate act or whether there is no legislation. The whole issue of the referral to the committees is the most critical stage.

**Mr Thompson**—There is an interesting issue here. We have certainly been working hard on developing how this entity might work but we have just started to have the discussion with the Presiding Officers about what Parliamentary forum this might be discussed in. We have the joint committee for the library, and we have various other joint committees, including the one on public accounts and so on. We are still seeking some parliamentary guidance as to which committee to go in front of and present our ideas.

**The PRESIDENT**—And that discussion has not taken place yet.

**Senator BARNETT**—I understand; no problem. In terms of the three main models—US, Netherlands and Canada—I have done some research myself and looked into it. There is the importance of the independence of the PBO and its reporting to be parliament or the legislature rather than the executive. I would see that as very important. Would you say that is a common theme throughout the models that you are looking at?

**Ms Missingham**—It is a cornerstone issue. It could not operate unless it was independent. When we look at the Parliamentary Services Act and the provisions in section 38 relating to the Parliamentary Librarian, that gives a statutory independent role to the activities done by the library. It is a good model.

**Senator BARNETT**—The other problem they have had in Canada is with the ongoing funding of it. They have been duded as a result of—they have been weaned off adequate funds to continue its operation properly and sustainability. My last question is this: are you aware of what I would consider the disparaging comments by the former Labor finance minister in the previous parliament, Mr Tanner, with regard to the parliamentary budget office and my bill in particular following its introduction and becoming public on 24 June? Are you aware of those views? Were you therefore surprised that the Labor government—some would say—did a backflip and supported the merits of a parliamentary budget office notwithstanding the views of their former finance minister?



**Mr Thompson**—That particular part of June had a huge amount of media coverage, and I did not pick up on that particular comment.

**Senator BARNETT**—It is on the *Hansard* and I draw that to your attention.

**Ms Missingham**—We are also aware of an article in the *Australian Financial Review* last week where the Director of the Canadian Employment Insurance Financing Board said that Canada's independent Parliamentary Budget Office had had an enormously beneficial impact on public policy and government finances. So there is a range of views.

**Senator BARNETT**—Thank you for your feedback. All the best with your deliberations. Of course, you could just support the bill that has been introduced by me and pass it. But that is just one option; there are no doubt other options. I look forward to pursuing that and reviewing that. If you need any further feedback from my end, I am happy to assist. Thank you.

**Mr Thompson**—I would like to mention one other bit of new information about parliament budget offices and that is that in the media clippings late last week we have noted that the New South Wales parliament apparently will be establishing a parliament budget office in the next few months. That appears to be something they want to do in the lead-up to the next election.

**Senator BARNETT**—Thanks for that. I was not aware of that.

**Senator KROGER**—Are you aware of any concerns in relation to the bullying of DPS staff?

**Mr Thompson**—I am not aware of any specific instances. We regularly conduct staff surveys and out of that have come some concerns. In terms of specific instances, there are none at the moment.

**Senator KROGER**—How often do you conduct those staff surveys?

**Mr Thompson**—They are conducted generally every three years. One of the interesting challenges for us all is to, if you like, work out which aspects of the responses those surveys use bullying as a way of talking about frank feedback that people might receive as distinct from genuine bullying. I am not about to pretend there has never been any in DPS. We work very hard at having a fair workplace where bullying does not operate. I would not want to pretend that there have never been any reports because we have had some feedback through our most recent staff survey.

**Senator KROGER**—I have received an email which is quite concerning. I have blacked out the identification of the person because I have not had the opportunity to consult with them to check if it was okay to provide their name. They raise a number of allegations, which are concerning on face value, suggesting that they are aware of at least two or three incidents which they describe as bullying, and that no action had been taken in relation to them. You have answered about whether you are aware of any current bullying allegations; has anybody left the department and cited bullying as the reason for leaving, or left in circumstances which would indicate that they had concerns about working in DPS?

**Mr Thompson**—I am not aware of any instances. Roxanne Missingham has the side role of looking after our human resources. She might have some information.

**Ms Missingham**—We do survey people who do leave the department and we ask for their reasons. We seek a whole lot of feedback as part of creating a better workplace. I cannot recall anyone who has cited bullying as a reason. In the latest staff survey, which was early last year, we asked questions about bullying, and we put in quite an extensive range of questions because we did want to collect information. We talked to the Australian Public Service Commission about whether our results were different from those in the rest of the Public Service and there were differences by branch. So we tasked every branch to look at what might be issues in their section, and to emphasise what is appropriate behaviour to try to see what we need to do in training. We run a series of ‘giving and receiving feedback’ courses and we have strongly emphasised that people should go to those. The other thing, particularly through our harassment contact officer network, is that we have had meetings and said, ‘Please make sure that if anyone feels concerned that they report the matter so that it can be addressed.’ We have not had reports but we are still very strongly trying to say to people: the only way we can address any issues is if they are reported.

**Senator KROGER**—With your exit interviews that you talked about, part of the problem with bullying is identification of the so-called person who has been subjected to bullying, and many of them do not wish to be identified. They are frightened, so they are fearful of possible ongoing circumstances. How are those exit interviews conducted so that you can accommodate, if there were legitimate concerns, any potential concerns that an outgoing staffer had in relation to it being known in a wider circle?

**Ms Missingham**—There are several ways. People can have oral interviews, if they wish to. They can choose the method by which they have the exit interview. The exit interviews are run by the human resources section; they are not run by the work area that they have been employed in, so if there are any issues that they want to convey they can do that through human resources services. They also have the potential, if they want to say, ‘I want the information that I’m providing to you to be confidential,’ to do that and they are advised that. We have a regular report to the executive in our regular monthly report where we highlight issues. We also give a summary of the exit interviews quarterly and annually so that if there are any issues, for example, if people are leaving because there are not enough training opportunities or there is some other issue that we need to work with to improve, we can do that.

**The PRESIDENT**—Can I just say on this issue: it is not tolerated under any circumstance—that is the first thing. The second thing is that if there are allegations floating around those allegations need to be directed to Mr Thompson for investigation. Mr Thompson is a very competent—and I am not just saying this because he is sitting beside me—person in his own right. Otherwise people will float allegations without any substance whatsoever and of course the damage gets done just by the floating of the allegation rather than the serious stamping out and looking into these issues that I would trust Mr Thompson would be more than capable of doing, and protecting the rights of those people who feel at risk. Certainly it is not something that will be tolerated under any circumstances.

**Senator KROGER**—Thanks, Mr President. Hence, as I said, I am very happy to table—

**The PRESIDENT**—Please don’t table because—

**Senator KROGER**—No, there is no identification on it.

**CHAIR**—Order!

**Senator KROGER**—I will provide it for your—

**The PRESIDENT**—If you provide it to Mr Thompson—

**Senator KROGER**—I am happy to provide it to Mr Thompson—

**The PRESIDENT**—I am happy for Mr Thompson to look at it.

**Senator KROGER**—I am happy to do that and I am also happy to go back to the source and ask them if I can provide their personal information in relation to that. I agree: it is something that there must be zero tolerance for, and I am sure that that would be your wish as well.

In relation to our work practice, what do we have in our guidelines—and I presume it is not specifically in relation to bullying; I presume it is in relation to tolerance of colleagues. What part of the work practice would relate to it?

**Ms Missingham**—I will describe the three different levels. We have a code of conduct in the Parliamentary Services Act which talks about behaviour. We have departmental policies, and we also have a very active and strong harassment contact officer network so that there are people in every single branch with a central support from the human resources services to provide support so that people can speak to them about any issues where they consider there might be harassment. That is a very strong network, and we support it very strongly.

**Senator KROGER**—Are there many—or any—instances of people going through and reporting harassment to the harassment officer? Do we have many instances of that? I ask this question in the knowledge that the definition of ‘harassment’ could be quite broad in the way in which it is interpreted.

**Ms Missingham**—Perhaps I could say that the harassment officers that I speak to tell me that they see the advantage they offer as being that someone who has a concern can come and talk to them and have a discussion to get, in essence, some things off their chest. Then the harassment officers can discuss that. During my period of being responsible for the human resource services, we have not had a bullying complaint come through that has required investigation. There are areas where there is fraught communication—for example, at performance management time, when people are getting performance feedback and people can have different views. We certainly say that, if there is a bullying complaint, it absolutely must be made and it will have very serious attention paid to it. Occasionally people say, ‘We know someone else who we think is bullying,’ and we say, ‘Please address that properly and bring it through.’ During my period in charge of HRS, we have not had a bullying complaint.

**Senator KROGER**—Is that harassment officer a counsellor or someone who provides counselling services? If someone has personal concerns of some nature or other, do we then give them guidance as to counselling services that they can avail themselves of?

**Ms Missingham**—We have a separate employee assistance program where people can seek counselling from qualified professionals. It is a program that has been running for many, many years. We do a quarterly assessment of that and we look at the use of that. It is a well-

used service, and people say that it is tremendously valuable. Well over 80 per cent of the issues that they choose to use the employee assistance program for are personal ones that do not relate to the workforce at all, but we provide them with support to help them through issues.

**Senator KROGER**—Thanks very much, Ms Missingham.

**Senator FAULKNER**—I want to ask, Mr Thompson, if you can explain to me what the policy is in relation to the hanging of portraits in Parliament House.

**Mr Thompson**—I wear two hats here: I am the Secretary to the Department of Parliamentary Services; I am told I am also the secretary to the Historic Memorials Committee.

**Senator FAULKNER**—That would be an easy job, wouldn't it?

**Mr Thompson**—Yes, that is right.

**Senator FAULKNER**—When I last asked questions at this committee about the Historic Memorials Committee—when it actually had meetings—it appeared that it had not had any for about eight or nine decades.

**Mr Thompson**—That is right, yes.

**Senator FAULKNER**—Do you find the work as secretary of the Historic Memorials Committee—

**CHAIR**—You were asking questions eight or nine decades ago?

**Senator FAULKNER**—Do you find that particularly onerous?

**Mr Thompson**—It is amusing, because it has still successfully avoided having a meeting, but it does exist as a committee.

**CHAIR**—It sounds like the perfect committee.

**Mr Thompson**—It is fascinating. There are essentially two art collections in the building. One is the collection of all the wonderful Australian pieces that hang on various walls of various chambers and so on. The second is the Historic Memorials Committee collection, which is essentially a collection of portraits of governors-general, chief justices of the High Court, prime ministers, Speakers and presidents of the Senate. I think that is the full range.

**Senator FAULKNER**—Is that true, or are there other notable worthies as well?

**Mr Thompson**—There are a few further notables, notably the 'firsts', but I think I have covered the range of the normal ones. In terms of the way the building had been operating since it opened, we had been using level 1 and the ground floor of the Members Hall to hang most of those portraits. There was space on the southern and northern faces of the Members Hall in the ground floor and level 1 for most of those. We could get into the fine detail of exactly which ones hung in which spaces.

**Senator FAULKNER**—But who makes the decision?

**Mr Thompson**—That is what I am coming to. We did find that we were heading towards an interesting situation in the last six months, because the normal practice was that when it came time to hang the portrait of the next Prime Minister—which was John Howard—it

would mean that the portrait of Mr John Curtin, the wartime Prime Minister, would have come off our wall. Our art services people looked around and we have now created a new space, which the Presiding Officers have supported, and there is now a fifth wall, on the first floor of the marble foyer, for all of the firsts. In the middle there are two landscapes, but on one side is the bust of the first Prime Minister, the first Governor-General and so on, and on the other side are most of the female firsts—Senator Tangney and so on. So we have moved the firsts out of the Members Hall, and now you will find that the Members Hall now has space for more prime ministers.

**Senator FAULKNER**—So who makes that decision?

**Mr Thompson**—That was agreed by the Presiding Officers.

**Senator FAULKNER**—So it is the Presiding Officers who make the decision. I do not want there to be any misunderstanding: I do not think it is at all inappropriate that Mr Howard's portrait be hung, but I do happen to think it is appropriate that Mr Curtin's portrait is hung. That is a different issue. I do not want anyone to misunderstand that. There is space for how many prime ministers?

**Mr Thompson**—Could we ask Kylie Scroope to come to the table? Kylie Scroope is our director of art services. I have lost track of the fine grain of how many we have space for, because we have just changed the numbers.

**Ms Scroope**—There used to be 12 portraits of former prime ministers hanging in Members Hall and now there are 16.

**Senator FAULKNER**—Is that decision made by the Presiding Officers?

**Ms Scroope**—The original decision about the placement of HMC portraits was made, back before the building opened, by the Joint Standing Committee on New Parliament House, and any changes to the standing arrangements are approved by the Presiding Officers.

**Senator FAULKNER**—So a joint standing committee of the parliament—sometime back in the early 1980s, I assume—has made a decision about which portraits are going to hang, and where, before the building was even completed.

**Ms Scroope**—Yes.

**Senator FAULKNER**—And the only way of changing that is by a decision of the Presiding Officers. Is that right?

**Ms Scroope**—Yes.

**Senator FAULKNER**—So the Presiding Officers decide what artworks are on the wall too? They very powerful, aren't they?

**Ms Scroope**—Essentially, any major policy issue—

*CHAIR interjecting—*

**Senator FAULKNER**—I would refer you to my speech in Gynea, Mr Chair; you were in the audience—

**CHAIR**—Yes.

**Senator FAULKNER**—in relation to the Parliament House art collection, amongst other things.

**CHAIR**—Excellent—

**Senator FAULKNER**—You were part of a standing ovation for it. That is just an aside; I am sorry, Ms Scroope. That is because, improperly, the chair was out of order and interrupting my questioning.

**Ms Scroope**—To answer your question, Senator, a lot of the policies that relate to the placement of art and the allocation of art in Parliament House were established during that early period before the building opened, but any key policy changes would be referred to the Presiding Officers for approval.

**Senator FAULKNER**—Obviously since Mr Howard there have been two prime ministers, so aren't we going to again face the situation where a very, very significant Prime Minister like Curtin gets junked?

**Ms Scroope**—Not immediately.

**Senator FAULKNER**—No, of course, not immediately.

**Ms Scroope**—But at some point in the future that would be an issue, yes. We have space now for four more new portraits to hang before the portrait of Mr Curtin would reach the endpoint. I will also add though that, particularly for portraits of former prime ministers, the portraits that are not able to be displayed here are all loaned to the Museum of Australian Democracy at Old Parliament House, which we think is a highly appropriate venue for them.

**Senator FAULKNER**—Yes. But there is an issue as to whether you consider it appropriate that the portraits of very short-term prime ministers such as Frank Forde or John McEwen hang in Parliament House but not the portrait of a Prime Minister who many would say and I would say was Australia's greatest Prime Minister, John Curtin. Why wouldn't it have priority?

**Ms Scroope**—As the President has just quite rightly pointed out, they too will take their place, eventually reaching the end of the line and will disappear from display.

**Senator FAULKNER**—Yes, I know they will. So in other words I am making the point that perhaps this is not a very good way of deciding. I do not blame you at all.

**Ms Scroope**—The decision originally made by a joint standing committee was that they would just follow a strict chronological order.

**Senator FAULKNER**—I am sure it was, but I am saying that it is a decision that needs review. My question then is: how do you review it? If I get to choose between Billy McMahon and John Curtin as to who should be hanging on the wall, I would say John Curtin should, but you might say that shows a lack of objectivity on my part, and fair enough. Even if you just base it on longevity—and I used the Forde and McEwen examples—this does not seem very rational to me. So how do we change it, Mr President?

**The PRESIDENT**—I think we can look again at the policy that is in place and get back to the committee at a future meeting of the committee.

**Senator FAULKNER**—Thank you for that. I would appreciate it if you would let us know. Are there any plans to have the Historical Memorials Committee meet, Mr Thompson, as you are the secretary of that?

**Mr Thompson**—No. The committee has a useful role in terms of vetting the quality of each new portrait.

**Senator FAULKNER**—But that is all it does, isn't it?

**Mr Thompson**—That is all it does now.

**Senator FAULKNER**—Has anyone ever said that these portraits are not up to standard?

**Mr Thompson**—Kylie can give you the details. I understand that there have been two that were not up to standard and they were redone.

**Senator FAULKNER**—Which ones were they?

**Ms Scroope**—In recent times—and you are testing my memory now—the first portrait of former Prime Minister Fraser that was done was rejected and a new portrait was done and the first portrait of the former Governor-General Sir John Kerr that was done was rejected and a new portrait was done. There were some other examples I think from the 1920s and 1930s.

**Senator FAULKNER**—So who rejected them? Was it the majority of the Historic Memorials Committee?

**Ms Scroope**—Yes, I believe in both cases it was. Also part of the vetting process involves referral to the visual arts board of the Australia Council. They may have also been consulted and confirmed the rejection. I would have to check our records.

**CHAIR**—Is the subject consulted as well?

**Ms Scroope**—They are, yes.

**Senator FAULKNER**—I think Mr Fraser himself in fact had some problems with the portrait, didn't he?

**Ms Scroope**—That is my understanding, yes.

**Senator FAULKNER**—Kerr was dead by the time his portrait went up, wasn't he?

**Ms Scroope**—I think so, yes.

**Senator FAULKNER**—So obviously he did not object.

**Ms Scroope**—No, actually I could not say for certain. I would have to check that. I think the first portrait was finished while he was still alive and he did not have any objections to it.

**Senator FAULKNER**—But someone else did?

**Ms Scroope**—Yes.

**Senator FAULKNER**—Do we know who?

**Ms Scroope**—I believe it was the committee, but I would have to check that.

**Senator FAULKNER**—The committee that has never met!

**Ms Scroope**—It was long before I had any involvement with the collection.

**Proceedings suspended from 10.35 am to 10.45 am**

**CHAIR**—We will get underway again if people are suitably refreshed.

**Mr Thompson**—Chair, John Edwards was going to chase up some information about the Parliament House briefing room. John has that information now.

**CHAIR**—Well let us go to that and then we will go to Senator Bernardi and then other senators.

**Mr Edwards**—Senator Bernardi asked the question of how much money DPS had spent. To date, Senator, a total of \$1.013 million has been expended, of which we will get a 100 per cent reimbursement in due course. Of that \$1.013 million, \$316,000 is for furniture. The demolition part of the project was a total of \$236,000, of which the demolition contractor was \$190,000. In fact, we have paid \$171,000 of that to date. There is another progress payment coming.

In the construction stage of the project we have expended \$38,000, \$14,000 was spent on relocation expenses, and salaries for the past 15 months is a total of \$409,000, which includes project management, mechanical services, stakeholders within the building and parliamentary security. Our expectation is that we will get 100 per cent reimbursement of that in the near future, and we have been getting progress payments every three months on that.

**Senator BERNARDI**—Mr Edwards, you had taken on notice the request for the itemised list of furniture that comprised that \$316,000. I just want to confirm that with you.

**Mr Edwards**—I did not realise you wanted an itemised list of furniture, but I will get that.

**Senator BERNARDI**—Thank you very much.

**CHAIR**—I will go to Senator Bernardi and then Senator Faulkner and see where Senator Kroger is when she returns.

**Senator BERNARDI**—Mr Thompson, congratulations for taking—there is a look of surprise on your face, to start with!—swift action in relation to the refusal of Centrelink to provide some information to the Parliamentary Library. This was raised by Senator Ronaldson at the last estimates. Can you tell me whether there have been other instances since then of departments or ministerial staff attempting to block or unreasonably delay the Library's legitimate requests for information?

**Mr Thompson**—Senator, it is far better for me to refer that straightaway to the Parliamentary Librarian for a response.

**Ms Missingham**—No.

**Senator BERNARDI**—Is there now a process or procedure involved for staff of the Library if such an event or an occurrence were to occur in the future? Is there a formal channel where they can communicate their concerns about stonewalling by departments?

**Ms Missingham**—Yes. We have had a policy for the last four years on communicating with government agencies, which probably did not clearly talk about the escalation path. We have revised that policy; it will be provided to the next meeting of the Joint Standing



Committee on the Parliamentary Library. That has been circulated widely amongst staff as part of the revision, and I think there is greater clarity now about escalation processes.

**Senator BERNARDI**—Ms Missingham, you feel that the Library can now do its job properly, free from the stonewalling or the sandbagging that I just referred to?

**Ms Missingham**—From the Parliamentary Library point of view, our processes in dealing with requests for government information and with any issues that happen I think are very clear now to all Library staff.

**Senator BERNARDI**—That does not really answer my question. My question was: do you feel that the Library can now do its job properly, unfettered by stonewalling or sandbagging by government departments?

**Ms Missingham**—I think the Library can do its job well. Sometimes we will ask for complex information which may well take longer to be provided than we had thought or that our client had thought, but I am not going to say that we have been stonewalled and sandbagged by government departments or members of those—

**Senator BERNARDI**—Those are my words. Can the Library operate and function as it is designed to do?

**Ms Missingham**—I believe it can.

**Mr Thompson**—We conducted a review after those questions from Senator Ronaldson. It was a quite illuminating review. An important point I would make is that, if you took Centrelink and FaHCSIA, which were the subjects of that particular inquiry, there can be a challenge with, let us say, mid-level officers in agencies like that who are doing their job and suddenly receive a request from the Library. These are officers of Centrelink or wherever who have not been familiar with receiving requests from the Library. They tend to think of the Library as being just another point of inquiry. They do not realise that it has its own legislative base and that it has rights to access. At least part of the conclusions I drew was about the need to maintain regular education of staff right across the Australian Public Service about what to do when they do get these inquiries. Staff turnover is inevitable and, when the Library has to make an inquiry of an agency, if the staff are not aware then this sort of thing has the potential to reoccur. We have written to the Secretary of the Department of the Prime Minister and Cabinet and asked him to communicate with all agencies again about the need to cooperate with the Library. That was done about five years ago through Dr Peter Shergold as Secretary of the Department of the Prime Minister and Cabinet and we are now asking Mr Terry Moran to do the same thing—just to keep reinforcing to managers the need to cooperate.

**Senator BERNARDI**—I have a change of topic.

**CHAIR**—Sorry—Senator Kroger has questions about the Library, I understand. It might be convenient to finish those questions.

**Senator KROGER**—Thanks, Chair. This is on the same sort of issue. I am interested in the number of policy briefs that the Library was requested to do during a couple of periods—firstly, between 28 June and 16 July.

**Ms Missingham**—Are those all inquiries that we answered from clients, senators and members, during that period?

**Senator KROGER**—From senators and members on policy briefs essentially.

**Ms Missingham**—The Library provides a lot of work to do that, so we would not differentiate between policy and non-policy. I could give you the number of client inquiries handled in that 2½ week period.

**Senator KROGER**—Secondly, between 17 July and 21 August, which was during the election campaign itself.

**Ms Missingham**—Yes, I can give you those statistics. I will have to come back to you on those.

**Senator KROGER**—Could you also provide a breakdown by party, in terms of whom they were provided for—that is, in terms of that period, for the coalition, the Liberal Party and the National Party, for the Greens or for the Independents.

**Ms Missingham**—The allocation of names to individual parties is not completely up to date in the system, so it may take a little bit longer to put that data in.

**Senator KROGER**—If you want to take it on notice, I am happy with that.

**Ms Missingham**—That would be good.

**Senator KROGER**—That is fine. Also, I would like to know whether the research project that was asked for was completed in those time frames.

**Ms Missingham**—I can tell you that the pre-election policy says that that was provided with special funding for this financial year, for 2010-11. We handled 11 significant economic inquiries. We still have two people in the unit. The work that is to be done is an evaluation of the unit's performance. We are managing a contract for that. We are also doing some papers that could not be completed in time on sustainable population. Those are the only remaining pieces of work to be done by that unit.

**Senator KROGER**—Mr Thompson mentioned the turnover of staff. What is the turnover of Library staff?

**Ms Missingham**—For last financial year?

**Senator KROGER**—Yes.

**Ms Missingham**—I can get that from the annual report.

**Mr Thompson**—While Ms Missingham is looking for that I will make a point. My concern was about turnover of staff in all the agencies from whom we need information and if there is a new face at a desk doing their job and then out of left or right field they get a request from the Library and they are not all that familiar with the role of the Library. So my perspective is about the turnover within the Public Service rather than the Parliamentary Service.

**Senator KROGER**—Thank you.

**Ms Missingham**—With respect to the Parliamentary Library staff in 2009-10, the average full-time equivalents was 135.2 and the separation rate was 7.3 per cent, which is a bit below the department's average and a bit below APS average. So we have a fairly low turnover.

**Senator KROGER**—How do you prioritise the requests that come into the Library? Given that, I presume, you get a number of requests, particularly pre-election time and during an election campaign itself, how do you prioritise?

**Ms Missingham**—Actually, we normally receive fewer requests in the six weeks before an election. I think a lot of that can be explained by the fact that the policy development happens pretty much before the election period and then the concentration on that six weeks is finalising and issuing them. We do not get the sort of intensive policy requests during that period that we would do, for example, when parliament is sitting and there are major policies being discussed in the parliament. For example, Australia's engagement in Afghanistan is being discussed in the parliament this week and we had a great increase in questions last week. So it is, generally speaking, a period of significantly less use—down to about half the normal number of our inquiries.

In terms of prioritising, generally speaking, the challenge for the Library in answering senators' and members' inquiries is not the number of inquiries we have but the time frame in which they want the information. So our challenge generally is to negotiate a complex inquiry where people want a response within a week and to say, 'Within this period of time, we can do this much.' So it is about the work that can be done in the time frame rather than about saying yes and no to inquiries.

In terms of the inquiries that the Librarian is responsible for having answered under the act, it is parliamentary and representational questions, and so we draw the line a constituents' questions—and we have for many decades. That is actually in the legislation.

**Senator KROGER**—I have one further question on the Library in relation to the new logo that you use for the *Bills Digest*. Why do we have a new logo? What was the rationale behind that?

**Ms Missingham**—It was time to change some of our publications. The last one had been a photograph of the carpet—

**Senator KROGER**—It could be considered to be a good advance, actually.

**Ms Missingham**—It was getting a bit worn. We knew we needed to do some new publications for the new parliament—for example, the briefing book and a new brochure. We thought that if we were doing new publications for the new parliament, we should refresh the image of the Library. That was the genesis of having a new logo.

**Senator KROGER**—Was the logo designed in house or was that something that was tendered out?

**Ms Missingham**—It cost us less than \$1,000. There are a lot of very bright, young people these days, and we had a bright young person do it basically as a hobby. He is a very clever designer, and he designed templates, brochures and PowerPoints. He did the whole box and dice.

**Senator KROGER**—Good at half the price.

**Ms Missingham**—I highly recommend him.

**Senator BERNARDI**—Yes, I have a question which goes back to the Parliamentary Library, Ms Missingham, so I will address it to you. In the 2010-11 budget the Parliamentary Library received \$500,000, and in 2013-14, to, and I quote, ‘enhance the capacity of the parliament library to assist non-government parties in developing policies in the lead-up to the federal election’. That is something I think Mr Thompson referred to in his opening remarks. Was the library involved in the decision to form a costings unit for the development of policies by non-government parties?

**Ms Missingham**—No.

**Senator BERNARDI**—Were you asked for your opinion at all or consulted at all?

**Ms Missingham**—There was a discussion between Mr Kenny and me a short period before the budget was released, before budget night.

**Senator BERNARDI**—And in that discussion you were advised that this was taking place?

**Ms Missingham**—Yes, I think that is fair to say. And it was an outcome of the Operation Sunlight report, which we had been following closely.

**Senator BERNARDI**—Can you explain how the costings unit has operated? Briefly, I would say.

**Ms Missingham**—Yes, I certainly can. The \$500,000 was provided in this budget for pre-election policy advice. We set up the unit to deliver this service pretty much from 2 July, as soon as the funding kicked in. We might have anticipated that we would have a slightly longer period pre election in which to deliver such a service. But as it turned out we had an election on 21 August. So our priorities were very much advising those people who would be served by the service—that is, the non-government parties plus minor parties and Independents—about the extent of the service. We had consulted with the Joint Standing Committee on the Parliamentary Library and had come up with a set of guidelines for the delivery of the service. We had also developed some relationships with outside organisations, primarily NATSEM, so that a lot of the number crunching could be done by them because we were very conscious that we would not have had enough time to set up those sort of resources and models in house. In the end, we had 10 very deep modelling exercises that were done. We purchased a published report. We organised quite a lot of communication back and forth about the details of policy, because one of the key things about policy development is that you do not just have one question and get one answer; it is very iterative. So there was a bit of discussions back and forth.

**Senator BERNARDI**—It is like estimates.

**Ms Missingham**—It is; it is very iterative.

**Senator KROGER**—It is like question time, even.

**Ms Missingham**—In the end, we planned to spend about \$471,000 of the money that we received, including a little bit on the evaluation report and the sustainable population reports, which are still to come. You may be interested to know that 79 per cent of the total

expenditure on modelling was for the coalition, which is roughly proportional to the amount of senators and members who are in the coalition compared to the Greens, minor parties and Independents. So we delivered something that was roughly proportional.

**Senator BERNARDI**—Did you have to put on additional staff to deal with this additional responsibility?

**Ms Missingham**—We advertised and selected a director and assistant director for the unit and they were seconded from within the library, which meant that some backfilling could occur. There was a potential for backfilling.

**Senator BERNARDI**—But principally the existing resources and staff were used?

**Ms Missingham**—We seconded them and paid for them out of a separate budget. They were made fully available for this project.

**Senator BERNARDI**—And in establishing this project within the library did you seek advice or guidance from Treasury or the Department of Finance and Deregulation about how to go about modelling, costing and the development of policies?

**Ms Missingham**—We did talk to the Department of Finance and Deregulation and the Treasury about channelling the scope, and it was very useful for us to have the advice from the Joint Standing Committee on the Parliamentary Library so that we had a foundation document that we could be clear about. The Treasury models were available through the charter of budget honesty inquiries. Partly because of the speed of this, and the nature of it, we used NATSEM and KPMG for modelling because we did not have an arrangement that we could put in place in that period of time for Treasury and Finance. Also we were looking for a level of detail that was not in some of their models, we believed.

**Senator BERNARDI**—Can I just go back? You said that 79 per cent of the requests were used by the coalition.

**Ms Missingham**—Of the dollars spent.

**Senator BERNARDI**—Of the dollars spent; okay.

**Ms Missingham**—That gives you an indication of the complexity of the projects

**Senator BERNARDI**—Was the remainder spent by the Greens or did the Independents also make requests?

**Ms Missingham**—The remainder was spent by the Greens. We did offer the service to the Independents but I think they were unable to ask questions in the time frame that was available to them.

**Senator BERNARDI**—That is okay; it is up to them.

**Ms Missingham**—Yes.

**Senator BERNARDI**—Are you able to tell me what sort of advice the costings unit provided?

**Ms Missingham**—We actually have up on the web site three of the publications. We produced three of the inquiries that we used in policy announcements and that therefore we

had agreed we would publish so that they would be available. And I printed them off this morning.

**Senator BERNARDI**—That is all right; if they are on the website I am sure I will be able to find them.

**Ms Missingham**—They are on the web site so I can provide that information. I am not sure where I put my printout.

**Senator BERNARDI**—That is okay.

**Senator KROGER**—You can test your skills and go to the website.

**Senator BERNARDI**—Yes, I can. Did the costings unit provide any updates to the government, at all, whilst it was in operation?

**Ms Missingham**—If inquiries came through from the government to the two people who were in the unit, they were referred to the rest of the library and handled as business as usual.

**Senator BERNARDI**—Okay, excellent. Were there any requests from government as to how the costings unit was being used, in an administrative or an information sense, to see if it was working effectively?

**Ms Missingham**—We have not had any inquiries from government about that.

**Senator BERNARDI**—Okay.

**Ms Missingham**—But I think we can also say that we have contacted an evaluator who will evaluate the success of the unit and we will also have all the financial information. We will make that evaluation document widely available.

**Senator BERNARDI**—With the indulgence of the chair I am going to ask: what is your assessment—your opinion of how it worked, given the short time frame you had to get it up and running? Can you identify for me any areas where you think improvements need to be made, without getting yourself into too much trouble? I am not really trying to score points; I am just interested.

**Ms Missingham**—I think the short time frame was our biggest challenge. That meant that that sort of iterative policy development that we talked about could only be done to a very limited degree. One of the key messages was that there is a significant demand for substantive independent economic analysis of issues, which is an unmet need in the parliament—

**Senator BERNARDI**—Ain't that the truth!

**Ms Missingham**—and clear information. Also there is an unmet need for the ability of people to test ideas and say, 'What if we change this lever or we change that?' We just did not get the chance to test that out properly. I think it was revealed that the need for that information is not once every three years; it is an ongoing need, which is why the opportunity to discuss the lessons learned from the evaluation in the parliamentary budget office context will be very important. So I think there were a good number of short inquiries, but they had to be short because of the time frame. So we could do better if we had more time and we could develop better relationships so that we could be building on fundamental research in a couple of areas like housing or benefit payments for the longer-term benefit of the parliament.

**Senator BERNARDI**—But looking into the future, we do not know the date of the next election.

**Ms Missingham**—That is true.

**Senator BERNARDI**—We know when the next allocation of funding comes into the parliamentary library with regard to this.

**Ms Missingham**—That is where, if we had a parliamentary budget office that could do this sort of work on an ongoing basis, I think the parliament would be better and accountability would be increased.

**Senator BERNARDI**—Have you made a submission to the government in that regard? Or is this it; is this your pitch?

**Ms Missingham**—Well, the parliamentary budget office will be referred to some sort of committee. The presiding officers will be looking at that issue and I think at that point we will be able to put on the table some different models and some opportunities that we think would be available with long-term proper funding.

**Senator BERNARDI**—Mr Thompson, did you want to add anything?

**Mr Thompson**—Only to comment that within the 2010-11 budget papers—you are right, Senator—there is provision for one year and then three years later for another tranche of another half a million. Whether that squares up with the electoral cycle, who knows? I would see it being much more desirable, if this is to carry on, for it to be available in advance of each election, and probably the better solution is to have a decent parliamentary budget office that does this as a matter of its normal business.

**Senator BERNARDI**—Finally, Ms Missingham, what proportion of the funds was used for external consultants or the purchase of a report?

**Ms Missingham**—\$211,597.

**Senator BERNARDI**—And that went to NATSEM, KPMG—

**Ms Missingham**—NATSEM, KPMG, and Professor Steve Dowrick for specialist advice.

**Senator BERNARDI**—And that was for a report from him, was it?

**Ms Missingham**—The \$211,000 includes the purchase of the report, but those were the three modelling experts that we used. I think that it was a BIS Shrapnel report.

**Senator BERNARDI**—I have nothing further on that, Chair.

**Senator FAULKNER**—I do not want to spend very much time on this, Chair, but can we just get clear the number of portraits in these various categories? We now have the last 16 former prime ministers—is that correct? It was 12 but has now been increased to 16—

**Ms Script**—Yes.

**Senator FAULKNER**—which enables Curtin's portrait still to be hung in Parliament House?

**Ms Script**—Yes.

**Mr Thompson**—My memory is that one of them is missing—it is too big for our wall.

**Senator FAULKNER**—Who is that?

**Mr Thompson**—One of the 1930s prime ministers—Earle Page, I think.

**Ms Script**—Yes, that is correct.

**Mr Thompson**—There is one that is just too big for the walls.

**Senator FAULKNER**—But he does not fit into the category anyway for the last 16.

**Mr Thompson**—With our expanded range he would have been hanging on the wall.

**Senator FAULKNER**—I see, so once you have gone from 12 to 16, yes. Where is he?

**Ms Script**—At Old Parliament House.

**Senator FAULKNER**—Okay. How many Chief Justices?

**Ms Script**—In this building, none.

**Senator FAULKNER**—The former Governors-General?

**Ms Script**—Only one is here, and that is the most recent former Governor-General, Major General Jeffery.

**Senator FAULKNER**—Okay, just the one, and there is no plan to change that?

**Ms Script**—No.

**Senator FAULKNER**—Now, Presiding Officers?

**Ms Script**—Fifteen of each—15 former Speakers and 15 former Presidents not including the one former Speaker, which is part of the ‘firsts’ display. I should also correct this: there are also two other Governors-General whose portraits are on display as part of the firsts display, but not in the Members Hall.

**Senator FAULKNER**—How many of these notable firsts are there?

**Ms Script**—Currently on display there are seven.

**Senator FAULKNER**—Is there any possibility of seeing fewer Speakers and fewer Presidents and perhaps more prime ministers?

**Ms Script**—I think that would be a decision for the Presiding Officers, but—

**The PRESIDENT**—That is what I have said. I have undertaken that this will be referred back to the Presiding Officers for further deliberations in consultation with Kylie and her group.

**Ms Script**—And we may need to consult with members of the Historical Memorials Committee by correspondence.

**Senator FAULKNER**—If things get desperate, have a meeting—for the first time in 80 years. What about the budget for these things? What about the budget for the portraits? Who handles the budget for the portrait of a former prime minister to be hung in Parliament House?

**Mr Thompson**—The source of funding is so-called ‘administered funds’, which is the same bucket of money that we draw out and use for our capital funding of the major works in the building. Art services are allocated a certain amount every year and a significant amount of that is used to invest in the more contemporary works that we are acquiring. But we also



attempt to set aside an appropriate amount each year for these historic memorials and portraits.

**Senator FAULKNER**—Obviously, unless there is another ‘first’ that we do not know about, we do not have to worry about more. With these categories, do the portraits of prime ministers come from the administered fund?

**Mr Thompson**—Yes.

**Senator FAULKNER**—What about any of these other categories? The presiding officers do, I assume.

**Mr Thompson**—All of the historic memorials portraits come out of that administered fund.

**Senator FAULKNER**—So the chief justices, the governors-general, the Presiding Officers of both houses—

**Mr Thompson**—Yes.

**Senator FAULKNER**—are all out of DPS’s administered fund?

**Mr Thompson**—Administered funds, yes.

**Senator FAULKNER**—Okay. Have you ever asked for any supplementation from Yarralumla or the High Court?

**Mr Thompson**—No, we have not. I must say at times it has occurred to us; but no, we have not. We have simply understood that it is our role to coordinate these historic portraits of significant people in the life of Australia—

**Senator FAULKNER**—The principle of the separation of powers does not run to portraits?

**Mr Thompson**—It would seem not, no—not for about a hundred years.

**Senator FAULKNER**—No. So this has been the practice since Federation, has it, as far as you know?

**Mr Thompson**—Kylie might have some more history there.

**Ms Scroope**—Yes. Administrative responsibility for the collection as a whole has been managed through various portfolios, so it only became a responsibility of the Department of Parliamentary Services after this building opened. I understand that previously it was managed through the relevant arts department. Most recently I think it was the Department of the Arts, Sport, the Environment, Tourism and the Territories, and also, earlier, the Department of Prime Minister and Cabinet. But it has always been funded as a discrete collection.

**Senator FAULKNER**—Tell me this: are the portraits of, say, Presiding Officers—let us take the case of Senator Hogg, the current President of the Senate—done while the President is serving or after their term is completed?

**Ms Scroope**—That varies from individual portrait to portrait. If possible, we like to commission them while the person is still in office so that it represents the way they were

while they were in that office, but in some cases that just is not feasible and so a lot of them tend to be done after the individual subject has left office.

**Senator FAULKNER**—So, in these categories, where we are up to with the Governor-General's portrait? Has the current Governor-General been—

**Ms Scroope**—We have not approached the current Governor-General about a portrait.

**Senator FAULKNER**—That has not commenced?

**Ms Scroope**—No.

**Senator FAULKNER**—The current Chief Justice?

**Ms Scroope**—His portrait has just recently been completed.

**Senator FAULKNER**—Right. And where is that on display?

**Ms Scroope**—It is currently hanging in the High Court but not in a public area, and generally the practice is that they only go on public display once the subject has left office.

**Senator FAULKNER**—Okay. The current Prime Minister?

**Ms Scroope**—We have not approached the Prime Minister about her portrait yet either.

**Senator FAULKNER**—The immediate former Prime Minister?

**Ms Scroope**—There has been some informal contact with Mr Rudd's staff about his portrait, but no process has commenced yet.

**Senator FAULKNER**—Mr Howard's is completed?

**Ms Scroope**—Just recently completed, yes.

**Senator FAULKNER**—Who was the artist there?

**Ms Scroope**—An artist called Jiawei Shen.

**Senator FAULKNER**—And what was the cost of that portrait?

**Ms Scroope**—The actual commission price is a fixed rate, and it is \$20,000 for each portrait, and then there are some additional costs paid, which barely—

**Senator FAULKNER**—Yes. And that is stock standard, whether it is a Governor-General, Chief Justice, Prime Minister or Presiding Officer?

**Ms Scroope**—Yes.

**Senator FAULKNER**—Okay. What about the President of the Senate?

**Ms Scroope**—The current President has been considering options for a portrait artist, but again the actual commission process has not commenced.

**The PRESIDENT**—That is correct.

**Senator FAULKNER**—Has his immediate predecessor's portrait been done?

**Ms Scroope**—Yes—and hung earlier this year.

**Senator FAULKNER**—And the current Speaker?

**Ms Scroope**—The current Speaker's portrait is in progress but not finalised yet. So there is an artist working on the commission at the moment.

**Senator FAULKNER**—So it has been commissioned and it is underway?

**Ms Scroope**—Yes.

**Senator FAULKNER**—Okay. I would appreciate the President coming back to us on perhaps looking at a new policy in terms of getting a better balance here. I would argue for fewer presiding officers and more prime ministers. I commend that to the Presiding Officer, but no doubt—

**The PRESIDENT**—I hear what you say, Senator Faulkner.

**Ms Scroope**—One thing I would just note, Senator, in relation to that is that there are only two former Speakers' and former Presidents' portraits on display in public areas; so, even if we reduced the number of Speakers' and Presidents' portraits on display to allow more prime ministers' portraits to be displayed, they would not necessarily be accessible to the public.

**Senator FAULKNER**—Once you get to the ground floor you are overwhelmed by former Presiding Officers, aren't you? You cannot turn around without running into one!

**Senator BERNARDI**—They make the rules.

**Senator FAULKNER**—They do make the rules, clearly, in relation to how many of them are on the walls! Anyway, we will hear about that in the future. Thanks very much.

**Senator MOORE**—This is probably something to be taken on notice. It is a follow-up question to previous questions I have asked about the commercial arrangements for various businesses in this building. You gave detailed evidence in the past about trying to bring them into a standard process with time frames and so on. Can you provide us with an update on that? I am happy to have that on notice if you just want to list the businesses. If you want to give it time now, that is fine as well.

**Mr Thompson**—I would be happy to ask the Bronwyn Graham to come to the table. We have made good progress on that, and most of those arrangements have now been finalised.

**Senator MOORE**—Is there a set lease period so it is now in a standard cycle?

**Ms Graham**—There are nine retail licences in the building. That includes Anglicare, the childcare centre. Of those we have renegotiated licences with all but two, all on consistent commercial terms in that they reflect what we would expect licensees to be paying in the commercial sector.

**Senator MOORE**—And using a standard process?

**Ms Graham**—Using a standard process.

**Senator MOORE**—And the length of the leases are all the same?

**Ms Graham**—They are all three years with an option for a further three years, with the exception of one lease.

**Senator MOORE**—And is there a time frame for completing the two that have not completed?

**Ms Graham**—We hope, obviously subject to negotiations, to resolve those in the near future. It would be fair to say that DPS is confident of a negotiated arrangement.

**Senator MOORE**—Ms Graham, I might follow up with that outside the Senate process, but I thought that as we have had extensive discussion it would be good to have that on record. Thank you.

**Mr Thompson**—There is one further bit of information to follow up on Senator Bernardi's question about the costs of the furniture. We have got some further information.

**Senator BERNARDI**—I am happy for you to table that information, given the time constraints.

**Mr Thompson**—Okay. We can do that.

**CHAIR**—Is it in a form that can be tabled now?

**Mr Thompson**—We will table it now.

**CHAIR**—We will receive that as an answer to a question on notice from a little bit earlier.

**The PRESIDENT**—I do not know if that is detailed enough for you, Senator Bernardi. Will you just have a look and let us know.

**Mr Thompson**—If not, we are certainly happy to respond out of session.

**Senator BERNARDI**—That is appropriate for now.

**The PRESIDENT**—You do not want anything further than that?

**Senator BERNARDI**—Not in my mind right now. If I do I can always put it on notice.

**Mr Thompson**—We understand that. Probably the useful way to think of that Parliament House briefing room is that it is broadly a room of the same quality as these committee rooms. It is highly functional because it has got lots of high-tech equipment in it to deal with natural disasters and the like, but the general layout is comparable to a Senate committee room.

**Senator BERNARDI**—Thank you.

**CHAIR**—Thank you to the President and officers of the Department of Parliamentary Services.

**Senator FAULKNER**—You might explain to me how Sir Earle Page fits into the most recent 16, by the way. I will be very interested to hear that.

**CHAIR**—Excuse me. I thought we had just finished.

**Senator FAULKNER**—That is just an aside as the witness leaves the table.

**CHAIR**—I think Mr Thompson heard the request, and if you could reply in writing to Senator Faulkner on that it would be appreciated.

[11.24 am]

## **PRIME MINISTER AND CABINET PORTFOLIO**

### **In Attendance**

Senator Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations

Senator Arbib, Minister for Sport, Minister for Indigenous Employment and Economic Development, Minister for Social Housing and Homelessness

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

#### **Outcome 1**

##### **Overview**

Mr Duncan Lewis, National Security Adviser

Dr Wendy Southern, Deputy Secretary (Governance)

Dr Gordon de Brouwer, Associate Secretary (Domestic Policy)

##### **1.1 Domestic policy**

Dr Gordon de Brouwer, Associate Secretary (Domestic Policy)

Ms Rebecca Cross, Deputy Secretary (Social Policy)

Dr Paul Schreier, First Assistant Secretary, Industry, Infrastructure and Environment Division

Mr Paul Ronalds, First Assistant Secretary, Office of Work and Family

Mr Dominic English, First Assistant Secretary, Economic Division

Ms Yael Cass, First Assistant Secretary, Social Policy Division

Mr Andrew Jagers, First Assistant Secretary, Office of the Coordinator-General

##### **1.2 National security and international policy**

Mr Duncan Lewis, National Security Adviser

Dr Margot McCarthy, Deputy National Security Adviser

Ms Rachel Noble, National Security Chief Information Officer

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

Mr Patrick Suckling, First Assistant Secretary, International Division

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

Ms Sachi Wimmer, Assistant Secretary, Border Protection and Law Enforcement Branch

##### **1.3 Strategic policy and implementation**

Mr Ben Rimmer, Deputy Secretary (SPIG)

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

##### **1.4 Support services for government operations**

Dr Wendy Southern, Deputy Secretary (Governance)

Ms Helen Liassis, First Assistant Secretary, Corporate Services Division

Mr Barry Sterland, First Assistant Secretary, Cabinet Division

Mr Alex Anderson, Assistant Secretary, Legal Policy Branch

Ms Joan Sheedy, Assistant Secretary, Privacy and FOI Policy Branch

Mr Gerard Martin, Assistant Secretary, Parliamentary and Government Branch

Ms Kym Partington, Chief Financial Officer, Corporate Services Division

Mr Terry Crane, Assistant Secretary, CHOGM Taskforce

**2.1 Official and ceremonial support**

Dr Wendy Southern, Deputy Secretary (Governance)

Mr John Cairns, First Assistant Secretary, Ministerial Support Unit

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality Branch

**Outcome 2****Office for the arts**

Mr Richard Eccles, Deputy Secretary, Arts and Sport Group

Ms Sally Basser, First Assistant Secretary, Culture Division

Ms Lynn Bean, First Assistant Secretary, Arts Division

Mr Stephen Cassidy, Acting Assistant Secretary, Indigenous Culture Branch

Ms Kim Allen, Assistant Secretary, Collections Branch

Ms Celia Street, Acting Assistant Secretary, Film, Literature and Creative industries Branch

Mr Paul McInnes, Assistant Secretary, Arts Policy and Access Branch

Mr Mark Taylor, Assistant Secretary, Arts Development and Training Branch

**Australia Council**

Ms Kathy Keele, Chief Executive Officer

Mr Tony Grybowski, Executive Director, Arts Organisations

Ms Robin Cowdery, Executive Director, Corporate Resources

**National Gallery of Australia**

Mr Alan Froud, Deputy Director

**Screen Australia**

Dr Ruth Harley, Chief Executive Officer

Ms Fiona Cameron, Executive Director Strategy and Operations

Mr Ross Matthews, Head of Production Investment

Mr Ian Clark, Transitional Chief Finance Officer

**National Film and Sound Archive**

Mr Steve Vogt, Acting Chief Executive Officer

Mr David Boden, Acting General Manager, Collection Development & Outreach

**National Library**

Dr Warwick Cathro, Director-General

Mr Gerry Linehan, Assistant Director-General, Corporate Services

**National Museum of Australia**

Mr Andrew Sayers, Director

Ms Louise Douglas, Assistant Director Audience, Programs & Partnerships

Mr Mat Trinca, Assistant Director Collections, Content & Exhibitions

Ms Lisa Wilmot, Director Employee Relations and People Development

Ms Kylie Noonan, Chief Finance Officer

**Outcome 3****Office for Sport**

Mr Richard Eccles, Deputy Secretary, Arts and Sport Group

Mr Bill Rowe, General Manager

Ms Natasha Cole, Assistant Secretary, Sport Branch

Mr Jaye Smith, Acting Assistant Secretary, FIFA Task Force

**Australian Sports Commission**

Mr Matt Miller, Chief Executive Officer, Australian Sports Commission  
Prof Peter Fricker, Director, Australian Institute of Sport  
Ms Judy Flanagan, Director, Assisting the CEO  
Ms Christine Magner, Director, Corporate Services  
Ms Nadine Cohen, Acting Director, Sports Development  
Mr Steve Jones, Director, Commercial and Facilities  
Ms Wenda Donaldson, Acting Director, Community Sport

**Australian Sports Anti-Doping Authority**

Ms Aurora Andruska, Chief Executive Officer, Australian Sports Anti-Doping Authority  
Mr Trevor Burgess, Chief Operating Officer, Australian Sports Anti-Doping Authority  
Ms Geetha Nair, General Manager, Anti-Doping Programs and Legal Services  
Mr Chris Owens, Director, Marketing and Communications

**Office of the Official Secretary to the Governor-General****Outcome 1—Program 1**

Mr Stephen Brady, Official Secretary to the Governor-General  
Mr Mark Fraser, Deputy Official Secretary to the Governor-General  
Ms Sharon Prendergast, Director, Australian Honours and Awards Branch  
Mr Stephen Murtagh, Director, Corporate Services Branch

**Australian National Audit Office**

Mr Ian McPhee, Auditor General  
Mr Steve Chapman, Deputy Auditor General  
Ms Anya Moore, Executive Director Corporate Management Branch  
Mr Anthony Howatson, Chief Finance Officer  
Mr Matt Cahill, Group Executive Director Performance Audit Services Group  
Ms Fran Holbert, Executive Director Performance Audit Services Group  
Ms Barbara Cass, Executive Director Performance Audit Services Group  
Mr Peter McVay, Executive Director Performance Audit Services Group  
Mr Grant Caine, Senior Director Performance Audit Services Group  
Mr Brian Boyd, Executive Director Performance Audit Services Group  
Mr Michael White, Executive Director Performance Audit Services Group  
Mr Tom Clarke, Executive Director Performance Audit Services Group  
Mr Stuart Turnbull, Executive Director Performance Audit Services Group

**Australian Public Service Commission**

Mr Steve Sedgwick, Public Service Commissioner  
Ms Carmel McGregor, Deputy Public Service Commissioner  
Ms Annwyn Godwin, Merit Protection Commissioner  
Ms Helen Bull, General Manager, Workplace Relations Workforce Classification  
Mr Patrick Palmer, Group Manager, Corporate  
Ms Clare Page, Group Manager, APSC Products & Services  
Mr David Schmidtchen, Group Manager, APS Workforce  
Mr Patrick Sedgley, Group Manager, APS Workforce Classification  
Dr Andrew Taylor, Group Manager, Workplace Relations  
Dr Jane Gunn, Group Manager, APS Learning and Development

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Mr Damian West, Group Manager, Client Engagement  
Ms Karin Fisher, Group Manager, Ethics  
Ms Sherryn Bellis, Group Manager, Workforce Participation

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

**CHAIR**—I welcome Mr Stephen Brady, Official Secretary to the Governor-General, and other officers. You are familiar with the rules of the Senate governing estimates hearings. Copies of those rules are available from the secretariat if you require them. I also draw to your attention, as I stated earlier at the opening of today's proceedings, to the order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. We determined earlier that Friday, 3 December is the date by which answers to questions on notice are to be returned. I now invite you, Mr Brady, to make an opening statement if you wish to do so.

**Mr Brady**—We have now passed the second anniversary of the Governor-General's stay in office. I would like to take the opportunity to record that in the 25 months that she has been Governor-General she has participated in over 1,500 official engagements. That comes out at 15 a week, so by any measure it has been a phenomenal outreach during the term to date.

The Governor-General continues to approach her role with verve and an ongoing commitment and energy that are demonstrated in that statistic. I would add that the Governor-General has visited 104 different locations in Australia on 228 separate visits. Since her term began we have had 63,000 visitors to Government House in Canberra. She has hosted over 20,000 guests at Government House, over 5,800 further guests at Admiralty House and we have had, interestingly, 16 million hits on the Governor-General's website in the last financial year, which is an increase of 80 per cent since she commenced in office.

By those statistics I can report to the committee that the Governor-General operates at a fast and furious pace, making sure that she visits as many places in the country that she can, including, since we last met, places that no Governor-General has ever visited before.

**Senator BERNARDI**—Thank you, Mr Brady and welcome. I note that the government appears to have abandoned any hope of getting an Australian representative on the United Nations Security Council; does that mean that the Governor-General will be able to spend more time in Australia and attend even more functions to add to that distinguished list?

**Senator FAULKNER**—That is negative—

**Senator BERNARDI**—We do not need your interjection, Senator Faulkner.

**Senator FAULKNER**—You need an accurate—

**CHAIR**—Order! We have been going for 2½ hours with relative calm—very calm. Let's start this section of our estimates hearings off with even more calm—

**Senator FAULKNER**—I was just pointing out—

**CHAIR**—and less interjections. If you wish to comment or answer, Mr Brady, feel free to do so—but I think we should get to some questions that are directly relevant.

**Mr Brady**—Perhaps I can just respond by saying that the Governor-General represented Australia this year in a very distinguished way at the Gallipoli commemorations for Anzac



Day. She travelled to Fromelles in France, where I think senators are aware that, again, she brought great credit to Australia during her representation at the interment of the last soldier. The Governor-General visited Sandakan for the 65th anniversary of the Death March, she made a visit to Vanuatu for a day to represent Australia at the independence celebrations of that country and she travelled to Shanghai and Beijing for the Australian national day at the Expo pavilion.

**Senator BERNARDI**—Reasonable official functions, one would think, and not political lobbying exercises, which is what a previous trip has been accused of being. Allegations have been made. I do not expect you to make a comment on that. Mr Brady, I want to go to investitures. I understand this has been raised on a number of occasions by Senator Fierravanti-Wells—that is, about who was turning up to investitures at Government House. How many investitures have there been at Government House since the last estimates hearings?

**Mr Brady**—Senator, by way of introduction to your question, during the Governor-General's term of office we have had 19 investiture ceremonies. Eighteen of those have been presided over by the Governor-General and one by the Administrator of the time, Professor Marie Bashir. So far in the financial year 2010-11, there have been four investiture ceremonies. That includes an investiture of the President of the Republic of Indonesia as an Honorary Companion of the Order of Australia. I can give you the dates—

**Senator BERNARDI**—That is not necessary. I am interested in how many times the opposition has had representatives attend the investitures.

**Ms Prendergast**—Since the last Senate estimates hearings there have been two major investitures where both the government and opposition were invited, and both were attended by the government and the opposition.

**Senator BERNARDI**—I note from answers provided to questions on notice last time, the Labor government failed to send a representative to three investitures last year. Is that correct?

**Ms Prendergast**—Yes, that is correct.

**Senator BERNARDI**—Was there any reason given to the people who were receiving these awards as to why the government did not send a representative?

**Ms Prendergast**—I am not aware that any reason was given.

**Senator BERNARDI**—So you have three local members or senators within a stone's throw of Canberra, who live here, who could have represented the government, none of whom could be bothered attending.

**Senator Sherry**—That is not an appropriate question for the—

**Senator BERNARDI**—It is; it is true.

**Senator Sherry**—The witness has indicated—

**CHAIR**—Senator Bernardi, you asked the question of the witness about whether or not she was aware of any reasons being given. She said no. You are now going on to speculate about whether or not certain individual senators should have attended. That is not an

appropriate matter to raise with the witness. That is a matter for the members of parliament; it is not a matter for the witness to speculate as to the reasons why people did or did not attend.

**Senator BERNARDI**—What I want to establish, Mr Chairman, is that there are three local government representatives who live here—

**CHAIR**—That is a matter of fact—

**Senator BERNARDI**—and none of them could be bothered turning up.

**CHAIR**—and we do not need an estimates hearing today to determine that there are members of parliament and senators, from both the government and the opposition, living close to Government House. I would suggest, Senator, that we do not pursue this line of questioning because there could be all sorts of reasons why people may not be available to attend. They may be ill, they may be overseas, they may be away on other duties. We could spend all day discussing that. As I said, firstly, this is not a question in my view, but, secondly, it is not a question, if it is one, that would be appropriate to be directed at the officer who has indicated she is not aware or has any information about the reasons as to why certain members or senators did not attend investiture ceremonies.

**Senator BERNARDI**—Mr Chairman, I think it is important that the government, which is so arrogant and is treating people with such contempt, cannot be bothered to send a representative to investitures.

**CHAIR**—Senator Bernardi!

**Senator BERNARDI**—I think that is a reasonable point to make.

**CHAIR**—You can make whatever points you like—

**Senator BERNARDI**—Thank you, I will continue to do it.

**CHAIR**—excuse me!—but this is an estimates hearing with limited time available today, and these officers are here in the capacity representing the Official Secretary to the Governor-General and staff, and that is where you should be directing your questions.

**Senator BERNARDI**—Ms Prendergast, did any of the people receiving awards express their dismay and horror that the government could not be bothered turning up and sent a representative to the investitures—that they did not attend?

**Ms Prendergast**—Not that I am aware of.

**Senator BERNARDI**—Would those sorts of complaints normally go to you or would they be addressed to someone else—if a government were that arrogant to not be bothered honouring our citizens?

**Ms Prendergast**—You are asking me to speculate where somebody might write to complain about the government not attending. It may be addressed to us at Government House, it may be addressed to me personally. I cannot answer that. We did not receive any correspondence that I am aware of.

**Senator BERNARDI**—Mr Brady, have you received any correspondence about people's concerns about the government's arrogance and contempt in not attending investiture ceremonies?

**Mr Brady**—No, I have not.

**CHAIR**—You have not received any correspondence with regard to any of that, have you, Mr Brady, as distinct from the question that was making certain assertions?

**Mr Brady**—No. We receive usually very complimentary letters from those who have received awards or who have been guests, either complimenting the Governor-General on how she conducted the ceremony or expressing the gratitude of the recipients.

**Senator BERNARDI**—Did you receive any letters congratulating the government for their non-attendance at these ceremonies? I think the point is made.

**CHAIR**—The point is for you to ask questions, Senator Bernardi—

**Senator BERNARDI**—I have been asking questions.

**CHAIR**—not to engage in debate.

**Senator BERNARDI**—Mr Brady, are you able to provide me with a list of staff positions in the office of the Governor-General that became vacant since our last estimates hearing?

**Mr Brady**—I am, Senator. I will invite the deputy official secretary to provide the answer.

**Mr Fraser**—Since last estimates, six staff have left the office. One was an honours case officer, one was a HR advisor, one was a gardener at Admiralty House in Sydney, one was the finance manager, one was a custodian at Admiralty House in Sydney and the final position was a florist.

**Senator BERNARDI**—A florist based in Canberra?

**Mr Fraser**—Correct.

**Senator BERNARDI**—Just on the florist, what is their responsibility—just to create floral arrangements?

**Mr Fraser**—That individual is responsible for a range of floral services, including ordering in flowers for many of the hundreds of events that the Governor-General hosts both here and at Admiralty House in Sydney.

**Senator BERNARDI**—Is that a full-time job, ordering flowers?

**Mr Fraser**—No, it is not a full-time job. This individual was on staff, not in a full-time capacity, and has since elected to take age retirement from the organisation. That position has not been replaced or refilled. We are staffing those things through alternative arrangements.

**Senator BERNARDI**—Of the six who have left, how many positions have been filled and how many remain vacant?

**Mr Fraser**—One of those positions is vacant—that is the position of custodian at Admiralty House in Sydney. We have yet to proceed with filling that position. The position of finance manager that I referred to has become excess as the result of an independent external consultant's review. That position has been filled notionally with the creation of a new position of chief finance officer within the organisation—a dedicated chief finance officer position at a more senior level—to provide a greater level of assurance and strategic oversight of the financial management responsibilities.

**Senator BERNARDI**—Just on that, Mr Fraser: for my understanding, the finance manager's role is now called something different—the chief financial officer. Is that combining the original duties with other duties or is it just an elevated position to do the same thing?

**Mr Fraser**—The position of finance manager that existed has been made excess. As the result of an independent consultant's report, the management structure decided that it was time that the organisation had a senior level oversight and a dedicated chief finance officer role. That role was previously undertaken by Mr Murtagh as part of his various corporate services responsibilities and it was determined that a dedicated role was required at a more senior level. It has a completely different duty statement to the position that was made excess.

**Senator BERNARDI**—But two positions are not rolled into one for the CFO?

**Mr Fraser**—No.

**Senator BERNARDI**—So it is just that they have picked up the finance manager's role and some additional duties or a broader job description, and there has been an elevation in the associated remuneration.

**Mr Fraser**—That would be correct.

**Senator BERNARDI**—I am sorry—you were going through the six.

**Mr Fraser**—I will continue. The HR adviser position has been filled. The honours case officer position has also been filled. As part of a workforce succession planning strategy that we have in place, that has been filled with a trainee.

**Senator BERNARDI**—Just going back: of the six that have left, one has a new job descriptions—the finance manager is now the CFO. You have filled those three positions, you have told us. The florist is no longer there. But I have missed one.

**Mr Fraser**—The custodian at Admiralty House in Sydney, which is currently vacant.

**Senator BERNARDI**—That is the vacancy; okay. Of these positions, how many were advertised?

**Mr Fraser**—Those that have been filled have all been advertised and have been subject to the normal merit-based selection processes.

**Senator BERNARDI**—What is the process for appointment? Is there a standard range of interviews? Is there a panel they meet with?

**Mr Fraser**—Yes. The office recruitment practices follow the merit principles applied in the broader public sector. Vacancies are generally advertised in one or more of the following principal forms of media: the print media, which can include the *Canberra Times*, regional papers and national papers, depending on the level of the position and the technical skills required; APSjobs; the Governor-General's website; SEEK; university hubs and other professional networks; and also through canvassing of our own staff and their networks. Sometimes we use recruitment agencies. As part of that, we then have a range of methods used in assessing the suitability of applicants. They can include interview panels, written tests and also assessment centres, which we have used in the case of the honours trainees. We also

hold on file a range of CVs that come into the office for use when we are conducting recruitment. We contact those individuals and invite them to be part of those processes.

**Senator BERNARDI**—So there has been a rigorous process—that is what you are telling me—which would be described as an open selection process; would that be fair to say?

**Mr Fraser**—That is correct.

**Senator BERNARDI**—So there are no direct appointments?

**Mr Fraser**—No direct appointments at all.

**Senator BERNARDI**—Of the new appointments, were any of them of people who had previously worked at either DFAT or PM&C?

**Mr Fraser**—No they were not.

**Senator KROGER**—When do you determine whether you will undertake a selection process using a recruitment agency rather than, I presume, conducting an in-house recruitment process?

**Mr Fraser**—When each position comes up for filling, whether through the end of the contract or for any other reason, we first will consider our needs going forward in the organisation—whether that position needs to be refilled at that level or can be job-shared, or whether any other appropriate arrangements can be put in place. For those positions that do need to be filled, we look at the most appropriate means of attracting the sort of staff that have the appropriate skills and abilities to fill those roles. Very often, that can be through public advertisement in newspapers; it can also be through specialist agencies or a range of recruitment agencies who have people on staff who are known to have various skills and abilities, and it can be a combination of the two. So we approach various recruitment agencies to make sure that we have a broad range of candidates applying for the role. We also advertise publicly. And all of those people are duly considered as part of the process.

**Senator KROGER**—With recruitment agencies, I understand they have a success fee so that, if someone is a successful appointment over a period of time—whether three months or six months or whatever—they then get a success fee. Is it any different recruiting for the Governor-General's office in terms of security or confidentiality? Are there additional provisions which are included in that?

**Mr Fraser**—I am not exactly sure what your question is referring to: the staff that are engaged at Government House or the recruitment process itself?

**Senator KROGER**—In terms of the recruitment process itself, I am just wondering how you would deal with someone who was not a successful appointment and who was moved on after two or three months through the recruitment agency. How would you deal with that in an appropriate manner?

**Mr Fraser**—That is something that is very much built into our recruitment processes. We have probation periods within our structure. In relation to the placement fees that you talk about with recruitment companies, there are arrangements in place for those fees not to be payable in the case that individuals do not succeed in the workplace or for rebates to be made

or for that organisation to then take on further recruitment work to offset their fees that they had previously charged.

**Senator KROGER**—Given the elevation of the finance position to a CFO, was that an appointment that was made through a recruitment agency to source the best available person?

**Mr Fraser**—That particular recruitment process was a broader process. We contacted a number of agencies operating in the market to get as many candidates put forward as possible. In terms of the public advertising—

**Senator KROGER**—So you actually do not—

**Mr Fraser**—I am advised by my colleagues that that particular position was advertised externally in the public press.

**Senator KROGER**—So it was not through an agency.

**Mr Fraser**—No, it was not through an agency.

**Senator KROGER**—But when you were just reflecting on the agencies you mentioned that you may well advise a number of agencies of a position being available. So you do not contract out to a specific agency; you source a position amongst a number of agencies?

**Mr Fraser**—That is correct. It depends on the sorts of skills that are required. Some agencies specialise in certain areas of recruitment.

**Senator KROGER**—I know that this has been covered in previous estimates so I just ask you to remind me: what is the total number of staff?

**Mr Fraser**—We currently have 91.73 staff. That is our number of full-time equivalents. That is an actual headcount of 100 as at 30 September this year.

**Senator KROGER**—I was interested to read in the paper that between the recent election and the commissioning of the new Gillard government the Governor-General sought legal advice from the Solicitor-General on the question of a potential conflict of interest arising from her family relationship with the member for Maribyrnong. Is that correct?

**Mr Brady**—That is correct. I should say more broadly that the Governor-General has at all times acted in accordance with the customs and the norms of her role. In regard to the issue of Mr Shorten being married to her daughter, the Governor-General acted immediately to dispel any perception of a possible conflict of interest by seeking the advice of the Solicitor-General.

**Senator KROGER**—And who initiated the decision to seek that advice?

**Mr Brady**—The Governor-General.

**Senator KROGER**—I remember that, when I read about it, it was a little time after the event. When did she first seek that advice? When did she actually seek the advice and was that a verbal request or a written request?

**Mr Brady**—She made her decision and wrote to the Solicitor-General on the same day, which was 23 August. On that day the Governor-General had become increasingly concerned about her impartiality was being impugned and that the best way of maintaining the bond of faith, if I can call it that, that would be expected between the Australian community and herself as Governor-General was to go to the appropriate person, who was the Solicitor-

General. We also acted in a very open and transparent way in making that known on the Governor-General's website on that day and very soon after the receipt of the Solicitor-General's advice we put that advice on the website.

**Senator KROGER**—I would like to just follow up on a question on notice that a response was given to: PMCQ76. My question relates to the missing costings in part H. The question itself was in relation to the Governor-General's trip to China visiting the World Expo pavilion. In response to part H, if you have that there, there are a number of aspects where you say they are being finalised. I was wondering if they had been finalised and what they were?

**Mr Brady**—The final cost that we have at the moment is \$44,448 to my office. As you are aware, the Governor-General travelled by special-purpose aircraft, which is not reflected in that amount.

**Senator KROGER**—I understand. And the Chinese government met accommodation and transport costs on that side and so on.

**Mr Brady**—That is right.

**Senator KROGER**—So that includes any other costs associated with it—that is all-inclusive of all extraneous costs?

**Mr Brady**—That is right.

**CHAIR**—There being no further questions, I thank Mr Brady and the officers from the Office of the Official Secretary to the Governor-General.

**Proceedings suspended from 11.52 am to 1.19 pm**

**CHAIR**—Good afternoon, Minister and ladies and gentlemen. I welcome the Minister for Tertiary Education, Skills, Jobs and Workplace Relations, Senator the Hon. Chris Evans, representing the Prime Minister, and officers of the department. Officers and senators, of course, are familiar with the rules of the Senate governing estimates hearings, but there are copies available if you would like to refresh your memory. Earlier I drew attention of witnesses to the Order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised. We have set Friday, 3 December as the date by which answers to questions on notice are to be returned.

I now ask if there is any opening statement. Mr Lewis, would you like to lead off?

**Mr Lewis**—Senator, thank you. Chair, members of the committee, good afternoon. I am Duncan Lewis, the National Security Adviser and Associate Secretary in the Department of the Prime Minister and Cabinet. It may assist the committee, Chair, in the examination of the portfolio supplementary budget estimate, if I was to make a short opening statement regarding changes to the PM&C portfolio since the last hearings in May. There have been quite a number of changes.

Let me begin with the senior executive team. I would like to advise the committee of a number of changes to the department's senior executive. I am pleased to advise the committee that Dr Gordon de Brouwer, who is sitting on the left of the minister, has been appointed acting associate secretary, filling the role previously undertaken by Dr Paul Grimes. The committee may be aware that Dr Grimes has been appointed Acting Secretary of the

Department of Sustainability, Environment, Water, Population and Communities, and Dr Grimes will act in place of Ms Robyn Kruk, who is on extended leave due to illness.

On my right, Dr Wendy Southern has been appointed Acting Deputy Secretary (Governance), filling the position previously occupied by Glenys Beauchamp. Members may be aware that Glenys has been appointed Acting Secretary to the Department of Regional Australia, Regional Development and Local Government and the new department of state within the PM&C portfolio. Ms Rebecca Cross has been appointed Acting Deputy Secretary (Social Policy), and finally, Mr Richard Eccles has been appointed Deputy Secretary, Arts and Sport. These changes in the senior executive team are largely the consequence of new administrative arrangement orders to which I will now turn.

Our portfolio structure: as a result of the administrative arrangements order issued on 14 September, the department and broader portfolio is undergoing a number of machinery of government changes. Firstly, the regional Australia department: a new department of state has been created within the PM&C portfolio—the Department of Regional Australia, Regional Development and Local Government—with, as I mentioned before, Ms Beauchamp as acting secretary. The Prime Minister has appointed the Hon. Simon Crean MP as the minister of this new department within our portfolio. Questions on regional policy and programs should be directed to the officers of the department of regional Australia, who will appear separately to PM&C under a different part of the estimates program.

I turn now to arts and sport. PM&C has been given responsibility for cultural affairs, which includes support for the arts, as well as responsibility for sport and recreation. The Prime Minister has appointed the Hon. Simon Crean MP as the Minister for the Arts and Senator the Hon. Mark Arbib as Minister for Sport. A new sports and arts group has been created within the department. This new group will be responsible for two new portfolio budget outcomes relating to arts and sport.

Moving to cyber policy, digital productivity and the non-profit sector: in addition to the arts and sports role, PM&C is also taking on a number of new functions. The Prime Minister has asked PM&C to help facilitate and more rapidly uptake new digital productivity across key service sectors, and has appointed Senator the Hon. Stephen Conroy as Minister Assisting the Prime Minister on Digital Productivity within the PM&C portfolio. The department's work now includes providing a single point of coordination and advice on cyber policy. This work will be undertaken within PM&C by the National Security Chief Information Officer in close cooperation with other agencies.

There is a new office of the non-profit sector to be created within the department that is within the existing Office of Work and Family. This new office will include coverage of volunteering and the national compact with the third sector. The Minister for Social Inclusion, the Hon. Tanya Plibersek, will be responsible for the new office.

I would also like to draw the committee's attention to two existing areas within the department that have new ministerial responsibility. The Special Minister of State for the Public Service and Integrity is the Hon. Gary Gray MP. The Minister for Privacy and Freedom of Information is the Hon. Brendan O'Connor. The Prime Minister has also appointed the



Hon. Mark Dreyfus MP as Cabinet Secretary, and Senator Kate Lundy as the Parliamentary Secretary to the Prime Minister.

Turning now to official establishments: there have been some changes to the allocation of responsibility for the Prime Minister's official residences, the Lodge and Kirribilli. In line with the Department of Finance and Deregulation's role as the Australian government's asset and property manager, responsibility for property management of the official establishments has been transferred to finance. This includes responsibility for major works and ongoing maintenance related to procurement and contract. PM&C, our department, retains responsibility for the day-to-day management of the properties and the staff employed at the official residences, and questions on these matters can be directed to PM&C under Program 2.1, Official and Ceremonial Support. Chair, that concludes my opening statement.

**CHAIR**—Thank you, Mr Lewis. Minister or any other officers?

**Senator Chris Evans**—Nothing, Mr Chairman. I thought it best that Mr Lewis just cover off on those administrative arrangements so senators are aware where to ask the right question or not.

**Senator PAYNE**—Is it possible to be given a copy of Mr Lewis's opening statement just so that we have that detail before us, please?

**CHAIR**—Yes.

**Senator PAYNE**—Thank you.

**CHAIR**—That will be arranged. Thank you. We will now proceed to the outcomes, but firstly, general questions. We will commence with general questions on the department as a whole, bearing in mind that I understand there are questions in each of the outcome program areas, as identified, and there are other senators who are not currently present that will wish to ask questions as we work through the list. So it is helpful to know that we follow the program. Senator Cormann.

**Senator CORMANN**—Thank you, Mr Chairman. Just by way of an opening question, have you received an FOI request for the Prime Minister and Cabinet department's incoming government brief 2010?

**Dr Southern**—Yes, Senator, we have.

**Senator CORMANN**—So can you tell us from whom?

**Dr Southern**—We have received two requests, one from the Seven Network and one from the *West Australian* newspaper.

**Senator CORMANN**—And when were those requests received?

**Dr Southern**—We received the request from the Seven Network on 25 August and the request from the *West Australian* on 21 September.

**Senator CORMANN**—Have you made a decision on either application?

**Dr Southern**—No, we have not.

**Senator CORMANN**—So have you gone through a preliminary consideration?

**Dr Southern**—Yes, we have.

**Senator CORMANN**—And what was your preliminary consideration?

**Dr Southern**—Our preliminary consideration has been in relation to charges in relation to the request. So we have done a preliminary assessment of how long we believe it will take us to reach the decision on these FOI requests and have advised the applicants of those charges.

**Senator CORMANN**—So how long would that be, and what would the charges be?

**Dr Southern**—In relation to the charges, we have written to both applicants advising charges of around \$3,700.

**Senator CORMANN**—That is \$3,740.80.

**Dr Southern**—Correct.

**Senator CORMANN**—For both of them, the same?

**Dr Southern**—For both of them.

**Senator CORMANN**—And so is that half the cost that it takes to process it, given that there are two of them that are chasing the information, or is that the cost for the whole process, twice over?

**Dr Southern**—Could you just let me get that detail for you, Senator. I am hoping it is half each. I am advised that it is the whole cost for each of them, and it is on the basis that one or other of them might withdraw at any time.

**Senator CORMANN**—So I assume that you are aware that, following an FOI request, both the Treasury department and the Department of Finance and Deregulation released the incoming government brief 2010 without charge?

**Dr Southern**—Correct.

**Senator CORMANN**—So what is the reason for a different approach?

**Dr Southern**—It is entirely a matter for individual decision-makers under the FOI Act as to whether or not they will impose charges.

**Senator CORMANN**—But this is the Prime Minister's department, and the Prime Minister has asserted on a number of occasions since the election that this is a new era of openness and transparency. How does that fit with that assertion—the fact that her department takes a much less open and transparent approach to these things than the Treasury and the finance department?

**Dr Southern**—I do not believe it goes to questions of openness and transparency. It is simply applying the FOI Act as it stands and deciding in these particular circumstances that we will impose charges for processing the requests.

**Senator CORMANN**—But you could waive them, couldn't you?

**Dr Southern**—We could waive them and, indeed, the applicants have recently come back to us seeking a decision on whether the charges will be waived, and that is under consideration at the moment.

**Senator CORMANN**—So are you aware that the finance department returned the \$30 cheque which went with the FOI request from the *West Australian* to them?

**Dr Southern**—I did not know that, no.

**Senator CORMANN**—It seems to be somewhat inconsistent. Has this been raised with the Prime Minister or anybody in her office?

**Dr Southern**—We talk broadly with the Prime Minister's office about requests that come to the department, but it is a matter for the department to decide. The decision maker is in the department.

**Senator CORMANN**—I have to say that this does not sound like openness and transparency to me, Minister, and if I were you I would take some steps and talk to the Prime Minister and get the Prime Minister to direct her department to lead by example, quite frankly. This is 25 August. It is now nearly two months since the request was made, and it has not been provided yet. Treasury and Finance have acted quicker and have also waived the cost, which, of course, is an inhibitor in terms of getting access to this information. Minister, I think that you should raise this with the Prime Minister and seek the Prime Minister's direction to her department to get this information released as soon as possible.

**Senator Chris Evans**—Senator, you are right: you are not me. While I appreciate your gratuitous advice, I will not be taking it. The point is, as the department made clear, that they will operate under the FOI Act. They will respond in the normal way. It is the role of the delegate inside the department to make those decisions. You asked about how that is proceeding. You have been advised how the—

**Senator CORMANN**—The buck stops with the Prime Minister.

**Senator Chris Evans**—Senator, you ought to go and read the FOI Act, then, if you think that is the case. But all I can say to you is that, as the officer advised you, they will be following through on the normal procedures in dealing with FOI requests. That is operating without political interference, as it should do. What the individual departments decide to do is obviously up to those individual departments and, as I understand, there has been a variance in terms of responses. But, in terms of the Department of the Prime Minister and Cabinet, they are applying the act and following the normal procedures and in due course, no doubt, the delegate will make the decision.

**Senator CORMANN**—Minister, how can you justify that the Prime Minister's department charges \$3,740.80 and takes nearly two months now to make a decision on the substance of it when both the Department of the Treasury and the finance department released these things promptly and without cost? Surely the Prime Minister, given all the lectures we have had about a new era of openness and transparency, would take a very close interest in this. Surely the Prime Minister, who would have an opportunity here to lead by example, would ask her department to follow the lead of Dr Ken Henry and the secretary of the finance department.

**Mr Lewis**—Senator, if I might, I just want to clarify the point and ensure that it is understood that the decision with regard to the recovery of costs is entirely a matter for the decision-maker and that individual, an official, must operate with complete freedom. I am not saying that it is necessarily the right outcome, but it would not surprise me that we would have different decisions made by different individual decision-makers. But that is in accordance with the way the act operates.

**Senator CORMANN**—If the Prime Minister were to give an indication to the department in a general sense—or in fact to the government as a whole, because I am sure that the same issue will arise with other departments—and expressed a view that, as far as incoming government briefs 2010 are concerned, they are consistent with the practice adopted by Treasury and Finance that there should not be a charge and they should be released promptly, would you as a department take note of that or would you just ignore it and still make your own separate decision irrespective of what the Prime Minister’s wishes might be?

**Mr Lewis**—Currently that would not be in accordance with the provisions of the act.

**Senator CORMANN**—No, that was not my question. If the Prime Minister made it known that she was not only comfortable—

**Mr Lewis**—That is speculation. I am just trying to clarify what the act—

**Senator CORMANN**—But that is my point, though. I want to assist you, because I think that you are left here holding the baby as a department, quite frankly. If the Prime Minister were to advise your department and the government as a whole that she wants these applications to be dealt with promptly and costs to be waived, I am sure that the government would take notice of that and individual departments would take notice of that.

**Senator Chris Evans**—If there are any questions, Mr Chairman, we are happy to answer them.

**CHAIR**—Further questions? Senator Abetz.

**Senator ABETZ**—Can I have confirmed to the committee, please, that PM&C moved into its current premises in 2007?

**Dr Southern**—That is correct.

**Senator ABETZ**—Yes, thank you. It is a relatively new building?

**Dr Southern**—Yes.

**Senator ABETZ**—And one therefore assumes that not much refurbishment would need to be undertaken in such a new building. Is that also a fair assessment?

**Mr Lewis**—It would depend on the circumstances as to what has happened since we occupied the building.

**Senator ABETZ**—All right. What has happened since you have occupied the building?

**Mr Lewis**—A number of changes in the department’s structure and areas of responsibility.

**Senator ABETZ**—Does that include the refurbishment of the secretary’s office?

**Mr Lewis**—As part of a refurbishment or a readjustment in the executive area, yes, that is correct.

**Senator ABETZ**—How much did that cost?

**Mr Lewis**—I do not know. I am sorry. I will have to take that on notice.

**Senator ABETZ**—All right. Please take that on notice. What was the justification for this new office?

**Mr Lewis**—First of all, it was not a new office. In late 2009, late last year, the secretary relocated to another office in the building.

**Senator ABETZ**—Excuse me—can I just interrupt you? When you say it was not a new office, would you agree with me that the departmental secretary moved from one area of the building into a completely different area, suggesting that it might in fact be a new office for the secretary?

**Mr Lewis**—The first part of your sentence is right, Senator, about moving from one area of the department to another, but the office that he moved into was an office that was previously occupied by one of the deputy secretaries.

**Senator ABETZ**—Were any walls or anything else refurbished in that office?

**Mr Lewis**—Yes.

**Senator ABETZ**—So it did not remain the same as it was for the deputy secretary?

**Mr Lewis**—There were some modifications made.

**Senator ABETZ**—Was it made bigger?

**Mr Lewis**—I do not believe so. I think the office is exactly the same size.

**Senator ABETZ**—So, if it is exactly the same size, given that it was only two or three years old—when did the secretary move in?

**Mr Lewis**—Late 2009.

**Senator ABETZ**—Late 2009. So, seeing that it was only around for two years, what was changed? Was a balcony added? A new bathroom? New carpets?

**Mr Lewis**—Some adjustment was made to make the facility more functional. You asked me a moment ago about the size. The actual size is marginally smaller than the previous office that was there. The size of the secretary's office is marginally smaller.

**Senator ABETZ**—And what about the bathrooms, carpets et cetera? What was the actual change that was undertaken?

**Mr Lewis**—I do not have a detailed scope of works, but essentially there was a readjustment of the area where the secretary's personal assistant and his executive officer sit, and there was provision made for a rejigging of what is a conference room—an executive conference room.

**Senator ABETZ**—What other offices were remodelled?

**Mr Lewis**—The other area of modification in the executive area was my own area, which is the national security area. Essentially, we moved into a corner of the building which has been upgraded to what, in the technical jargon, is called a SCIF, which is a secure area in which you can manage the flow of secure papers and ciphers and classified information.

**Senator ABETZ**—As a result of these changes, has there been a loss of meeting rooms?

**Mr Lewis**—I do not think so. I think the executive conference room was a meeting room. No, I do not think there has been.

**Senator ABETZ**—If you can take it on notice—

**Mr Lewis**—In fact, I think we have ended up with one more. I think we have ended up with one more small meeting room than we had before the adjustment was made on the top floor.

**Senator ABETZ**—A small meeting room—right. Could you advise us as to the costs et cetera and who made the decision that it would be more suitable for the secretary to move from one area of the building to another. Do we know?

**Mr Lewis**—There was certainly discussion among the executive about reorganising ourselves and making the layout more functional to accommodate, basically, some changed structures within the department.

**Senator ABETZ**—We do not know how much that has cost?

**Mr Lewis**—I will take that on notice, as I mentioned.

**Senator ABETZ**—You will take that on notice. I refer you to today's *Australian* newspaper report about the EBA negotiations. Is it correct that those negotiations resulted in a no vote?

**Mr Lewis**—That is correct.

**Senator ABETZ**—Right. How often has that happened in PM&C—that the EBA has had a no vote?

**Mr Lewis**—I would have to check that. I do not know of any previous occasion.

**Senator ABETZ**—That is my advice as well—that it is unprecedented. But, if you could confirm that for us, that would be very helpful. Are you able to identify for us any of the key issues as to why you believe a no vote was returned?

**Mr Lewis**—I think it is probably best for me to say to you that, first of all, the negotiations were undertaken in good faith. The objective of management was essentially to maintain staff numbers, to establish comparable terms and conditions with other agencies, to develop rules and procedures for the classification of jobs for progression and for performance management, and to increase investment in skills and capability development. There was a whole raft of things that the management negotiating position was trying to achieve. I cannot speak, obviously, on behalf of those who were voting, but quite clearly a number of them were of the view that that did not satisfy their requirement.

**Senator ABETZ**—Can I put to you that there were the issues of loss of conditions, the pay parking issue, extra Christmas holidays, use of flexi-time and limit to time? Let us go through each one of them in order. There was loss of conditions. Was pay parking one of the issues that were brought to your attention in the event that parking would become a cost exercise in the Parliamentary Triangle?

**Mr Lewis**—It is certainly an issue, as you are aware, right across the Public Service, not just in our department.

**Senator ABETZ**—Thank you. What about extra Christmas holidays? Was that an issue brought to your attention?

**Mr Lewis**—No.

**Senator ABETZ**—No? What about use of flexi-time?

**Mr Lewis**—Yes, there was some disquiet around the adjustment to flexi-time to bring it back into line with what, essentially, was proper practice.

**Senator ABETZ**—With what was proper practice. Who takes responsibility for it getting out of proper practice?

**Mr Lewis**—It is a management decision in each individual case, but it is necessary, obviously, to be following the Public Service guidelines around the application of flexi-time, and that is essentially what was being put forward by management to put that as it should be.

**Senator ABETZ**—Yes, but who was responsible for it not being as it should be?

**Mr Lewis**—I think that probably, over a period of many years, there had been what I would describe as gradual creep in the arrangement, and it had got to what I would describe as the upper levels of tolerance and needed to be corrected.

**Senator ABETZ**—The question was: who takes responsibility for this practice getting out of whack with the guidelines? Does anybody say, ‘Yes, I am responsible for having done this and having overseen this’?

**Mr Lewis**—As I said to you, it is a responsibility of managers, and that has been a practice developing over time. It has not just happened overnight. It has been something that has grown through time.

**Senator ABETZ**—Who signed off on it?

**Mr Lewis**—On what?

**Senator ABETZ**—These practices. You say ‘managers’, an amorphous body where we cannot identify any individuals at all. At the end of the day, somebody must have signed off on them as being good work practices.

**Mr Lewis**—Yes, it was signed off in the previous certified agreement.

**Senator ABETZ**—Who was responsible for that?

**Mr Lewis**—The former secretary.

**Senator ABETZ**—The former secretary? What year would that have been in?

**Dr Southern**—In 2007.

**Senator ABETZ**—So which Prime Minister was in charge then?

**Mr Lewis**—I am not sure what part of 2007 it was.

**Dr Southern**—August 2007.

**Senator ABETZ**—So we had more flexible and worker-friendly arrangements. Under which Prime Minister? We do not know who the Prime Minister was at the time? I am sure PM&C know who the Prime Minister was in August.

**Mr Lewis**—In August 2007 it was the former government.

**Senator ABETZ**—Mr Howard. Can you say the name? Mr Howard was the Prime Minister.

**CHAIR**—You have forgotten him already, have you? You need to be reminded?

**Senator ABETZ**—I know there is some difficulty here.

**Senator Chris Evans**—Senator Abetz, I would ask you to treat the officials with respect. If you want to make a political point, make it to me, if you think there is a political point.

**Senator ABETZ**—I asked a very straightforward question and there was great reluctance by the official to utter the name of the former Prime Minister. Was there also a problem with limited time for negotiation?

**Mr Lewis**—Could I just indulge before we move on. Just going back to that former point, I think Dr Southern has got a very important point to make here about the times that were involved in this flex issue.

**Dr Southern**—It is just in relation to a view that we had that what we had proposed in the draft enterprise agreement was that the number of hours of flex time that could be carried over would be reduced from the former certified agreement. One of the very strong reasons we had for proposing that was a view that people should be encouraged to use their flex time at around the time that they accumulated it so that people were not working excessive hours and not taking an opportunity shortly afterwards to recover some of that time and take it off.

**Senator ABETZ**—Was limited time for negotiation also a problem?

**Mr Lewis**—With regard to negotiation about the entire EA—is that what you are talking about?

**Senator ABETZ**—Yes.

**Mr Lewis**—It would be my view that staff had adequate notice of the time frames for consideration on voting. A voting period was open for six days, from 10 am on 24 September. That was preceded, of course, by the mandatory seven days consideration—so it was the six plus the seven, 13 days—and voting was extended to Wednesday night on the 24th, due to the public holiday falling in the middle, so there was an extension. Furthermore, the department went out to all of those departmental members who were not at work, who were absent for one reason or another, and contacted them personally.

**Senator ABETZ**—Did the union or did staff seek the extension of time for the vote to take place, given the family day on the Monday? Why was it that management did not take that into account initially?

**Mr Lewis**—No, I am not aware.

**Ms Liossis**—I can also respond to that. We have not received any requests, and the other thing was that staff were able to vote by either internet or phone. There were a number of different methods. So, regardless of whether they were on leave or not, it was very easy to put forward a vote, be it yes or no.

**Senator ABETZ**—But was the time extended—

**Ms Liossis**—It was extended.

**Senator ABETZ**—from the initial period?

**Ms Liossis**—It was extended.



**Senator ABETZ**—Right. At whose initiative was that extended?

**Ms Liossis**—Both staff and management.

**Senator ABETZ**—Right. They both went jinx. They both came up with the idea at the same time. I am putting it to you that it was the staff or the union that put it to you, and you then acceded to that request.

**Ms Liossis**—I will put that on notice, but that was not my understanding.

**Senator ABETZ**—So you came up with the idea and told the staff that it would be a good idea to extend it for a day?

**Mr Lewis**—We will take it on notice, Senator. I am not aware of that request coming through, and none of the three of us are aware of it.

**Senator ABETZ**—But we are agreed that there was a shorter time frame which was then extended by 24 hours?

**Mr Lewis**—That is correct, yes.

**Senator ABETZ**—But we do not know who initiated that extension?

**Mr Lewis**—No.

**Senator ABETZ**—All right. Well, if that is what you are saying, so be it. Was another issue also the preferential treatment of the senior executive service, as to the no vote?

**Mr Lewis**—Yes, that was raised.

**Senator ABETZ**—Yes, because there were certain things missing in the EBA, weren't there, that made it more preferential for the SES as opposed to the—if I can use the term—ordinary service?

**Mr Lewis**—Can you give us an example?

**Senator ABETZ**—I am sure the lady at the end of the table would be aware that, for example, there was a discrepancy between what was actually agreed and that which found its way into the EBA. Is that right? Were there any changes?

**Ms Liossis**—There was one—I can respond to your last question. I have just been advised it is a fact that management extended the period when it became aware of a public holiday. It was Canberra Day on the Monday, and that is why we extended. On your second—

**Senator ABETZ**—Can I just quickly ask there: who advised you or reminded you that it was a public holiday on the Monday?

**Ms Liossis**—I will take that on notice.

**Senator ABETZ**—All right. You were about to continue.

**Ms Liossis**—I just wanted to ask what the discrepancy referred to was that you were talking to. Could I have some more information?

**Senator ABETZ**—One item agreed by the management team and the USBG was omitted when the EA went to the minister for approval—the usual additional day off that most departments provide between Christmas and New Year.

**Ms Liossis**—Yes.

**Senator ABETZ**—When the discrepancy was pointed out by a staff member after the draft EA had been approved by the minister, management backtracked with an all-staff email from the first assistant secretary, which I understand is yourself.

**Ms Liossis**—That is correct.

**Senator ABETZ**—So why did you need me to remind you as to what I might be talking about? You knew exactly, didn't you?

**Ms Liossis**—No.

**Senator ABETZ**—All right.

**Ms Liossis**—Sorry, I did want to correct the question so that I was able to answer it in detail. Just in regard to that, for any changes that went through the enterprise agreement, it was put forward to all of the bargaining group as well as the unions and ourselves before it went out to staff, so unfortunately we all missed it. It was not just management. I do apologise that we did. As soon as we discovered that it was missing, we reissued the agreement.

**Senator ABETZ**—So how did this administrative error occur? Does anybody take responsibility for that, that it got all the way through to ministerial sign-off, or, like with the flexi time, it was just management? You know, somehow it got out of whack, over time, and nobody takes responsibility?

**Ms Liossis**—It was a marked up document and something would have got marked up by mistake, but I take full accountability for that.

**Senator ABETZ**—All right. Well, good on you, and I commend you for that. What about the caveat on users pay for fringe benefits tax if paid parking is introduced in the parliamentary triangle? Does that go missing?

**Dr Southern**—Senator, at the time we were negotiating the enterprise agreement, we understood that there was about to be a commercial car park opening in the parliamentary triangle within a kilometre of our building, and therefore we would be caught within the FBT liability arrangements. So there was, as I understand it—I was not part of the EA negotiations—there was a clause added in that was there to deal with the fact that, if this commercial car park did indeed open, there was a clause there to deal with that should we have to seek to recoup the costs of the FBT liability.

**Senator ABETZ**—Yes. And wasn't it agreed that this would apply to both the SES and non-SES?

**Dr Southern**—That is correct.

**Senator ABETZ**—But miraculously, the SES liability disappeared from the draft signed off by the minister, and management has refused to incorporate an SES liability condition into the EA. Can you explain to us as to why the senior executive service appears to have had another administrative error possibly in its favour?

**Senator Chris Evans**—You are doing a great impression of a shop steward here today, Senator Abetz. I had almost given up on you, but I am glad to see this transformation.

**Senator FIFIELD**—He is the worker's friend, Senator Abetz. He has always had it in him.

**Senator ABETZ**—You would be surprised how—

**Senator Chris Evans**—It is a side of him I have not seen before. I am really pleased to see—

**Senator ABETZ**—What I do not understand is why the unions fund you but come to us to do the hard yards for them, but I am more than happy to do it.

**Senator Chris Evans**—You are clearly soft on unions these days, Eric. I do not know.

**Senator ABETZ**—The unions were expecting a better deal.

**Mr Lewis**—If I could just try and clarify a point here, the enterprise agreement does not apply to the SES, so there would be no point and there would be no purpose in having the SES listed in the enterprise agreement. I am advised that the current version—

**Senator ABETZ**—But at the negotiations, though—let us be clear. Can we have it confirmed that at the negotiations, it was agreed that there would be parity or equal treatment between the SES and non-SES?

**Mr Lewis**—That is correct.

**Ms Liossis**—At the time, we said we would look for both—

**Senator ABETZ**—Sorry?

**Ms Liossis**—We were looking for both, so—

**Senator ABETZ**—You were looking for?

**Ms Liossis**—For both SES and non-SES to wear the impact of the FBT liability.

**Mr Lewis**—It will be worn across the board.

**Ms Liossis**—That is right.

**Senator ABETZ**—And will it apply to the SES?

**Ms Liossis**—Yes.

**Senator ABETZ**—And has that been made known to staff?

**Ms Liossis**—Yes.

**Dr Southern**—Yes.

**Senator ABETZ**—When?

**Ms Liossis**—Last week.

**Senator ABETZ**—Sorry?

**Ms Liossis**—Last week.

**Senator ABETZ**—Last week. And when was the vote?

**Ms Liossis**—It was independent of the vote.

**Senator ABETZ**—Yes.

**Ms Liossis**—This was actually when the car park opened. So when we were advised the car park had opened, that is when we came out with the amended policy to take into account the FBT liability, which we have no funding or no budget for.

**Senator ABETZ**—Let us move on. How many non-SES executive-level staff were advised or were granted above a three rating for performance?

**Dr Southern**—EL staff in the department?

**Senator ABETZ**—Non-SES executive level.

**Dr Southern**—We would have to take that on notice.

**Senator ABETZ**—Because it has been suggested that this has been done deliberately to save costs.

**Mr Lewis**—Senator, that is not correct, in my view.

**Senator ABETZ**—Well, hopefully the numbers will show that that is not the case.

**Mr Lewis**—Yes, I understand that. We will endeavour to get those numbers for you. We do not have them at present, but I just want to assure you that the issue of performance management, which is what these ratings go to, we take very seriously within the department. Also, as you know, those ratings are used to performance manage staff, and that is essentially what has been done.

**Senator ABETZ**—How many of the SES these days are in PM&C compared to, let's say, three years ago?

**Mr Lewis**—I cannot comment on three years ago, Senator—

**Senator ABETZ**—Two years ago?

**Mr Lewis**—but I can give you some longer term statistics which I think you will find interesting. You may perhaps be indicating that there has been a significant increase, but I can tell you that in the 10-year period—that is from '99 through to now—the SES figures have actually gone down by one per cent within the department, whereas the executive level figures over that same period have gone up by eight per cent. So the SES have actually diminished as a percentage of the total.

**Senator ABETZ**—Thank you for that, over 10 years. You seem well-prepared for 10 years, but—

**Mr Lewis**—It is a figure that I have, so—

**Senator ABETZ**—over the Rudd-Gillard government, we do not seem to have the figures. Can you take that on notice for me, please—

**Mr Lewis**—Certainly.

**Senator ABETZ**—so we can get the exact figures on that? Can you also advise whether a new level of SES called Executive Coordinators has been established?

**Mr Lewis**—Senator, it is not a level. It is just the name of an appointment.

**Senator ABETZ**—All right.

**Mr Lewis**—They are at the level of SES band 2.

**Senator ABETZ**—SES band 2, right.

**Mr Lewis**—It is not a new level.

**Senator ABETZ**—But a new category?

**Mr Lewis**—No. It is just a job designation.

**Senator ABETZ**—A new job designation which did not exist before?

**Mr Lewis**—That is correct, yes—well, not to my memory. We may have had them in the department, and other departments, I am sure, have had them over the years.

**Senator ABETZ**—And was there an all-staff meeting on Wednesday, 29 September?

**Dr Southern**—We would have to take that on notice. I am not sure of the dates.

**Senator ABETZ**—They do not occur that often, do they? Was there one towards the end of September, if you do not want to be specific about the date?

**Dr Southern**—Senator, are you referring to an all-staff meeting conducted by the secretary or an all-staff meeting around the enterprise agreement?

**Senator ABETZ**—As I understand it, it was not conducted by the secretary, because the secretary was not at it—which was going to be the next question: with something as sensitive as this, why would the secretary not be present, if my source is correct?

**Dr Southern**—It may be that you are talking about one of the sessions that was held for non-SES staff, and it was conducted by the bargaining group and the union. And, quite frankly, SES were asked not to attend the meeting.

**Senator ABETZ**—Have there been any complaints registered about how this EBA negotiation has been conducted?

**Dr Southern**—No formal complaints, as far I am aware.

**Senator ABETZ**—Minister, can I ask you to ask the Prime Minister whether the CPSU's negotiating group wrote to the Prime Minister's chief of staff in relation to the behaviour of the management group; and if so, has the Prime Minister or her chief of staff deigned to respond.

**Senator Chris Evans**—Certainly, Senator. I do not have a briefing on that, but I will take it on notice.

**Senator ABETZ**—All right, thank you.

**Senator HUMPHRIES**—If I can just butt in, please, Chair, in respect of—

**Senator ABETZ**—It is on the same topic?

**Senator HUMPHRIES**—Yes, on the same topic. You said earlier, Mr Lewis, that the negotiations have been conducted in good faith. That communication that Senator Abetz referred to from the CPSU working group to the Prime Minister, I understand, used phrases like 'declaration of war', 'toiled relentlessly', 'utter contempt' and 'bargaining tactics are neither fair nor honest'. Does that suggest to you that the staff representatives or the staff of the department would regard these negotiations as having been conducted in good faith?

**Mr Lewis**—Senator, I do not know about the content of that letter or email exchange, so I cannot really comment. We had no formal complaint from the staff, and I cannot contribute anything further than that.

**Senator HUMPHRIES**—You would imagine that the first no vote against an enterprise agreement in living memory might reflect the fact that there were a large number of staff in this department who felt exactly that way about these negotiation tactics used by the department. If not, what is the reason for such a large vote against—

**Mr Lewis**—I cannot vouch for the widespread nature of the view that is expressed in that email, I am sorry.

**Senator HUMPHRIES**—I am just a little surprised that as a senior member of the department you do not seem to have any sense of the hostility which is obviously evident within the department towards this offer and the way in which it has been negotiated. Clearly, something has gone badly wrong within the department's PR exercise towards its staff, leading to this unprecedented no vote, and you do not, with respect, appear to have much idea of what has caused that.

**Mr Lewis**—I am aware of some disquiet. There is no question about that. But, as I say, I cannot go to the origins or the veracity of that email. But certainly the issues that have been raised and discussed here, the ones that Senator Abetz listed, have all been discussed at one stage or another by the staff.

**Senator HUMPHRIES**—I am informed that, at the present time, if a member of the SES leaves the department, funds from the department are used to fund a farewell function for that member of the SES; but, if a non-SES person leaves, that hospitality needs to be funded by a whip round of staff. Is that the case?

**Mr Lewis**—I just became aware of this issue today. We have, as many departments do, an institution known as the secretary's cabinet, which is essentially an entertainment fund that the secretary manages for official visitors and people that are coming in and out of the department for work purposes. We have run, on a fairly regular basis, business events where, from time to time, individuals from the department, SES officers, have been farewelled. It is very difficult to disaggregate one from the other because the attribution of this money is very difficult. But I could not say to you that there has not been any use of that money for an event which might have included the farewell of SES staff.

**Senator HUMPHRIES**—But you could say that none of that money has been used for a farewell for a non-SES staff member, presumably?

**Mr Lewis**—I do not know about that.

**Senator HUMPHRIES**—I am advised that staff are agitated by such factors and, if you as a senior member of the department are not aware of these issues, might I suggest you need to go and talk to some of your staff about what is causing this level of ill will.

**Mr Lewis**—Senator, that issue of the expenditure, as I say, I became aware of it today, and we will certainly be taking steps to sort that out. But it is an attribution problem. We will sort that out.

**Senator HUMPHRIES**—You were being asked before about the new facilities created for the secretary's new office. Is the office in a new building, not the old office, or a new wing?

**Mr Lewis**—No.

**Senator HUMPHRIES**—You were not sure exactly what was being proposed in the scope of the works. Did it include, do you know, a balcony?

**Mr Lewis**—No, it did not include a balcony.

**Senator HUMPHRIES**—It did not include a balcony—or a new bathroom?

**Mr Lewis**—No. It was an existing ensuite facility that was there.

**Senator HUMPHRIES**—That was not refurbished?

**Mr Lewis**—No.

**Senator HUMPHRIES**—You were commenting before, as well, on the possibility that the new car park being opened in Barton might trigger an FBT liability for the department. That car park has now opened. Has it triggered that liability?

**Dr Southern**—Yes, it has, Senator.

**Senator HUMPHRIES**—And what is the extent of that liability for the department?

**Ms Liossis**—It is roughly half a million. It is around \$500,000.

**Senator HUMPHRIES**—Per annum?

**Ms Liossis**—Per annum; that is correct.

**Senator HUMPHRIES**—Is that based on the number of staff who are offered free car parking?

**Ms Liossis**—It is based on the number of car parks that are made available to staff. If people do not use them then we are not charged for those spots. It is basically the number of spots that people actually use, less annual leave, less public holidays. So it takes that into account.

**Senator HUMPHRIES**—Thank you.

**Senator ABETZ**—If I may resume, Chair. I can understand that Mr Lewis was not aware of the letter to the chief of staff of the Prime Minister, but I was wondering, Ms Liossis, whether you were aware of that letter.

**Ms Liossis**—I am aware of a letter, and I became aware of a letter when my head of HR received a call from James Massola of the *Australian*. I do not believe the letter was sent from the CPSU. We did ring them and check that that was not the case. And the letter was anonymous, so we are not aware who sent the letter.

**Senator ABETZ**—So the Prime Minister's office must have contacted you to be aware that this was an anonymous letter.

**Ms Liossis**—As I said, I was made aware of the letter by the call from James Massola. We later did find out that there was another letter that was sent to the Prime Minister's office. That is correct.

**Senator ABETZ**—Another letter?

**Ms Liossis**—Yes.

**Senator ABETZ**—Right. So there are two letters.

**Senator Chris Evans**—I think you and I are probably both a bit confused. I just think the officer needs to be careful that she understands what letter you are referring to and what letter she is talking about. I am not sure, given your question, whether the answer fits your question.

**Senator ABETZ**—I thought there was only one. We now know there are two, and that is what I am seeking to clarify, but thank you.

**Senator Chris Evans**—I thought you might have been at cross purposes.

**Senator ABETZ**—Were you aware of a letter to the Prime Minister's chief of staff complaining about the behaviour of the management negotiating team?

**Ms Liossis**—I was aware of a letter, yes. I have not seen the letter, though.

**Senator ABETZ**—Right. When did you become aware of that letter?

**Ms Liossis**—At the same time I was made aware of the letter sent to James Massola, the same day.

**Senator ABETZ**—Right. As a result of that, did you make contact with the Prime Minister's office to ascertain whether or not they had received such correspondence?

**Ms Liossis**—No, I contacted the Deputy Secretary of Governance.

**Senator Chris Evans**—Just so I am clear, are you suggesting, Senator, that the letter was from the union, or that it was this anonymous letter? I am just wondering whether there might be two, that is all.

**Senator ABETZ**—Yes, there clearly are two letters which we have now discovered.

**Senator Chris Evans**—I think the officer is saying she knows something about an anonymous letter, but I am not sure whether she knows anything about the letter from the union.

**Senator ABETZ**—Let us try and clear this up.

**Mr Lewis**—We only know about one letter. That is what Ms Liossis is speaking about.

**Senator ABETZ**—Which is the anonymous letter?

**Dr Southern**—Correct. The second letter that Ms Liossis mentioned was the same letter, but it had been sent to the journalist.

**Senator ABETZ**—Right. It is one and the same letter?

**Dr Southern**—That is correct.

**Senator ABETZ**—Thank you for that. Thank you, Minister. I think you cut through there. I was wondering what the minister actually does at the table from time to time, and thank you for that.

**Senator Chris Evans**—I was worried you were going to ask me the next question!

**CHAIR**—It is good that you checked it out.

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**Senator Chris Evans**—Wasn't your original question: was there a letter from the union to the Prime Minister?

**Senator ABETZ**—As well, yes. I had sought that.

**Senator Chris Evans**—And the officer's evidence is what?

**Mr Lewis**—She does not know anything about that one.

**Senator ABETZ**—I think you took that on notice, in any event.

**Senator Chris Evans**—Yes.

**Senator ABETZ**—That will assist us.

**Senator HUMPHRIES**—Just a couple of follow-up questions to that. Reports have reached my ears that representatives of staff in these negotiations have been yelled at in the course of negotiations, and some were told that their jobs were at stake based on their performance with respect to these negotiations. Can you tell us whether there is any veracity in those claims?

**Ms Liossis**—Absolutely none.

**Senator HUMPHRIES**—None?

**Mr Lewis**—I have heard nothing to that effect, Senator Humphries. I would be astonished if it were right, but I have heard nothing to that effect.

**Senator HUMPHRIES**—Your answer is a bit different to Ms Liossis's. You say you are not aware of any; she says there have been none. No staff have been yelled at? No-one's job has been threatened?

**Ms Liossis**—I have been at all but one of the negotiations and, at all of those that I attended, there was no yelling.

**Senator ABETZ**—Has there been any cheering at any of them when somebody said that they were going to vote no?

**Ms Liossis**—Yes, there was a birthday. I think the CPSU rep had a birthday, so there was cheering for him.

**Senator HUMPHRIES**—Has there been a complaint by the CPSU negotiating team about the department's negotiating team?

**Ms Liossis**—Not from the CPSU.

**Senator HUMPHRIES**—Not from the CPSU? Thank you.

**Senator ABETZ**—Can I ask, if this is the appropriate time, as to how we are going in the negotiations with our cooperative federalism at work—namely, the national uniform occupational health and safety standards with New South Wales.

**Mr Lewis**—Senator, we will just get the appropriate officers to the table.

**CHAIR**—Are we still in the general questions area, or are you starting to proceed to—we are always flexible.

**Senator ABETZ**—Chances are it is general and domestic policy issues.

**CHAIR**—It is just that senators who are not here have got questions they wish to ask at certain points in the program and it is just handy for us to know when we are getting close to that point. So it would be good if you, at some point, would let us all know when you are actually moving specifically to 1.1. I appreciate that general questions can tend to have a flavour.

**Senator Chris Evans**—I am happy to deal with it whenever you want to deal with it, but I just want to make sure we do not do the same thing twice as it just wastes senators' time because we will have someone else come in and want to go over it again. I am happy to do this now, but, as a general rule, I would not mind some direction as to how we are going to proceed, that is all.

**CHAIR**—That is precisely why I have raised it.

**Senator ABETZ**—You are the chair.

**CHAIR**—Just let me finish. I have not been chairing this committee in the past, even though I have been a member of it and attended it. I think, given that this is a shortened estimates program than the normal one, it is important that people do know where we are at in the program so that we do not end up coming back to issues later on when other senators arrive who wish to ask specific questions on certain parts of the program. So with that caveat, let us proceed.

**Senator ABETZ**—Senator Fifield, I think, has some general questions. Is that right?

**Senator FIFIELD**—I will seek the guidance of the chair. If I was to ask questions about the Social Inclusion Board, the Office of the Not-For-Profit Sector—

**CHAIR**—Certainly, Social Inclusion is listed under 1.1. General questions, by their nature, should be more general.

**Senator ABETZ**—In relation to the role of PM&C, there was a media report in the *Sydney Morning Herald* on 8 July which stated:

JULIA GILLARD has promised the nation's top mandarins she will rein in the Department of Prime Minister and Cabinet and that it will no longer have the over-bearing role it had under Kevin Rudd—implicitly criticising the way the bureaucracy operated under her predecessor.

Then it goes on to what Ms Gillard said at a departmental secretary's lunch. Are you aware of the report and is the report correct?

**Mr Lewis**—I do recall reading perhaps in the paper or somewhere about it. I am vaguely familiar with the comment as it was reported. I did not see it. I cannot vouch for its veracity.

**Senator ABETZ**—Right. You are vaguely familiar with it, but you cannot advise as to whether it was correct or not?

**Mr Lewis**—No, I have no idea. I think it was a media report.

**Senator ABETZ**—Has the Prime Minister provided any formal instruction to PM&C on its role?

**Mr Lewis**—Certainly nothing along the lines that you might be inferring. The Prime Minister has obviously spoken with the secretary and with the executive of the department.

She spoke with all the secretaries of departments not long after assuming office, and reinforced, certainly at that meeting, her intention to work closely with the public service.

**Senator ABETZ**—So nothing has really changed from how you operated under Mr Rudd?

**Mr Lewis**—We are in a constant sea of change, so, no. We operate as a federal government department. Our role of coordination across the wide range of public policy areas remains.

**Senator ABETZ**—It remains? Your role has not changed? The Prime Minister has not decreed that the direction has to change? There have been no significant direction changes since Mr Rudd was Prime Minister?

**Mr Lewis**—Not in terms of our role, no.

**Senator ABETZ**—Thank you. Can you confirm that Mr Rudd set up a strategic policy unit in PM&C?

**Mr Lewis**—We established a strategic policy and delivery organisation.

**Senator ABETZ**—And delivery unit?

**Mr Lewis**—Yes.

**Senator ABETZ**—Thank you for that correction. Does that still exist?

**Mr Lewis**—Yes.

**Senator ABETZ**—Minister, can you take on notice for me: how can the Prime Minister claim that PM&C's role has changed if PM&C still has a strategic policy unit second-guessing line agencies and undertaking all the things that it did under Mr Rudd? It seems that there has been no significant change, albeit she tried to dine out on that on 8 July?

**Senator Chris Evans**—Senator, I am not sure we have answered the questions in the political context created but I am certainly happy to answer the question in terms of changes made. I think there have been some changes in the way cabinet and other processes will operate, and the cabinet and committees and those sorts of things, most of which I am not at liberty to discuss. I think Mr Lewis's evidence was that the role of PM&C has not changed—

**Mr Lewis**—That is correct.

**Senator Chris Evans**—because their role is very clear, but each Prime Minister brings new emphases and new ways of working, and Ms Gillard has done that.

**Senator ABETZ**—The media report of 8 July—and take that on notice as to whether Ms Gillard accepts that as a correct record—asserts that she would bring PM&C back to its primary function of coordination and providing her with advice, rather than trying to initiate and oversee all main policies, which was, at the time, taken to be a criticism of the strategic policy unit. That has not been disbanded; it is still in existence. So one wonders how all this marries up.

**Senator Chris Evans**—I think there are a couple of quantum leaps in logic there, in terms of the linkages, but certainly departments have primary responsibility for policy in their area. Anyway, we will get you an answer to the claim.

**Senator ABETZ**—Can I take you to another story, on 2 October, in which Lenore Taylor talked about the Sterland review—that was in the Fairfax papers—which stated that PM&C official Barry Sterland had conducted a review on government processes. Is that correct?

**Mr Lewis**—That is correct, Senator.

**Senator ABETZ**—What was the purpose of the review?

**Mr Lewis**—Essentially to examine the cabinet processes and see to what extent they could be improved.

**Senator ABETZ**—And was its role confined to documentation matters?

**Dr Southern**—It looked at a range of supporting mechanisms for cabinet processes, including documentation.

**Senator ABETZ**—The article stated:

... *The Australian Financial Review* reported the review was under way, Rudd's spokesman dismissed it as being about mere "documentation matters", not decision-making. Government sources say that was definitely not the case.

So what do we say about that, then? Was it simply about 'mere documentation matters' or not?

**Dr Southern**—As I said, the review covered cabinet processes as well as the documentation that—

**Senator ABETZ**—So it was a lot wider than just 'mere documentation matters'?

**Dr Southern**—It included processes as well.

**Senator ABETZ**—Yes. So the suggestion by Mr Rudd's spokesman, as reported in the *Australian Financial Review*, therefore is clearly wrong. Minister, you might ask the now Prime Minister—I suppose we cannot go back to the previous Prime Minister—

**Senator Chris Evans**—I do not agree with your conclusion, so—

**Senator ABETZ**—The officials have indicated that it was more than just 'mere documentation matters'; it went to processes and other matters. The report says that Mr Rudd's spokesman dismissed the review as being only about mere 'documentation matters', so either the officials are wrong or the story is wrong. That is what I am asking you to ask the Prime Minister to seek to clarify for us: whether that report emanating from the then Prime Minister's spokesman was right or not.

**Senator Chris Evans**—I do not think I will take that on notice, Senator. I do not think that is capable of being answered in that way. You are asking me to ask the current Prime Minister whether the former Prime Minister's spokesman did or did not say this to a journalist.

**Senator ABETZ**—Misleading the Australian people through the media deliberately. That is the issue. If you do not take it on notice, that is another example of the wonderful Green-Labor alliance transparency that we have been promised.

**CHAIR**—Thank you for that performance, Senator, but, as I said to you, I am very happy to be helpful if we are capable of getting an answer, but I do not think we are capable of getting an answer to the question you posed.

**Senator ABETZ**—Are you taking it on notice at least to see if there is any capacity to answer the question?

**Senator Chris Evans**—No, Senator. If you want to rephrase it or ask me something that is—

**Senator ABETZ**—No, I am not going to bother to rephrase that which is a very obvious and straightforward question.

**Senator Chris Evans**—Well, I am not going to ask Prime Minister Gillard—

**Senator ABETZ**—Either the Labor Prime Minister lied—

**CHAIR**—Order!

**Senator ABETZ**—or the officials are giving incorrect information to this committee.

**Senator Chris Evans**—Senator, you have quoted a line from a press story—

**Senator ABETZ**—Or the media.

**Senator Chris Evans**—alleging that someone, unnamed, who allegedly worked for Mr Rudd, said something about a matter, and I do not think I am capable of getting an answer on notice that helps in any way to that debate. I am certainly not going to waste resources trailing around, trying to find out who the spokesman was and what they may or may not have said to Lenore Taylor. I am happy to be helpful but I cannot help you with this. If you want to make some sort of political point, that is fine.

**Senator ABETZ**—You could be if you wanted to be—

**Senator Chris Evans**—Well, I cannot.

**Senator ABETZ**—If you were to run into a dead end, I could accept that.

**CHAIR**—Order! Senator Abetz, would you please just allow the minister to finish and then you could ask your further question or—

**Senator Chris Evans**—Thank you. As I say, I am happy to be helpful but I cannot help you with this and I think you know I cannot. You are trying to make some sort of political point and that is fine, but there is no way we can find you an answer to the question you pose.

**Senator ABETZ**—Misleading of the Australian public is not just a political point. There is a matter of integrity of the Labor government's spin-doctoring here, where officials have clearly given a different version of events to that which was spun out by the previous Prime Minister's office, and the fact that you will not even take it on notice to see if that can be clarified in any way, shape or form I think tells us all what we suspect the answer might be. If the minister does not take it on notice, Chair, we cannot take it any further. Can I ask: has the Sterland review reported?

**Mr Sterland**—Yes, it has, Senator.

**Senator ABETZ**—Right. Was it a written report or a verbal report?

**Mr Sterland**—It is advice to the cabinet, Senator.

**Senator ABETZ**—Yes. That was a written report?

**Mr Sterland**—It was advice to the cabinet.

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**Senator ABETZ**—Yes. Was it verbal advice or was it written advice to the cabinet?

**Mr Sterland**—Written.

**Senator ABETZ**—Thank you very much. Minister, can you please seek the Prime Minister's view as to whether or not she would be prepared to table a copy of that? I accept that, if it has gone to cabinet, so be it, but of course the Prime Minister can exercise a judgment on that. Could you take that on notice.

**Senator Chris Evans**—As you know, Senator, advice to cabinet is not revealed, but, if you would feel better about me taking it on notice, I will take it on notice.

**Senator ABETZ**—Sometimes these matters—

**Senator Chris Evans**—I just do not want to leave you in any false hope.

**Senator ABETZ**—No. Sometimes these matters are made available, like legal advices, on some occasions—usually not, but sometimes they are. Chair, may I quickly backtrack to the FOI request that Senator Cormann raised. Whilst there is the FOI process to be gone through, the FOI process is in no way prejudiced or diminished if the Prime Minister herself were to exercise a judgment and say, 'This documentation can be made available free of charge to those requesting it.' That is correct, isn't it?

**Senator Chris Evans**—We traversed this ground. The question is in relation to the FOI applications. Those decisions are made by individual decision-makers in the department on a case-by-case basis, not by politicians. The process is proceeding. The question of whether or not they are charged the 3½ thousand dollars or so is being considered by the department. Those decisions will be made in due course and the documents will be considered in the light of the act, and that is the way it should be.

**Senator ABETZ**—Thank you for all that, but it does not answer the question as to whether the Prime Minister could, of her own volition, make available the document sought under FOI without in any way subverting the FOI process.

**Senator Chris Evans**—Consideration would have to be given to all the issues. For instance, in a portfolio like PM&C there is national security briefing material et cetera. All of those things will be considered properly under the FOI Act application procedures, which is why the act was designed in that way.

**Senator ABETZ**—But the Prime Minister could, as indeed any minister could—even if the departmental advice is not to release a document—release it if they so chose. There is nothing under the FOI legislation stopping that, is there?

**Senator Chris Evans**—I do not know. But—

**Senator ABETZ**—What about the officials? I accept you do not know, Minister.

**Senator Chris Evans**—The FOI Act is an act of parliament and it sets down the procedures. It is deliberately designed not to be beholden to decisions by ministers, as I understood it.

**Senator RYAN**—It is not exclusive.

**Senator ABETZ**—No; the idea is that the minister does not intervene to stop the production of documents, is it?

**Senator Chris Evans**—That is right.

**Senator ABETZ**—So if the minister sees no difficulty, why doesn't she release it, given it is already out in the public domain anyway, isn't it? National security, I think, would hardly be an issue here to exercise the cerebral processes of the Prime Minister.

**Senator Chris Evans**—I am not sure what—

**Senator ABETZ**—Anyway, allow me to refer back to the Sterland review. Can we be told what processes have been changed as a result of the review?

**Mr Sterland**—In terms of the elements that do not go to matters of cabinet in confidence because they have been promulgated in other ways, there has been a change to the cabinet template.

**Senator ABETZ**—Sorry?

**Mr Sterland**—The cabinet submission template is produced and that has been or is being provided with guidance to other agencies. Other elements may well be published internally in government over time, or be reflected in a new edition of the *Cabinet Handbook*, but until that time they are cabinet-in-confidence material.

**Senator ABETZ**—So, it will have to be wait and see. As things change we can guess that it either was or was not as a result of the review.

**Mr Sterland**—It is up to the government what would be announced and what would not be announced, but I am telling you of the material that has been promulgated within government without the cabinet-in-confidence overlay.

**Senator ABETZ**—Can I move onto the lobbying code. Can you confirm that the code precludes ministers from working as lobbyists within 18 months of leaving office?

**Dr Southern**—That is correct.

**Senator ABETZ**—You are no doubt aware that the former finance minister Mr Tanner has joined the Lazard investment bank?

**Dr Southern**—Yes.

**Senator ABETZ**—Lazard has a number of contracts with the government; is that correct?

**Dr Southern**—I am aware of one contract.

**Senator ABETZ**—Which one is that?

**Dr Southern**—I believe there is a contract with the department of broadband.

**Senator ABETZ**—For \$3.4 million?

**Dr Southern**—I do not know.

**Senator ABETZ**—Has PM&C investigated whether Mr Tanner had any involvement in letting the NBN contract or the Medibank Private acquisition?

**Dr Southern**—I do not know anything about the Medibank Private acquisition, Senator, but we did speak to the Department of Broadband about the NBN contract.

**Senator ABETZ**—What was the outcome?

**Dr Southern**—That Mr Tanner had had no involvement in the letting of that contract.

**Senator ABETZ**—I understand Senator Fifield has some specific questions, if we may, but I still have some general ones as well. Senator Fifield is in a difficult time situation.

**Senator FIFIELD**—Could I ask if a copy of the cabinet seating plan could be tabled?

**Mr Lewis**—We do not have a seating plan; I am sorry.

**Senator FIFIELD**—There is no designated seat for the Prime Minister in cabinet and for the Deputy Prime Minister and the Treasurer?

**Mr Lewis**—It depends on who is present and which committee it is.

**Senator FIFIELD**—I am not asking about cabinet subcommittees. I am just asking about the cabinet.

**Mr Lewis**—I am not sure we have—

**Senator Chris Evans**—I am always just grateful to find I have a nameplate and I am still there!

**Senator FIFIELD**—I would be stunned if there was not, but maybe if you could—

**Mr Lewis**—There are customary seating arrangements but they would vary, I imagine, from meeting to meeting.

**Senator FIFIELD**—I would be very surprised if they would vary. I would be very surprised, if someone sat in Senator Evans's seat, if he did not say, 'Excuse me, that's my seat.'

**Senator PAYNE**—It is a bit like *Goldilocks and the Three Bears*, isn't it?

**Senator Chris Evans**—I try and sit next to the coffee pot, myself!

**Senator FIFIELD**—Mr Duncan, could you take it on notice. I would be amazed if there was not a seating plan for cabinet.

**CHAIR**—I am not sure whether there is a seating plan for estimates, but I look across and I see people sitting in similar chairs to those they had last time.

**Mr Lewis**—If there is such a thing we will make it available to you.

**Senator Chris Evans**—We are not trying to be unhelpful but we will take it on notice.

**Senator FIFIELD**—I was just wondering if you could briefly outline the role of Mr Dreyfus as Cabinet Secretary?

**Mr Lewis**—Sure. I might get Mr Sterland to address this in a moment. The question is about the role of Mr Dreyfus. Mr Dreyfus has been appointed as the Cabinet Secretary and he is responsible, essentially, for oversight of issues around the management of the agenda, the management of documents and papers coming to the cabinet, the management of the



production and finalisation of minutes and so forth. He has oversight, essentially, of the cabinet processes, but perhaps Mr Sterland could give you a fulsome answer.

**Mr Sterland**—The Cabinet Secretary's role is very similar to those outlined in the *Cabinet Handbook*. As I said, some of the elements of those internal decisions will be reflected in an updated handbook, but I think it is reasonably safe to say that they are not greatly different. There might have been some adjustment at the margins to the sign-off as between the Prime Minister and the Cabinet Secretary, given the Cabinet Secretary's role as a parliamentary secretary and the Prime Minister's role as chair.

**Senator FIFIELD**—Does Mr Dreyfus's role as Cabinet Secretary vary in any significant way to that of Senator Faulkner when he held the position of Cabinet Secretary?

**Mr Sterland**—Similar sets of responsibilities.

**Senator FIFIELD**—I think PM&C have a cabinet suite at 4 Treasury Place in Melbourne, which is PM&C's domain as opposed to Department of Finance's responsibility, whereas the rest of the building is. Is that correct? So that the cabinet room in Melbourne at 4 Treasury Place—and I think there is a cabinet suite—

**Dr Southern**—To my knowledge, that area of 4 Treasury Place is managed by the Department of Finance.

**Senator FAULKNER**—I should say, just for the completeness of the record, that there is a significant difference, in terms of my role as Cabinet Secretary, in terms of the responsibility for administering certain agencies within the Department of Prime Minister and Cabinet, and that of the current Cabinet Secretary, Mr Dreyfus. Just for the completeness of the record, I think it depends how you define your question. If you are talking about the actual role of the Cabinet Secretary at the table—which I think is how the witnesses at the table interpreted your question, which is perfectly reasonable—we would not want there to be some misinterpretation at a later stage. Obviously I had responsibility for a range of agencies and certain other roles and functions, some of which no longer actually exist, as I understand it, within the Department of Prime Minister and Cabinet.

Just for the completeness of the record, it depends how witnesses deal with a question like this and there are two interpretations. You can deal with this in a strictly limited sense about the responsibilities of the cabinet secretary at the cabinet table, which I think is how the answer was interpreted, or more broadly where there is a range of other portfolio responsibilities. So just for the fullness of the record, I thought I might say that if that helps.

**Senator FIFIELD**—That does help, Senator; thank you. So they are different roles, if you look at it purely, narrowly, as the guy who sits in the cabinet room and has a bit of paperwork to do as opposed to actually having some executive responsibility, which it sounds like Senator Faulkner had in that role.

**Senator FAULKNER**—For example, I had responsibility for all the integrity agencies and so on and so forth for FOI privacy, which is not even in PM&C, and so it goes on.

**Senator FIFIELD**—Does Mr Dreyfus have an office at 4 Treasury Place in the cabinet suite there?

**Mr Sterland**—We have had to deal with him in Melbourne, since he is Melbourne based, and he has used the cabinet suites to deal with some of those urgent matters because of the secure communications available. Let me take on notice the exact nature of those and whether office space has been permanently allocated. It is all in the process of consideration right now.

**Senator FIFIELD**—If you could take that on notice, and also on what basis that office space has been allocated. I appreciate that Mr Dreyfus is not a minister with executive responsibilities, as was Senator Faulkner, and being a minister entitles you to certain office accommodation in the Commonwealth office in the capital city of your residence if you choose. But, as I understand it, Mr Dreyfus is substantively a parliamentary secretary, so if he has been allocated office accommodation at 4 Treasury Place, under what criteria or rationale has that been provided?

**Senator Chris Evans**—We will take that on notice. I do not know what the answer is, but we will take that on notice. I would make the point, as the officer was trying to do, though, that with his cabinet responsibilities he will need access to things like the secure cabinet document service which, quite frankly, is always difficult. Coming from Western Australia, getting access to those things given the security thing is not easy, as are the arrangements around that in terms of where you can do it and how you can do it, but we will get you a fulsome answer.

**Senator FIFIELD**—There are many things which are good and sensible and logical to do, but there needs to be an appropriate basis or justification for that, so that would be helpful.

**Senator Chris Evans**—Sure. We will come back to you.

**Senator FIFIELD**—Also, could you double check on this: I know that finance manage the building, but I was very much of the view that the actual cabinet suite itself was, in a sense, leased—that might not be the appropriate phrase—and that it was of a different status to the other ministerial offices in the building.

**Mr Sterland**—I know that to date the space we have used for those purposes I mentioned have been in the area commonly used by PM&C officers down there. That is for the purpose of communication around cabinet business. But I think you are almost getting to the exact legal status of the—

**Senator FIFIELD**—I know PM&C paid for the fitout rather than the Department of Finance, for instance, of the cabinet suite. Also, with the cabinet suite here in Parliament House, could you advise whether that is Mr Dreyfus's designated cubby hole. You know the office just to the left as you go through the front door?

**Dr Southern**—No, it is not.

**Senator FIFIELD**—It is not. Thank you for that. Just related to cabinet issues, you referred, Mr Sterland, before to the template for cabinet papers. Has any of the structure of that sort of documentation changed to the effect of having a section that refers to consultation with the Greens? In cabinet submissions there is routinely a section for who you have consulted with that is relevant. Has there been any special section added in so that the Greens' position is known on any submission to cabinet?

**Mr Sterland**—It is in the process of being promulgated, and I can say that there is no section in that.

**Senator FIFIELD**—Thank you. Finally, in relation to the process by which the ministry list comes about, I know that the Prime Minister has ownership of it when they announce the new line-up. But in terms of advice to the government, is there a bit of backwards and forwards between the Prime Minister and her office and the PM&C, saying, ‘Here is my draft line-up. Are there any obvious problems here?’ Is there that sort of backwards and forwards between—I do not know if it is the Prime Minister’s office and the governance branch?

**Dr Southern**—Senator, I am not aware of the nature of those discussions, but I know that the Prime Minister obviously, as you say, settles the ministry list and that was a matter for her to settle.

**Senator FIFIELD**—I appreciate that.

**Senator Chris Evans**—The officers will correct me if I am wrong, but I think PM&C prepares advice to the minister on the Prime Minister’s incoming brief about broad departmental responsibilities. But that is not putting names to bodies or whatever.

**Senator FIFIELD**—No, that is right. I am sure that the first cut is done up in the Prime Minister’s office, but does that not go to PM&C for some basic advice such as, ‘You have got a few more outer ministers than you did in the last one,’ or, ‘There is a particular broad category of responsibility that does not seem to be reflected in the list’?

**Mr Lewis**—Senator, basically, we are talking about two different things here, I suspect. One is the list of the human beings that are being contemplated for ministerial appointments.

**Senator FIFIELD**—That is what I am talking about: the list of the human beings.

**Mr Lewis**—The second is the machinery of government issue and, of course, there is a discussion between the department and the Prime Minister and the Prime Minister’s office to bring those two together. But the matter of the ministerial list is entirely a matter for the Prime Minister.

**Senator Chris Evans**—The ministerial orders are finalised following the publication of the ministry list. It comes out—

**Dr Southern**—On the swearing in date.

**Senator FIFIELD**—I appreciate that the list of human beings, as you put it, Mr Lewis, is entirely the Prime Minister’s call. But does that not at some point go to PM&C for advice or comment? I am not saying it is formally. It might be informally.

**Mr Lewis**—It is not for advice, but it goes to PM&C in order that we can cut the necessary administrative orders and prepare for the swearing-in ceremony.

**Senator FIFIELD**—I appreciate that.

**Senator Chris Evans**—It is not an iterative process, no.

**Senator FIFIELD**—What I am saying is, as a draft document, does the list of human beings ever bounce across to PM&C?

**Mr Lewis**—Not for the point of iterative development, as perhaps you are suggesting.

**Senator FIFIELD**—So it is completely and solely done within the Prime Minister's office?

**Mr Lewis**—It is entirely the Prime Minister's decision.

**Senator FIFIELD**—Without any input at all from PM&C to the list of human beings?

**Mr Lewis**—Sorry, Senator, I cannot make it any clearer.

**Senator FIFIELD**—I am not saying it in terms of who the human beings might be but in terms of titles.

**Dr Southern**—I do recall being asked for one piece of advice, which was just simply around the numbers and making sure that the number 42 of the ministry was correct and that there were the right number of parliamentary secretaries in accordance with that.

**Senator FIFIELD**—That sort of stuff, okay. So you would have input to that extent.

**Senator Chris Evans**—If there had been broader input, some of us may not have made it, I suspect!

**Senator FIFIELD**—Mr Lewis, you may have been watching the Prime Minister's press conference when she announced her new ministerial line-up. And you may recall that she was extolling the virtues of Mr Shorten, and saying that because he had done such a good job in disabilities he had been promoted. The follow-up question from a journalist was, 'Who now has responsibility for disabilities?' and she was unable to say. At the point that that list is public, would PM&C have been able to say who was responsible for disabilities?

**Mr Lewis**—I am not sure.

**Senator Chris Evans**—Senator, as I understand it—this is the way it has certainly worked in my experience—the parliamentary secretary's responsibilities are determined in consultation with the minister or finalised in consultation with the minister.

**Senator FIFIELD**—In terms of detailed responsibility but not in terms of broad responsibility, such as who has disabilities.

**Dr Southern**—Senator, I just cannot recall, we would have to take that one on notice.

**Senator FIFIELD**—Okay. I am just wondering at the time of the announcement, if anyone in government had an idea as to who actually had responsibility for disabilities. I know it was subsequently cleared up within a couple of days with Senator McLucas being formally allocated and given the title of disabilities, but if you could take on notice if, at the time of the announcement, it was—we know Minister Macklin was the senior portfolio minister, but who had day-to-day responsibility in the executive below Ms Macklin.

**Senator Chris Evans**—I think consistent with the officers' earlier advice would be that they would not have known at the time of announcement.

**Senator FIFIELD**—If you could just take on notice—

**Senator Chris Evans**—Yes, certainly.

**Senator FIFIELD**—if, at the time of the announcement—

**Senator Chris Evans**—No, I am just saying following the logic we have discussed, which is the Prime Minister finalised the list and there is no iterative process with the department, and then they set about, prior to the swearing in, drawing up the administrative orders, which tidies up the areas where there might be some ambiguity, or what have you.

**Senator FIFIELD**—Sure. Anyway, I would just be curious to know, so if you could take that on notice.

**CHAIR**—Thank you. Further questions, general questions, or can we move to outcome 1?

**Senator ABETZ**—General. If I may have some advice in relation to the Labor-Green alliance and how that came into being, and can I ask whether any staff have been assigned to administer the Green-Labor agreement signed on 1 September 2010?

**Mr Lewis**—No, Senator.

**Senator ABETZ**—No staff have been assigned? Can you tell us how many meetings there have been so far between the Prime Minister and Senator Brown and Mr Bandt or their delegates?

**Mr Lewis**—I have no idea, no.

**Senator ABETZ**—All right. Can you tell us that, together with when were these meetings held, where were these meetings held and who else attended? I assume you would not know that either.

**Mr Lewis**—No. That really is a matter for the PMO.

**Senator ABETZ**—Are you right to take all that on notice? Fine.

**Mr Lewis**—I will make some inquiries, but I do not know that it is necessarily something that I would be able to answer.

**Senator ABETZ**—All right. In that case, can I ask Prime Minister and Cabinet to take it on notice, and also the minister's office, in the event that Prime Minister and Cabinet is not associated with that at all, but only the Prime Minister's office and her personal staff. Could you take that on notice, Minister, for answer?

**Senator Chris Evans**—Senator, I will take it on notice, but I will make the point we do not normally discuss every—I mean, the actual agreement made with the Greens is a public document and made public, but as to whether or not the Prime Minister will be giving you information about every meeting she has with be it the Greens or anybody else, I am not sure about that, but we will take it on notice.

**Senator ABETZ**—I thought this document was full of transparency, openness, integrity.

**Senator Chris Evans**—It is. That is why you have it.

**Senator ABETZ**—Yes, but nothing that follows from it, which is always: we get the spin but not the substance. Can I ask: does a note-taker attend these meetings? Once again, if both PM&C and the PMO can take that question on notice, because—

**Mr Lewis**—We can give you an answer to that, Senator.

**Senator ABETZ**—Sorry?

**Mr Lewis**—We do not.

**Senator ABETZ**—All right. You do not. Thank you. Then, Minister, if you can take that on notice in relation to the PMO. Can we also be advised what issues have been discussed at each meeting, and these questions are for both PM&C and the PMO in relation to this agreement. Has a regular day or time now been set for these meetings?

**Mr Lewis**—We have no visibility of that at all, Senator. I am sorry, we cannot help you.

**Senator ABETZ**—All right. Once again, if the minister's office can take that on notice. And have any Green policy proposals been put to PM&C or, indeed, the Prime Minister's office? Do we know about that?

**Mr Lewis**—No.

**Senator ABETZ**—All right. If you can take—

**Mr Lewis**—Some visibility, perhaps, of private members' bills, but not in line with your question, no.

**Senator ABETZ**—All right. Then if the minister's office could take on notice as to what they might be able to tell us about any proposals that have been put forward. Can we also be advised, Minister, what access Senator Brown and Mr Bandt and other Greens have sought with ministers, key public servants, and the Prime Minister and, in each case, for what purpose, and have there been any meetings between the Greens' treasury spokesman, Mr Bandt, the treasurer, and the minister for finance and, if so, when, who attended, what was discussed, and did the Greens put forward any proposals?

**Senator FIFIELD**—Senator Abetz, Mr Bandt is the Greens' treasury spokesman.

**Senator ABETZ**—Yes, and workplace relations, and he has just come out strongly in favour of Premier Keneally's stance on occupational health and safety, which we will get to soon.

**Senator FIERRAVANTI-WELLS**—You and he are in agreement?

**Senator ABETZ**—No, disagreement.

**Senator Chris Evans**—I am sure I can rely on Senator Abetz for support on these matters.

**Senator ABETZ**—On that one you can, absolutely, and I have said so publicly. Was PM&C involved in any way in relation to the agreements that were struck with the Independents, Mr Wilkie and the Greens?

**Mr Lewis**—No, Senator.

**Senator ABETZ**—No? No advice was sought?

**Mr Lewis**—No, Senator, not to my knowledge.

**Senator ABETZ**—Right. Minister, can you confirm that the three agreements that were entered into—one with the Independent members, one with Mr Wilkie, and one with the Greens—were prepared in the Prime Minister's office?

**Senator Chris Evans**—Unless PM&C can help me, I have to take that on notice, Senator.

**Senator ABETZ**—All right.

**Senator Chris Evans**—I assume so, but I do not strictly know the answer, so I will take that on notice.

**Senator ABETZ**—All right. It just seems that all three have a similar typeface—and allow me to give credit to Senator Scott Ryan on the record for this, who drew this to my attention—and that they all seem to be set out exactly the same way, suggesting the same hand and draftpersons were involved in these agreements.

**Senator Chris Evans**—It is not counter-intuitive, but I will take it on notice.

**Senator ABETZ**—And if you could advise us as to who advised and who was present at the time that these three agreements were made. You will do that for us, Minister?

**Senator Chris Evans**—I will take the question on notice.

**Senator ABETZ**—Thank you. In relation to the agreement with the Greens, does the government believe that this was a specific agreement between the two parties—namely, the Australian Labor Party and the Australian Greens—or was it a personal agreement between the individuals? Minister?

**Senator Chris Evans**—I would like to review the document, but my understanding is that the Prime Minister had the authority as leader of the Australian Labor Party and the parliamentary Labor Party to enter into the agreement, and I assume Mr Bob Brown had the authority of his position as leader of the parliamentary Greens to enter into agreement in that case, but I will have a look at the document, perhaps, just to get a sense of that, if someone has a copy of it.

**Senator ABETZ**—I would be interested in the PMO's interpretation of the document, which deals with the working relationship in section 5, where it talks about when the parliament is in session, the Prime Minister—which could, under your regime, be anybody tomorrow—that was a flippant comment, but it talks about the Prime Minister as a position—

**Senator Chris Evans**—Given the number of times you have changed opposition leader, Senator, I hardly think it is one you would want to make.

**Senator ABETZ**—whereas it does not refer to the leader of the Australian Greens, but specifically refers to Senator Brown, which would suggest, irrespective of Senator Brown's status as leader or not leader of the Australian Greens, it is an agreement that has been struck with Senator Brown on a personal basis, as opposed to his leadership position. So Ms Gillard is described as the Prime Minister throughout; Senator Brown is not described as the leader of the Australian Greens. I am just wondering whether any legal advice has been sought as to what that actually means in relation to this agreement, as to whether it is Senator Brown specific, or Australian Greens' leader specific.

**Senator Chris Evans**—My understanding was that Senator Brown was acting with the authority and on behalf of the Federal parliamentary Greens, but I will certainly take on notice the point you raise. I do not know if anything turns on it, but I will make the inquiry and take the question on notice.

**Senator ABETZ**—It just seems that throughout especially section 5, it is always Prime Minister or Prime Minister's Office, whereas, for the Greens, it is always Senator Brown or Senator Brown's office. There does seem to be some difference in description there.

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**Senator FIFIELD**—Bob is thinking of the Rachel Siewert challenge.

**Senator ABETZ**—I think the Lee Rhiannon challenge possibility, more to the point. In relation to the agreement that was entered into with the Independents—that is, the members for New England and Lyne—there was no PM&C input into that agreement?

**Dr Southern**—No.

**Senator ABETZ**—In relation to the agreement for a better parliament, was there any PM&C input into that?

**Dr Southern**—No.

**Senator IAN MACDONALD**—I just want to follow up on one of Senator Abetz' questions. What part does the department have in those three agreements? Is the department administering them? Do you have any role in relation to those three agreements with the Greens, with the Independents and with Mr Wilkie? Does the department have any sort of role in oversighting them or in funding them should funding be needed?

**Mr Lewis**—No.

**Senator IAN MACDONALD**—Does the department have a role in additional staff that may be going to the Greens as a result of any of these agreements, or additional staff going to the Independents?

**Mr Lewis**—No.

**Dr Southern**—No, they would be MOP(S) Act staff.

**Senator IAN MACDONALD**—That is done by Finance, is it?

**Dr Southern**—That is the Department of Finance and Deregulation, that is correct.

**Senator IAN MACDONALD**—That is not at all even vaguely associated with the work of the department?

**Mr Lewis**—No.

**Dr Southern**—No.

**Senator IAN MACDONALD**—Have you seen the agreements formally?

**Dr Southern**—Yes.

**Mr Lewis**—Yes, I have. I saw them some time after they were produced.

**Senator IAN MACDONALD**—Were they given to you in a formal way, or did you just happen to read them in the paper like everybody else?

**Mr Lewis**—No, I think I read them when they became public documents.

**Senator Chris Evans**—Mr Chairman, just to answer Senator Abetz' reference earlier to the way Senator Bob Brown is described, someone just sent me a copy of the document and it is described in the preamble as being between the Hon Julia Gillard MP, Prime Minister, Head of the Australian Labor Party and Senator Bob Brown, Senator for Tasmania and Leader of the Australian Greens.



**Senator ABETZ**—Yes, but in clause 5, which I am sure the person that sent it to you is studiously avoiding—

**Senator Chris Evans**—No, you just asked for some reference to whether he has been called the leader.

**Senator ABETZ**—It says, under point 5.1:

a) When Parliament is in session, the Prime Minister will meet with Senator Brown ...

b) When Parliament is not in session, the Prime Minister, or her delegate, will meet with Senator Brown ...

And so it goes on.

**Senator Chris Evans**—I am not disputing what you said. I am just adding to it by saying to you that if you go to the top of the agreement, it refers to him and his title and, from then on, seems to only refer to him in the more familiar tone of Senator Bob Brown.

**Senator ABETZ**—Thank you. I have got it in front of me. See, his first description is ‘Senator for Tasmania’.

**Senator Chris Evans**—You would approve of that, of course, as being his pre-eminent title.

**CHAIR**—I am not sure he approves of it.

**Senator ABETZ**—That is the very interesting point, isn’t it?; that if that is his pre-eminent title then, when he loses the next title, Leader of the Australian Greens, he can still pursue this agreement courtesy of him being ‘Senator for Tasmania’, which is exactly the point I was seeking to make and I thank you for that.

**Senator Chris Evans**—I think that is a really telling point that will never be heard again.

**Senator ABETZ**—That may be your wish.

**Senator Chris Evans**—Sorry, I tell a lie. You will go on ad nauseum about it in the parliament. I tell a lie. I withdraw that.

**Senator ABETZ**—That may well be your wish; but does this document have any legal basis or is it just political?

**Senator Chris Evans**—I would have to take that on notice, in terms of taking advice as to what legal status it has, but it is a public document of an agreement between two political parties, signed by their leaders.

**Senator ABETZ**—I assume it is not legally enforceable?

**Senator Chris Evans**—I would have to take some advice on that.

**Senator IAN MACDONALD**—For example, if the Prime Minister refuses to allow Mr Brown through the door, can he sue for specific performance?

**Senator ABETZ**—Exactly. It could be, ‘No, but you promised to meet with me.’

**CHAIR**—Are you asking for a legal opinion, are you?

**Senator ABETZ**—If you could take that on notice, that would be very helpful. But I suspect you do not have to take it on notice because you know it is all part of the political spin and there is no enforceability.

**Mr Lewis**—Chair, could we just make one comment, just going back to a question from Senator Macdonald about the issue of staff for the Independents?

**CHAIR**—Yes, Mr Lewis. Thank you.

**Mr Lewis**—Dr Southern has just got one clarification to make around the answer I gave, which was that we have no role in the assignment allocation of staff. There was one piece of advice that was given.

**Dr Southern**—We were asked for some advice about precedents for the number of staff provided to other Independents and other minor parties in the parliament. Looking back over time, the number of staff that, for example, had worked with the Australian Democrats at one time, or with other Independent members. So we did provide some advice on what had gone on in the past.

**Senator IAN MACDONALD**—But you would not be able to answer if the Greens ended up with more staff than the Democrats used to get, or—

**Dr Southern**—Not off the top of my head. We just provided some numbers for comparison.

**Senator IAN MACDONALD**—Yes, but I was really just trying to find out whether your department would oversight those sort of things, accepting that Finance is probably the one that pays them.

**Dr Southern**—No, we do not have an oversight role of the number of staff in offices.

**Senator IAN MACDONALD**—It is not said in the agreement, but I wonder, Minister, if you can tell me if additional staff formed part of the agreement, even though it is not in writing?

**Senator Chris Evans**—The agreement is publicly available. That is the limit of the agreement. But certainly in ministerial and parliamentary services tomorrow you can explore staffing allocations for minor parties and Independents. I do not actually know myself, but we will certainly be able to go through that. I think it is on tomorrow morning.

**Senator IAN MACDONALD**—Yes, thank you. I accept that, but my question was really: was it part of the deal between the Prime Minister and Mr Brown that they get a few extra staff?

**Senator Chris Evans**—The agreement is in writing and has been made public. As to what staff have been allocated to Greens and the Independents, that is a question coming up under MOP(S). I do not know the answer to those allocations, so I think it is best we deal with it then.

**Senator PAYNE**—Chair, I have just one last question on that area.

**CHAIR**—Senator Payne, yes.

**Senator PAYNE**—Mr Lewis, if the department does not administer the agreements then who does?

**Mr Lewis**—I am sorry, I do not know.

**Senator PAYNE**—Minister?

**Senator Chris Evans**—The parties.

**Senator PAYNE**—The parties?

**Senator Chris Evans**—The parties to the agreement.

**Senator PAYNE**—Minister, this is clearly a question for you. How is the Australian Labor Party then administering the aspects of, for example, the agreement with Senator Brown and Senator Milne and Adam Bandt through the detail of that process? Is that a public process to which the people of Australia are able to be a party or is it a private process between the parties and they will find out about it when you feel like telling them?

**Senator Chris Evans**—Senator, as you know, you are reading from the document, so the first stage of transparency is that you got a copy of the document. The second thing is that, as you know, when the climate change committee process was adopted and agreed, that was announced publicly by the Prime Minister. She was available to the press to answer questions on it. Senator Abetz has already asked a series of questions around some of those issues today, which I have taken on notice. So it is a very public process, but the responsibility for the agreement lies with the parties to that agreement.

**Senator ABETZ**—You see, you tell us that it is the totality of the agreement. Can you tell us whereabouts in the agreement signed with the two Independents we were told that Mr Oakeshott had been offered a ministry, which he declined?

**Senator Chris Evans**—I have not got that agreement in front of me. I will try and bring it up, maybe, but—

**Senator ABETZ**—I am sure somebody in the Prime Minister's Office could answer it very quickly by saying, 'Oops. It was not included.'

**Senator Chris Evans**—That may be the case, Senator. The actual agreement, as you say, is publicly available.

**Senator ABETZ**—The written agreement is publicly available but, quite clearly, there were other matters discussed and considered, including, by the time that Mr Oakeshott was prepared to throw his lot in with the government, we knew that he had been offered a ministry, but we did not know whether or not he would accept that offer.

**Senator Chris Evans**—As you know, there is always ongoing discussion about all sorts of matters inside the parliamentary and political process—be it about deputy speaker; be it about other matters. The agreement is the agreement and that is public. We will be negotiating with people over all sorts of matters, including yourself, in the course of the parliament, and that is just part of the normal business of the politics and the parliamentary process.

**Senator IAN MACDONALD**—In relation to that agreement with Mr Oakeshott, can you tell us at what stage it became clear that he was going to be offered a ministry?

**Senator Chris Evans**—No.

**Senator IAN MACDONALD**—Can you take that on notice?

**Senator Chris Evans**—I will take it on notice, but I am not sure where we will get to with that, but, as I said to you, in addition to the agreement we have ongoing negotiations among all of us about a whole range of matters that come before the parliament. But the agreement between the parties was made public; the Prime Minister made public the offer to Mr Oakeshott; and his response was public.

**Senator IAN MACDONALD**—But this raises the point that Mr Abetz was making: how much of the agreement is not in the written agreement that was openly made available to the public? Was the ministry bit in? Was the extra staff in?

**Senator FIERRAVANTI-WELLS**—What else was in there?

**Senator IAN MACDONALD**—The defence contract? Was that in it?

**Senator FIERRAVANTI-WELLS**—Can I just add to Senator Macdonald's question? That is a legitimate question, because, given Mr Oakeshott's record as far as the New South Wales government is concerned, could you also add whether he was the one that sought the ministry, as opposed to whether the offer was made to him? It is a matter for the public record that there was a similar request made, as far as when he was a member in New South Wales.

**Senator Chris Evans**—I have no knowledge of that, but—

**Senator FIERRAVANTI-WELLS**—Perhaps if you look at the public record, Minister, you will find those comments.

**Senator ABETZ**—But you could take that on notice.

**Senator FIERRAVANTI-WELLS**—I think Mr Iemma made the comments.

**Senator Chris Evans**—No. Again, Senator, I do not want to take on notice things I am not going to be able to give you an answer for. Whether Mr Oakeshott or Mr Iemma did or did not do something or spoke to each other about is not something that I can, as a minister representing the Prime Minister, help with answering.

**Senator FIERRAVANTI-WELLS**—I am not asking you. I am just asking did Mr Oakeshott ask for a ministry, or was the offer made to him—

**Senator ABETZ**—Of the federal government—

**Senator FIERRAVANTI-WELLS**—from the federal government?

**Senator Chris Evans**—I think the Prime Minister has put that on the record, but I will take that on notice to confirm what the Prime Minister has said on the record.

**CHAIR**—Are there further questions, general questions, or can we proceed to outcome 1?

**Mr Lewis**—Chair, if I might, if it was helpful, I am conscious Senator Fifield is up against some sort of timeline, but we do have a more complete answer for you now about the issue of 4 Treasury Place and the Cabinet facilities there and who was responsible for what.

**Mr Sterland**—My advice is that the Cabinet suite at Treasury Place is on level 1, which is a PM&C tenancy from the landlord, who is the Commonwealth, of course. That level includes

accommodation for the Prime Minister's office. It also includes the Cabinet suites and the offices for two former governors-general. The area that we have that Mr Dreyfus has occasionally used is within that part of the tenancy, so it is not an office allocated in that sense; it is an office he uses for the purpose of conducting Cabinet business.

**Senator FIFIELD**—As you walk into the foyer of 4 Treasury Place, to the left of the lift is a list of all the tenants, from the Prime Minister, the Speaker, through, and including Mr Dreyfus. So I think he might be under the impression that it is a permanent allocation to him.

**Mr Sterland**—He has used it, and there has been no occasion where there has been any other use for it in the period since he has been there. If Cabinet was to meet in that area then he would no doubt use it that day, and he uses it occasionally purely for the purposes of conducting Cabinet business.

**Senator FIFIELD**—As you indicated, PM&C are the tenants there. Can you indicate whether Mr Dreyfus is entitled to have that as one of his bases, just as he has a Parliament House base and an electorate base, as a city base? Does he have an entitlement—

**Mr Sterland**—As part of his entitlement?

**Senator FIFIELD**—Does he have an entitlement to use that office at will, as of right, as his designated and allocated office?

**Mr Sterland**—I am not personally across parliamentary entitlements, but he uses it purely for the basis of Cabinet business.

**Senator FIFIELD**—Sure. I am just trying to establish that—because you said it was not a dedicated office for him yet his name appears on the board of building occupants. So I am just trying to ascertain whether this is an entitlement or an office in addition to that which is enjoyed by other parliamentary secretaries.

**Mr Sterland**—We will take that specific basis on notice.

**Senator FIFIELD**—I am not saying that it might not make good sense for Mr Dreyfus. Any number of members and senators may like a particular office somewhere in a particular building in the city but we just cannot have them because we want them or because it is convenient or makes sense. There has to be an entitlement of some sort. So I am just trying to establish what that is here, because it looks as though it is a dedicated office.

**Senator Chris Evans**—I think the officer tried to go away and be as helpful as he could by getting more information—

**Senator FIFIELD**—I appreciate that.

**Senator Chris Evans**—I think it would be better if he got the exact answer. You are asking a question of entitlement—what is he entitled to access and use, et cetera, and what arrangement is put in place. We will get you a proper answer to that question. I suspect it is evolving. I suspect the answer is that he has just been using it because he needed somewhere to sit to do what he needs to do. We probably have not got to the technicalities yet, but we will get you the answer. It will probably prompt someone to actually ask the question.

**Senator FIFIELD**—It may well do.

**Senator Chris Evans**—And he may have just been busy working, I suspect, but we will get to the answer.

**Senator FIFIELD**—He certainly has been at doorstops recently that other ministers cannot be found for, so he deserves credit for that.

**Senator Chris Evans**—Well, he will spend a lot of time locked in the Cabinet room. He might find he needs a bit of vitamin supplementation.

**Senator FIFIELD**—Thanks, Mr Sterland.

**CHAIR**—Thank you. We now will proceed to Outcome 1.

**Senator PAYNE**—Can we just start with a few general questions around COAG. For starters, when is the next meeting for COAG scheduled?

**Dr de Brouwer**—That currently has not been scheduled yet.

**Senator PAYNE**—When is it proposed to start to schedule it, Mr de Brouwer?

**Dr de Brouwer**—I think there have been discussions around that, but no decision has been made on that at this stage.

**Senator PAYNE**—Will it be this year?

**Dr de Brouwer**—I cannot comment, Senator. The date has not been determined.

**Senator PAYNE**—Minister, do you expect there will be another COAG meeting this year?

**Senator Chris Evans**—I will could take that on notice. As far as I know, they were looking to settle a date, but as to where that has got to, I know we have got a Victorian election coming up and those sorts of things.

**Senator PAYNE**—I have heard about that.

**Senator Chris Evans**—My advice is that there has not yet been one settled, and they are working on it. But I will take it on notice as to what the expectations are.

**Senator PAYNE**—So we are at 18 October or thereabouts. The Victorian election, I think, is 27 November. Would you expect that there could be a COAG meeting held before the Victorian election?

**Senator Chris Evans**—The simple answer is that I do not know, Senator. I will take that on notice.

**Senator PAYNE**—How much preparation is involved in pulling together a COAG meeting, Mr de Brouwer?

**Dr de Brouwer**—Very extensive preparation. With all of the agenda, it goes through an officials meeting and a senior officials meeting, which is heads of first ministers' departments. They usually work through that agenda and then that material is put together for first ministers. It is very considerable.

**Senator PAYNE**—So is the considerable agenda under preparation already and you are just waiting for a date, or do you get a date and then start preparing the considerable agenda?

**Dr de Brouwer**—There is a bit of both, but generally there is a body of issues that work through COAG based on previous decisions and calls or decisions by first ministers and the

various bits of work that are working through the ministerial councils. If is appropriate, that comes through to first ministers, but that body of work largely continues.

**Senator PAYNE**—How will the agenda be prioritised given the observations made in what is colloquially known as the ‘red book’—for example, in terms of the scope of the reform agenda and the fact that ministers in this new government are still currently adding items to the agenda?

**Dr de Brouwer**—That is a matter for the Prime Minister to determine.

**Senator PAYNE**—Is it a matter with which the department has any involvement?

**Dr de Brouwer**—We advise the Prime Minister on a range of topics.

**Senator PAYNE**—So when we hear the minister, for example, for regional Australia announce, say, a new ministerial council, to add to the plethora of existing ministerial councils, is that done in consultation with the Prime Minister and the Department of Prime Minister and Cabinet?

**Dr de Brouwer**—Yes.

**Senator PAYNE**—Is the addition of the National Disability Strategy—I think it is called—by Minister Macklin and the parliamentary secretary done in consultation with Prime Minister and Cabinet?

**Dr de Brouwer**—As best as I know, yes.

**Senator PAYNE**—How is it possible that you are continuing to add to the COAG reform agenda when Treasury itself, one would have thought—in the red book, a reasonably authoritative source—is indicating on page 17 that:

There may be merit in narrowing the scope of the reform agenda to focus on a smaller number of priority reforms.

How is it possible that in consultation with the Prime Minister and the department you are adding to the priority reforms?

**Dr de Brouwer**—I think that they would be elements of a reprioritisation.

**Senator PAYNE**—I am sorry?

**Dr de Brouwer**—They would be elements of a reprioritisation.

**Senator Chris Evans**—I think the primary point to make is that was advice from Treasury, as you describe it, Senator.

**Senator PAYNE**—Are you rejecting that, Minister?

**Senator Chris Evans**—No, I am just saying it is a piece of advice from Treasury, and no doubt there will be other advice from various departments and government will make decisions based on how it proceeds.

**Senator PAYNE**—So the Department of Prime Minister and Cabinet—and, in fact, you, Minister—are saying that you do not agree with Treasury’s assessment?

**Senator Chris Evans**—No. There are occasions when I do not agree with Treasury's assessments, but on this occasion the answer is that I do not know. I have not had the benefit of reading that in any depth, but I was just making the point—

**Senator PAYNE**—The red book is fascinating reading, Minister.

**Senator Chris Evans**—I have been busy getting my head around my own—

**Senator PAYNE**—I can imagine.

**Senator Chris Evans**—The point I want to make is that Treasury advice is not the same as government policy.

**Senator PAYNE**—That could come as a nasty shock to Dr Henry.

**Senator FIFIELD**—And Mr Swan.

**Senator PAYNE**—Yes, quite. Can you advise, then, whether there are plans for a COAG meeting to be held in conjunction with the proposed tax summit next year?

**Dr de Brouwer**—I can offer no information about that.

**Senator PAYNE**—Could you take that on notice, Mr de Brouwer.

**Dr de Brouwer**—Yes.

**Senator PAYNE**—If you do not want to take up the advice of Treasury, which of course is a matter for your discretion, Minister, what about the advice of the Business Council of Australia, which has also raised concerns about the breadth of the so-called reform and priority program of COAG? Does the government accept the concerns raised by the business council, Minister?

**Senator Chris Evans**—Senator, I think that all I can say in response to all the advice we get in these matters is that the government makes decisions about how it proceeds. The officers have advised you that no date has been set for the next COAG, and the government will obviously make public any announcements we have in terms of changes or reprioritisation of the COAG agenda. But I am not going to respond to each piece of advice we are given about such matters. When the government makes any decisions, if we do in this area, then they will be announced.

**Senator PAYNE**—That is certainly entirely possibly your view, Minister, but there are a lot of stakeholders across virtually every business activity you could nominate in Australia who are very concerned about how the COAG agenda is not progressing, and I think Mr de Brouwer referred to my questions about regional issues and the National Disability Strategy as being elements of a reprioritisation. Does that mean that the reprioritisation of the COAG reform agenda is underway?

**Dr de Brouwer**—Sorry, I meant to say that they could be elements. That would be one way to interpret the comments by Treasury.

**Senator PAYNE**—They could be elements of a reprioritisation. I am not sure that I understand what you mean. So there is not a reprioritisation currently underway, but if there were to be one, Mr de Brouwer, you are saying that these additional items on the COAG agenda might be elements of that?



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**Dr de Brouwer**—There is a very full agenda for COAG.

**Senator PAYNE**—So I see.

**Dr de Brouwer**—But there is always a discussion around how that agenda can be addressed and delivered by ministers.

**Senator PAYNE**—While we are discussing that reprioritisation, can you tell us how many agenda items from the last COAG meeting and from any previous meetings remain to be addressed?

**Dr de Brouwer**—I do not have that in front of me now. I will take that on notice.

**Senator PAYNE**—In both cases?

**Dr de Brouwer**—Sorry?

**Senator PAYNE**—For both agenda items from the previous meeting of 19 and 20 April and from previous meetings before that. For example, I think at the end of 2009, after the meeting in Copenhagen, the most pressing issue that needed to go on the COAG agenda for 2010 was climate change. I am not sure whether that has been discussed. Can you advise the committee whether that has been discussed by COAG in the manner in which it was suggested at the end of 2009?

**Dr de Brouwer**—The various elements of climate change that are before COAG generally cover adaptation and there is also COAG discussion through the Department of Climate Change and Energy Efficiency on the energy efficiency programs, but I would refer you to that department for more detail.

**Senator PAYNE**—That is not always easy to do, Mr de Brouwer. They often refer us back to the Department of Prime Minister and Cabinet, ever helpfully. But I will take that advice on board. I have a number of questions in relation to the COAG Reform Council's most recent series of reports. Are you aware that we expressed an interest in having the COAG Reform Council appear before Senate Estimates and they expressed a less than enthusiastic desire to be here?

**Dr de Brouwer**—I might ask one of my colleagues who is engaged on this.

**Mr English**—Yes, we are aware that they were asked to appear. We understood that there had been some consultation with the committee about the appropriateness of doing so. That is not a discussion that I participated in.

**Senator PAYNE**—I preface my next question by saying that the council has generously offered me, as shadow minister in this area, a private briefing, which I am very happy to take up once we can find a time that is convenient to members of the council's agenda and the parliamentary agenda. Can you indicate what the reasons for their reticence in appearing were, Mr English?

**Senator Chris Evans**—Apart from the obvious.

**Senator PAYNE**—That is right, Minister.

**Mr English**—My understanding was they spoke directly to the secretariat for the committee. I was not party to that discussion.

**Senator PAYNE**—Do you know what the reasons they gave were?

**Mr English**—I understand that they feel there is a difficulty in appearing before one committee like this when they are, in effect, a multijurisdictional activity.

**Senator PAYNE**—There are a number of multijurisdictional activities, as you put it, which appear before Senate committees, though.

**Mr English**—I think it would be better to ask—

**Senator PAYNE**—I would love to ask them. Trust me.

**Mr English**—I can take it on notice.

**Senator Chris Evans**—To be fair, I think the officer's evidence is that those discussions about their concerns have been with the committee's secretariat, not with him. He does not have first-hand knowledge of that interaction.

**Senator PAYNE**—I appreciate that, but I do expect the department to be aware of the detail of a particularly prominent body in this area indicating a certain reticence—and I am putting it mildly—to appear before a Senate committee. It is not like there are not other multijurisdictional organisations that appear before Senate committees, whether you want to talk about the Great Barrier Reef Marine Park Authority, or the Australian Plague Locust Commission, which appeared before Senate estimates in the last round.

**Senator Chris Evans**—I am not disputing your point, Senator. I was just looking to intervene on the officer's behalf, if he was being asked questions of what he knew, or what the department's engagement was with that. We have had this issue before, but, in terms of the detail, I think Mr English's evidence is that he has not been involved in a detailed discussion. If he has, then he could probably help you more, but I am not sure if we want to inquire with the secretariat as to how that has gone. I know that the permanent chair is not here.

**CHAIR**—I understand that this issue has been raised in previous estimates. I was not the chair then. I am effectively acting as chair for these two days, so I cannot really—

**Senator PAYNE**—I appreciate that and I will, as I said, take up the offer of the CRC for a briefing. But, in terms of the volume of work, the number of reports and inquiries, that the council is producing and the criticisms, constructive and otherwise, I suspect, that it is making, I think it is more than unfortunate that they cannot be directly questioned by members of the Senate in the estimates process.

**Senator Chris Evans**—I am not sure the officers can help you, but I am happy to have a look at the issue, if you like and take the issue, rather than the question, on notice.

**Senator PAYNE**—I appreciate that. I am very happy to help you with a number of other obscure, multijurisdictional organisations that have appeared before Senate estimates in the past.

**Senator Chris Evans**—There is also an issue that I have come across in a couple of other places where independent office holders and others have been a little concerned about how they are being required to appear before estimates. I think there has been argument in the workplace relations area about the head of Fair Work Australia. He sees it as having a judicial role.

**Senator PAYNE**—That is not the case here, though.

**Senator Chris Evans**—No, I am just saying that there are a range of grey areas that we seem to have entered into in the last few years that we might need some broader guidance on. Anyway, I will undertake to have PM&C have a look at it, and I will also undertake to have a chat to the chair about their interactions.

**Senator PAYNE**—Thank you very much. Is it possible then for me to go to a number of questions around the CRC reports of recent months? Is that something with which the department can assist me?

**Mr English**—We will do our best.

**Senator PAYNE**—I am sure you will. How are you on cultural change being required, and I am quoting from the report on progress 2010 of the COAG reform agenda, where the council comments that:

Cultural change in the way governments approach intergovernmental relations is necessary if the key features of these reforms are to be realised ...

I want to know what the department's view is of what 'cultural change' actually means, whether the department is charged with pursuing that at the COAG level and, if not, who is?

**Mr English**—I think that is something that I would say was within our responsibility to pursue with the various arms of the COAG machinery. What the council has done is commented on the, I think, reasonably fair assessment that the process that was undertaken through 2008 to achieve a different approach to federal financial relations is a work in progress, and that the cultural change that they are talking about is a clearer focus on outcomes-outputs measures that prioritise progress on reform over specification of detailed input controls, for example, which has been the complaint from states in the past. That is a process that I think all jurisdictions have signed up to, with a strong desire to improve the way the federal financial relations machinery works going forward. There is just a process, over time, of ensuring that the arrangements that we have across government are consistent with that focus and that we have staff and data and reporting arrangements in place that can progress an outputs and outcomes focused framework for the federal financial relations arrangements.

**Senator PAYNE**—Mr English, thank you for that response. I would be more comfortable, though, with that information if I was not also reading that the same report by the COAG Reform Council says that COAG needs to set out more precisely what its key priorities are for delivering better services for the community; that the council has not been able to identify a headline indicator for delivering better services for the community, which, given that we have been pursuing cooperative federalism now for three years, give or take, seems rather startling.

**Mr English**—I think the interpretation that we would have on the current range of progress measures and performance indicators is that we are working to make sure the majority of those, across a whole range of areas, are focused on meeting the community's needs. I will be honest; I will have to take your word about the precise formulation of text. I do not have it in front of me in the CRC report.

**Senator PAYNE**—I can quote it for you, if you like.

**Mr English**—To say that there should be one indicator that encapsulates that notion is not how we would see it. We would see that it is something you would embed in the whole range of agreements—health, education, Indigenous affairs and the like—so I think that we would say that doing that is a work in progress, that in some cases the data has been better developed, better explored, to support that focus on meeting the community's needs. But I think we would say that in the agreements that COAG has actually reached on a specific basis, all of the national agreements and national partnerships, that a clear focus has been in all of those on trying to better meet community needs.

**Senator PAYNE**—I might need to re-read what you just said to entirely understand why the headline indicator is that the council position is not what you think should be the target. But, if I look more closely at the report itself—and it is interesting to look at particularly some of the observations around literacy and numeracy—I find it baffling that three years down the road, again, there is actually a sentence in this report which says:

In relation to the national partnership agreement objectives, the summary implementation plans do not set out details for the implementation of these literacy and numeracy commitments.

How do we end up with a national partnership agreement on literacy, which is one question, which has summary implementation plans that do not set out details for implementation? Or am I being unreasonable?

**Dr de Brouwer**—I might just ask Ms Rebecca Cross, who works on these areas in social policy.

**Ms Cross**—The literacy and numeracy national partnership is actually negotiated with the Department of Education, Employment and Workplace Relations. There are very detailed implementation plans that were agreed between the Commonwealth and each jurisdiction, but for ease of reference for the public, I think, summary versions were put up on the website.

**Senator PAYNE**—Summary versions which do not contain implementation plans. It is an interesting version of ease of reference.

**Ms Cross**—Those details have been agreed with states and territories, but they are just not the versions which were published.

**CHAIR**—Senator Payne, we are due to have a break at 3.45 pm, but I appreciate that you have to go to some other areas, I assume.

**Senator PAYNE**—That is fine.

**CHAIR**—I am in the hands of the committee.

**Senator Chris Evans**—If Senator Payne has got a bit she wants to finish then we are happy to push on for a while.

**CHAIR**—I am conscious that there are some other issues related to attendances as well.

**Senator PAYNE**—I have a series of questions which are similar in nature to these. They are questions around the COAG Reform Council reports across a range of areas: disability, health care, Indigenous reform, affordable housing and so on. But, in light of the time constraints, it is probably easier if I put the remainder of those on notice, which is fine, given the timeframe.

**CHAIR**—I do not want to truncate your rights, but I am conscious of—

**Senator PAYNE**—No, I understand, given the timeframe, and I am happy to do that. I will not come back; that is fine.

**Senator Chris Evans**—Senator, the other thing I can say in terms of the literacy program is that we can pick that up in education and employment initiatives. I know it has come before me in the last few days, and I can forewarn our department if you want to have a chat about those issues then.

**Senator PAYNE**—Thank you very much, Minister.

**CHAIR**—I was going to propose that if you wished to continue we could maybe go for another 10 minutes or so and then have a break, or take a break now, but that puts you in the position of having to decide. But we will have a break either now or in 10 minutes time.

**Senator PAYNE**—Let me ask, then, if I may, Chair, and I appreciate your indulgence for a couple of minutes, some of the questions in the housing area. Then we will take the break and I will let another senator resume when we come back.

**CHAIR**—Okay.

**Senator PAYNE**—And, again, these go to the COAG Reform Council's National Affordable Housing Agreement: Baseline Performance Report 2008-09, which was released in June, so a couple of months ago now. One of the recommendations that is in that report, recommendation 1, refers to ensuring that administrative data that is provided for each report should relate to the relevant reporting year. I would not have thought that that was revelatory, but I am surprised that, given the complexity of the process that has been pursued through COAG under this government, that we are now at a point in the third year of the process where we actually have to have a recommendation that asks for administrative data to relate to the relevant reporting year. How is that possible? What is the problem in the process that means we need a recommendation of that nature?

**Mr English**—I will have to add that to the notice list, I suspect. Generally, I think some of these progress reports are in their first year of being produced and so there are naturally some teething issues. But I do not want to dismiss that as a teething issue. We will take it on notice.

**Senator PAYNE**—Would that be the same answer, then, in relation to, for example, recommendation 6, which is about the outputs that are part of the National Affordable Housing Agreement? The council recommends that they be changed to ensure that they are precise and measurable, which I assume means they are currently not particularly precise and difficult to measure? Why are we three years down the road and at a point where to collate data and measure it is up to the COAG Reform Council and they have to identify these problems? Why is it not an automatic result in the COAG process?

**Mr English**—I think that when you have the opportunity to read my earlier, longer answer, for which I apologise, Senator, you will see that reality is that the agreement was signed at the end of 2008 and some of the implementation plans that have been developed subsequently do mean that reporting periods are now starting to hit. In many cases they are at the end of their first period and so the consistency across the performance measures that we had hoped to achieve over time is becoming clearer as you get into the real life examples, if you like. The

CRC is also getting a bit more established in the way it looks at these measures and its views about those, so I think it is difficult to say that because we are three years down this track. In some cases many of those agreements have really only had their first report and some of these issues are being thrown out.

We acknowledge that this is a reform process that will take some time to bed in, some experience to test how valid and valuable the various data sets we hope to use are in some of these cases and that the specification of performance outcomes that you would achieve from various policy interventions are inevitably benefits from experience over time. So I would say it is probably a reasonable situation for us. With the nature of the reforms that have been undertaken, the effort that has been put into trying to improve the outcomes focus and the performance information that supports that, I think it is reasonable to say that we still are improving that and striving to learn from the experience of the reports that are coming out of the CRC now. And in some cases, as I say, they are the first in particular areas that we have seen.

**Senator PAYNE**—I have one more question in this area, which is on the National Disability Agreement, which received some coverage when that report was also released in June. To say that the CRC was dissatisfied with the data availability in relation to the disability agreement, which has been in existence, as I understand it, since 2008, is an understatement. They include references to it being insufficiently detailed, being incomplete, being inconsistent or simply unavailable, and observing that the ABS survey of 2003 is a fundamentally inadequate basis for data collection. Has that only become apparent now? Has it not been possible to identify that as a problem before now, given the disability agreement has been on foot since 2008?

**Ms Cross**—I think it was the same situation as we have described for the other agreements—that when these agreements were put in place in 2008 officials identified the best possible measures of improvement in terms of outcomes, in particular. As time has moved on, they have been looking at how best to then measure against those outcomes, and in some instances they are finding that the data sources are not as good as they would like. In some instances, they will look to improve that data over time. If that is the best outcome to measure success against then, even if the data is not available now, that does not mean that we should not include that in an agreement and, over time, work to get that data to a point where it can actually accurately measure progress.

**Senator PAYNE**—What is the department actually doing about that and what does ‘over time’ mean; over how much more time?

**Ms Cross**—I think that would vary from agreement to agreement, but there is certainly a process to look at data across national partnerships and national agreements and see where improvements can be made, often drawing on recommendations from the COAG Reform Council.

**Senator PAYNE**—So they just have to put up with inadequate data. Is that the end result?

**Dr de Brouwer**—We do talk to them about data problems. These reports have been out and we do try to get measurable improvement over time—and when I say ‘over time’, it is each year, when they identify particular gaps in the data. Collecting data can take time. It is

not something that is done overnight, and we work to improve that collection. We would like to get measurable improvements in data collection to support this analysis each year. Whether that is possible or not really depends on bringing together disparate systems across states and making sure that we have got the right data collected federally. There is effort put into that.

**Senator PAYNE**—Thank you.

**Proceedings suspended from 3.51 pm to 4.10 pm**

**CHAIR**—We will resume. We are in 1.1, domestic policy.

**Senator FIFIELD**—In 1.1, yes. The Social Inclusion Board comes under domestic policy. Would it be fair to describe the Social Inclusion Board as the government's main advisory body on ways to improve outcomes for disadvantaged Australians? I know there are a range of inputs, but is that the prime function of the board?

**Ms Cross**—Yes, that is what it was set up to do.

**Senator FIFIELD**—Fair enough. In terms of the membership of the Social Inclusion Board, were there criteria for the appointment of members, or was it simply just a decision of government to appoint the individuals who are there?

**Ms Cross**—That was actually before my time, but I understand there was a process where they called for expressions of interest and they also considered their own nominations. They came up with the membership through that process, but I was not actually involved in that.

**Senator FIFIELD**—Say someone stepped down from the board tomorrow and someone else had to be appointed, is there a criteria which prospective applicants would be considered against?

**Ms Cross**—I do not think there is anything written down, but they are looking to get a balance of expertise on the board. That would look at the range of different skills that different individuals could bring to the advice that the board gives the government. They might look for people from the non-government sector, they might look for people with an employer focus, they might be looking for someone with a welfare background; they would really look, I imagine, to get the best balance across the board membership.

**Senator FIFIELD**—How many people with a disability are there on the Social Inclusion Board?

**Ms Cross**—None that I am aware of.

**Senator FIFIELD**—None that you are aware of?

**Ms Cross**—I have not specifically checked with any of the members, but none that I am aware of.

**Senator FIFIELD**—Is it possibly curious or surprising that there are not members who have a disability on the Social Inclusion Board, whose stated objective is to seek:

... ways to achieve better outcomes for the most disadvantaged in our community and to improve the social inclusion in society as a whole.

**Ms Cross**—I do not think it was set up to be specifically representative of disadvantaged groups. It was set up to have a range—

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**Senator FIFIELD**—Clearly, it has not succeeded in that.

**Senator Chris Evans**—I think to be fair to the officer, you are trying to make a point that someone with a particular disability is not represented on the group—and that is fine—but I think the officer's point is that that is right; the government selected people who had a contribution to make and had expertise in a range of skills rather than a range of disadvantages, if you like. Sometimes that is the same person. There are lots of people with a disability who make a huge contribution to disability and to other fields of endeavour—academia and what have you—but the officer's advice is that she does not think there is someone with a disability serving on the board. As you know, successive governments have tried with such boards to get a breadth of skills and expertise rather than to mirror, necessarily, the group they are trying to assist.

**Senator FIFIELD**—Sure but one would think that the Social Inclusion Board, whose aim is to increase social inclusion, might lead by example. Or the government might ensure that the Social Inclusion Board was leading by example by including people who may be representative, or have a personal understanding of exclusion. I think that is a question more for the Minister.

**Senator Chris Evans**—It is a reasonable point to make. You make judgments on these things as to the priorities and the balance of skills. I am sure a person with a disability would want to say that they got there on the basis of their contribution to make. As you and I both know, there are lots of people with disabilities who have made a huge contribution in a whole range of fields. It is a point, I think, not unreasonably made, but the answer is that it is not a representative group; it is a group that is designed to bring skills and experiences to the table to provide advice to government, and that is what it is.

**Senator FIFIELD**—It might be something worth the government taking on board, that it may be appropriate to have that representation.

**Senator Chris Evans**—Yes, I think it is always good to remind people about diversity of boards and appointments. I do it for Western Australians when it comes to cabinet decisions, but for people with disabilities, Indigenous—

**Senator FIFIELD**—They are a very socially excluded group, Western Australians. Just ask Senator Cormann.

**Senator Chris Evans**—We can be, despite being the powerhouse of the country. Seriously, we get geographical groups and groups who need to be represented. Traditionally, the representation of women on government boards was shocking. It is something this government deliberately keeps an eye on, and it has a mind to try to lift the numbers of women represented on many of these boards.

**Senator STERLE**—That is the elephant in the room.

**Senator FIFIELD**—It seems that the Social Inclusion Board have done okay by women. It looks about fifty-fifty.

**Senator Chris Evans**—It always is in the social science areas and the welfare areas that we do well, and we do not do so well on some of the economic and other areas. We need to do better on those areas.



**Senator FIFIELD**—I know that it is an issue of concern to some in the disability sector, that their voices are not necessarily included in the membership of the board. Could you just outline briefly the areas of work that the board has looked at in the area of disability?

**Ms Cross**—In the area of disability?

**Senator FIFIELD**—Disability.

**Ms Cross**—One of their current projects is looking at cycles of disadvantage. It looks at the sorts of factors that can cause people to fall into a cycle of disadvantage, and then what forms of assistance might actually help them break that cycle. Clearly, people with a disability come up as one of the groups that can suffer from multiple disadvantage and fall into cycles of disadvantage. They are also looking at jobless families and, again, there is possibly a higher incidence of jobless families if the parent has a disability.

The third project is on locational governance. I do not think that specifically goes to issues of disability. They have provided details in their report on the range of activities that they have undertaken. If you like, I can look through there and find out specifically what they have included for people with a disability. They did provide input to the National Mental Health and Disability Employment Strategy and they provided input to the government's statement on social inclusion, which included a chapter on the government's agenda for supporting people with a disability and their carers. That would have been an element of the Social Inclusion Conference, which was also held in 2010.

They have provided advice on improving service delivery for job seekers. That would have encompassed job seekers with a disability, advice to the Productivity Commission inquiry into the long-term care and support scheme for people with a disability. So there are a range of things specific to people with a disability and broader input. I am just picking a few off the list, though, Senator. That is not exhaustive.

**Senator FIFIELD**—Thank you for that. I will just refer you to the Social Inclusion Board publication *Social inclusion in Australia: how Australia is faring*, which you would be familiar with. In answer to a question on notice from a previous estimates, question PM 77, we were advised that the report cost \$28,843.10 for its concept, design work and printing, and that 1,500 copies were printed. The answer to the question on notice did not give a dollar figure for the cost of the research behind the report. Is that something that you would have?

**Ms Cross**—In terms of the total cost of preparing that report, as you indicated, printing and design was \$28,843. The data and statistics that needed to be drawn together to prepare that were some \$82,825.

**Senator FIFIELD**—So we are looking at roughly \$110,000 for that project. I had a good look at that report, and I must say I was surprised by the nature of some of the finding—or the things which, perhaps, were not entirely surprising and possibly did not need \$110,000 to find out. I will just share some of them with you, and you might have something to add to how this information is actually used. For instance, one finding was that about 96 per cent of Australians have contact with friends and family outside the household at least once a week. That is not hugely surprising, I would have thought. Can you provide some context as to how that is useful? I guess that maybe there are four per cent of Australians who have contact with friends and family outside the household less than once a week.

**Senator Chris Evans**—That is a pretty disturbing figure, wouldn't you have thought?

**Ms Cross**—The report is intended to be a benchmark of data and statistics across a range of measures of social exclusion. One of the key findings is that there are around five per cent of Australians who are suffering multiple forms of disadvantage and who would be regarded as socially excluded, so that five per cent figure is not inconsistent with the sort of figure you are presenting of people who do not have regular contact outside their home. The idea of the report was to present a range of measures, so that you can look at the breadth of issues affecting people who are socially excluded, and to look at the best available data compared to how this is measured internationally, so that we do actually have a basis for measuring improvements over time.

**Senator FIFIELD**—Other points made in the report are:

Almost three-quarters of the population were involved in at least one community group in 2006.

and:

In 2006, a very high proportion (95%) of the Australian population aged 18 years and over had met socially with friends in the previous three months—

not an earth-shattering conclusion. The report says:

In 2006, about two-thirds of the Australian population over the age of 18 years had attended a community event.

The report also says:

Australians are on average very satisfied with their lives, particularly older people and youth.

and:

In 2006, 16% of Australians found it difficult to have a say among family and friends on important issues.

I think a lot of people, on occasion, find it difficult to have a say with family and friends on important issues. Yes, this is an interesting figure, but—

**Ms Cross**—I think what it is demonstrating is that, while the majority of Australians do well and have opportunities to participate socially and economically, there is a group of Australians who are socially excluded and who do not have those experiences regularly. So I think the board, in its report, has presented a range of data that shows that there is a proportion of the population that is socially excluded and there are social and economic costs for Australia in having that group. This report provides a benchmark from which changes can be measured over time.

**Senator FIFIELD**—Here is another point from the report:

In 2006, 7% of Australians aged 18 years and over felt unsafe or very unsafe alone at home after dark.

Tell me if my summation of these findings is unfair but, to me, what the points that I have just gone through tell us is, in summary, that Australians are pretty happy, they enjoy catching up with family and friends, their families sometimes annoy them and some people are afraid after dark. Is that an unfair summation of those points?

**Ms Cross**—It is not how I would describe it. I think it is showing you that, while the majority of Australians are doing well and have positive experiences, there is a group of

Australians where that is not the case. I suspect, as well, that what you are looking at are national averages and that if you were to look at this community by community, group by group, you would see that there are significant variations, and that is a useful pointer for where government might focus its effort. If that is the national figure, I think that some people would feel that it should be higher, in terms of people's opportunities to participate and it is a useful base to compare suburbs, communities, regions and see how they are faring.

**Senator FIFIELD**—Can you tell me how the social inclusion of Australians has been improved by this \$110,000? What government policy has changed as a result?

**Ms Cross**—One of the terms of reference for the Social Inclusion Board was to provide advice and improve the measurement of social inclusion, and this benchmark report is a key part of fulfilling that term of reference. It does mean that in future the government can measure the success of its policies. It means the government can look across Australia and identify disadvantaged groups, disadvantaged communities. It can do that on an evidence base, rather than simply guessing. The report itself was in response to one of the board's terms of reference, which was to improve the measurement of social inclusion and social exclusion, and I think it is the basis for further government policy consideration and for assessing whether policies and programs are impacting positively over time.

**Senator FIFIELD**—I am just trying to get my head around this. So if the next social inclusion report found that rather than 96 per cent it was now 94 per cent of Australians who have contact with family and friends outside the household at least once a week, what is the government response to—

**Ms Cross**—I suspect it would require a slightly more sophisticated analysis of the data across a range of factors and looking at trends. But what we do have in this report is a benchmark from which we can then measure improvements. In the discussion before the afternoon tea break, we were looking at the importance of having good data so that you can measure improvement over time, and the Social Inclusion Board has provided a very broad report across a whole range of areas that allows the government to do that.

**Senator FIFIELD**—Okay.

**Senator MOORE**—Senator, could I ask some questions in that area?

**Senator FIFIELD**—Of course, Senator.

**Senator MOORE**—Ms Cross, you have actually explained what the report has done. Can you clarify what the intent of the report was. When the government was putting together this particular report, what was the aim of the report?

**Ms Cross**—This is the first report that the Social Inclusion Board has provided to the government and, as I said, it sets out a benchmark for how Australia is faring at the moment across a whole range of dimensions. The idea would be that the Social Inclusion Board would report annually to the government on progress. Some of the data in the report can only be updated every four years if it is survey based, but they would each year provide some form of report to the government looking at where there is new data available so we can actually measure progress. And in doing that it is fulfilling one of its terms of reference, the purpose for which it was set up.

**Senator MOORE**—At the front of the report it actually talks about the intent of the report being to get this data, doesn't it?

**Ms Cross**—I do not have a copy of the report with me, but I am sure that would have been the intention.

**Senator MOORE**—I think it does.

**Ms Cross**—And there is a foreword from the chair of the Social Inclusion Board that draws out some of the key points which can be taken out of the data that has been presented.

**Senator MOORE**—Sorry to interrupt, Senator Fifield.

**Senator FIFIELD**—That is fine. I am just not sure that these are necessarily the most useful social indices or that these tells us anything terribly much. I think we are all in favour of improving social inclusion, and I know that the board is just carrying out its mission statement. It is more a matter for government to see if they are getting the best bang for their buck.

**Senator Chris Evans**—I think it is always good to have an evidence base. I think this is one of the areas where we have not had good evidence. I think the other thing is understanding the linkages between these things, the linkages between the areas of interest you have at the moment, between disability, employment, social inclusion, access to transport and all of those things and how they come together. One of the things we have always had in this country is, often, very simplistic debates—'They have got a disability, but they should be able to get a job'—without looking at all the other barriers and indicators about inclusion and society that allow them to be supported in those sorts of things. So in the area of interest for you I think some of this stuff will become quite useful.

I know in my own area of employment now, looking at some of these issues—the regional factors and the other things that influence people, like drug and alcohol abuse, and how all that comes together—is very important. We have not had good data for a lot of this stuff in the past, and I think this is a good contribution towards addressing some of those serious issues in society. And while on the face of it, with one figure—I agree with you—it is a bit like political polling. Whether you are on 48 per cent 2PP or 49 per cent 2PP two weeks out from the election, what are you going to do different? You are just going to work like buggery and hope you get across the line. Taken in isolation, it may not tell you much, but I think this will give us a base over time. If there is a sharp increase in the number of Australians not having contact outside the home, then I think we will want to do something about that. It might reflect, as you break it down into subsets, that older people or whatever are having increasing difficulty having contact. This is one contribution to a much bigger picture.

**Senator FIFIELD**—We might need to get a bit more sophisticated with the data over time. I just move to the new Office for the Non-Profit Sector, which in Mr Lewis's opening statement he said is now within PM&C and will be within the Office of Work and Family. Has the new Office for the Non-Profit Sector actually been established yet?

**Ms Cross**—We are in the process of establishing the office, so currently there is one full-time staff member working exclusively on the non-profit sector reforms and further establishment of the office, and also the part-time support of SES that that officer works to.

**Senator FIFIELD**—I think also volunteering and the National Compact are now part of that office, as well. That is right. So that means no longer do we direct any questions to FaHSCIA.

**Ms Cross**—That is right. We are in the process of transferring those responsibilities to the office. That is just being finalised as part of the machinery of government changes.

**Senator FIFIELD**—You may be aware that the Australian Labor Party's election commitment of 9 August stated that all resourcing for the proposals, within the heading of 'Strengthening the not-for-profit sector', would be fully absorbed from within existing departmental allocations. Is that the case? Is the new office for the not-for-profit sector going to be established and run from existing departmental allocations?

**Ms Cross**—As I mentioned before, some of the resources will be transferred across from the FaHCSIA portfolio. They are the resources which were previously looking after volunteering, philanthropy and the compact with the third sector or the non-profit sector. And then within Prime Minister and Cabinet we will look at further resourcing for the office to meet the rest of the functions that have been described.

**Senator FIFIELD**—I appreciate that there will be both resources from PM&C and those transferred from FaHCSIA. So it is fair to say that pool resourcing for the office will be from within existing departmental allocations, be it those which are in FaHCSIA or those in PM&C; there is nothing additional.

**Ms Cross**—There have not been any additional resources allocated, so I think that is a fair summary of the situation.

**Senator FIFIELD**—There have not been, and there are no plans for there to be.

**Dr Southern**—I think budget matters are always a matter for government, but the election commitment was fairly clear around this one.

**Senator FIFIELD**—Sure. Budget matters are matters for government, but questions about them are matters for these committees.

**Senator Chris Evans**—I guess the answer to your question will eventually be found in MYEFO, but new spending proposals have to be offset. The logic of that follows it will be found from existing resources.

**Senator FIFIELD**—We shall see, because offsets under this government include revenue from new taxes, which is something that has not previously been done, which is counting revenue as savings.

**Senator Chris Evans**—All the officer can do is help you with the proposition you put, and that is that there has been no allocation of extra resources. MYEFO will be out December, or late this year, so you will be able to test it there.

**Senator FIFIELD**—And we shall, thank you. Is Minister Plibersek, as Minister for Social Inclusion, the only member of the executive with responsibility for the Office for the Non-Profit Sector?

**Ms Cross**—Yes, that is correct.

**Senator FIFIELD**—No parliamentary secretary shares responsibility, no senior minister? It is allocated to Minister Plibersek?

**Ms Cross**—It is part of her responsibilities within our portfolio.

**Senator FIFIELD**—Is it also the case that the Non-Profit Sector Reform Council is being set up from within existing departmental allocations?

**Ms Cross**—That is correct although, again, there may be some funds transferred from FaHCSIA that could be used for that purpose.

**Senator FIFIELD**—That is right. I think we would all accept that that is from existing departmental allocations. It is just transferring across. When will the reform council be up and running?

**Ms Cross**—An expression of interest was in the paper this weekend. We are hoping to move through that process fairly quickly so that the council can be established before the end of 2010, which is consistent with the election commitment.

**Senator FIFIELD**—How many staff is it intended that there will be in the Office for the Non-Profit Sector?

**Ms Cross**—That is still being worked through as part of the establishment process. In part it will depend on the particular role of the office—whether it carries out functions or coordinates them with other departments. That level of detail is still being worked through.

**Senator FIFIELD**—Would the office also service the reform council?

**Ms Cross**—Yes, it will. And the reform council will provide advice to the office.

**Senator FIFIELD**—How many people will there be as members of the reform council? Has that decision been taken?

**Ms Cross**—No decision has been taken, but I imagine it would be a manageable size, somewhere in the order of eight to 12. But no decisions have been taken.

**Senator FIFIELD**—The Labor Party's policy announcement stated that the reform council will replace existing consultative groups. Which are the consultative groups that the council will replace?

**Ms Cross**—There is a sector advisory group for the compact that would finish its work, and that would be taken over by the Non-Profit Sector Reform Council. There was also a community response task force established during the global economic downturn that was providing advice to the government on particular issues arising from the downturn. That detail is still being worked through, but I imagine that might also have its functions taken up within the new reform council. But, again, there has been no specific decision on that.

**Senator FIFIELD**—Will members of the reform council receive remuneration?

**Ms Cross**—I imagine they would—just a normal per diem allowance, as most members of those types of councils would.

**Senator FIFIELD**—Okay. The Labor Party's not-for-profit policy also included a section on reducing red tape for government-funded non-profit organisations. Who will undertake that review? Will that be the office or the reform council, or is it yet to be determined?

**Ms Cross**—That would primarily be a function of the office with advice from the Non-Profit Sector Reform Council. Who specifically undertakes it will depend on the model that the office operates under, so it could be the office coordinating it or it could be the office specifically reviewing red tape, and that will go to things like tendering procedures, contracting and acquittal of funds. Something like that cuts across the work of a range of departments, so it is likely to be some sort of coordination rather than the office itself sort of reviewing those things in isolation.

**Senator FIFIELD**—And that work will be done from within the budget of the office? It is not an additional expenditure?

**Ms Cross**—It would be within the budget of the office.

**Senator FIFIELD**—Sorry—silly question. Of course it would be within the budget of the office, but will the budget need to be augmented in order for that to happen?

**Ms Cross**—I do not imagine so. But it could well be that the contribution of other departments to that process comes out of their own resources if they contribute staff to some sort of review or to respond to documents. So the budget would cover the cost for the PM&C staff in the office but not necessarily all of the other departments who we would engage.

**Senator FIFIELD**—With that review, would the consultation take place through the council or would there be other consultative mechanisms yet to be determined?

**Ms Cross**—That level of detail has not been worked through.

**Senator FIFIELD**—No worries. Going to the compact, at the last estimates I inquired about the big physical compact itself, which was about six feet by four feet and which was signed by those who were there.

**Senator Chris Evans**—It was this big.

**Senator FIFIELD**—That is right—this big. I did say about six feet by four feet. At the last estimates I asked where the physical compact was, and no one knew. Senator Stephens subsequently put her head in my office and said, ‘It is hanging on the wall of my office.’ So it was good that we located it. Senator Stephens is no longer in this space, so I am just wondering where the physical compact now lives.

**Ms Cross**—I would have to take that on notice. I do not actually know the answer to that question.

**Senator FIFIELD**—I would hate for it to get lost—that is all. So, if you could take that on notice, that would be great.

**Senator Chris Evans**—Senator Stephens will not give it up lightly.

**Senator FIFIELD**—No. How many organisations have actually signed up to the compact now?

**Ms Cross**—As I said, we are still in the process of taking over this responsibility from FaHCSIA, so I cannot actually answer that. I can take it on notice or it could be addressed to FaHCSIA at their estimates hearings.

**Senator FIFIELD**—To support the transfer, if you could take it on notice, that would be good. Could you also take on notice how many organisations—and this might be harder to answer—are eligible to sign the compact, just so we have a handle on whether it is 10 per cent of eligible organisations who have signed up or 50 per cent—whatever the figure may actually be.

**Senator FIERRAVANTI-WELLS**—Just on that point, given the inquiry that was the sort of starting point in relation to what is now the office, is it envisaged that as part of this process you will also do an audit of the organisations in the not-for-profit sector? Given the statistics that were provided to us, particularly by the tax office in relation to the number of not-for-profits out there, is it envisaged that it might be time to do some sort of audit?

**Ms Cross**—I do not think that has been specifically identified as a task of the office. I can check that for you. The office will be looking at the recommendations of the productivity inquiry and how best to progress them, but I do not think there has been any suggestion of doing an audit of non-profit organisations.

**Senator FIERRAVANTI-WELLS**—Or at least some sort of—

**Ms Cross**—Yes, I think there was some work to be done with the Bureau of Statistics which might help in gathering better data. It may go to that, but I do not think it was specifically an audit.

**Senator FIERRAVANTI-WELLS**—Thank you.

**Senator FIFIELD**—I will yield, chair.

**CHAIR**—Senator Fierravanti-Wells, you are ready?

**Senator FIERRAVANTI-WELLS**—Yes.

**CHAIR**—Can I just check where we are. We are still on 1.1. We have 1.2 to follow, and I know Senator Ludlam has questions in that area. Then I understand that Senator Kroger wishes to deal with the questions with the Australian National Audit Office and would like to get to those soon. Have you got—

**Senator FIERRAVANTI-WELLS**—I can assist. I have a series of questions that effectively touch on 1.1, 1.3 and 1.4, and I will deal with those as a compact if I may, because they are related.

**CHAIR**—All right, yes. Let us keep going on, but I am just conscious that I am getting requests to bring other parts of the program on. Thank you.

**Senator FIERRAVANTI-WELLS**—I might just start, if I could. My questions relate to health reform and the COAG health reform process, and I think I saw Mr Rimmer tucked away at the back there somewhere. Yes. He should have expected that I would be asking questions today.

**Senator Chris Evans**—That does not mean he is willing.

**Senator FIERRAVANTI-WELLS**—Nobody is really willing, Senator Evans. You should know that by now.

**Senator Chris Evans**—He is bouncing to the table.



**Senator FIERRAVANTI-WELLS**—I would like to start by tabling a copy of a report in the *Weekend Australian* of 7-8 August; it talks about the process. It is called 'Sleight of hand on hospitals'. Perhaps I can table a copy. Mr Rimmer, you may recall seeing this article. I do not know if you recall seeing it.

**Mr Rimmer**—Not that specific one, but I look forward to getting it.

**Senator FIERRAVANTI-WELLS**—Sure.

**CHAIR**—Is it the wish of the committee that this be tabled? No objection? It is tabled.

**Senator FIERRAVANTI-WELLS**—Perhaps I might give you a copy of the original and Mr Rimmer can have that. Mr Rimmer, just to give you a synopsis of the article, it relates to an FOI request that was given to, I understand, the Department of Health and Ageing. If somebody recognises the article—can I first start with that point—

**Mr Rimmer**—Yes, now that I have seen the article I recall the issues that it relates to.

**Senator FIERRAVANTI-WELLS**—Thank you. The article relates to some draft documents of the hospital grant plan, if I can put it in that context, and some early drafts or, I assume, first drafts of the various reports were produced. Did Prime Minister and Cabinet produce those or did Prime Minister and Cabinet in any way clear them or vet them before they were released to the journalist?

**Mr Rimmer**—I think there were two separate questions in there. On the first question—who was involved in preparing the reports—there was a joint team. That involved people from the health department, our own department and the Department of the Treasury, who—

**Senator FIERRAVANTI-WELLS**—We have traversed that and I do not intend to traverse that previous evidence. I am aware that various departments were involved in the preparation, and I would assume that various departments were involved in preparation of the early drafts as well.

**Mr Rimmer**—Sorry, perhaps I misunderstood.

**Senator FIERRAVANTI-WELLS**—My question goes to the documents that were produced to the journalist, Mr Sean Parnell, who wrote this article. The article refers to an FOI request. I assume certain documents were produced for him or to the organisation that he works for. My question is: were the documents produced by Prime Minister and Cabinet, or the Department of Health and Ageing or any other department that you may be aware of? That is my first question.

**Mr Rimmer**—The department of health, I think, were the subject of the FOI application. I think that in the normal course of events, as is routine on these kinds of matters, we were consulted, or the Department of Prime Minister and Cabinet was consulted, about the FOI to check that we had relevant documents—that kind of thing. Beyond that, I would have to take the question on notice for the detail of the process.

**Senator FIERRAVANTI-WELLS**—So, to obtain a copy, I will ask the Department of Health and Ageing.

**Mr Rimmer**—Sure.

**Senator FIERRAVANTI-WELLS**—Just on the content of the article: you are aware of some of the assertions that are made there. It is very clear from the early drafts that there was a considerable number of matters which appeared in the first drafts which were not subsequently contained in the final drafts. For example, various aspects are mentioned in the article. Are you in a position to explain to me, given previous evidence that you have given both at estimates and during the COAG health inquiry, the reasons why some of those aspects were dropped? Or would you prefer to take that on notice? I want to understand what was in the original reports—stuff that was dropped, and why you dropped it. That is what I would like to get to, in simple terms.

**Mr Rimmer**—Sure. I think I understand the question. As is normal in a process like this, there were various drafts of documents created. There were some differences from one draft to the next. That is the process. As to the specific details of those differences, I think that is not a matter on which we at the table have the line-by-line comparison for or anything like that, so we cannot provide answers on that.

**Senator FIERRAVANTI-WELLS**—The reason I ask is that clearly, given the evidence that has been given in the past and the evidence that we have heard about the Health Reform Working Group, I would assume that that group did that. Incidentally, I understand from answers from you that you regularly met at the Melbourne Hilton Hotel. That was quite interesting. Is that where these drafts were changed? Was part of the work that you did at those meetings to alter the various iterations of these reports, or—

**Mr Rimmer**—I think there are two separate processes going on that you are referring to. One process was engaging with the states and territories about the development of the National Health Reform Plan, which became the National Health and Hospitals Network. The second process was the internal to the Commonwealth policy process about developing the reports to which you now refer. They were two separate processes.

**Senator FIERRAVANTI-WELLS**—So when the journalist says that the first report, which I think is the blue book—the National Health and Hospitals Network for Australia's Future—was revised over 10 days in February, that process was done not as part of your four meetings over February and March?

**Mr Rimmer**—No, the process was cognisant of what we were talking about with the states and learning about from the states, but it was not drafted with the states, if I can put it in those terms.

**Senator FIERRAVANTI-WELLS**—That is the point that I wanted to understand. This article is also very critical of the drafts insofar as those drafts try to paint the rosiest picture possible, particularly in relation to areas such as aged care, where the breadth of those problems were such that the journalist quotes, 'limited access to services, declining staff numbers'. He goes on about how the various difficulties in the system were glossed over. What is your comment in relation to that? He made it specifically in relation to aged care, but he did refer to other areas of the health system which have been conveniently glossed over in the final reports, as opposed to, perhaps, a more stark reality in the early drafts.

**Mr Rimmer**—Senator, you have put a piece of paper in front of me that I read briefly some time ago. I would need to reacquaint myself with the materials in order to answer that question, but—

**Senator FIERRAVANTI-WELLS**—Can I just ask this: was your section responsible in relation to these reports? I mean, given that you have given the lead evidence in the past in relation to health reform from Prime Minister and Cabinet, I am directing my questions to you. Who, in relation to Prime Minister and Cabinet, was driving the writing or the contribution to these reports?

**Mr Rimmer**—There was a team made up jointly of people from the social policy division and the strategy and delivery division. They worked directly for Ms Cass, who is here with us today, and I was responsible for their work.

**Senator FIERRAVANTI-WELLS**—So my questions are appropriately directed to you?

**Mr Rimmer**—Sure.

**Senator FIERRAVANTI-WELLS**—If you could take that on notice insofar as PM&C is concerned. These drafts are in the public arena. I will ask for a copy, but insofar as these documents are in the purview of Prime Minister and Cabinet, I would be most grateful if you can produce copies of those because I understand that you cleared them. And so the documents produced to the journalist were after the clearing that was done by PM&C. Is my understanding correct?

**Mr Rimmer**—That is not exactly what I said. I said that we were consulted about the FOI request that was directed to the health department. The decision-maker for that FOI request was the health department.

**Senator FIERRAVANTI-WELLS**—What recommendations did you make to Health and Ageing in relation to the release of these drafts?

**Mr Rimmer**—I think ‘recommendations’ is not the right word.

**Senator FIERRAVANTI-WELLS**—What parameters, what indications, what suggestions—what did you—

**Mr Rimmer**—I would not want to mislead you. I think we would have to take that on notice.

**Senator FIERRAVANTI-WELLS**—Could you specify whether they were suggestions, directions, recommendations or precisely what they were? Mr Rimmer, I ask you because it has been very clear in this whole process that PM&C has been very much the driving force for a lot of what is happening in health reform. This is the reason I am directing the questions to you in that manner. Can I now turn to the Western Australian situation? Where are we at with the negotiations with the Western Australians?

**Ms Y Cass**—As you know, Western Australia has not signed the National Health and Hospitals Network Agreement. Negotiations are still continuing broadly between the Commonwealth and Western Australia. All discussions between the Commonwealth and states and territories in relation to both the negotiation of the agreement and now discussions in relation to the implementation of that agreement have a standing invitation for Western

Australia to attend so that their officials can remain up to date on progress in terms of implementation, but there is at this stage no conclusion to their entry to the agreement.

**Senator FIERRAVANTI-WELLS**—As I understand it, there are two aspects here. There is the GST component to it, and then there is the participation in the overall agreement. I understand the participation with the overall agreement: they were not a signatory to the agreement and you are continuing your negotiations, although how long you are going to continue—but I will come to some questions in relation to that. In relation to the GST issue: recently there was an article in the *Australian Financial Review* dated 27 September—again, I am happy to pass you a copy. It starts with:

The federal government has put on hold legislation to divert 30 per cent of goods and services tax revenue from state governments to a new health and hospitals fund.

This indicates that Western Australia is not prepared to accept the proposed amendments. Where are we at with that, particularly in light of the evidence that was given at estimates on 25 May? I will not traverse that evidence, but I think you do recall that the issue was raised, particularly in relation to the GST revenue.

**Mr Rimmer**—Senator, I think those questions are best directed to Treasury. They have led responsibility for that legislation and for the ongoing discussions with Western Australia and the other states about implementation of the GST arrangements.

**Senator FIERRAVANTI-WELLS**—Do you recall the evidence that you gave with Senator Abetz on the last occasion, on 25 May? Mr Rimmer, I would appreciate if you could go back and have a look at that. You gave this committee your views, and did so quite clearly, in relation to that GST issue, and that is why I am surprised now that you are not in a position to do so.

**Mr Rimmer**—Senator, that just reflects the natural state of things when—

**Senator FIERRAVANTI-WELLS**—So now that the legislation is on foot you say that I should go to Treasury in relation to it? Is that what you are saying?

**Mr Rimmer**—It is the Treasurer's legislation and it is the Treasury who are responsible for the process around introduction of that legislation.

**Senator FIERRAVANTI-WELLS**—I will ask those questions in relation to the GST component. I will come to some questions in relation to the agreement component. Can I now move to the dumping of the National Funding Authority. Incidentally, I have to put on record that to do so on the eve of the COAG inquiry, on the night of the press gallery ball, as the last question I think really leaves a question mark about the whole thing—but suffice to say that did happen. Can you just explain to me, Mr Rimmer, why this authority, which was touted so prominently and featured so prominently as part of the national health and hospital network for Australia's future, the red book, was so unceremoniously dumped as just another layer of bureaucracy, after the ink was barely dry on this agreement?

**Mr Rimmer**—Senator, there were a range of matters that, after the COAG meeting on 19 and 20 April, needed some further discussion with states and territories. This issue was one of them. In fact, the National Funding Authority was in the agreement because of an earlier request from states and territories. The Commonwealth, on thinking through the full

arrangements that were agreed by COAG, came to a view that this was an unnecessary level of bureaucracy, if I can put it in those terms, and so the government made the decision that you are now referring to. The Commonwealth funding for public hospital services will be delivered directly to local hospital networks through funding authorities in each state. That was the agreement that COAG eventually reached. That provides a lot of certainty to the Commonwealth because it means that the funding for every service goes straight through these state funding authorities to the local hospital networks, and in those circumstances the National Funding Authority was not required. That is the best explanation, I think.

**Senator FIERRAVANTI-WELLS**—Can I tell you, Mr Rimmer—and I have to put this on the record—it says on page 49 of the red book that the basic reason, without traversing every word there, that this funding authority was put in there was to stop the states from diverting funds for other uses. Indeed, it says specifically there:

There will be no scope to divert these funds for other uses, and no scope for health departments to use the money for bureaucracy. This will give hospitals more funding certainty than ever before.

Clearly the Commonwealth was concerned about states using these funds for other purposes. That is one of the reasons that it is here. Then the ink is barely dry and you ditch the thing which has been set up as one of the main pillars of your COAG reform.

**Mr Rimmer**—Senator, where on page 49 are you referring to?

**Senator FIERRAVANTI-WELLS**—I am referring to the penultimate paragraph.

**Mr Rimmer**—Can I just reacquaint myself with this text? On my quick reading on this page of the second last paragraph, which starts with ‘Commonwealth and state funding’ and then the last paragraph, which starts with ‘Commonwealth funding will flow’—and yael will tell me if I am wrong about this—actually reflects exactly what will happen under the new arrangements. Under the agreement that was reached by COAG there will be an NHHN funding authority in each state, and the Commonwealth money will flow through that funding authority to LHNs with total transparency.

**Senator FIERRAVANTI-WELLS**—But, Mr Rimmer, we have sat here for hours while the Rudd/Gillard government—because of course Ms Gillard was part of the kitchen cabinet that agreed to this reform—proclaimed this reform as the grand hospital plan where there was going to be federal funding run locally. We have shown that it is not going to be run locally. Now even the federal funding has disappeared. Mr Rimmer, this was an absolute blatant misrepresentation. Minister, this government went out to the Australian public and proclaimed that this was to be federal funding run locally and this was to be a key aspect of transparency. The ink is barely dry and you dump it. So where is the transparency?

You had a problem. You had a problem with the states misdirecting funds to other uses. You have put it in the documents and so you are going back to business as usual. The funding authority served its initial purpose, which was the big spin. I do not understand, Mr Rimmer. You had a problem. You set something up to avoid a problem. You have dumped that. So you have still got the problem, because you are going back to the same structure that you had before.

**Mr Rimmer**—Senator, there is no sense in which the government is going back to the same structure that was previously there. I think there might be a case of mistaken identity at

the heart of your question. COAG agreed on 20 April to establish in each state or territory a funding authority.

**Senator FIERRAVANTI-WELLS**—I appreciate that. I can read as well. I have read the agreement. The point I am making to you, Mr Rimmer, is that one key factor from the federal perspective was that this was federally funded, a national funding authority. You have now dumped the National Funding Authority, which was supposed to give you transparency at a federal level. My question to you is: why was it so important before 19 April but not important after 19 April?

**Senator Chris Evans**—Senator, I think if you let the witness try and have a go at answering, then we might make some progress. I think Mr Rimmer is generally helpful. He will have a go. If you are agitated with the answer then you can have a crack at me, but give him a go at doing the factual stuff and then you can wind up on me. Mr Rimmer?

**Senator FIERRAVANTI-WELLS**—Thank you, Senator Evans. I always enjoy doing that.

**Mr Rimmer**—On 20 April, COAG agreed to establish funding authorities in each state. Those funding authorities will offer the Commonwealth complete transparency about the amount of money that is going into each LHN for each service in a way which is very different from the current funding model for hospitals. The money will flow from the Commonwealth to the funding authority in each state and then straight through the funding authority in each state to the LHNs. The Commonwealth at a national level and at the level of each state and territory, and at the level of each LHN, will have total transparency about where its money is going and what its money is being used for.

**Senator FIERRAVANTI-WELLS**—I appreciate that, Mr Rimmer, but you entered into an agreement with the states on 19 and 20 April that set this up. I can read; I have read that each state will have that. The only thing that you are adding is added bureaucracy at a state level, but the moneys are still passing through the state coffers. They are not passing through the federal transparency provisions that you established to avoid, as you say in the red book, scope for diverting funds for other uses. You clearly had a problem. If you did not need it, why did you put it in the agreement in the first place? Why was it so necessary before 19 April but not necessary afterwards?

**Mr Rimmer**—I do not think I can helpfully add to my previous answer. There may be room for a difference of views on this issue, but the agreement that was done with the states does not allow Commonwealth money to slosh around with other state and territory money. It holds Commonwealth money separately, transparently and with complete line-by-line, service-by-service accountability and transparency from the level of each LHN right back to the national level.

**Senator FIERRAVANTI-WELLS**—The document before 19 April said that this National Funding Authority was the body that was going to afford transparency; was going to afford the security at a federal level to avoid the problems that the Commonwealth was concerned about. Clearly, after 19 April, you have decided that it is not necessary anymore.

**Mr Rimmer**—In fact the state-by-state arrangement gives even greater transparency to the Australian community.

**Senator FIERRAVANTI-WELLS**—Does it? It obviously was not of concern before.

**Mr Rimmer**—This was the negotiated outcome at the COAG table. The state-by-state arrangements mean that the Australian public will also have much greater transparency about what states are putting in for each unit of service as well.

**Senator FIERRAVANTI-WELLS**—Mr Rimmer, there are copious reports, there are copious words which talk about federal funding. You know that you ran advertisements that said, ‘Federal funding, run locally.’ So where is the federal funding? Your national funding authority has just been ditched. Tell me where the assurance is for federal funding that gives the sort of transparency and assurances to the general public that were so readily being promoted before the 19th—or was it just to ensure that you got that nice little headline about nationally funded and run locally?

**Senator Chris Evans**—I just make the point that Mr Rimmer is an official. I think the accusations you are making about the government, while I reject them, ought to be directed at me. You can ask Mr Rimmer questions and ask why he did things and when he did them in terms of the bureaucracy but when you want to make accusations against ‘you’, you had better direct them to me.

**Senator FIERRAVANTI-WELLS**—I am not making accusations. Mr Rimmer and I have spent hours in inquiries which go to the minutiae of a lot of these issues. I will leave it there because it is clear Mr Rimmer—

**Senator Chris Evans**—I am just trying to make the point Mr Rimmer is under political instruction.

**Senator FIERRAVANTI-WELLS**—Perhaps I might ask this question: who made the decision to dump the National Funding Authority? Was that made by Prime Minister and Cabinet or the Department of Health and Ageing?

**Mr Rimmer**—The decision was made by the former Prime Minister in consultation with the health minister.

**Senator FIERRAVANTI-WELLS**—If that was the case why was Minister Roxon saying to journalists at a press conference that it was not something that was in her remit. She says:

That’s not something that was in our remit.

I think you might be aware of the press conference that Minister Roxon did subsequent to the decision about the dumping of the National Funding Authority. I have the press clippings here, which I am happy to give you a copy of if you wish to reacquaint yourself with her words. Ms Roxon, from a report on news.parl.net:

But Ms Roxon told reporters that they would have to ask the Department of Prime Minister and Cabinet why the announcement was made ...

It was about the announcement being made late on the Wednesday night. That whole press conference basically deflects the questions to Prime Minister and Cabinet.

**Senator Chris Evans**—As Mr Rimmer said, it was a decision taken by the Prime Minister in consultation with the health minister. As I understand it, you are saying that Ms Roxon when asked about the announcement timing said that that was a decision taken by the PM—

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**Senator FIERRAVANTI-WELLS**—That was my first question.

**Senator Chris Evans**—essentially, that is entirely consistent.

**Senator FIERRAVANTI-WELLS**—My next question is: the Prime Minister made the decision to dump the authority, but at the press conference it is reported that:

Ms Roxon also suggested there could be other changes as Labor's reform agenda was to be rolled out during the next "three or four years".

Are there other changes to the agreement? We have dumped that national funding authority. Are there other changes to the agreement that are in the pipeline, being foreshadowed? What other areas? Clearly, she had something in mind, or is it just a thought bubble by the minister on that point?

**Mr Rimmer**—There are no other changes to the agreement, to my knowledge. I just wish to make clear that the Commonwealth, under the arrangements as currently proposed, will fund 60 per cent of the cost of services in the Commonwealth broadly speaking. That is significant step up from the current level of Commonwealth financial contributions. You are linking two issues: the existence of the national funding authority which was in there for a while as part of the negotiation process with the states to the question of will there be national funding. I would simply say to you that there will be, under the new arrangements, 60 per cent Commonwealth funding and much greater total national transparency and consistency in funding. That is the origin of the claim about national funding.

**Senator FIERRAVANTI-WELLS**—Mr Rimmer, I will not reiterate our differences of opinion but, suffice it to say, I will wait with bated breath. It is interesting that Minister Roxon's sole explanation was just dismissing this as a layer of bureaucracy. Minister, I make this point: for something that was much promoted as such an important body, it was simply dismissed by your health minister as just another layer of bureaucracy. I will just leave it. Was the Prime Minister given a brief in relation to the health reform: her or her office?

**Mr Rimmer**—Sorry, I missed part of your question.

**Senator FIERRAVANTI-WELLS**—Incoming briefs in relation to health: was the Prime Minister given briefings in relation to this—her or her office?

**Mr Rimmer**—I think my colleague Dr Southern answered some questions earlier in the day about the incoming government briefing.

**Senator FIERRAVANTI-WELLS**—More precisely: who in the Prime Minister's office received briefings in relation to health and health reform?

**Mr Rimmer**—We talk with the Prime Minister and her office about the national health reform plan on a very regular basis, as you would expect.

**Senator FIERRAVANTI-WELLS**—Does she have a health adviser?

**Senator Chris Evans**—Her staff have been in the process of being appointed. We do not normally identify staff, but the department would have an adviser. They brief the Prime Minister and her office on the reform process. Your first question went to the question of the incoming brief. I suspect it is reasonable to say that the PM's incoming brief would have



canvassed the issue as part of the broad incoming brief for the Prime Minister as it would have for the opposition's version.

**Senator FIERRAVANTI-WELLS**—Perhaps if you could take on notice, not necessarily names, but whether health and health advisers in the Prime Minister's office were also briefed. I would like to conclude, if I may, on just one point. You may be aware of reports in the *Australian Financial Review* on 11 August and also the editorial. I have a copy here if you would like it: 'Victoria Slams Federal Reforms'. Mr Rimmer, are you aware of these articles?

**Mr Rimmer**—Sure.

**Senator FIERRAVANTI-WELLS**—You are aware. Would you like a copy?

**Mr Rimmer**—That would be helpful, thank you.

**Senator FIERRAVANTI-WELLS**—It is very clear from those reports that the Victorians are not very happy and, indeed, the article makes reference to an email which is quite interesting and contains various concerns that the Victorians have, to say the very least, about reform. My question is most specifically in relation to that email, and I am sure you have seen a copy of it. Have you seen it?

**Mr Rimmer**—No, I have not.

**Senator FIERRAVANTI-WELLS**—All right. The article and the editorial in the *Australian Financial Review* referred to a proposal for a joint funding authority that was put to Prime Minister and Cabinet and got no response. Now, due to Commonwealth caretaker mode, you cannot proceed. Is this state joint funding authority one of those joint funding authorities that were referred to in the agreement? Is that what that is referring to?

**Mr Rimmer**—Absolutely right: that is the National Health and Hospitals Network funding authority in Victoria.

**Senator FIERRAVANTI-WELLS**—Thank you, Chair.

**CHAIR**—Thank you, Senator Fierravanti-Wells. Senator Macdonald, you have some questions in 1.1?

**Senator IAN MACDONALD**—Yes, I do—just a couple of questions about the lobbying code. Do I have the right people here? How many lobbyists are actually registered at the moment?

**Dr Southern**—Could you just bear with me a second while I find my briefing. We can get that number for you very quickly. I just do not have it in front of me at the moment.

**Senator IAN MACDONALD**—Could you do that. I understand the government has initiated a review of the lobbying code and registration system. What is intended to be achieved by this review?

**Dr Southern**—The former Special Minister of State and Cabinet Secretary, Senator Ludwig, held a round table meeting with a number of members of the lobbying industry earlier this year and discussed a range of issues and agreed that there would be a discussion paper released for comment, which was released in July this year and which talked about possible reforms to the Lobbying Code of Conduct and the register of lobbyists. As I say, the

discussion paper was issued in July. Comments were sought back by the end of September, and those comments are now being considered.

**Senator IAN MACDONALD**—When do you expect that the outcome of the review will be known?

**Dr Southern**—I am not sure of that. The closing date for the comments on the discussion paper has only just occurred, and some lobbyists and some people who want to make submissions have asked if they could have a short extension of time. So we are still gathering information. We will have a close look at that and then brief the minister.

**Senator IAN MACDONALD**—Can you tell me how many submissions have been received?

**Dr Southern**—We have received 19 submissions to date.

**Senator IAN MACDONALD**—What is the general thrust of those submissions?

**Dr Southern**—I have not read them all, I must admit, and so I am not able to tell you. I can take that on notice.

**Senator IAN MACDONALD**—The discussion paper seems to suggest that the government is concerned about the public having confidence in the system. Is that accurate?

**Dr Southern**—I do not think it is about confidence in the system but rather whether there are ways that the system can be improved and the information available improved. The discussion paper was really to go to those sorts of things.

**Senator IAN MACDONALD**—Why are lobbyists, per se, involved? I understand that solicitors, lawyers and accountants are not required to be registered—

**Dr Southern**—That goes without saying, Senator Macdonald.

**Senator IAN MACDONALD**—although they make, obviously, many submissions to ministers. What is the differentiation between other lobbyists and lobbyists who happen to be lawyers or accountants?

**Dr Southern**—I think the register and the code currently apply to those people who are third-party lobbyists, whereas for in-house lobbyists there is a question of whether it is always clear who they are lobbying on behalf of. For the exemption that is in place for members of professions such as lawyers, doctors and accountants, the view was taken that, really, they make very occasional representations to government and perhaps that is incidental to their other professional activities. When the code was first put into place, they were not considered part of the broader lobbying group. But that is a question that was raised in the discussion paper.

**Senator IAN MACDONALD**—So is it possible that either everyone will be included in the register or no-one will be included?

**Dr Southern**—That is a question that is up for consideration as a part of this review process.

**Senator IAN MACDONALD**—Has it been necessary so far for any action to be taken to caution or reprimand or register lobbyists or withdraw registration? Has anyone not played the game and been penalised for it?

**Dr Southern**—I will check with colleagues who are here. But, to my recollection, we have had a couple of names removed from the register, but that has been more around sort of technical issues to do with their registration, rather than anything more serious. But let me just check.

**Senator IAN MACDONALD**—Okay.

**Dr Southern**—I might have to take that one on notice because we are not entirely sure of the correct response. But, as I said, I understood that the issues that have been raised have largely been technical, but we will take it on notice to check for you.

**Senator IAN MACDONALD**—But it would be an area of your department that administers this lobbying code.

**Dr Southern**—That is correct.

**Senator IAN MACDONALD**—But obviously, if there have been breaches, they have been pretty minimal or you would be aware of them.

**Dr Southern**—That is correct.

**Senator Chris Evans**—I think Dr Southern is basically indicating that there is nothing terribly exciting that has happened at this stage.

**Dr Southern**—Not that I am aware of.

**Senator Chris Evans**—But she will take it on notice. But, as you say, if it had been major then she would know.

**Senator IAN MACDONALD**—But I am wondering what the whole purpose of it is. Did it seem like a good idea at the time but fairly unnecessary? Half the people who lobby are not required to be registered; the other half are. Yet no-one seems to have breached the lobbying code, and so one wonders why we bother.

**Senator Chris Evans**—I think it is about transparency. I think a lot of the state parliaments have done it as well. I think there was a concern about the influence of lobbyists in Australian politics and, as part of the policy response, it is trying to identify those who have been active as lobbyists. I know that in my own state of Western Australia there was quite a deal of controversy about some of those issues, and I think it is part of the whole transparency measures giving people reassurance about political decisions and who is involved in them, and you know the debates we have had over the years around these matters. But people will make a judgment about the efficacy of those things over time.

**Senator IAN MACDONALD**—You are right to mention Queensland and New South Wales in that regard but, as you know, it is an absolute farce there. All you do is pretend you are in-house. I guess you can be employed for a week or a month and you are in-house and you can continue to lobby, or you can say you are a lawyer or an accountant—whether you have ever practised, I guess, is another thing—and you carry on regardless. So whilst it is a problem—certainly in Queensland—the rules have not changed that. There are still very

shady actions by lobbyists, some of whom are ex-politicians and ex-ministers. But one wonders, if there has been no problem federally and half are in and half are out, why there is actually any bother with it all.

**Dr Southern**—You asked about the numbers of lobbyists registered. As of today, 279 entities have been registered and they are made up of 602 individual lobbyists.

**Senator IAN MACDONALD**—So there are 602 individual lobbyists and 279 entities.

**Senator Chris Evans**—If nothing else, it is a growing industry.

**Senator IAN MACDONALD**—Do you have details on how many non-registered people actually lobby, that is, in-house lobbyists, lawyers, accountants?

**Dr Southern**—No.

**Senator IAN MACDONALD**—Is anyone keeping a tab on that?

**Dr Southern**—Not that I am aware of.

**Senator IAN MACDONALD**—So it impacts on some small business people whose business is lobbying, but not upon those who can have equally significant lobbying powers?

**Dr Southern**—I think the difference is that with in-house lobbyists it is very clear who they are lobbying for, whereas a small entity may be lobbying for a number of different organisations, and that will not be clear from simply knowing the name of the organisation.

**Senator IAN MACDONALD**—Before anyone lobbying, the first thing they do is walk in the door and say, 'I'm here representing X.' You know straightaway who they are lobbying for.

**Senator Chris Evans**—You do not necessarily know who their other clients are, though.

**Senator IAN MACDONALD**—I do not understand the import of that. What are you getting at?

**Senator Chris Evans**—In terms of meeting with someone, it is about transparency. They may well be ostensibly talking to you about their representing the National Farmers Federation, but they also might have the conversation council as a client. Do you know what I mean? It is about trying to build some transparency into the system. If the National Farmers Federation president comes in to see you, you know why he is there and who he is representing. If someone comes in as a lobbyist, they may have a whole range of clients.

**Senator IAN MACDONALD**—But so what? If they come in to make a submission on a farming matter, and they happen to be representing either (a) the National Farmers Federation or (b) the Wilderness Society, so what?

**Senator Chris Evans**—We have tried to take this as part of a move to provide transparency. I thought there was bipartisan support for it at the time. Is that right? Was there bipartisan support, Senator Faulkner, at the time?

**Senator FAULKNER**—There was some grudging support from some—if you are asking me, Senator, and I do not have to answer questions at estimates anymore, but as you are asking—

**Senator Chris Evans**—I thought you might like to break your duck of years of not answering questions at estimates!

**Senator FAULKNER**—No, I have always answered questions that have been put to me at this committee. Of course there was not a lobbying code for the period that the Howard Government was in office. The one that operated during the time, you might recall of the scheme, however adequate it may or may not have been, was established during the period of the Hawke government and abolished shortly after Mr Howard became Prime Minister in 1996.

**Senator IAN MACDONALD**—I am not sure whether to address this to Senator Faulkner or to you, Minister.

**CHAIR**—I think you had better address it to Senator Evans.

**Senator FAULKNER**—I can assure you I am not drawing a salary as a Minister, so I am not obligated to answer these questions. But I am happy to help.

**Senator IAN MACDONALD**—I am aware of that. What were we trying to cure by introducing this code that, clearly, no-one has ever followed up? No-one has breached the code, and half of the people who do the lobbying are not even required to do it. It just seems unusual or a waste of time. Some lobbyists have approached me, naturally enough, about these issues.

**Senator FAULKNER**—The lobbyists do not want the code?

**Senator IAN MACDONALD**—They wonder why they, as small business people, are required to tell the world who their clients are, and yet solicitors and accountants do not have to tell anyone who their clients are, and if you tried to get it from them they would, quite rightly, say that it is privileged information, it is commercial-in-confidence, it is a professional confidence, and get away with it. Why are lobbyists, who are effectively small business men, or medium-sized business men in some cases, required to identify their clients, quite contrary to what would seem to be normal commercial practice?

**Senator FAULKNER**—It is an integrity, accountability and transparency measure which operates in many Western democracies, and you do not have to support it if you do not want to.

**CHAIR**—Order, senators. I think we are starting to stray away from the format of estimates, and getting into a discussion across the table.

**Senator IAN MACDONALD**—I am asking why small business men should be required to disclose their clients, when others—that is, solicitors, accountants and in-house lawyers—do not.

**Senator Chris Evans**—As has been indicated, this has been introduced as a transparency measure about better accountability in Australian politics. Whoever may or may not want to support it, that is their opinion. In terms of the definitions, it was designed to only register those lobbyists, not persons who are directly employed by the companies, and there was this—not exemption, if you like, but treatment of accountants, lawyers and doctors who, it seems, may be taking part in providing advice or urging change, but who are doing it in a professional capacity rather than as being retained as a lobbyist. As Dr Southern has indicated,

the former minister, Senator Ludwig, has initiated a review. He has received some submissions, and there is obviously some active debate around some of those definitions on other issues. So it is open for people. I think Dr Southern indicated late submissions were being accepted. Who is the report being conducted by?

**Dr Southern**—It is in response to the discussion paper released by the minister.

**Senator Chris Evans**—Who is writing it?

**Dr Southern**—Within PM&C.

**Senator Chris Evans**—It is being handled within PM&C, so they will provide some advice once they review.

**Senator IAN MACDONALD**—And can I trouble you again, Doctor, on just when you expect there might be some resolution?

**Dr Southern**—As I said, we are still receiving submissions. We will need to analyse those and then provide briefing to the minister to take it to the next step.

**Senator IAN MACDONALD**—Do you think it will be a long-term process? The end of the year, give or take?

**Dr Southern**—I would simply be speculating at this stage. We need to discuss the timing of the process with the minister.

**Senator IAN MACDONALD**—It certainly would be up to the minister to determine when he releases whatever he is going to release. I accept that. But from your department's point of view do you think it is going to take a lot of person hours to do, or a short number?

**Dr Southern**—As I mentioned before, I have not read through all of the submissions, so I am not entirely sure of the complexity of the responses we have received.

**Senator IAN MACDONALD**—Is this something you will be doing, Doctor?

**Dr Southern**—It will be one of the divisions within my part of the department, and it should not take too long. But having not read the submissions and not knowing the complexity I just would not like to speculate.

**Senator IAN MACDONALD**—Perhaps if I could just ask you to report back to the committee, on notice, on when you expect that there might be some resolution—in broad terms; I am not after a particular date.

**Dr Southern**—Yes, That will be fine.

**CHAIR**—If there are no further questions on 1.1, we move to 1.2, National Security and International Policy.

**Senator LUDLAM**—Dr McCarthy, are you familiar with the exchange that I had with Mr Lewis the last time we were here, on 27 May relating to the absence of the establishment of the Independent National Security Legislation Monitor Office?

**Dr McCarthy**—In broad terms, yes, I am.

**Senator LUDLAM**—Have you actually reviewed the transcript?

**Dr McCarthy**—I have not reviewed the transcript.

**Senator LUDLAM**—Let us just start from scratch and see how we go. Could you please provide an update on the establishment or otherwise of the Independent National Security Legislation Monitor Office?

**Dr McCarthy**—A short list of candidates is currently being considered by the Prime Minister.

**Senator LUDLAM**—This is just for the monitor himself or herself, rather than staff?

**Dr McCarthy**—The staff for the monitor will be supplied from within the Department of the Prime Minister and Cabinet, and there are two staff members who will have, as part of their roles, support to the monitor.

**Senator LUDLAM**—Okay. And they already know who they are, so that selection has been done?

**Dr McCarthy**—Yes.

**Senator LUDLAM**—Thank you. Can you just guide us through the process by which the position of the monitor was advertised and what process of selection you have gone through.

**Dr McCarthy**—The monitor is a part-time role and therefore was not subject to the same formal competitive selection process as a full-time role. But, in broad terms, a long list, if you like, of candidates was developed and expressions of interests were sought from a number of those candidates. Selection documentation was prepared and that is now with the Prime Minister.

**Senator LUDLAM**—Is there a reason why you did not advertise—or am I reading you wrong? Was there any public advertisement for that position at all?

**Dr McCarthy**—Sorry?

**Senator LUDLAM**—At any time, have you advertised publicly for expressions of interest in that position or was it all done internally?

**Dr McCarthy**—No, at no time did we advertise publicly, but a list of possible candidates was prepared.

**Senator LUDLAM**—By whom?

**Dr McCarthy**—That list was prepared in consultation with the former Special Minister of State, Senator Ludwig.

**Senator LUDLAM**—Senator Ludwig, who is not here now. For what reason would you not just go through an open tender process? I recognise that you do not legally have to but, for a position as important as this, why would you not advertise to get the broadest range of potential candidates?

**Dr McCarthy**—We know that there are a number of qualified candidates who would be suitable for the position. There would not be, I think, a large number of people who would have the necessary experience, background and qualifications. So I think the view was that we could develop a suitable list of candidates that would ensure that there was a broad field considered.

**Senator LUDLAM**—I would have thought that what you have just described would apply to most senior Public Service positions.

**Dr McCarthy**—The National Security Legislation Monitor will need to be someone with a strong background in national security issues, a person of high standing. It is a part-time role, as you know, Senator. That is the reason why we were not required to advertise in the same way as for Public Service positions more generally. The view was that a good field of candidates would be able to be developed for consideration.

**Senator LUDLAM**—How many did you shortlist and subsequently interview?

**Dr McCarthy**—I do not have that information in front of me.

**Senator LUDLAM**—Is that something you are able to provide for us?

**Dr McCarthy**—I can take that question on notice.

**Senator LUDLAM**—Thank you. You have not yet appointed a monitor—it is with the office of PM&C at the moment?

**Dr McCarthy**—It is with the office of the Prime Minister.

**Senator LUDLAM**—It is? Okay. When do you expect—

**Dr McCarthy**—With the Prime Minister.

**Senator LUDLAM**—With the actual Prime Minister?

**Dr McCarthy**—Correct.

**Senator LUDLAM**—When would you expect to appoint this person?

**Dr McCarthy**—I cannot prejudge the Prime Minister's consideration.

**Senator Chris Evans**—I think 'shortly' is the word to use.

**Dr McCarthy**—Shortly.

**Senator LUDLAM**—'Shortly' is what we were told last time. So it is still 'shortly'?

**Senator Chris Evans**—We did have an election.

**Senator LUDLAM**—This has been going for well over a year.

**Senator Chris Evans**—My advice is 'shortly'.

**Senator LUDLAM**—That is wonderful.

**Senator Chris Evans**—I will make sure, therefore, that I do not have to give you the same answer at the February estimates, because that would be painful.

**Senator LUDLAM**—This is already really quite painful.

**Dr McCarthy**—You will be aware, Senator, that the legislation took effect in April this year.

**Senator LUDLAM**—I am really well aware of that, and now it is October and we still do not have an officer appointed to this position. I would have thought that, if it were any kind of a priority for the government to review the raft of counterterrorism legislation on the books that was written by John Howard and Philip Ruddock, this officer would have been appointed



shortly after that legislation cleared the parliament. Are we still anticipating that that office would be staffed by two part-time employees?

**Dr McCarthy**—As I indicated earlier, two officers within PM&C will have as part of their roles support to the National Security Legislation Monitor.

**Senator LUDLAM**—Has anybody conducted any kind of review in the department to determine the anticipated workload of this part-time reviewer and their two part-time staff?

**Dr McCarthy**—Not a formal review. We know it will be a part-time role. My colleague Mr Sheehan may be able to help with that.

**Mr Sheehan**—PM&C has been consulting with the Attorney-General's Department to get whatever picture we can of the sort of workload that might be involved. Until we have the appointment we will not have details of that but, as Dr McCarthy has said, we have officers currently in PM&C who have been working on some of the preparatory work on this and will be ready to go when we have a monitor.

**Senator LUDLAM**—That is new information. So they have already started work on maybe collating some kind of work plan when—

**Mr Sheehan**—I could not call it a work plan, but it is trying to identify what sort of workload we might be looking at.

**Senator LUDLAM**—Every committee that I have sat on in the last 18 months on the issue of terrorism and counterterrorism has at some stage referred matters to this non-existent office, so they are going to be very, very busy when they are finally established. Could I just put—

**Senator Chris Evans**—Can I just make a general point: there is a budget allocated. There has been a judgment made about what the workload is likely to require.

**Senator LUDLAM**—Yes.

**Senator Chris Evans**—Clearly, if that needs to be reviewed with experience, it will be reviewed. This is an independent role and we will be respecting that, and I am sure the person appointed will come back to government if there are any concerns about their capacity to do their job. But we have allocated a budget and allocated staff. As soon as the appointment is announced we will get on with it, and then we will have a better idea after some experience about what the workload generated will be.

**Senator LUDLAM**—If we have the extraordinary good fortune that this person has been employed by February, could I just put in an advance request that he or she be present at the next Senate estimates.

**Senator Chris Evans**—In the normal course of events, you will be able to call officers. I am not sure whether we have—

**Senator LUDLAM**—Can we just put in an advance booking for the person fortunate enough to be appointed to this office, if it exists.

**Senator Chris Evans**—That may impact on whether someone will take the job.

**Senator LUDLAM**—We will see. Thanks very much. I have no more questions.

**CHAIR**—Thank you, Senator Ludlam.

**Senator FAULKNER**—I was just going to ask something about the security situation in relation to the Commonwealth Games. Is this the appropriate place to ask it? Could you just briefly outline the coordinating role that PM&C played in the development of security planning for the Commonwealth Games.

**Dr McCarthy**—PM&C was part of a whole-of-government effort in relation to the Commonwealth Games, including through having a member of staff embedded in a task force that was run from within the Department of Foreign Affairs and Trade. The whole-of-government effort was led by the Department of Foreign Affairs and Trade but with very close involvement from the Department of the Prime Minister and Cabinet, including the attendance of me, Mr Sheehan and others at regular meetings of a standing whole-of-government committee in the lead-up to the games.

**Senator FAULKNER**—I appreciate that it is a DFAT task force but, now that the games are concluded, are you aware of whether the task force is now wound up or concluded its work? I am just interested to know how that work is going to be finalised.

**Mr Sheehan**—The task force has concluded its daily work but there will be further work done in the wash-up from the Commonwealth Games by members of that task force—‘lessons learnt’-type work.

**Senator FAULKNER**—Yes. That is what I was really coming to—whether there was going to be some assessment of the effectiveness of the planning and the task force. From afar it would appear that it had been a successful exercise. Is that the view of the National Security Adviser?

**Mr Sheehan**—I would say that the function of the task force was effective from the view point of PM&C. But, nevertheless, the additional work is prudent in the wash-up from anything like this.

**Senator FAULKNER**—Is that assessment work actually being carried out by PM&C or is it being done by another agency?

**Mr Sheehan**—It would be led in the first instance by department of foreign affairs.

**Senator FAULKNER**—Is it? And will there be a PM&C involvement?

**Mr Sheehan**—Yes.

**Dr McCarthy**—There will, Senator.

**Senator FAULKNER**—Are you able to say at what sort of level? I think this is a good thing. I think it is very sensible in these circumstances to make an assessment of how effective the work and planning has been, so I am pleased that the task force is undertaking that role. But are you able to say what level of engagement PM&C will have?

**Dr McCarthy**—We would expect senior executive level and SES level involvement in that process.

**Senator FAULKNER**—Given the new portfolio arrangements with Senator Arbib’s responsibilities effectively falling now within the Department of the Prime Minister and

Cabinet, as I understand the situation to be with the new administrative orders, has this made any difference to PM&C's involvement in the task force at all?

**Dr McCarthy**—There is no difference to our involvement in the task force per se. The National Security and International Policy Group continued to be involved in the task force and we continued to go to the standing committee meetings, but in relation to the broader sports related non-security aspects of the games, Mr Richard Eccles, the relevant deputy secretary, was involved in providing advice to Senator Arbib, as he would have been had he not been in PM&C. But it was very convenient that Mr Eccles was in the department, and we were able to coordinate well with him on that.

**Senator FAULKNER**—Will this go to issues such as the number of Australians who visited India for the games and the like? Are these sorts of assessments going to be made?

**Dr McCarthy**—They were made by DFAT for security purposes. Certainly DFAT was continually making and updating assessments on how many Australians would visit the games.

**Senator FAULKNER**—I am really asking whether there is an assessment of how this might compare to a range of other international sporting events, and whether, I suppose, PM&C or the government more broadly might need to take the view that this might well become a model for these sorts of events and how the security planning and arrangements might be handled into the future. This was quite new, was it not, really, for this Commonwealth Games, in one sense—partly because of the location and so forth?

**Dr McCarthy**—It was the highest threat environment to date into which large numbers of Australians would be travelling in order to visit the games—so, yes, a model, if you like, for any future sporting events in similarly high-threat environments and indeed in lower threat environments.

**Senator FAULKNER**—So you see the model as applicable in a high-threat environment, or you see this sort of planning work applicable in a high-threat environment, effectively?

**Dr McCarthy**—Well, in all threat environments. But in high-threat environments obviously there is a particularly intense focus on security by the relevant task force.

**Senator FAULKNER**—As I said, I am pleased to hear that there will be these sorts of assessments made. What will the plan be? To report that back to the National Security Committee of Cabinet after that work is concluded? Has any thought been given, perhaps, to where that assessment might go?

**Dr McCarthy**—I am not aware that a decision has been taken on where the report will be made. I can take that on notice. Mr Sheehan may be able to help.

**Mr Sheehan**—I have nothing more to add at this stage. It will be something in the first instance to discuss with the DFAT portfolio, I think.

**Senator FAULKNER**—I think it is a really good thing that that assessment is being made, but of course for it to be a particularly useful exercise it has to have some long-term impact and be able to be utilised if similar or comparable situations arise into the future. Where does the corporate knowledge lie? In DFAT or in PM&C?

**Dr McCarthy**—The corporate knowledge for these sorts of events overseas would reside primarily in DFAT. I know that DFAT has a very robust ‘lessons learned’ process in relation to the role it plays in international security and coordinating Australia’s security efforts, so I am confident that the lessons learned will be thoroughly documented. But I cannot say yet to where they will be reported. Perhaps Mr Lewis—

**Senator FAULKNER**—Fair enough.

**Mr Lewis**—Chair, thank you for the indulgence of having me away for an hour and a half. Senator, just to go to your question, I think this is really important. As Dr McCarthy said, the Commonwealth Games was run in an extraordinary—in fact, an unprecedented—high threat environment. I think we have learned a great deal from the experience of coordination both at individual department and agency level, and at coordination across departments, most importantly. I do accept entirely your proposition that this may be something of a harbinger of things to come. It would not be surprising to me to find that major sporting events internationally may be run increasingly in environments where security is going to be a big question. Certainly, if you think back a few months to the rugby world cup in South Africa and if you look at the Commonwealth Games, I would not be surprised at all if we face this sort of situation again in the future. I think the model that has been used is a good one.

With regard to lessons learned, specifically your question, quite clearly those lessons are currently being harvested in conjunction with the mission itself in the post in Delhi. We will, as we do after all major events of this nature, capture those lessons and preserve them at least on paper. You try as best you can to preserve them corporately, too, with the human beings to keep them reasonably in the circuit for the years ahead.

With regard to the actual response mechanisms for the games, I just want to make the point that the processes that were used were entirely consistent with our national emergency response processes. There were a few things that were peculiar to the games, but generally speaking, underlying all that, I would describe it as being a routine set of arrangements that we have in place for addressing high-threat situations of Australians overseas.

**Dr Southern**—Excuse me, Chair. I was wondering if I could just clarify something very briefly. I mentioned, when I was talking about the lobbying numbers, that those numbers were as at today. They were actually as at last Thursday.

**Senator Chris Evans**—I am sure Senator Macdonald will forgive you.

**Dr Southern**—If someone could pass that message on to him, I would be grateful.

**Senator FIERRAVANTI-WELLS**—Right. Outcome 2.1, Official and Ceremonial Support.

**Dr Southern**—Okay.

**Senator FIERRAVANTI-WELLS**—Just on some health and wellbeing issues associated with the Lodge: in 2009 I understand that there was quite a move by Peter Cundall, who is a gardener legend, urging that a vegie patch be established at the Lodge. I understand that there was quite a bit of correspondence entered into with Prime Minister and Cabinet. Is that the case?

**Dr Southern**—I might ask my colleague, Mr Cairns, to respond.

**Mr Cairns**—No, we are not aware of any correspondence between the department and—

**Senator FIERRAVANTI-WELLS**—You are not? There is a website which I came across called ‘Kev’s Patch.’ You are not aware of that website?

**Mr Cairns**—No, Senator.

**Senator FIERRAVANTI-WELLS**—You are not aware of it?

**Mr Cairns**—No.

**Senator FIERRAVANTI-WELLS**—It purports to have some very interesting correspondence and also copies of letters that have passed between the Department of Prime Minister and Cabinet—

**Senator FAULKNER**—Or non-correspondence?

**Senator FIERRAVANTI-WELLS**—I am asking, in that case. There is correspondence on there purporting to be from the Department of Prime Minister and Cabinet. I will tender copies of that, and perhaps you might like to verify whether that is the case.

**Mr Cairns**—Thank you.

**Senator Chris Evans**—Just so we are clear: you asked a question about whether there was correspondence between PM&C and Mr Peter Cundall?

**Senator FIERRAVANTI-WELLS**—This website called ‘the patch’.

**Senator Chris Evans**—That is right. And the officer said no, so it seems that—

**Senator FIERRAVANTI-WELLS**—I will show you these.

**Senator FAULKNER**—Get those for the committee—

**CHAIR**—You said you would tender them. I just want to clarify: are you providing them to the witnesses first to see if they identify them, or do you just want to table them immediately?

**Senator FIERRAVANTI-WELLS**—No, I am happy for them to have a look at them then follow up—

**CHAIR**—And then decide to—

**Senator FIERRAVANTI-WELLS**—and then possibly table them.

**Senator FAULKNER**—Yes, I would not like anything about vegetable patches that the rest of the committee has not been apprised of—

**CHAIR**—It is appropriate for the witness to see them first.

**Senator Chris Evans**—The point I was going to, Chair, is the same one as yours. The officer said there was no correspondence and the senator thinks she has some, so either the officer is mistaken, or it is a forgery—or there may be other options as well.

**Senator FIERRAVANTI-WELLS**—Either way it is appropriate to clear this up, Senator Evans.

**Senator Chris Evans**—So if we are going to talk about it any further, I think it is only right that the officer can have a look at it.

**CHAIR**—Before we then determine whether it is tabled or not. That was my point.

**Senator Chris Evans**—And if they have misspelled ‘prime minister’, then we can probably assume it is not ridgy-didge.

**CHAIR**—We have not seen it yet, but is this a document that has been downloaded and printed from a website, is it?

**Senator FIERRAVANTI-WELLS**—Yes.

**CHAIR**—So it is out in the public arena anyway.

**Senator FIERRAVANTI-WELLS**—Yes.

**CHAIR**—Okay. Are we ready to proceed with questions?

**Senator FIERRAVANTI-WELLS**—Once we get a copy of that.

**Senator Chris Evans**—If it is something else related, I just do not want to the officer—

**Senator FIERRAVANTI-WELLS**—I shall continue, so we are not wasting time.

**Senator Chris Evans**—I just do not want the officer to have to answer questions about it when he has not seen it, that is all.

**Senator FIERRAVANTI-WELLS**—That is fine. Suffice it to say

**Senator Chris Evans**—Here we go.

**Senator FIERRAVANTI-WELLS**—that a vegetable patch was established at the Lodge, irrespective of whether there was some pressure to do so or otherwise. Have a look at that material and just tell me if the letters that purport to be from PM&C are authentic.

**Senator Chris Evans**—It sounds like a couple of Democrats are down at the bottom of the garden.

**Senator FIERRAVANTI-WELLS**—There might be some fairies!

**Senator KROGER**—A few gnomes.

**Senator FIERRAVANTI-WELLS**—This is a mystery, isn’t it? Do you like mysteries?

**Mr Cairns**—The name of the officer at the bottom is an employee of the department, so I would have to take the letter as being correct. We would have to go back and check just to make sure, if we could. The letter refers to some correspondence about organic produce at the Lodge, and the department indicates investigating various environmental initiatives, including water capture at residences.

**Senator FIERRAVANTI-WELLS**—And the reason I have given you that is that there seems to have been various things happening in 2009 which obviously, one would assume, led to the vegie patch being put in at the Lodge. Who paid for that to happen? Is that something that came out of the budget?

**Mr Cairns**—No, it did not.

**Senator FIERRAVANTI-WELLS**—It was like the nanny that the former Prime Minister eventually paid for. Is that the case?

**Senator Chris Evans**—You want to ask a question directly. I think if you say it was like something which includes something pertaining, then that is not fair on the officer.

**Senator FIERRAVANTI-WELLS**—I withdraw that.

**Senator Chris Evans**—If you want to ask who paid for the vegetable plant seeds, then the officers can tell you whether or not that was paid for by the former Prime Minister or by—

**Senator FIERRAVANTI-WELLS**—It appears that it was more than just seeds, Senator Evans. I understand there was some work done and some—

**Senator Chris Evans**—Perhaps if we take the officer through who paid for those things, then we will all be clearer.

**Senator FIERRAVANTI-WELLS**—Thank you.

**Mr Cairns**—My understanding is that there was some work done specifically by the Prime Minister and the Prime Minister's wife. In terms of our arrangements for the Lodge, we have a contracted arrangement with external providers for all of our gardening services, and there were no variations to our contracts to facilitate any extra payments for maintaining or establishing the vegetable patch.

**Senator FIERRAVANTI-WELLS**—And in another health and wellbeing move, I understand that the Prime Minister's wife had put in at the Lodge—purportedly for fresh food, healthy meals and self-sufficiency—a chicken tractor or moveable coop. Is that the case as well?

**Mr Cairns**—I understand that is correct.

**Senator FIERRAVANTI-WELLS**—And who paid for that?

**Mr Cairns**—Certainly the department did not.

**Senator FIERRAVANTI-WELLS**—Okay, all right. Apparently this was the first prime ministerial henhouse in 60 years, no less. Did any savings come out of tha, since that was the initial aim—self-sufficiency?

**Mr Cairns**—As I said, those arrangements were made by the Prime Minister and his wife, so the department does not have a view of costs or savings that came out of them.

**Senator FAULKNER**—But you would approve it, would you not, Senator?

**Senator FIERRAVANTI-WELLS**—Absolutely. I am just into—

**Senator FAULKNER**—Good. We are all very approving.

**Senator FIERRAVANTI-WELLS**—I am just now coming to my questions. Of course, after the former Prime Minister was so unceremoniously dumped one wonders what may have happened to the chickens if the faceless men had gone to the Lodge—but I will not go there. On his departure, Mr Rudd said that he would not inflict his chooks on anybody. Did somebody ask Ms Gillard whether she was going to maintain the vegie patch and the chooks?

**Mr Cairns**—Not that I am aware of.

**Senator FIERRAVANTI-WELLS**—And what is going to happen to the garden out there? Perhaps we are going to see Mr Mathieson doing a spot of gardening, or is that not the case?

**Mr Cairns**—I have had no discussions with either the Prime Minister or Mr Mathieson that would deal with that.

**Senator FIERRAVANTI-WELLS**—So the chooks have been evicted and the vegie patch has been left to die and wither. Is that the case? Or perhaps you might like to take that on notice and give us a report at the next Senate estimates?

**Senator Chris Evans**—Next time I am invited to the Lodge, I will do a personal investigation for you.

**Senator KROGER**—You can see if the carrots are growing.

**Senator FIERRAVANTI-WELLS**—Thank you, Senator Evans—you can personally report to us about the state of the vegie patch. Thank you, Chair. I do not have any more questions. I just thought that was a bit of light-hearted interchange.

**CHAIR**—Yes, it was. You should go and have a look at the orchid gardens at the French senate some time.

**Senator FAULKNER**—Don't give up your day job.

**Senator FIERRAVANTI-WELLS**—Senator Faulkner, after some of the things you have trawled through in this committee, do not have a go at me.

**Senator FAULKNER**—I would not ever do that, Senator Fierravanti-Wells. It is most interesting. This is the most interesting thing you have ever raised at estimates.

**Senator FIERRAVANTI-WELLS**—I thought the nanny and the butler were pretty good.

**CHAIR**—Let's move on. Are there any further questions on program 2.1? Then we will proceed to the Australian National Audit Office. I thank the officers from the Department of Prime Minister and Cabinet.

[6.10 pm]

#### **Australian National Audit Office**

**CHAIR**—We now call to the table representatives from the Australian National Audit Office. I welcome to the hearing the Auditor General, Mr Ian McPhee, and officers of the audit office. You are familiar, of course, with the rules governing estimates hearings. I would invite you, Mr McPhee, if you wish, to make an opening statement; otherwise, we will go straight to questions.

**Mr McPhee**—I have no opening statement.

**CHAIR**—You do?

**Mr McPhee**—I have none.

**CHAIR**—You have none. Sorry. Who would like to lead off? Senator Kroger.

**Senator KROGER**—Thanks, Chair, and a late good afternoon or evening. I am not sure which one it is, Mr McPhee, but good to see you again. I would like to turn immediately to the procurement report, which, I understand, is Audit Report No. 11, 2010-11, Direct Source Procurement. I note, on page 19 of that report, it says:



Procuring appropriate property and services, and being able to demonstrate value for money in such activities, is a prime consideration in the administration of Australian Government programs.

Then I turn to point 23. If I can quote again, you have summarised by saying:

Examination of Direct Source procurements across all four agencies provided evidence that, in 85 per cent of instances, agencies approached only one supplier and either did not seek, or only sought one quote prior to procurement. The practical application of the CPGs can justify Direct Sourcing in certain instances, for example, for simple low cost items where market forces readily determine product price

Mr McPhee, I am wondering whether your overall assessment in that report in relation to the Commonwealth Procurement Guidelines is that you believe that agencies are not complying with the guidelines or whether, in effect, you believe those guidelines are sufficient?

**Mr McPhee**—Thank you. Let me start by saying that the *Commonwealth Procurement Guidelines* articulate a number of important principles, the most significant one being the Commonwealth should obtain value for money from its procurement activities. It then goes on to talk about encouraging competition, efficient and ethical use of resources, and accountability and transparency in decision making. The principles are clear. It then has a stratified approach to looking at whether some procurements need to go through mandatory processes if they are over \$80,000. Otherwise, agencies have to be able to demonstrate value for money. Our report was showing there was not sufficient evidence to show that in all cases agencies were achieving value for money from their procurement activities. The audit report was a very important reminder that agencies' practices needed to improve.

**Senator KROGER**—In the report, have you provided any proposals for how they can endeavour to seek value for money?

**Mr McPhee**—We articulate different approaches agencies use to get value for money. Some agencies have charts which facilitate officers to get a number of quotes to get value for money. There is a level of judgment involved in this procurement activity. Clearly, if it is a low-cost purchase and there is a clear market, then it may be appropriate for an agency just to go to one supplier to buy it. For instance, if you are buying a new water jug, you would probably go to Coles and acquire that; that is fine. As you go up the scale, it is very important to be able to meet the principles that are articulated in the *Commonwealth Procurement Guidelines* to be able to demonstrate value for money. Often that will require a number of quotes. The greater the scale of the procurement, the more formal the processes should be. As I say, for purchases over \$80,000, there are some quite formal processes which require agencies to go to the market in a tender type arrangement.

**Senator KROGER**—Clearly, this is of particular import when we have just had the audit report brought down on Friday. I have not seen it yet on the insulation batt program, the green loans scheme. It is particularly prescient at the moment because, throughout each of those reports, there is a commonality which clearly shows that value for money is one of the critical aspects that is actually lacking in each of those programs.

**Mr McPhee**—I will check with my colleague, Mr Cahill, but, certainly, I think it was in the Green Loans report, in particular, that there were some serious procurement practices that needed attention.

**Mr Cahill**—Matt Cahill, Group Executive Director, Performance Audit. The Green Loans had particularly several shortcomings in compliance with Commonwealth Procurement Guidelines, the Financial Management Act and a range of other requirements.

**Senator KROGER**—Are you suggesting that this is a departmental problem? That in an examination of the four agencies, of 85 per cent of instances that you looked into, the agencies had approached only one supplier and either did not seek or only sought one quote. Where does the fault lie here?

**Mr McPhee**—Agencies have got a responsibility to abide by the Commonwealth Procurement Guidelines and meet the principles that are articulated there. It is up to each secretary to have arrangements in place to make sure their agency conforms. While we did look at four, the indications would be that this is a wider issue than just in relation to those four particular agencies. The recommendations we made to the finance department, broadly, were to have a review of the guidelines to make sure they were clear and to go back and reinforce some of the principles, particularly around open and effective competition and the Commonwealth making sure it is achieving value for money in its procurement. The bottom line is: it is a wake-up call for all agencies in terms of their procurement activities to review their practices and ensure they meet the existing *Commonwealth Procurement Guidelines*.

**Senator KROGER**—I note that the procurement guidelines were updated in 2005 under the Howard government. Part of the requirement of those was that they did achieve value for money. Perhaps it is time that those guidelines were revisited, given that we seem to have successive departments falling down in their responsibilities.

**Mr McPhee**—Absolutely, Senator Kroger. Recommendation No. 1 in fact says:

To improve the transparency of Commonwealth procurement, the ANAO recommends that:

- (a) Finance review the clarity of the CPGs, including classification of procurement methods, specifically Direct Source and Select Tender procurements; and
- (b) agencies review their policy and guidance on classifying procurement methods to ensure consistency with the CPGs and related guidance.

So we believed it required a two-level approach.

**Senator KROGER**—Sure. Thank you. I might go back to the Green Loans report, because it flows on from here. In your Audit Report No. 9, I noted that you said on page 17 to 18 that the climate change department:

... has yet to determine a methodology for measuring the performance of the Green Loans program against its objectives.

To what would you attribute this failure to provide effective and concrete benchmarking so that they could adequately measure how the program is going?

**Mr Cahill**—Could I get that page reference again, please?

**Senator KROGER**—Pages 17 to 18. I have it noted here. I will just see if I have got it here. If one of my efficient staff is watching, they can help us with a direct reference.

**Senator Chris Evans**—That is why you always bring the original document, Senator—because it always catches you.

**Senator KROGER**—I know. I have not got the original copy with me.

**Mr Cahill**—Excuse me, Senator. Could I get you to clarify the question for me, please?

**Senator KROGER**—Yes. I was quoting. One of the statements made was:

DCCEE has yet to determine a methodology for measuring the performance of the Green Loans program against its objectives.

I was asking: to what do you attribute the failure of the department to be able to provide concrete benchmarking, effective benchmarking, so that they can measure their performance against what they are trying to achieve?

**Mr Cahill**—For Green Loans—and I will ask the executive director to clarify if need be—there was a range of shortcomings at the original development of the program, including a series of procurements, one of which, if I am correct, was about developing the methodology to ascertain the performance of the program. My understanding was that while there was intent to do it, it was not organised for someone to do the measurement. It has since been handed over to climate change, and their obvious focus has been about closing that program and the Green Rewards program. Where it sits in the priorities about looking at that evaluation of how they will measure the success you might have to direct towards the department. But at the time of the audit, it had not been commenced or a lot of work been done.

**Ms B Cass**—When they looked at how they would measure the program performance and evaluation—and if you have got the report there, it is on page 76—there were mechanisms put in place where they were going to collect information—for example, from the householder declaration forms. That was going to provide some information on utility usage and billing information et cetera. But this information has not been captured at this point in time. Equally, when you were looking at when DEWHA contracted universities to help to develop a monitoring and evaluation plan that would enable them to capture some of the data as to how they could measure the effectiveness of the program, that also has not been achieved. So where they initially assumed that they would put processes in place to do this and to capture this information through various mechanisms, that was not followed through. So it makes it very difficult to say whether the program has been effective or not.

**Senator KROGER**—I appreciate the program has since been shut down for very good reasons, because it was not achieving any, I think, of what it may have been set out to achieve—but it is hard to determine what that was, since we do not have any definable benchmarks. But I also would like to note, Mr McPhee, that you actually were quite critical of the department. I am going to point 24 in the overall summary. You were quite critical of the department in relation to the advice to the minister, and I quote:

In addition, the former Minister received incomplete, inaccurate and untimely briefings on program design features and implementation progress, challenges and risks. Suffice it to say here, the former Minister was not well served by his department in this respect during the period from July 2008 to late 2009 due to the poor quality briefings he received.

So we are getting a picture here of inept management, if you like, not only in the procurement area but in the Green Loans program and certainly in the BER, where the departments are not giving sufficient advice to the minister as to what is going on, and yet there seems to be no

trigger here, except for a blow-out in costs and a litany of failures in all sorts of ways. At what point do we actually pull this together and say, 'Look, this has got to stop and these are the mechanisms that we need to implement to put this on track'? I have not noticed in any of these reports that you have actually set out clear guidelines as to what must be implemented to ensure that these extraordinary programmatic failures do not happen again.

**Mr McPhee**—The leading comment we made was that basically there was an absence of effective governance around this program. So the message for this audit and a range of other audits that we have done where there have been issues around the implementation of programs really goes to the effective governance of programs and the arrangements agencies put in place to know when they are in strife or not. It goes to the strategic planning, it goes to the risk management, it goes to the performance reporting, and in this case, in the Green Loans case, we had a case where the minister himself was displeased with some of the briefing he had received. Agencies do have an obligation to implement government programs effectively or, if significant issues arise, to inform the minister about those, including with options as to alternative approaches or other factors that might be employed to get the program back on track.

This is not new. Agencies have always had that responsibility. They run many programs. While we do acknowledge that the environment department had a range—I think more than 100—of new measures to put in place, it nevertheless underlines just how important governance is to achieving the government's expectations when it comes to outcomes. So we were critical of the department, and I think we do acknowledge that the previous minister was also unhappy with some of the briefing he had received. We start with the proposition that ministers are entitled to expect departments to draw their attention to matters where programs are not achieving the purposes, with options to address these matters.

**Senator KROGER**—You would think that a minister who had had a whole swag of appalling things happen would be far more sensitive to the operations of another department and would be more demanding of them to ensure that he was being properly briefed and across what was happening on the ground.

**Mr McPhee**—I cannot speak for ministers, but I think ministers are entitled to get sound briefing from their departments. They will not know there are issues there unless they are appropriately informed or unless there is reasons for them to ask particular questions. In this case we felt the department had let the minister down in terms of briefings.

**Senator KROGER**—The interesting thing here, though, is that the minister may not have been properly informed by the department or departments, as the case may be, but we all were aware through a third-party commentary that was happening in the media, whether it was in relation to the insulation batts program or in relation to the Green Loans Program, receiving countless emails about individuals' concerns about aspects. It begs the question of at what point—may I put it to you, Minister?—does a minister demand a more immediate update on the status of programs under the management of a department when clearly there is a lot of commentary going on about the failings of those programs.

**Senator Chris Evans**—Senator, all I can say is obviously the ministers have got to use their judgment. But, as the Audit Office made clear in their report, they felt the minister in this

particular instance was not well served. Obviously all ministers have to seek advice and seek reporting from the departments, and you have then got to rely on that. You cannot go out and check everything yourself. Clearly there were some failures in that regard. It is also the case that the report is not always accurate. Having been a minister now for 3 years, I know that sometimes there are campaigns waged that are not a fair representation. But, nevertheless, there were serious problems here, very serious problems, and the Audit Office have done their job, which is to report into those matters, and their report stands.

**CHAIR**—Senator, would it be appropriate now if we suspend proceedings and come back after dinner?

**Senator KROGER**—Yes, that is fine.

**Proceedings suspended from 6.32 pm to 7.35 pm**

**CHAIR**—We will resume with the examination of estimates for the Australian National Audit Office.

**Senator BERNARDI**—Thank you. Mr McPhee, firstly apologies for getting you back after dinner. I know you expected to be finished beforehand, but we have run a little bit over in some other areas. The recent ANAO reports covering the Home Insulation Program, the Green Loans Program and Building the Education Revolution, Primary Schools for the 21st Century program have shown some systematic problems across the public sector about the implementation of government policies. How does the ANAO think that these problems can be fixed or improved?

**Mr McPhee**—Senator, it is absolutely not a problem to come back after dinner.

**Senator Chris Evans**—Sometimes their work is not properly recognised. They sometimes like talking about it, don't they?

**Mr McPhee**—That is right, Minister, thank you.

**Senator Chris Evans**—We love you in opposition, by the way. We are clear on that relationship, aren't we?

**Mr McPhee**—There are a couple of points to make. We see our work broadly as providing a stimulus for better public administration, so we not only produce performance audit reports of the kind that you mentioned but also do what we call better practice guides to capture some of the experience and some of the lessons of our work for the benefit of the public sector at large.

We had one, for instance, on public sector governance, which we are currently going through the stages of revising. We are talking to agencies. The secretaries have been good with their time, providing us with time to talk about their governance arrangements—what works, what does not—so we compile information and put it out, in the strong hope that it will be picked up and used, and there is no doubt it is used by departments.

Another key area in which we have a better practice guide is grants administration. It is very popular in terms of agencies making sure they follow our practices, and if they follow our practices they will be in good shape. We have issued a range of other better practice

guides. We see that as an important complement to the critical analysis that necessarily comes in our audit reports, so we aim to be a constructive contributor to better public administration.

In terms of the three reports that you mentioned, I need to observe that at least two of them—the ones on the Home Insulation Program and Building the Education Revolution program—were done in the period of stimulus, so there was a strong accent, at least in the early days, on getting the programs implemented to get the stimulatory effect the government was looking for. I think that has shown some weaknesses in terms of the administration in being able to design and implement these programs in a quick period of time.

What we have done in these audits is to try and draw out things that are important for public administration going forward. As you are aware, at least two of these programs have been closed down. Nevertheless, we worked to draw out the important lessons—the experience for better public administration.

Certainly in the back of the Home Insulation Program audit we worked with the three agencies involved—Climate Change, Environment and Medicare—to try and draw out the experience. And I think it says a lot about the agencies involved that, having gone through the audit process—and it is a fairly tough period for those agencies—they sat down with us around the table to draw out the experience from our perspective but with their input as well, so that we could put a chapter in the end of this report on what is the experience coming out of the Home Insulation Program, and to some extent we have done that in the Green Loans Program. In Building the Education Revolution, I recall a final paragraph in the conclusion which again sought to capture the message for public administration more broadly rather than just being focused on the particular audit that we performed.

**Senator BERNARDI**—Mr McPhee, the ANAO has been giving best practice guides for some time now and providing advice to departments. We have seen a systemic, catastrophic failure in some cases of—and these are my words—due process or proper process in implementation of programs. Perhaps you can remind me, because I do not recall—and I hope you do not remind me of any under a different government.

**Senator Chris Evans**—I can take you through a couple in your time—

**Senator BERNARDI**—Thank you, Minister.

**CHAIR**—How many helicopters did we get? We got none. We got zero.

**Senator BERNARDI**—It has set a new benchmark for a retail sort of expenditure, in essence, of failure to implement them.

**Mr McPhee**—These issues are concerning—there is no question about that—in terms of the Public Service, and we do collectively need to learn from this experience. My office can only do so much. We drive our resources as far as we can in terms of promoting better practice and promoting opportunities for improvement, but at the end of the day the clear message to each secretary of each agency, or each head of each agency, is that it is up to them to put in place the necessary governance and control regimes to be able to deliver on the government's objectives and get on with it. Alternatively, if they have significant concerns with any aspect of the program or the policy or the approach to implementation—that is, they have concerns about their ability to implement these programs—they have an obligation to

inform ministers in the first place as to that, to suggest ways through, and to look at other options to dealing with the government's objectives to try and achieve the outcomes.

Agencies have either got to carry the risk—if they do not say anything, they do not raise issues, it is clear they accept the risk and they should deliver on government objectives—or, alternatively, they have to inform ministers, 'There are some issues here we need to talk about.' It is pretty straightforward.

**Senator BERNARDI**—I agree with you, it should be pretty straightforward, but what is the risk for the departments and the agencies? What are the consequences that have flowed out of these catastrophically mismanaged programs?

**Mr McPhee**—I think the agencies affected would say their reputation, their standing, has been harmed in some way.

**Senator BERNARDI**—Everyone still has their jobs, including ministers.

**Mr McPhee**—That is not my responsibility to worry about.

**Senator BERNARDI**—No, I know.

**Mr McPhee**—But, as I said in relation to the Home Insulation Program, this has affected the reputation of the Australian Public Service—I made that comment—for being able to deliver programs. So collectively we have all taken some damage to our standing, and it is only by learning and experience that we can get on. I should make the point, though, that while we will deal with exceptions of this kind, there are many programs that obviously are implemented effectively and are delivered day in and day out by the Australian Public Service. So it is an issue of balance, it is an issue of learning from these experiences which do not reflect well on the Public Service.

**Senator BERNARDI**—We will come back to those programs in a moment, but I will refer to an article in the *Australian Financial Review* of 18 October entitled 'PM warned on policies rollout'. It mentions that you issued a stern warning to the federal government to focus more on implementation of its policies et cetera. It is in response to these. The article says that you said that the Prime Minister:

... needed to "set the tone" from the top and ensure agencies gave proper priority to implementation.

Is that an accurate reflection of what you said?

**Mr McPhee**—I think I was talking, in different parts of the conversation with the journalist, about the importance of tone at the top. It is particularly important in terms of the secretaries articulating what they see as important in terms of the departmental responsibilities for delivery of programs. I think it is extremely powerful if ministers say to their own departments, 'The quality of public administration is important to me. It is important that we deliver programs effectively in accordance with government policy, in accordance with the rules and the laws.' It may seem like a small statement but it is actually very powerful because, historically at least, one of the issues in the Australian Public Service has been the very strong focus on policy development and the importance of policy.

It is true that that is important and I made the comment elsewhere that we have done a pretty good job on policy, generally speaking, in Australia across the years. I say the reason for that is that we generally have the departmental secretary involved, we often have senior

executives in the agency involved; in due course, we will have the minister involved. Subsequent to that, we have coordination arrangements where agencies generally in the traditional way get to comment on government policies; and then of course we have cabinet processes. So it should not be surprising that we do a good job, by and large, on policy because, as I say in that article, we have the horsepower around the table to focus on the policy.

When it comes to implementation we do not have the same level of horsepower, so agencies have to compensate for that to be effective in delivering on government policies. In terms of my comment in the article that you are referring to, policy development is important but so is implementation if you wish to achieve the objectives that the government is seeking, because policies are ineffective if they are not properly implemented. I was looking for a little bit more of a lift to be given to the implementation focus and the importance of it.

**Senator BERNARDI**—In one of these instances policies ineffectively implemented can be outright dangerous. It is more than being ineffective.

**Mr McPhee**—Yes.

**Senator BERNARDI**—It is counterproductive. Are you suggesting then that ministers have not taken that responsibility or that role on with their departmental heads and secretaries to say, ‘I’m concerned about the administration of public moneys’?

**Mr McPhee**—No, not at all. It is clearly not my role to tell ministers how to do their jobs, but if they ever ask me for advice I always underline the importance of the right word on the right occasion directed to their department about how important effective implementation is to them. That can mean a lot, because the reality is that if the minister says something ‘is important to me’ it is not surprising that the secretary tends to notice that and then say to someone else in the agency, ‘Actually, this is important to the minister. We’d better do a good job on it.’ It is human nature. I encourage ministers, if they are interested in listening to me, to underline that to their people.

**Senator Chris Evans**—Can I just make a point. I think your key point at the start was the right one: how do you make sure you learn the lessons of these things? From time to time governments have had difficulties with implementation of programs. One of the things I will mention is that it is partly the language sometimes around these issues that becomes a bit impenetrable and, while the departmental finance audit people might understand the points you are making, sometimes I am not sure that other people do.

I know certainly in my former portfolio when I was looking at the Systems for People, an IT management project which I tried to be very much on top of because it is a huge project, the language was pretty impenetrable. In terms of spreading the learning from these things, perhaps language that is more penetrable for members of parliament, for ministers and for other public servants who are not right into the financial management act’s finer points, would be a bit helpful as well. I have struggled with the same thing: when you get a good report that identifies a problem, how do you make sure that the lesson permeates through the rest of the place? That is a key challenge.



**Senator BERNARDI**—It is a key challenge. I agree with that. Mr McPhee, what would your advice be to the Prime Minister to ensure that these best practices trickle down through the ministry and permeate the Public Service? What could she do?

**Mr McPhee**—I would be the last person to provide advice to the Prime Minister at one level. But I think at the appropriate time, at the appropriate opportunity—when she was speaking to the senior executives or the secretaries—she could underline in plain English the importance of implementation to her. That was my simple message. While I appreciate the minister's perspective, it is just plain language that is so important to get the message through. The agencies will pick that up and make sure that their own governance arrangements, their management approaches, provide them with reasonable information as to whether programs are working effectively or not.

Without going into a whole story about public sector management, governments have objectives for programs, each agency is supposed to have indicators of performance. We are supposed to do risk assessments and manage risks accordingly and when you strike variations from plans that are significant it is generally a sign that it requires closer attention. It is, essentially, good management that we are talking about here and agencies need to make sure that their reporting regime lets them know whether they have a problem or not and, if it is significant, to let the minister know about it.

One of the issues we had in the Green Loans audit was very much that there was very little senior executive oversight of this new measure that was being implemented by the department. That is quite a serious failing on the part of the department.

**Senator BERNARDI**—To pick up on what Senator Kroger suggested before, there is an obligation on the other side of the coin, too: if there are ongoing media reports—whether they are accurate or not—questioning the efficacy of a program, it is incumbent upon the minister to seek clarification of the accuracy of those reports, wouldn't you say?

**Mr McPhee**—Yes. There was a question from Senator Kroger about whether there was a timing issue. 'The minister should have been better informed' was the heading for many media reports that were coming out and I could ask my staff to provide you with specific information on that. But taking the general point, there is no question that the minister can raise questions of departments if there are media reports or questions in the parliament; absolutely no question about that. But equally, as you are aware, departments track the media fairly closely and also provide briefing to ministers as a consequence of that. So it is a dual responsibility and I would not place all of the responsibility on a minister to say, 'Oh, I saw something in the paper. What's the story?'

**Senator BERNARDI**—No. I understand that.

**Mr McPhee**—It is a joint monitoring and assessment process.

**Senator BERNARDI**—I understand that ministers have staff and departments have staff that are doing this and, for failures of this magnitude, there has to be fault on both sides. One would make that presumption. Would it be fair to characterise then that a clarity of instruction and reporting is perhaps what is lacking in these instances?

**Mr McPhee**—I think it is deeper than that. I think it is more sophisticated than that. We draw attention in these reports to plans that were not completed, we draw attention to risk assessments that were showing basically red all over them, and yet the message was not getting through that something serious needed to be done to address these matters. My memory is that the minister was not given a comprehensive perspective about the risk assessments across the full program. So there are issues of public sector management here and the new Department of Climate Change and Energy Efficiency is seeking to address these matters in its processes. But it is not just one thing. There were multiple issues here that caused the cumulative effect.

**Senator BERNARDI**—Mr McPhee, we accept that. There are multiple issues. There are failures all over the place. Is it appropriate that someone is held to account for those failures within the department in the sense of having some skin in the game and maybe losing their job for such failures and mismanagement?

**Mr McPhee**—These are not assessments for an Auditor-General to make, as you appreciate. It is my job to do the reporting on the administration of a program. There are others who have to worry about the performance assessments of the individuals concerned.

**Senator BERNARDI**—But my point—and it might have been clumsy—is that your job is to audit the administration of programs. Is there an effective incentive or an adequate risk to the individuals to actually do their job properly? We all like to think everyone is going to do their job properly but, where people do not, do you believe that there is a problem within the Public Service of lack of accountability that is hampering the implementation of programs?

**Mr McPhee**—I get asked this question a lot: ‘What does this say about the department?’ I say, ‘We have audited a couple of programs in a department which has got probably 50 or 100 programs running at the same time.’ I would say to you that any performance assessment has to have regard to the total contribution of the department. It has to be balanced. Obviously this is a negative. I am happy to admit that would be a negative in anyone’s performance. But there are other demands on departments, and I am not across the full extent of that. But there are people within the system and within the department who would be expected to be across that, and it is their decision and their assessment.

**Senator BERNARDI**—You have warned that slippage in policy implementation had budgetary implications—that is a pretty clear statement—and that has occurred with the school hall construction program and Home Insulation Program. How can slippage in policy implementation be avoided?

**Mr McPhee**—There are a couple of things. On the budgetary point: I was making a general comment that the impact of slippage in program delivery can have budgetary effects. In some cases it may not. For instance, if the Commonwealth pays the funds across to a state government or a local government body then the budget expectations can be met in some programs, but of course if the Commonwealth is solely responsible for delivering on programs and there is slippage then you do see it come up in the budgetary context. This is not news.

In fact, under the Howard government, you may recall that the Cabinet Implementation Unit was established within the Department of the Prime Minister and Cabinet and part of the

focus of that unit was in fact to get reports from departments on the implementation of the more significant policy measures to see whether they were performing or being implemented in accordance with expectations. The Cabinet Implementation Unit had a traffic light system where things were showing up as red if there were issues around either budgetary performance or other deliverables. So it has always been an issue.

The question is: how, within the public sector, do we continue to put downward pressure on performance in the delivery of government programs? Governments expect their programs to be delivered according to the timetable they have articulated to citizens at large, and of course the community expects the government to deliver on those timetables as well. So there are a couple of strong and powerful reasons why governments should take steps to make sure programs are implemented in time.

Having said that, there can be reasons why they are not, and it is the job of agencies to keep ministers informed and to take the steps necessary to improve the delivery performance if it is not happening.

**Senator BERNARDI**—You mentioned the cabinet policy implementation unit. Does that still exist today?

**Mr Cahill**—Yes, I understand it does.

**Senator BERNARDI**—It does? That did not identify red, yellow or green lights? Minister, perhaps you can answer that.

**Senator Chris Evans**—Not in relation to that particular program, I cannot. I have got no personal knowledge of the program.

**Mr Cahill**—In terms of the Green Loans, the breakdown in reporting internally within the department meant those issues were never escalated outside the department. So the red light in our department—

**Senator BERNARDI**—So it is the department of climate change?

**Mr Cahill**—The department of environment, when the original Green Loans was obviously reporting more positively internally to its own senior management, so the opportunity for that to be escalated to the Cabinet Implementation Unit came up short.

**Senator BERNARDI**—What about the other programs: the insulation program, the Building the Education Revolution? There is a frenzy of activity going on behind you.

**Mr Cahill**—I understand that the Home Insulation Program never went through the Cabinet Implementation Unit.

**Senator BERNARDI**—Okay, it is two from two. Building the Education Revolution?

**Mr Cahill**—No, it did not. It was actually managed through the Coordinator-General's arrangements.

**Senator BERNARDI**—So we have got a policy implementation unit that does not even get a sniff of three quite substantial government policies. Doesn't that strike you as unusual?

**Mr McPhee**—We cannot answer the reasoning for that. It may have been because of the role of the Coordinator-General, but you would need to ask the Department of the Prime Minister and Cabinet.

**Senator BERNARDI**—Who would make the decision?

**Mr Cahill**—It is traditionally the Department of Prime Minister and Cabinet as to which avenue they would like reports to go to.

**CHAIR**—Excuse me, Senator Bernardi.

**Senator BERNARDI**—Sure.

**CHAIR**—I have just received advice that the questions Senator Fifield had for the Public Service Commission he will now put on notice. Are you aware if there are any other senators who wish to ask questions of the commissioner—because otherwise we can let him go?

**Senator BERNARDI**—If you give me a moment, I will let you know. I can put mine on notice too. I have only got a few.

**CHAIR**—I am just trying to give somebody an early mark if it is possible.

**Senator Chris Evans**—Thank you. I'm off!

**CHAIR**—Not you, Minister.

**Senator BERNARDI**—We do not want to lose you, Minister. You can stay for a while.

**CHAIR**—Then we will not require the Australian Public Service Commission this evening. The questions will be put on notice. So is there anyone here who is from the commission? Thank you for your attendance and your patience, and we will see you again maybe. Sorry.

**Senator BERNARDI**—To recap: Mr Cahill, I think you said that the decision about the reporting is a decision of Prime Minister and Cabinet?

**Mr Cahill**—In terms of the arrangements of any reporting, generally the Prime Minister and Cabinet will set the parameters for our department.

**Senator Chris Evans**—I think the audit office obviously do not have visibility about the Cabinet Implementation Unit but I am happy to take on notice the intent of your question, which is really what oversight they had of those three programs. I do not personally know but I am happy to take that on notice, because it really was a question that should have gone to PM&C. So I am happy to take—

**Senator BERNARDI**—It only came out as a result of the questioning—

**Senator Chris Evans**—And they have gone. I am happy to take it on notice so at least you will get an answer formally that is right; not that I am saying the officers are misleading you, but we will get that clear.

**Senator BERNARDI**—No, that is all right. I would also appreciate, Minister, if you will take on notice if there are perhaps some formal guidelines as to instructions for reporting requirements according to programs.

**Senator Chris Evans**—Which programs are monitored in that way; yes.

**Senator BERNARDI**—Yes.

**Senator Chris Evans**—I will take it on notice and see what we have.

**Senator BERNARDI**—Thank you. Mr McPhee, in auditing the financial statements of the Australian government, what are the appropriate standards for assessing the decision to classify certain projects such as the NBN as investments?

**Mr McPhee**—There are two sets of standards that the government uses to report financial information. There are the Australian Accounting Standards and the Government Finance Statistics, which are produced by the International Monetary Fund. That classification decision would be guided by those standards.

**Senator BERNARDI**—Within some of those guidelines or standards there would be, I am sure, requirements for analysis of any particular project before it can be deemed to be an investment. Is that right?

**Mr McPhee**—There would be an analysis of information to determine whether the expenditure on that program satisfied the definition of an investment in terms of the accounting standards, so there would be analysis done to look at the categorisation of that expenditure to make sure it conforms with the investment criteria. There is no question about that.

**Senator BERNARDI**—In your experience what sort of analysis should be undertaken?

**Mr McPhee**—It would be for the accounting experts in the Treasury, in the finance department and potentially in the communications department to ensure that the expenditure was being properly categorised.

**Senator BERNARDI**—Is the ANAO ever consulted about the categorisation of projects?

**Mr McPhee**—I recall asking a question internally myself, because the classification of the expenditure was a matter of speculation in the media at one stage, I believe. Our people had looked at it and my understanding—and I will let you know if my understanding is not sound—was that they were comfortable with the classification of the expenditure.

**Senator BERNARDI**—Of the NBN as an investment?

**Mr McPhee**—Of the NBN expenditure, yes.

**Senator BERNARDI**—Specifically on the NBN, should something like a discounted cash flow analysis be undertaken to determine whether there is a reasonable probability the project will in fact generate a positive return and thus could be deemed to be an investment?

**Mr McPhee**—The accounting issue becomes: what is the carrying value of the asset and is it appropriate to carry the asset at its full value? We have not yet got to consideration of that matter, because it is quite early days in the expenditure by the NBN on the new broadband network, but accountants who prepare financial statements do have an obligation to make sure that assets are not carried in the books at a value higher than their value is worth, and auditors have an obligation to make sure that analysis has been undertaken.

**Senator BERNARDI**—But that is at the completion of a project. The NBN, in this particular case, has been categorised as an investment.

**Mr McPhee**—Yes.

**Senator BERNARDI**—In order to do that you would have to come up with a net present value of the project and look at cash flows going forward and the business case scenario. That is only reasonable, isn't it?

**Mr McPhee**—I do not pretend to have firsthand knowledge of this, but at the moment I imagine the capital expenditure on the NBN is being treated as the investment, so at the moment it would just be the capital expenditure that is outflowing that is being treated as an investment.

**Senator BERNARDI**—Very few sound investors throw their money into a capital investment or any investment without considering (1) the value that they are getting and (2) the expected return they are going to be getting.

**Mr McPhee**—Correct.

**Senator BERNARDI**—That analysis should have been done for the NBN.

**Mr McPhee**—If I could separate out the two issues: firstly, generally speaking, before someone invests money into a project they will look at the cost-benefit analysis.

**Senator BERNARDI**—Generally speaking?

**Mr McPhee**—Generally speaking. That is step 1. But then step 2 is: should they decide to spend money on that investment, they are required to account for that appropriately, and within the regime of accounting rules it is important that they not carry the investment at an overstated price. Just looking at the commercial world, we have seen commercial property in some cases take a write-down. It is not that it was inappropriate to refer to these expenditures as investments. They were investments. It is just that the secondary decision accountants have to make is whether it is being carried at the right value or not.

**Senator BERNARDI**—I understand that, and market conditions change and all of those things. I am perfectly familiar with that. But throwing money at something does not necessarily make it an investment, no matter how someone might want to dress it up. Prudence dictates that you have to consider the cost-benefit analysis, as you said. Are you aware if a cost-benefit analysis has been done on the NBN?

**Mr McPhee**—I am not personally aware of it, no. I read about it in the paper, but that is about all I know.

**Senator BERNARDI**—Have you or the ANAO made any inquiries as to a cost-benefit analysis in order to justify it being categorised as an investment?

**Mr McPhee**—Not at this stage, no.

**Senator BERNARDI**—That strikes me as unusual, given that you said to categorise something as an investment there needs to be a cost-benefit analysis.

**Mr McPhee**—Because there has only been relatively minimal expenditure. That is my point. If it gets to the stage where it is fully expended as per the government's estimates, by then we certainly expect people will have run the ruler over it in terms of its carrying value. There is no question about that.

**Senator BERNARDI**—So how far into the \$26 billion of government funds?

**Mr McPhee**—It is an issue that we have had discussions about internally. I have had discussions with one of my staff, the person who signs the accounts on NBN, and we are planning to do that in the next 12 months.

**Senator BERNARDI**—How much money has been expended on the NBN so far?

**Mr McPhee**—I would have to take that on notice, but it would be reflected in the NBN's financial statements. I do not know whether they have been made available publicly yet. I do not know.

**Senator BERNARDI**—Come back to your statements. The first criteria of determining if something is an investment or not is a cost-benefit analysis. We understand that has not been done. You cannot confirm that it has been done or not and nor can anyone else. Shouldn't you do that before you actually throw money at it and you start the program?

**Mr McPhee**—We get quickly into the debate about government policy and what drives some of these investments by government and it is not always the costs and the benefit side of the equation; or, if it is, it is a very broadly based benefit equation against the costs. We see this commonly with government policies. Not every government policy is determined by a return on investment type—

**Senator BERNARDI**—No, return on expenditure. There is a difference between just accepting that this is an expenditure and it is going to have a public good and classifying it as an investment. I think that is different, and the NBN has been classified as an investment. It is off balance sheet, borrowings and all the other things that go with it and yet we are unable to establish whether a cost-benefit analysis has been done. That seems to me to fly in the face of prudence at any serious level of investment analysis and that would seem to be confirmed by your comments that a cost-benefit analysis is done first.

**Mr McPhee**—I think we are agreed it is sound practice.

**Senator BERNARDI**—If a cost-benefit analysis has not been done, sound practice has not been followed in this case.

**Mr McPhee**—I would want to know the basis on which the decision has been made. But I come back to my point to you as an auditor and as an accountant: eventually, when that investment continues to grow, it needs to be at a carrying amount that is not in excess of the returns on the investment. That is the way all matters are carried in the accounts of any entity. We cannot carry it at an amount higher than what it is worth.

**Senator BERNARDI**—I understand that perfectly. If \$43 billion or \$46 billion is spent on this and at the end of this expenditure you say, 'We can't justify that; it's worth \$20 billion,' the Australian public is entitled to ask, 'What's happened to the rest of the money?' because they have not got value for money. My point, and I sense you are in agreement, is that the cost-benefit analysis should have been done before there was any expenditure because then we would know whether there was value for money being derived, or more likely to know.

**Mr McPhee**—We are getting speculative. It depends on the benefit side of the equation. As you said earlier, we know the costs.

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**Senator BERNARDI**—We know the costs, yes.

**Mr McPhee**—It is what is on the benefit side. All I am saying to you is that there is a basis there for a conversation by the Australian National Audit Office with the NBN company about the cost-benefit analysis and the carrying value in the accounts. Because I do not pretend to be across the detail, we would be opening the discussion to understand their perspective and we would take it from there. But you should be convinced that there is a body of accounting standards at least around the carrying values of these investments.

**Senator BERNARDI**—I am familiar with that and it should be no different from a government valuation perspective than any other large investor would put on it in their planning and their processes. I just get back to this point that any large investor does not just wake up one morning and say, ‘I’m going to spend \$43 billion on this,’ without doing a cost-benefit analysis and considering the potential implications of it. If that has not been done, or if it has been done without a cost-benefit analysis, which every indication is that it has, it is very difficult to justify it as an investment, because that is speculative. It could be just a giant waste of money; or is it gut feel, ‘I think it’s an investment; I think it’s all right. We’ll just go with that’?

**Mr McPhee**—No, I was only going to repeat myself.

**Senator BERNARDI**—Yes, I know.

**Mr McPhee**—So I was resisting. I do not think there is any issue about the investment classification. The issue that I think is the big question is the carrying value of the investment.

**Senator BERNARDI**—Which we will not know until—

**Mr McPhee**—You would expect that to open our conversation with the respective reporting entities.

**Senator BERNARDI**—How soon would we expect you—

**Mr McPhee**—You would expect us to do that within the next 12 months.

**Senator BERNARDI**—So there is not a quantum of money that needs to be spent before you get into that analysis?

**Mr McPhee**—We tend to get into it when it starts to become significant. I am running off memory, but my understanding is that, at this stage, while the funds are not insignificant, in terms of the expected total outcome they are very small. But others could inform you better about the expenditure.

**Senator BERNARDI**—In share market parlance, the bigger the bet the more leeway you get to lay the cash down. Is that right?

**Mr McPhee**—Yes, but equally, from an accounting point of view, once it starts to grow it does become what we call material in terms of the government’s own accounts et cetera; so it becomes significant. Something that is not material in the government’s accounts does not attract a whole lot of our attention early on, but as it grows, as it becomes significant—because the auditor is giving an opinion on whether there are any material misstatements in a set of accounts—rather than look at everything we tend to say, ‘What’s significant in this set of accounts?’ and that drives the approach we take. So, as a matter grows and grows and



suddenly does become material, we are conscious of that and we would put more attention to that in its formative years.

**Senator BERNARDI**—Mr McPhee, I am sure you are aware that, in this budgetary environment, every billion dollars counts. It is material. I will just change tack for a moment briefly, if you do not mind, and I will conclude on this. The report into the home insulation scandal suggested that there was going to be a cost of \$424 million et cetera. I was advised that the report was going to be released at 10 am on 14 October. Was that originally what was planned?

**Mr McPhee**—Friday, 15 October.

**Senator BERNARDI**—I have here Friday, 14 October, but anyway the day it was scheduled to go out.

**Mr McPhee**—It was scheduled to table on 15 October but the date had shifted around. We had originally tried to table this report by the end of September. I think I had said somewhere else, end of September. As it turned out, we could not make that. I was keen to table it before Senate estimates. The Thursday was the anniversary of one of the fatalities, so we thought in the circumstances the best day to table it was the Friday, but I was conscious that it not be seen as a report that was going out Friday afternoon. You will understand why.

**Senator BERNARDI**—Yes; because we would be asking you why you put it out late on a Friday afternoon.

**Mr McPhee**—Exactly. So we made some inquiries at the tabling office and were informed that the report should be able to be released by the tabling office about 10 o'clock.

**Senator BERNARDI**—About 10 am. And that is what the parliamentary officers were advised and apparently the media were advised as well: around 10 am?

**Mr McPhee**—Yes.

**Senator BERNARDI**—It was put out a little bit after that, I understand; put on the website around 11 o'clock or thereabouts?

**Mr McPhee**—That is my understanding, yes.

**Senator BERNARDI**—What is the security like about these reports before they are officially made public? Are they held quite close in-house?

**Mr McPhee**—I am not quite sure which aspect you want to raise.

**Senator BERNARDI**—Sorry, I will clarify it. It went online at about 11 o'clock.

**Mr McPhee**—Yes.

**Senator BERNARDI**—Some media outlets were saying they got it about 10 o'clock and there were stories on the online newspapers around 10.30.

**Mr McPhee**—Yes.

**Senator BERNARDI**—That is a concern.

**Mr McPhee**—Yes. What happened was that the report was released by the tabling office at, let us say, 11.00, but the brochure, which is made available under embargo, was available

from 10.00 as I understand. The brochure had embargo written all over it, but obviously that did not apply or was not applied.

**Senator BERNARDI**—Sure. There were other sorts of reports, though, from online bloggers and people who tweet on Twitter—not an authoritative source. There was one that claimed they had downloaded the report at 7.57 am Queensland time. Would that be possible? I see someone shaking their head. We might want to refer it over there.

**Mr McVay**—That would not be possible.

**Mr McPhee**—I think Queensland is only an hour behind.

**Senator BERNARDI**—They might be a day behind or a day ahead. Who knows?

**Mr McPhee**—No, I do not think that computes.

**Senator BERNARDI**—What about a summary of the document then? Would that be available?

**Mr McPhee**—That is the brochure.

**Senator BERNARDI**—The brochure is the summary document?

**Mr McPhee**—That is the brochure which would have been available, I presume, from 10 am.

**Senator BERNARDI**—Who was that summary document available to?

**Mr McPhee**—That would have been available to the press boxes.

**Senator BERNARDI**—There was a staff member from the Greens who also was twittering or tweeting—whatever they do; I do not do it myself—who said they had it at 9 am.

**Mr McPhee**—I would be really surprised.

**Senator BERNARDI**—I do not know what to say, which probably means I should be quiet, does it not? So it just would not be possible for these people, for a staff member, to have access to this document at 9 am?

**Mr McPhee**—At 9 am Canberra time.

**Senator BERNARDI**—Tim Hollo, a staff member of the Greens, tweeted here, ‘Located a summary of the document,’ at 9 am,

**Mr McPhee**—I am happy to take it on notice to let you know. I will check with our tabling people what time they delivered the material up to the Table Office.

**Senator BERNARDI**—In regard to the summary document that was given to the press boxes, is it normal practice for the summary document to go to just the press and not to other members?

**Mr McPhee**—It is normal practice. I have to say there is a tension around it, always, on the sensitive reports and it is disappointing that the embargo is not adhered to, but we have in the past had representations from the Press Council to please allow them time under embargo to review the brochure relating to reports.

**Senator BERNARDI**—And I am sure that is respected.

**Mr McPhee**—In large measure it is. In this new age with the new technologies it is perhaps getting a bit more challenging. I was considering at one stage not providing any embargoed copies, but the message we got back from the Press Council was that that would be most unfortunate.

**Senator BERNARDI**—The difficulty comes when some people have access to information and they are requiring responses from others that do not have access to the same information. When there is considerable public and media interest and there may be some contention over the report, I understand that it would be beneficial for public disclosure for everyone to get it at the same time.

**Mr McPhee**—I do understand that point. It is an issue that I think I flagged with the JCPAA at one stage and I might raise it again with them just to take some counsel from them.

**CHAIR**—Can I just clarify. I thought I heard you say that the brochure was in the press boxes at 9 am.

**Mr McPhee**—No, 10 am Canberra time. That is my understanding.

**CHAIR**—Okay.

**Senator BERNARDI**—That is it. Thank you.

**CHAIR**—I have to confess that I have not read the Audit Office report; I plead guilty to that. In relation to the BER program, a lot of those projects have not been completed yet but quite a lot have. I have been around long enough to know the work that the Audit Office has done and I have read your reports on many occasions and, indeed, referred to them. But I am interested to know what, if any, work you did in seeking the views of the clients, particularly of the schools. I appreciate that if you are looking at this from a financial, accounting et cetera point of view then that may not necessarily be a major factor, if a factor at all, but in terms of performance audit-type approaches it would be.

The reason I ask that is that I have opened quite a few of these projects, and I know my colleagues have, and one of the things we note is how well they have been received. I go to lots of schools and—particularly at the small rural and regional schools that I have been present at and opened—I have never seen people so delighted to get facilities such as new libraries et cetera. They say to us, ‘We don’t know when we would ever have received this new library,’ or, ‘this new classroom,’ or whatever it is. That is a constant refrain that I hear, so I just wanted to put that and see how much, if any, of that is relevant to the work you have done on this project, because that is the other side of the coin here.

**Mr McPhee**—Absolutely.

**CHAIR**—I was at two New South Wales public schools last week which are over 100 years old. You can see in many cases the need for new buildings. That is why they have been so delighted; and these buildings will, again, last for quite some time.

**Mr McPhee**—Thank you, Chair. It is a good question. If my memory serves me correctly, the report does clearly acknowledge that it has resulted in improved educational outcomes in terms of facilities for schools and it had a stimulus effect, so in terms of the government’s objectives there is no doubt that those boxes were ticked. The points that we were raising were really around the implementation of the program. I could ask Dr Clarke, who is at the

table now, to give you a brief comment on who we spoke to out there, just to give you, as much as anything, an understanding of the audit process that we follow.

**Dr Clarke**—During the course of the audit the team visited around 30 primary schools and spoke to the principals and representatives of parent-community groups at the same time. The team also consulted with key stakeholders such as principals associations and representative bodies of the various jurisdictions and sectors—private sector and public sector, for example. We also conducted a survey of all school principals, and the results are included in this report, with a view to trying to gain an understanding of what it felt like at the receiving end of the program. That then formed the conclusions and the findings that the report drew.

**CHAIR**—Thank you for that. Thank you, Mr McPhee and other officers, for your attendance today and this evening. You are excused.

**Proceedings suspended from 8.32 pm to 8.37 pm**

**CHAIR**—We are now proceeding to outcome 2, Sport and recreation, and I welcome officers to the table. Mr Eccles, I know your officers are familiar with the rules applying to Senate estimates committee hearings, so I will not go over that. We have set Friday, 3 December as the date by which answers to questions on notice are to be returned. I draw your attention to the order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

I now ask either the minister or Mr Eccles, or both, if they would care to make an opening statement. No? Okay, we will proceed to questions. Would the officers please identify themselves the first time they are called upon to answer. Senator Bernardi.

**Senator BERNARDI**—Thank you. Minister, I cannot resist: do you know how many players in an AFL team?

**Senator Arbib**—It's been burned into my memory, Senator Bernardi!

**Senator BERNARDI**—You do?

**Senator Arbib**—Eighteen.

**Senator BERNARDI**—That is on the field at one time. What about the interchange bench?

**Senator Arbib**—I do not know how many on the interchange bench. I am told four.

**CHAIR**—About 108!

**Senator Arbib**—Does that satisfy you?

**Senator BERNARDI**—No, not quite.

**Senator Arbib**—How many on a Rugby Union team?

**Senator BERNARDI**—Look, I ask the questions here!

**Senator Arbib**—You don't know the answer?

**Senator BERNARDI**—Minister, the annual report for the Sports Commission for 2009-10 has not yet been tabled in parliament. When is the due date for it to be tabled?

**Mr Eccles**—The Sports Commission intends to table on 28 October, which is within the prescribed time frames for these things.

**Senator BERNARDI**—I accept that it is within the prescribed time frame. I think there was a request made at recent estimates to try and have them tabled prior to estimates hearings taking place so we could work off the most relevant information.

**Mr Eccles**—I was not aware of that.

**Senator BERNARDI**—That might be outside of your control, but I would ask if you could do your best in the future to do that.

**Mr Eccles**—We will look into it.

**Senator BERNARDI**—Otherwise we would have to blame the minister.

**Mr Eccles**—I understand.

**Senator Arbib**—What else is new?

**Senator BERNARDI**—I can't blame him for that quite yet! Mr Eccles, how long have you been in your position in the Sports Commission?

**Mr Eccles**—I am not with the Sports Commission.

**Senator BERNARDI**—I beg your pardon.

**Mr Eccles**—I am with the Department of the Prime Minister and Cabinet. Three weeks and one day.

**Senator BERNARDI**—Did you come from another department?

**Mr Eccles**—Yes, I did.

**Senator BERNARDI**—Which department was that?

**Mr Eccles**—The Department of Health and Ageing.

**Senator BERNARDI**—So you followed the sport portfolio across. Would that be a fair characterisation?

**Mr Eccles**—Not really. In the Department of Health and Ageing part of my responsibility was as head of the World Cup Bid Taskforce, but I was not involved in the sports program itself. It was a new position and I went into that, so it was not quite coming across. It was not a pre-existing position in the department of health.

**Senator BERNARDI**—Now you have mentioned it, can I ask you about the World Cup bid?

**Mr Eccles**—Of course.

**Senator BERNARDI**—Are we holding out any hope of winning the 2018 World Cup bid?

**Mr Eccles**—In May this year the FFA announced that they had withdrawn from the 2018 bid, so all efforts are focused on 2022.

**Senator BERNARDI**—When will that be announced?

**Mr Eccles**—On 2 December this year.

**Senator BERNARDI**—If I recall correctly, there was \$45 million allocated to that bid.

**Mr Eccles**—\$45.6 million.

**Senator BERNARDI**—How much of that money has been expended thus far?

**Mr Eccles**—To date, the FFA has received \$36,950,375 GST-inclusive.

**Senator BERNARDI**—Does the department require invoices or acquittal of those funds or is it just advanced on a request basis?

**Mr Eccles**—There is quite a detailed reporting process. The FFA need to provide us with information before we release the next set of funds.

**Senator BERNARDI**—So you would have a list of expenditure for that \$36.95 million?

**Mr Eccles**—That is right.

**Senator BERNARDI**—Would you be able to table that at some point or take it on notice?

**Mr Eccles**—I do not have it with me.

**Senator BERNARDI**—Take it on notice?

**Mr Eccles**—Certainly we will look into it. Yes, absolutely.

**Senator BERNARDI**—You will look into it and you will provide it to us?

**Mr Eccles**—Yes. I cannot imagine why there would be commercial-in-confidence reasons not to. I think it is discoverable, so certainly, if it is, we will table it.

**Senator BERNARDI**—Sure. I read recently about allegations of corruption in the bid process—not from our point of view. Have you or has the department encountered any evidence of requests for payments that are not appropriate?

**Mr Eccles**—None whatsoever.

**Senator BERNARDI**—Do you have a process in place in the event that such a request for payment is received?

**Mr Eccles**—I might need some more information from you. A request for payment from a third party?

**Senator BERNARDI**—If the governing body of football, one of the members who make this decision, said, ‘I want some money for my vote’—which is what I saw on television the other night, basically—is there a reporting process internally?

**Mr Eccles**—Putting aside use of government funds—and the contract that we have with the FFA has got very tight criteria for how that \$46 million should be spent—outside of that, if someone were to ask the Football Federation for funding, I would expect that the Football Federation would speak to us about it.

**Senator BERNARDI**—Please do not misunderstand me. I am not making allegations that FFA have done anything wrong—

**Mr Eccles**—I understand.

**Senator BERNARDI**—or that there has been a use of public moneys for this. But if they did receive a request to facilitate our bid, there is no structured internal reporting mechanism

for it. Is that right? It could be just ignored by FFA and they need not tell anyone within the government.

**Mr Eccles**—I suspect that is the case. There is no mandatory reporting that we have imposed on the FFA but I would believe that, given the close working relationship that we have with them on this matter, they certainly would speak to us about those things. Under the contract there is no mandatory reporting, that they tell us when they are approached by third parties.

**Senator BERNARDI**—China has just entered the contest, the bid now for 2022. Is that correct?

**Mr Eccles**—No, that is not correct. The bid process for 2022 and 2018 had its genesis well over a year ago when nations had to put in their pre-bid documentation, which culminated in bids being lodged in May. The competition for 2022 is Qatar, Japan, Korea, the USA and Australia. China is not bidding for 2022 or 2018.

**Senator BERNARDI**—I must have misread that somewhere, sorry.

**Senator Arbib**—Senator Bernardi, there was a rumour that China was interested in 2026, but it is only a rumour.

**Mr Eccles**—And that process will not commence for a couple of years.

**Senator BERNARDI**—Okay. Given the estimates of \$46 million, there is still \$9 million to be acquitted. Do you expect that to be utilised by FFA between now and December?

**Mr Eccles**—I think the contract makes provision for payments into the next calendar year as well, so beyond December. As you would understand, they would be entering into contracts with subcontractors that would require payments probably over the next nine months or so, so over the course of the contract I believe it will be fully expensed.

**Senator BERNARDI**—If the bid is announced on 2 December, why would they be entering into—

**Mr Eccles**—They may be entering into all sorts of arrangements for appropriate bidding requirements where payments may fall due upon acquittal. The last payment is due in April next year, so the final payment with a reconciliation on everything is due in April.

**Senator BERNARDI**—Has the department or the government undertaken any analysis of the benefits to winning the World Cup?

**Mr Eccles**—The government has not undertaken that analysis, but there have been a number of analyses done by other parties, including on behalf of the Football Federation of Australia.

**Senator BERNARDI**—Were they undertaken prior to the bid or post bid?

**Mr Eccles**—I am not sure what you mean by ‘post bid’.

**Senator BERNARDI**—Post our decision to allocate \$45 million to bidding for the World Cup.

**Mr Eccles**—That was before my time. I would need to take that one on notice.

**Senator BERNARDI**—If you would not mind.

**Mr Eccles**—Exactly the timing of them. Yes, I will take that on notice.

**Senator BERNARDI**—I am interested in the process that the government went through to do this. Did Mr Lowy turn up and say, ‘This would be a really good thing. It’s going to make \$1 billion dollars for the country and it’s going to cost us \$50 million’? Where were these calculations done? Is this a speculative investment? I have just been through investment with the ANAO. Was there a cost-benefit analysis done appropriately or was it simply—I am loath to use the term ‘a whim’—just a thought, ‘Well, it’s worth a go—a very good go’?

**Mr Eccles**—I will have a chat to the historical custodians and we will provide that on notice.

**Senator BERNARDI**—You understand the sense of my request, then?

**Mr Eccles**—Absolutely.

**Senator Arbib**—There has been bipartisan support since day 1 in terms of the bid from the previous Liberal leader, the member for Wentworth, but also from the current leader, so it has been across the parties.

**Senator BERNARDI**—I am just asking about the process.

**Senator Arbib**—I know. I am just making the point that both sides of politics agree.

**Senator BERNARDI**—You of all people know we are not bound by what previous leaders do. Mark, you know that. Do I need to remind you?

**Senator Arbib**—I know he is an old friend of yours. I was just raising it.

**Senator BERNARDI**—Yes, all right. Once again, Mr Eccles, I will address this to you. Was there any cost attached to the transfer from Health and Ageing across to PM&C?

**Mr Eccles**—There is a fairly standard set of protocols that are followed during machinery of government changes. Essentially, the functions that were being undertaken in the giving portfolio get provided to the new portfolio. That is the process that we are tidying up now with the health department, to work out exactly how the transition will take place and when it starts, but the staff follow the function.

**Senator BERNARDI**—So there has been no change in staffing levels?

**Mr Eccles**—No. The people working on the associated sporting functions in the health department will still be working on them in the new arrangements.

**Senator BERNARDI**—Under the Department of the Prime Minister and Cabinet?

**Mr Eccles**—That is right.

**Senator BERNARDI**—Who made the decision to move it from Health and Ageing to PM&C?

**Mr Eccles**—The government.

**Senator BERNARDI**—What is the justification for moving into the new department?

**CHAIR**—I do not think that is necessarily a question that Mr Eccles is in a position to answer.



**Senator BERNARDI**—Well, maybe the minister can answer. In what way is PM&C better able to manage the sport portfolio than Health and Ageing?

**Senator Arbib**—I was not involved in the decision, Senator Bernardi.

**Senator BERNARDI**—You are involved in every decision, Minister!

**Senator Arbib**—You know that is not true and I know that is not true, so I cannot help you with that. I am happy to seek some information for you, but it was a decision obviously made by the Prime Minister.

**Senator BERNARDI**—If you could seek some information, I would appreciate it, because there must be a logic, a reasoning or a reckoning that says PM&C is better equipped to manage sport than Health and Ageing. That is only a logical conclusion that one could draw. Would that be right, Minister?

**Senator Arbib**—I am happy to seek some information but I was not involved in the decision, Senator Bernardi.

**Senator BERNARDI**—There has been no shift in the staffing arrangements, as has been confirmed, and the costs are standard costs, Mr Eccles, as you said, in any departmental transfer.

**Mr Eccles**—I am not an expert on machinery of government changes and the exact process, but I have been involved in a couple of them, and the idea is that it does not come at an additional cost. The idea is that there is a transition from a functional unit from one department to another, and our obligation is to keep that as seamless as possible.

**Senator BERNARDI**—I understand that, Mr Eccles, and you have explained that, but there must be a cost at some level, whether it is stationery or moving buildings and all of those sorts of things.

**Mr Lewis**—If I could help, it is the standard practice of the change of any government for the incoming government to consider the machinery of government arrangements and make decisions on which functions are going to be allocated to which portfolios or which ministries. When a function moves, as it has in the case of the sports function, the total cost of running that function, including the stationery and the power and the lights and everything else that goes with the staff load, is transferred from the current agency to the receiving agency. So the people, the money, all follow the function.

**Senator BERNARDI**—There still would have to be additional costs, because you are moving things.

**Mr Lewis**—I cannot comment on that. I do not know whether there is a cost in moving boxes or moving offices somewhere. There probably is, and Dr Southern might be able to answer that.

**Senator BERNARDI**—There has to be, and I am interested in what that cost is.

**Mr Lewis**—I understand.

**Senator BERNARDI**—So you can take it on notice.

**Dr Southern**—We do not know what the costs of the transfer are, but you are right, there will be some physical moving costs if the people physically move.

**CHAIR**—But they would be the sorts of normal costs that you—

**Dr Southern**—Absolutely.

**CHAIR**—would expect to incur after every election—

**Dr Southern**—That is correct.

**CHAIR**—where you essentially have a new government, where ministerial responsibilities can change, which leads to new letterheads. It is not something unusual, is it?

**Dr Southern**—That is correct.

**CHAIR**—It happens with shadow ministries too.

**Senator BERNARDI**—If it is not something unusual—and I pointed out that these are just regular, normal costs—I would like to know how much they are.

**Dr Southern**—We will take that on notice. It is just that we do not know what they are at the moment.

**Senator BERNARDI**—That is fine.

**Dr Southern**—We are still in the middle of the process.

**Senator BERNARDI**—I am happy for you to take it on notice. I do not have anything else for the department, but I do have for the two agencies.

**CHAIR**—We were scheduled to have a break, but if people are happy to just keep going—

**Senator BERNARDI**—Can you just bear with me for a moment? I will see if there is anything else for the department. Just as a point of clarification, would the Active After-school Communities program be dealt with through the ASC?

**Mr Eccles**—It depends which aspect. If the ASC could come to the table and—

**Senator BERNARDI**—Sure.

**Senator NASH**—How many students are currently participating in the Active After-school Communities program?

**Mr Miller**—There are around 3,250 children participating in the program. I could get the exact number, or is that close enough?

**Senator NASH**—No, the exact number would be good, if you could take that on notice.

**Ms Donaldson**—There are 3,250 schools and outside school hours care centres and 192,000 children.

**Senator NASH**—Thank you. I thought it seemed a little bit light on. There are 192,000 actual students you are talking about. How are the schools actually chosen to participate in the program?

**Ms Donaldson**—Schools are selected on an annual basis through an expression of interest and then there are a series of criteria that they are selected against. It includes schools and child-care centres.

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**Senator NASH**—How is the funding provided for the schools?

**Ms Donaldson**—It is provided on a semester basis. Applications are called for in May and November of each year.

**Senator NASH**—It is my understanding that in May there was a review into the program. Is that correct?

**Ms Donaldson**—There is a formal research and evaluation process that is conducted alongside the program from its inception, and there was a review completed that was submitted in May as well.

**Senator NASH**—What were the terms of the review? What were you looking at? What were you doing? How did that all work?

**Ms Donaldson**—In summary, it was mainly efficiency and effectiveness of the program. So we were looking at measures of efficiency and then effectiveness of the program and its reach.

**Senator NASH**—Did you evaluate each school, or how did the review actually work?

**Ms Donaldson**—We have an external contractor who has been conducting the efficiency and effectiveness measures, and there has been a sample of schools selected that have been included, as well as a sample of coaches and the staff that have been participating in the program. Parents also self report for their children.

**Senator NASH**—You said, I think, that it is concluded now.

**Ms Donaldson**—The interim report from 2004 to 2007 has been published and the research from 2009 is about to be concluded and published.

**Senator NASH**—So how efficient and effective are they?

**Ms Donaldson**—We have been able to demonstrate that we have met all of our objectives and been able to deliver an efficient and effective program. That is the top-line conclusion.

**Senator NASH**—There has obviously been some concern out there in the community about whether or not the program is going to continue. I understand it was announced just last night that it was going to continue. Is that correct?

**Mr Miller**—It was announced on Sunday morning.

**Senator NASH**—Sorry, yesterday morning rather than last night. It is a little bit interesting, is it not, that it gets announced the day before Senate estimates, or is that just a complete coincidence?

**Senator Arbib**—We will leave that to you to—

**Senator NASH**—No, Minister, I am asking you. I am sure you can give me a bit of a heads-up.

**Senator Arbib**—All I can say on that is that we have been trying for a while. I have only been in the job now for, what, six weeks? I have been looking at it for a while and I was happy that we were able to keep the program going for another 12 months.

**Senator NASH**—Before we asked too many questions on the Monday about whether or not the program was going to continue. But, no, I do—

**Senator Arbib**—I am sure you will have questions anyway.

**Senator NASH**—I am sure I will and I am sure my colleagues will as well. I think you said you were considering it for six weeks or so—since you have been in the job. Why did it take so long to actually make a decision about whether or not the program was going to continue?

**Senator Arbib**—Before we gave it the go-ahead for another 12 months, I wanted to have a look at the program, which I did, and also the funding source. So work was done and we have been able to give the program—

**Senator NASH**—Work was done? You sound a little bit shaky on that, Minister, I must say.

**Senator Arbib**—Work was done and we are happy to see the program go for another 12 months.

**Senator NASH**—I am sure a lot of the families are too. It was just interesting that there was quite a lot of anxiety about whether or not this was going to continue. So it would just be useful to understand why it was difficult to determine whether or not a program that obviously provides such great support for these students was going to continue, why there would be any sort of conjecture about that?

**Senator Arbib**—As I was saying, I have been the minister for six weeks, so—

**Senator NASH**—That is a long time in politics.

**Senator Arbib**—It is a long time in politics. You would know that. But, in terms of looking at all programs across the portfolio, that is something I have been doing.

**Senator NASH**—I understand the Sports Commission actually made the announcement and not you as the minister. Is there a reason for that? Normally these sorts of things come from the minister, do they not, when they are announced?

**Senator Arbib**—I made the announcement yesterday.

**Senator NASH**—You did? Okay, very good, thank you. Is it correct that the budget has increased for the program for the next year compared to the last annual budget?

**Mr Miller**—The budget is of the same quantum. There might be some CPI adjustment, but effectively the program targets are exactly the same.

**Senator NASH**—It was the four years it ran for before, was it not? So obviously there has been the commitment for the next year. Is there any commitment further out than that?

**Mr Miller**—Sorry, could you repeat the question?

**Senator NASH**—The last four years of budgeting for the program—that has obviously been over those four years. Was the decision made each year to extend, or was there a commitment four years ago? I am just not aware. Back in those earlier days, was there a longer term commitment than just an annual commitment?

**Mr Miller**—Certainly there was a longer commitment when the program was initially launched.

**Ms Donaldson**—The last extension was granted in May 2007 for three calendar years, four financial years.

**Senator NASH**—This has only been an annual commitment, though, has it not, for the next year?

**Senator Arbib**—It is a 12-month commitment; that is right.

**Senator NASH**—Has there been any commitment at all or any consideration of commitment beyond the next 12 months?

**Senator Arbib**—No. At the moment there is a national sport and education strategy which is currently under development and this will become part of that strategy. When I made the announcement yesterday I also put in there that we would be reviewing the program as part of the strategy and also looking at how it fits in with other programs in education and health.

**Senator NASH**—What impact did the announcement that was made yesterday have then on the budget?

**Senator Arbib**—Sorry, Senator?

**Senator NASH**—The announcement yesterday for further funding—which obviously had not been announced until yesterday—is obviously going to have an impact on the budget that up until yesterday was not there?

**Senator Arbib**—Sorry, are you asking about the general budget?

**Senator NASH**—Yes.

**Senator Arbib**—At present, the government has identified savings to keep the program going, and those savings will be offset by departments through the MYEFO process.

**Senator NASH**—So where are those savings?

**Senator Arbib**—Through the MYEFO process.

**Senator NASH**—On the issue of, I guess, the anxiety that has been out there in the community, have you, Minister, or the department fielded many inquiries or concerns coming through to you over the last few months while there has been the indecision about whether or not this would continue?

**Senator Arbib**—Of course there have been issues raised about the program, and the government has responded to that. I was very happy that we were able to make that announcement yesterday. It gives certainty to not only those schools and students who are participating but also the coordinators from the ASC and the workers in the community, which is good. I do note, though—and I appreciate the questions—having a look at the coalition's costings from the last election, that there was no funding in your costings for the actual program's continuance.

**Senator NASH**—And the interesting thing—

**Senator Arbib**—I do think we need to note that.

**Senator NASH**—I am sure you would like to think that—

**Senator Arbib**—There was no funding for it, Senator.

**Senator NASH**—I am sure you would like to think that, Minister—

**CHAIR**—Order!

**Senator NASH**—You are the ones that are in government. A strange and interesting little odd arrangement that is, but you are the ones who are actually in government, so—

**Senator Arbib**—If you are so supportive of it, I would have thought you would have been funding it.

**Senator NASH**—I think we are so supportive of it. That is why we are here asking the government questions about why it was only announced yesterday.

**Senator Arbib**—We are keeping it going.

**Senator NASH**—Can I just move on to the inquiries and correspondence. Does the Sports Commission have a record of the sorts of inquiries that have come through to you, that perhaps you can provide to the committee to get a sense of the sort of correspondence that has been going to the commission?

**Mr Miller**—We would only have formal correspondence through the minister's office, which we could obviously have a look at and find out those that relate to the program under question.

**Senator NASH**—That would be useful, thank you. Just finally—and correct me if I am wrong—was there a letter sent out to parliamentarians in September outlining the program and, in particular, some of these areas in certain electorates where these programs were running?

**Ms Donaldson**—In some electorates the local regional coordinators have communicated with their local members of parliament to advise them of the schools in their electorates, but there has not been a national distribution of that nature.

**Senator NASH**—Is that unusual, given the nature of the program, whether or not it was going to continue? Would it not be more appropriate to wait and see if the program was going to continue, then perhaps you could advise one way or the other to those people if there was communication happening?

**Ms Donaldson**—During term 3 of this year there was a particular campaign that was run that was promoting the opportunity for children and families to join a sporting club, and we wanted to make sure that the local members of parliament were aware of the activities that were occurring in their electorate that were particular for that term.

**Senator NASH**—I am sure, Minister, your ongoing concern for the students will keep up and we will see something of this nature continue into the future. I think it is a tremendous initiative for young people to be able to take part in. Thank you, Chair, for your indulgence.

**CHAIR**—Thank you, Senator Nash. Senator Barnett.

**Senator BARNETT**—Thank you very much, Chair. There was a question with regard to when the program was initially launched. I can tell you when it was launched. It was 29 June

2004. It was in Launceston at the My Healthy Lifestyle Forum to help combat childhood obesity.

**Senator NASH**—Well done, Senator Barnett.

**Senator BARNETT**—It was launched by former Prime Minister John Howard with the then Minister for Sport, Senator Rod Kemp, together with Mark Peters—your predecessor, Mr Miller—and the Chairman of the Australian Sports Commission, Peter Bartels, and hundreds of others. It was a great day and a very exciting day, and since then I have been convinced that it is a fantastic program, worthy of support, delivering health and social benefits to the community across the board. It is fantastic in every respect. I have a few questions to follow up Senator Nash relating to the program. Can I ask about the jobs impact and exactly how many jobs are impacted? I understand there are some 180 staff nationwide involved in the program. Can you confirm that?

**Mr Miller**—Two hundred and eleven.

**Senator BARNETT**—Two hundred and eleven. Are you aware of the impact of the delay in making a decision until, I understand, Sunday by the minister, and that impact on staff within the Australian Sports Commission?

**Mr Miller**—I am acutely aware of the anxiety that has faced staff over a significant period of time. We have been working within the commission to keep the communication and engagement with those affected staff going through that period. As recently as last week I spoke to ASC staff in our Melbourne office and in our Perth. So, yes, we are aware of the issue. We have been encouraging them to stay positive about the future of the program, on the basis that it delivers fantastic outcomes—as you have identified—but we have to work within the constraints of government and certainly the funding has been now clarified.

**Senator BARNETT**—Excellent, Mr Miller, and I do appreciate your candour and forthright approach and thank you for remaining positive about the future of the program. There are many in the community, particularly parents and kids, who want it to continue, and I welcome the announcement by Senator Arbib, on behalf of the government, for an extension. That is great news. It is not good enough; it needs to be longer and for a longer period of time. I am wondering, as I am just working through these questions, Minister, could you table the media release that you issued on Sunday and, if there was an accompanying release from the Sports Commission, perhaps table that for the committee? I have attempted to get a copy of it today through your office, Minister, but that was not made available at the time.

I saw reports in a number of newspapers on Sunday saying that the minister was about to announce the extension of the program on the Sunday. So obviously you had briefed certain journalists on the Saturday, which is entirely your right and within your purview—and I look forward to perusing that. But, in terms of the process for the program for 2011, I wonder what pressure your staff have been under and what pressure schools have been under. Schools have to apply to gain the funding, and here we are in mid-October and there was no future—until yesterday, when we knew it was going to continue. Can you advise the pressure and constraints you were under and the process that schools will now have to go through to be successful in gaining access to the program in 2011?

**Mr Miller**—As of today, all 3,270 schools and OSHs currently participating in the program have been sent out an invitation to apply for a grant for term 1 and term 2 of next calendar year.

**Senator BARNETT**—They have got that via email today or by hard copy?

**Mr Miller**—Via email.

**Senator BARNETT**—Good. Well done.

**Mr Miller**—Grant applications will close on 19 November this year and they will be notified of their grant allocation by 17 December.

**Senator BARNETT**—They have to apply by 19 November. Is that what you said?

**Mr Miller**—Yes.

**Senator BARNETT**—That is four weeks away. So they do not have long. Nevertheless—

**Mr Miller**—But they are well familiar with the program.

**Senator BARNETT**—Indeed they are. Then the decision making?

**Mr Miller**—By 17 December—and grants will be paid for term 1 in late January 2011. Our view is that, whilst that is about a month later than we would normally have released the program applications, it is not going to cause a significant number of problems for the relevant parties because of their familiarity with the scheme.

**Senator BARNETT**—What about opportunities for new schools to access the program? Will there be no opportunity for them at all?

**Mr Miller**—The plan at the moment would be, subject to further discussion with the minister, that we could look to provide opportunities for other schools in terms 3 and 4 in 2011. But the priority at the moment is—

**Senator BARNETT**—On the basis of an increased budget injection?

**Mr Miller**—No, on the basis of a national expression of interest. What has happened today is that the current schools and out of school care centres have been invited to apply for terms 1 and 2.

**Senator BARNETT**—Yes, I am aware of that. I am saying that new schools will not have access in the first half of next year—we know that. But you are saying there may be a possibility in terms 3 and 4 in the second half of next year—or at least term 3 in Tassie; we only have three terms down there. Is that based on an injection of funds based on the May budget next year or is it based on some other analysis that you have undertaken? You are remaining hopeful that there will be further funds.

**Mr Miller**—It would be a process which could be conducted to provide opportunity to those who currently are not in the program but who may wish to be and then they would have to be assessed, depending on whether, for example, schools from term 1 and term 2 continued.

**Senator BARNETT**—But they have to be funded, don't they?

**Ms Donaldson**—It will be based on current places being available.



**Senator BARNETT**—All right. Is that on the basis that the current users of the program, the schools involved, do not participate in the program, or are you basing it on extra schools being involved?

**Mr Miller**—No.

**Senator BARNETT**—Instead of 3,270, you are going to have a few extra.

**Mr Miller**—No. We are basing it on the fact that there may be some turnover of existing schools, so it is within the current approved funding.

**Senator BARNETT**—So it will still be 3,270 or thereabouts.

**Mr Miller**—Or thereabouts.

**Senator BARNETT**—In short, we are about a month late in the process, in terms of 19 November, 17 December et cetera.

**Senator Arbib**—We have had an election as well.

**Senator BARNETT**—I appreciate that, Minister. Thank you. Mr Miller, we are about a month late.

**Mr Miller**—Three to four weeks, I am advised.

**Senator BARNETT**—Thank you. Ms Donaldson, let's go back to the review which, I think you indicated, was conducted in or around May—and it has come to a conclusion. It has taken a fair while. But why haven't we got a concluded document? Can we have a copy, please.

**Ms Donaldson**—To clarify: the research for the 2004 to 2007 period has concluded and the May review that was submitted was a precis of that research and other evaluations of the program. The formal research from 2009 has just concluded. We have got the summaries that are available and they are on our website now.

**Senator BARNETT**—Good. So they all confirm and prove that it is successful, it is popular, it is healthy and all those other benefits—social and other things.

**Ms Donaldson**—Absolutely, yes.

**CHAIR**—Are you referring to the financial year?

**Ms Donaldson**—The calendar year.

**CHAIR**—That is what I thought you meant.

**Ms Donaldson**—Thank you, yes.

**CHAIR**—So January to December.

**Senator BARNETT**—I know in Tasmania there are over 5,000 students at 90 sites. Does that correlate with your figures?

**Ms Donaldson**—For Tasmania?

**Senator BARNETT**—Yes.

**Ms Donaldson**—Yes, correct.

**Senator BARNETT**—Thank you. Could you on notice give us a breakdown of the schools and children per state? That would be useful.

**Ms Donaldson**—Yes.

**Senator BARNETT**—State and territories. Likewise, in Tasmania, there are five full-time staff and one part-time staff.

**Ms Donaldson**—Correct.

**Senator BARNETT**—The other question I have relates to the move from the department. I understand it was under the department of health previously. It is now obviously under finance and public admin. Can you explain the reason for that?

**Senator Arbib**—It has moved to Prime Minister and Cabinet. Senator Barnett, that same question was asked earlier—

**Senator BARNETT**—The reason for it?

**Senator Arbib**—Regarding the portfolio—and the officers are not in a position to answer that question.

**Senator BARNETT**—I will have a look at the *Hansard*. Minister, this is a question for you. If the program is successful and you have got the report, the review, the recommendations, why won't you extend the program for a further two years from the top of the year? Was the previous program three years or four years?

**Ms Donaldson**—Three calendar years and four financial years.

**Senator BARNETT**—Yes, three years. So you have extended it for one year. Thank you for that. Why aren't you extending it for a further three years?

**Senator Arbib**—I think you were out of the room earlier when I said this. I am the new minister in the area of sport. I have had a look at the program over the past period and I think it is a good program. But there are a number of programs that the government runs out of education, in particular, and I have been able to find the funding for a 12-month extension. Over the coming months I am going to review the program in line—

**Senator BARNETT**—Do you want another review, Minister? Not another review!

**Senator Arbib**—I will be reviewing it myself. I did say that, so it is not new.

**Senator BARNETT**—Are you going to ask for another review or you are just reviewing the program?

**Senator Arbib**—I am reviewing it myself, in a policy sense, to ensure that the other programs we are running, particularly in education and health, are running in a compliant way.

**Senator BARNETT**—Is there any reason to believe it is not compliant at the moment?

**Senator Arbib**—I am a new minister in the portfolio. I want to have a look at the program and see how it works with the other programs that we are running.

**Senator BARNETT**—You would not extend it for 12 months if you were not positive and assured of its compliance.

**Senator Arbib**—I am positive about the program. I say that in the media release, which I think is in front of you now. But, at the same time, there are a number of programs that the government runs in terms of sport and after school programs. I want to make sure that we have a good mix of programs, and I will take the time to read the portfolio—

**Senator BARNETT**—I put it to you that the reason you have extended it for one year and not for three years is that you do not appear to be on top of your portfolio. All the evidence is that it is a fantastic program. The review says it is good. It is on the website. It has health, social and community benefits. Children love it. It is increasing their sports participation. These are comments that you have made in the newspapers, yet you are only willing to extend the program for one year. Frankly, I do not think that is good enough. It should be extended for the full three years and perhaps even further—and broaden the program in particular.

**Senator Arbib**—I take on board your comments in terms of three-year funding. But I think it is something that you should probably pass on to your shadow minister for finance and treasury because they did not fund the program before the last election. There were no funds in the Liberals' costings—well, so-called costings—for the program. We have now found funding for 12 months. I have said I am happy to look at the future, but I also want to look at how it works in with all our other programs, particularly in education. I take on board what you have said. I think it is a good program and I think it is delivering well but, at the same time, we have other programs.

**Senator BERNARDI**—There was no provision in your election expenditure for this program to continue. Is that correct?

**Senator Arbib**—That is true.

**Senator BERNARDI**—Right. So when you want to throw tomatoes, mate, just have a look at yours.

**Senator Arbib**—But it is a bit different. I have actually found the funding for 12 months.

**Senator BERNARDI**—It is because you are the minister, mate. That is a little bit different.

**CHAIR**—Order!

**Senator Arbib**—Again, Senator Barnett has just raved about the program, but the Liberal Party at no stage provided any funding nor understood it.

**Senator BERNARDI**—Nor did you, Minister, and nor did your government.

**CHAIR**—Order!

**Senator Arbib**—That is true.

**Senator BERNARDI**—Right. Thank you.

**Senator Arbib**—That is true.

**CHAIR**—Order!

**Senator Arbib**—But, at the same time as that, I have gone and found the funding for it and the program continues. There you go.

**Senator BERNARDI**—Minister, we cannot—

**CHAIR**—Order! Senator Bernardi and Minister, just please draw breath for a moment.

**Senator BERNARDI**—Chair, if I could—

**CHAIR**—Excuse me. I am speaking. Firstly, I am very concerned that it would be impossible for Hansard to record about the last five minutes because everybody is endeavouring to talk over each other. So at least out of respect for them could we have one person speaking at a time? Secondly, we have now moved from question and answer to across-the-table allegations being made and debate. Let's get back to the questions.

**Senator BERNARDI**—Mr Chairman—

**CHAIR**—Hang on, Senator Bernardi. Senator Barnett has the call.

**Senator BERNARDI**—I would just like to clarify something. If Hansard did not get my comments, I am happy to repeat them so that Hansard can pick them up.

**CHAIR**—Senator Bernardi, I do not need your smart alec remarks. I am drawing the attention of all senators to the fact that it is impossible for the witnesses, and particularly for Hansard, to do their work if everybody is going to shout at each other at the same time.

**Senator BARNETT**—Okay. Can I continue, Mr Chair?

**CHAIR**—Yes, you can continue with a question.

**Senator BARNETT**—Thank you. I will not be long because we are nearly there. Minister, it would be fair to say in the last six weeks when you have been in the role you have heard the concerns expressed by the local community, you have heard the concerns of parents and children and their views on the merit of the program, you have probably read the petitions that I have tabled in the Senate and you have heard from the Australian Sports Commission, and yet you have been willing to extend it for only one year. That is where I am concerned and very disappointed and, frankly, angry and upset. I want you to review that decision and I would ask you to do that on notice.

**Senator Arbib**—I have already said to you that I will be reviewing the future of the program. We have been able to provide a 12-month extension, which I think is a very good result. At the same time as that, I want to see how it works in with other programs we run. I have to say I would have thought you would have supported that sort of a process.

**Senator BARNETT**—What I was concerned about was the lack of a decision actually killing off the program—the lack of a decision, because that is what was happening. You talked to the staff, you talked to the parents, you talked to the kids. There is the lack of a decision because they cannot plan for next year. It was killing off the program. We are that far from killing off the program.

In your media release, which I have only just seen, you say the program is run in more than 3,200 primary schools—we have now got it confirmed at 3,270—and out of school care services to about 150,000 children. But we have been advised tonight by Mr Miller that it was 192,000. So there is a 42,000 difference in the number of students around Australia benefiting from the program. Can I get that on the record? What is the correct figure?

**Ms Donaldson**—Our statistics from semester 2 2009 recorded 192,000 children. We do not have the data for semester 1 this year as yet.

**Senator BARNETT**—Minister, where did you get the figure of 150,000 children?

**Mr Miller**—The figure that is oft referred to in terms of the program is around 150,000. That is an average. It is the first time I have heard the figure of 190,000. That is not to say it is wrong, but the normal benchmark for the program is around 150,000 kids.

**Senator BARNETT**—We would like to know which figure we should be using. I am a champion for this program. I would like to know how many students it is benefiting around Australia. Which figure should I use: 192,000, which is on the record tonight, or the minister's figure of 150,000? What figure would you like us to use, Mr Miller?

**Mr Miller**—I am happy to get you the term-by-term numbers. The 'around 150,000' is the minimum. It has grown to 192,000 in semester 2.

**Senator BARNETT**—This year or last year?

**Ms Donaldson**—For 2009.

**Senator BARNETT**—What about this year? What are the latest figures?

**Ms Donaldson**—We will have the data for semester 1 this year within the next fortnight.

**Senator BARNETT**—And you will release those publicly?

**Ms Donaldson**—We can make that available, yes.

**Senator BARNETT**—If you could. Thanks again. Thank you, Chair. Thank you, Senator Bernardi.

**CHAIR**—Thank you. We have been dealing with the Australian Sports Commission. Any further questions for them?

**Senator BERNARDI**—I have some further questions. Can I just get clarity. You are taking on notice to release that review publicly when it is available? Is that something you could take on notice for us? And you will release the review in terms of the report and how good the program is?

**CHAIR**—Excuse me. Are you are asking the minister or the—

**Senator BERNARDI**—Whoever. I would like to see the full report.

**Senator Arbib**—This is the report you are asking for?

**Senator BERNARDI**—The full report, yes.

**Ms Donaldson**—The full research report for 2009 will be available online shortly. The precis of that is available online now.

**Senator BERNARDI**—All right. So you will make it available?

**Ms Donaldson**—Yes.

**Senator BERNARDI**—Thank you very much. Thanks, Chair.

**CHAIR**—I just want to clarify where we are at. Senator Bernardi, do you have further questions for the Australian Sports Commission?

**Senator BERNARDI**—The Sports Commission and some more general questions.

**CHAIR**—And the agency. Senator Back, do you have questions?

**Senator BACK**—Just on the antidoping side.

**CHAIR**—Okay. Senator Bernardi.

**Senator BERNARDI**—Thank you, Chair. Mr Miller, what are the current staffing levels at the Australian Sports Commission?

**Mr Miller**—As of 30 September the current FTE is 713.

**Senator BERNARDI**—How does that compare with the same time last year?

**Mr Miller**—I do not have September; I have June.

**Senator BERNARDI**—Thereabouts—June, yes.

**Mr Miller**—June this year was 724. December last year was 719.

**Senator BERNARDI**—Could you provide me with the staffing levels of, say, the last three financial years?

**Mr Miller**—Certainly. The FTE as of June 2008 was 699; June 2009, 703; June 2010, 724.

**Senator BERNARDI**—How many of those are allocated within the Australian Institute of Sport?

**Mr Miller**—I would have to take that on notice. I only have the establishment as opposed to the actual number of paid employees but, in round figures, around 200 would be in the AIS.

**Senator BERNARDI**—On notice, could you give me the breakdown for those same financial years that you gave me previously? With regard to the Australian Institute of Sport, I might invite Professor Fricker up. Professor Fricker, what is the allocation of funding to the AIS from the ASC?

**Prof. Fricker**—At the moment I think it is a \$39.8 million per annum allocation.

**Senator BERNARDI**—Do you recall what last year's allocation was?

**Prof. Fricker**—It is about the same.

**Senator BERNARDI**—And the year before?

**Prof. Fricker**—About the same again.

**Senator BERNARDI**—There has been no material increase?

**Prof. Fricker**—No. Correct.

**Senator BERNARDI**—So in actual fact the allocation to elite sport has had a real decrease. Is that reasonable?

**Prof. Fricker**—No. There was an allocation for high performance which went out to national sporting organisations. That has gone out and none of that new funding for high performance went to the AIS. Can I say there was never an expectation that that would happen. It was made very clear at the outset with planning for Australian sport, for the sport system, that with the maturity that we are seeing with national sporting organisations it would be appropriate to start making them be responsible for the planning and delivery of high-performance programs and the expectation on the institute would be that we would go into partnership with national sporting organisations to deliver programs for them on their behalf.

What I am saying is there has been a bit of a shift in thinking, so more money goes out to sports for high performance, with the same allocation we had last year for this year, and we would then partner up with sports to deliver high performance.

**Senator BERNARDI**—Has there been, then, a reduction in the number of staffing levels at the AIS?

**Prof. Fricker**—Overall?

**Senator BERNARDI**—As in some of the stuff that you used to do has been outsourced, effectively.

**Prof. Fricker**—No, not really. When you look at the number of around 220 AIS staff—and I would have to get the exact figure—that has not really changed. We have moved some positions around, no doubt. We have managed some positions out and we have managed some new positions in. We had a review of the Australian Institute of Sport done last year by Kate Costello. That review helped us to define our roles a little better, as an AIS, in terms of what we do and how we do it. In that, we performed a needs analysis to look at the demands of our sports programs and how we were to meet those demands. As a reflection of that we have moved positions so that services are more aligned to where they should be to provide more effective delivery. But if you look at net numbers, net budgets, they are about the same.

**Senator BERNARDI**—Was the AIS impacted at all by the Crawford review and any recommendations in that?

**Prof. Fricker**—Not really. I think the recommendation, for example, that there be one national institute of sport has been reflected now in the better partnership arrangement we have as an AIS with the state institutes for sport and state academies of sport. So the effect, if I can say it that way, has been to focus more on a national sports system and how we are a partner in that, rather than being seen as—I guess where we used to be back in the 1980s—a bit of an island for high performance.

**Senator BERNARDI**—The good old days, Professor Fricker.

**Prof. Fricker**—They were the good old days, Senator Bernardi, as you would remember. Those were halcyon days, yes, for rowing especially.

**Mr Miller**—I think in terms of Pathways to Success there was a small increase in the sports science, sports medicine budget but not a substantial amount.

**Senator BERNARDI**—What about in the forward estimates? Are you expecting additional funding to come in?

**Mr Miller**—As Professor Fricker has indicated, the forward profile for funding for the AIS, as it is for the commission, has largely flatlined and the money is in fact being directed to athletes and to sporting organisations who are, as Professor Fricker indicated, at liberty to purchase additional programs through either the AIS or the other institutes and academies of sport.

**Senator BERNARDI**—Is it still one-line appropriation for national sporting bodies from the ASC?

**Mr Miller**—I am told yes.

**Senator BERNARDI**—That is assessed against performance criteria. I would make that presumption. Is that right?

**Mr Miller**—In terms of their ongoing entitlement to—

**Senator BERNARDI**—Ongoing entitlements. On an annual basis they are allocated.

**Mr Miller**—As I understand it, it has not been an annual basis, but we have certainly made it clear as a part of the government's additional funding that the plan going forward would be to have an annual review of funding provided to national sporting organisations based on their performance against the plans that they have submitted for both high performance and participation.

**Senator BERNARDI**—Have any sports ceased to be funded through the Australian Sports Commission?

**Mr Miller**—No. In fact, the Pathways to Success agenda guaranteed 2009 funding for all 64 funded sports and additional funding was provided for higher priority sports.

**Senator BERNARDI**—What about within the Australian Institute of Sport? Have any sports been dropped from funding in that, or any programs?

**Mr Miller**—There have been a number of programs. I might ask Professor Fricker to talk to us.

**Prof. Fricker**—Thank you. As you may be aware, the decision was made by the board at its last board meeting to move three programs out of the Australian Institute of Sport—those programs being for golf, archery and boxing. At the same time it should be noted that the AIS gymnastics program moved to an AIS camps based program. So gymnastics in fact remains at the AIS but in a different form, and that was very much at the request of Gymnastics Australia, the national sporting organisation. Boxing finishes up at the end of this week because they were supported until the Commonwealth Games, through the Commonwealth Games. They will finish up at the end of this week, whereas golf and archery will finish up at the end of this calendar year.

**Senator BERNARDI**—When you say they finish up, do you mean that there will be no more AIS elite funding for them or programs operating for them?

**Prof. Fricker**—That is right. We will not be delivering programs for those. They still have funding for high performance as an allocation from the Sports Commission to maintain a high-performance program. I should say that archery and boxing still have access to facilities at the AIS for their camps as and when they decide to plan them and implement them and so forth. Those plans have not been finalised, obviously.

**Senator BERNARDI**—How is the European Training Centre going?

**Prof. Fricker**—The European Training Centre is going very well, but the AIS does not manage the European Training Centre, so I perhaps should defer to someone from the Sports Commission that manages it.

**Mr Miller**—I am happy to answer that.

**Senator BERNARDI**—Mr Miller, we hear it is going very well. The AIS used to manage it. Is that correct?



**Mr Miller**—The AIS started the carriage of it, but it is seen as a facility for all of sport, so it is not just for AIS programs. In fact, the whole intent is to make the centre available for sports to utilise, whether they are currently within an AIS program or not. The construction of the new facility is on track for completion in December and there has been significant work done in preparation for opening in March-April next year, including a range of promotional materials prepared for sport, and a lot of internal workings done to ensure that the centre will be able to operate next year.

**Senator BERNARDI**—What is the cost of the centre to date to get it to the position it is in and the expected cost to completion?

**Mr Miller**—I might invite director Steve Jones from the commission to speak.

**Mr Jones**—The ETC is being built by the provincial government of Varese, so they are the ones who are incurring the cost at this point. We do not incur any actual costs until we occupy it.

**Senator BERNARDI**—There is no annual allocation of funds for the centre. Is that what you are telling me?

**Mr Jones**—There is an allocation budget for staffing, for operating, for future years, but there is no actual construction cost being incurred by the ASC.

**Senator BERNARDI**—There are athletes using the centre currently?

**Mr Jones**—There are athletes who are operating from an interim capability, yes.

**Senator BERNARDI**—What is the cost of that interim capability on an annual basis? Is it borne by the ASC or is it borne by the individual programs?

**Mr Jones**—The annual allocation at the moment is approximately \$2.7 million per year.

**Senator BERNARDI**—When the centre is completed what would be the estimated cost?

**Mr Jones**—It is the same.

**Senator BERNARDI**—\$2.7 million?

**Mr Jones**—Yes.

**Mr Miller**—Save for the fact that we would be expecting, as I understand it, Mr Jones, that the cost would be about \$3.7 million and we would be getting sport to pay the extra million as a part of their contribution for using the facility.

**Senator BERNARDI**—That is their choice? Sport can then make that decision?

**Mr Miller**—Yes, that is right.

**Senator BERNARDI**—And if sports choose not to use the European Training Centre, it is a \$3.7 million operating cost?

**Mr Miller**—Yes.

**Senator BERNARDI**—Even if no-one used it?

**Mr Miller**—Yes.

**Senator BERNARDI**—Because that is part of a lease arrangement or whatever the case may be.

**Mr Miller**—It might be slightly less.

**Senator BERNARDI**—Yes, okay, but the ballpark figure is right?

**Mr Miller**—Yes.

**Senator BERNARDI**—How long is that commitment for?

**Mr Jones**—It is a 10-year lease with two five-year extensions.

**Senator BERNARDI**—And the lease effectively commences next year?

**Mr Jones**—No, on occupancy; so December this year.

**Senator BERNARDI**—So the launch is next year. How many Sports Commission staff will be allocated?

**Mr Miller**—Seven.

**Senator BERNARDI**—Seven full time?

**Mr Miller**—Yes.

**Senator BERNARDI**—Will they be permanently based in Europe or will they be Australian staff that are over there, seconded for a period of time?

**Mr Miller**—They will probably be a mix and I should add, when I say seven, that is for the peak occupancy period from July to September. Obviously during the Christmas period, when it is wintertime and the usage of the facility is much less, you would not have that level of staffing commitment. So that seven would include casual staff.

**Mr Jones**—Some staff, for example sports science and sports medicine staff, will basically rotate from the AIS. The AIS will in effect be a service provider for that capability.

**Senator BERNARDI**—Thank you for that, Mr Jones. To you, Professor Fricker, in regard to the AIS, how many AIS athletes were competing in Delhi at the Commonwealth Games?

**Prof. Fricker**—I can give you exact figures, I think. The total number of current and former AIS athletes was 157.

**Senator BERNARDI**—Out of a total team of—

**Prof. Fricker**—A total team of 369, so I think that is about 45 per cent of the team who were ex-AIS or AIS graduates.

**Senator BERNARDI**—Are you able to provide a breakdown of AIS athletes, current and former, by sport, that were competing at the Delhi games? You do not have to give it to me now, but maybe you could table that or take it on notice.

**Prof. Fricker**—I could certainly do that.

**Senator BERNARDI**—I would appreciate that. Could you also provide any performance statistics that you might have available—who of those athletes won medals; maybe who is doing world best times or competitive times that would qualify them for finals.

**Prof. Fricker**—We could certainly do that. I can say now that I think there were 117 AIS medallists. Of those, 87 are current AIS athletes and 30 of those were former AIS athletes who came home with medals. I think we won approximately 50 percent of all medals awarded to the Australian team. So the AIS brought back about 50 per cent of the medals that were won, with about 45 per cent of the team.

**Senator BERNARDI**—Do you know how that compares with previous Commonwealth Games?

**Prof. Fricker**—It is interesting. When you look at the figures, as you do, going back to previous Commonwealth Games to 1982, the AIS has been pretty consistent in winning half the medals that the team has brought home, so it has tracked pretty well. I could say that I was interested to see whether it had gone backwards or up or down, and it actually tracked about 50 per cent all the way through over the last couple of decades.

**Senator BERNARDI**—What about our overall medal tally?

**Mr Miller**—I might take that one. The overall medal tally is slightly down on previous years, at 177 medals compared to, for example, 221 in Melbourne—but we had the advantage of a home games and all countries seem to do better in those—and 207 medals total in Manchester in 2002.

**Senator BERNARDI**—Excluding the home game advantage, if we are winning fewer medals over a period of time, what do you put that down to: us losing our competitive advantage or other nations lifting their sporting programs, or both?

**Mr Miller**—I think, to be fair, there will be a more fulsome analysis done with the ACGA around that very issue, but it is clear, not just through the Commonwealth Games, that there are a number of other international competitors that are investing very heavily in sport and the overall competition to sustain your place in world rankings is getting more difficult. So increasing international competitiveness is one of the drivers that can certainly impact negatively on the overall medal count. I think in the case of Delhi there were a number of athletes who made themselves unavailable for health and other reasons. That impacts the performance. The other thing that it would seem to me is that the Commonwealth Games coming off the back of Beijing, there was a sense for some athletes of rebuilding and positioning for 2012.

**Senator BERNARDI**—How does the funding of our sporting system in total compare with our competitors, per capita? Are we going backwards in comparison with, say, the UK who I know have quite a big investment program?

**Mr Miller**—I would have to take the per capita data on notice, but my sense is that, with the injection of high-performance money that was a part of Pathways to Success, that has steadied the ship in terms of our ability to compete and sustain. I think the Australian Olympic Committee has as good as said that they expect now to be able to sustain Australia's fifth place ranking as a result of the injection of that additional money.

**Senator BERNARDI**—I used per capita because I do not know if there is a better measurement of it. If there is, I am happy for you to tell me what that is, but I just presume you have to break it down.

**Mr Miller**—The other thing which you would be aware of is that the UK is in an extraordinary phase in terms of their investment for London 2012 and it is a moot point, and I guess some conjecture, as to what happens post 2012, given some of the other funding cuts that are going on in government in the UK. So it is probably an artificial comparison and it would be like comparing the investment for us in Sydney 2000 or Beijing 2008.

**Senator BERNARDI**—It may be that the UK is not the best example. I was interested in their recurring sporting programs because I know that they have been doing it for some time. It might be Canada or the States or one of our other regional competitors.

**Mr Miller**—Certainly the commission monitors the investments by our major international competitors, so I am happy to take on notice and provide you that data.

**Senator BERNARDI**—Okay.

**CHAIR**—I was thinking about the UK situation while this discussion was going on. Are you suggesting that there will be a significant increase or ramping-up of the UK investment from hereon in through to the London Olympics, or is what we have seen recently their level of investment? That has increased in recent years as well.

**Mr Miller**—My understanding is that there has been a very significant infusion of funding over the last three years or so and that it will continue at that high level in the lead-up to 2012. Talking with people in UK sport, they are not confident of the situation post 2012, because it comes back to a more general situation in terms of overall government funding and the pressures that exist in a post-GFC world.

**Senator FAULKNER**—But a lot of it is lottery driven, isn't it?

**Mr Miller**—But I would think governments can make choices around how much of that lottery funding they choose to direct there.

**Senator Arbib**—But overall we are seeing a number of countries who have dramatically increased their funding for sport, particularly countries like India. You saw the results of the Commonwealth Games, with India finishing second. I do not think we should forget that, in the May budget, the government increased funding to sport by \$195 million, which was the biggest single investment or injection of funding into sport in the country's history. That was a big step in the right direction, through Minister Ellis. At the same time as that, in terms of the Commonwealth Games, I noted the comments from the CEO of the Australian Commonwealth Games Association, Perry Crosswhite. His predication prior to the games was 40 gold medals and we ended up with 74 gold medals. So I think that just shows you the success the team achieved.

**Senator BERNARDI**—The perils of forecasting, Minister, so it would suggest.

**Senator Arbib**—This is true.

**CHAIR**—It is always good to start low, too.

**Senator BERNARDI**—Underpromise and overdeliver.

**Senator Arbib**—I agree.

**CHAIR**—Okay, so where are we?

**Senator BERNARDI**—I still have a couple more questions, if that is all right.

**CHAIR**—Yes. Were you going to keep ploughing on?

**Senator BERNARDI**—Yes, and then we will go to Senator Back. Minister, how is your sport election policy implementation going?

**Senator Arbib**—It is still being processed. We are still working on it.

**Senator BERNARDI**—Can you explain to me how it is going to work?

**Senator Arbib**—In the 2010 election we made a number of sport and recreation facility commitments. I think you are talking about facilities, Senator.

**Senator BERNARDI**—No, I am not; I am talking about your program of no school, no playing or something—whatever you called it.

**Senator Arbib**—No School No Play?

**Senator BERNARDI**—Yes, that is it.

**Senator Arbib**—No School No Play is out of the Department of Education, Employment and Workplace Relations, not the Sports Commission.

**Senator BERNARDI**—I stand corrected.

**Senator Arbib**—We also have out of that department Learn Earn Legend, which you probably have heard of, which is in terms of Indigenous communities.

**Senator BERNARDI**—Now that you have mentioned sporting facility commitments made during the election campaign, I wonder if you would table a list of those for me. You will have to take that on notice, I presume.

**Senator Arbib**—I will take it on notice, yes.

**Senator BERNARDI**—All the promises and commitments for sporting facilities and the electorates in which they are located, and the states. I will put all this on notice for you in a written question, if you would like.

**Senator Arbib**—You do not need to do that. I can take it on notice.

**Senator BERNARDI**—That is great. Thank you. Nothing else from me, Chair, in regard to this.

[9.51 pm]

#### **Australian Sports Anti-Doping Authority**

**CHAIR**—We will now move to the Australian Sports Anti-doping Agency. Is this going to be the last section? Do we only need the officers from the agency now, plus the relevant people at the table?

**Senator FAULKNER**—Chair, can I just check with you that, after this agency is dealt with, that concludes everything.

**CHAIR**—That is it, yes. I just want to be sure that, in releasing people, we are doing so appropriately.

**Senator BERNARDI**—The AIS and the ASC can go. The senior office holders might want to stay, just in case.

**CHAIR**—All right. Senator Back.

**Senator BACK**—Thank you very much, Chairman. Ladies and gentlemen, I wonder if you could start by giving me an idea of the budget allocation in the current financial year for the antidoping program.

**Mr Burgess**—The current budget allocation for ASADA is \$14.787 million for operating expenditure and \$360,000 for capital expenditure.

**Senator BACK**—How does that compare with the previous couple of financial years? Has it basically flatlined?

**Mr Burgess**—Yes, it is basically around the same quantum.

**Senator BACK**—Perhaps using the figures from the last financial year, could you give me some idea of the number of athletes who may have been sampled and include in that, if possible, the number of athletes who may have been tested more than once.

**Ms Nair**—In the 2009-10 financial year we had a total of—and I will break this down—3,829 government funded tests and 2,777 user-pay tests. Sorry, I believe you asked for 2008-09?

**Senator BACK**—If possible, just by way of comparison, thank you.

**Ms Nair**—Yes. In the 2008-09 financial year we had a total of 4,212 government funded tests and 3,286 user-pay tests.

**Senator BACK**—Could you explain to me, please, the basis of the user-paid? Are these organisations that pay the government to test on their behalf?

**Ms Nair**—Yes, that is correct. We enter into contracts—

**Senator BACK**—On a fee-for-service basis?

**Ms Nair**—That is on a fee-for-service basis and it could be in the form of either sporting organisations within Australia or international federations. If international federations are running major events in Australia, they could contract ASADA to undertake the testing on their behalf.

**Senator BACK**—Just for those years—and perhaps if you could answer even for the most recent—could you give me an idea of how many were what I would call ‘positive tests’ from that 3,829 government funded and 2,777 user-paid. Could you give us some idea of the success rate or the number of positive tests?

**Ms Nair**—In the 2009-10 financial year we had 19 positive tests.

**Senator BACK**—In total?

**Ms Nair**—In total.

**Senator BACK**—Of those 19, could you give me some indication as to how many came out from government funded tests and how many came out from user-paid tests?

**Ms Nair**—I do not have those figures.

**Senator BACK**—If you could take it on notice, I would be appreciative.

**Ms Nair**—I will take it on notice.

**Senator BACK**—Is it the case that all samples are divided into part A and part B? Is that the protocol of the testing?

**Ms Nair**—It is.

**Senator BACK**—Across the board?

**Ms Nair**—Yes.

**Senator BACK**—Can you tell me how many, if any, were positive on the A sample but were not positive on the B sample?

**Ms Nair**—In the 2009-10 year?

**Senator BACK**—Of those 19.

**Ms Nair**—Of the 19, to the best of my recollection in all cases the B sample confirmed the A sample.

**Senator BACK**—Always confirmed?

**Ms Nair**—Yes.

**Senator BACK**—Just for my clarification, is the B sample assessed by the same laboratory or is it sent to an alternative laboratory for assessment?

**Ms Nair**—The B sample assessment is undertaken by the same laboratory.

**Senator BACK**—Could you explain to me the circumstances then under which an athlete or their representative could be satisfied as to the probity and the propriety of the B sample testing if indeed it is done by the same lab?

**Ms Nair**—There are a number of steps in the analysis of the B sample. What happens is that the athlete is given a right, either himself or herself or through a representative, to attend the opening of the B sample, just to ensure that the seals are intact and that there is no evidence of any tampering. That right is made available to every athlete. Not all athletes necessarily take up that right, but we organise to have an independent observer at the opening of the B sample to ensure the integrity of that process.

**Senator BACK**—In 2009-10, or even prior to that, have you had experience of objections being raised by athletes or their representatives to the process by which the A or B sample has been tested, or is that a process now that athletes in Australia are basically satisfied with? Are there instances recorded where there have been objections raised by athletes or those representing them?

**Ms Nair**—To the best of my recollection, no, but to be absolutely certain I will take that on notice.

**Senator BACK**—Excellent. Going back to the numbers, it might not be all that easy to provide me with the answer, but of the roughly 6,500 that were sampled in 2009-10, what percentage of athletes competing do you believe that would represent? Is it one per cent of athletes competing? Is it five per cent?

**Ms Nair**—Are we talking at competitions at certain levels: international and national levels?

**Senator BACK**—I am really referring to the competitions that derive the tests that you have quoted in terms of the numbers. If these 3,829 and 2,777 are national and/or international events, then yes. I am just trying to get a handle on the proportion; not down to the last obviously, but roughly in terms of percentages what proportion of athletes get tested?

**Ms Nair**—Athletes are selected based on a number of factors, level of competition being one of them. But we also look at sports—if they are categorised at a high-risk level; if we have got specific intelligence on particular athlete. So I suppose in summary, it probably is athletes from a whole range of sports and a whole range of levels.

**Senator BACK**—Sure.

**Ms Nair**—That might not be completely the answer you are looking for.

**Senator BACK**—That leads me to the question: is it your agency that determines—particularly for the government-funded tests—the selection of athletes to be tested, or does that remain with the individual sports themselves?

**Ms Nair**—Depending on if we are in user-pay arrangements, there might be discussions with the sporting organisation as to events that need to be tested, but in relation to specific athletes, that is a matter for our organisation to determine.

**Senator BACK**—So your organisation actually sets the protocols in determining which athletes from which events at which times, possibly with repeat sampling, are selected?

**Ms Nair**—With the proviso that it might be, with our user-pay contracts, in discussion the sport—for example, with the football codes—might determine at which level, at which round we might want to undertake testing. So, to that degree, yes, but in terms of the individual athlete to be tested, that is a matter for our organisation to determine.

**Senator BACK**—And all sampling is urinalysis? Is that correct?

**Ms Nair**—No. We also do undertake blood testing.

**Senator BACK**—Is that at your agency's demand or is it at the athlete's request? How does that come about?

**Ms Nair**—In terms of whether blood testing is undertaken?

**Senator BACK**—Yes.

**Ms Nair**—Again, in some cases it would be in discussion with the relevant sport. In terms of the design of the program that we believe might best suit that particular sport, blood testing might be incorporated into that program.

**Senator BACK**—And saliva is used or not used at all?

**Ms Nair**—No, not saliva.

**Senator BACK**—Thank you. Chairman, thank you for the time. I just really now want to move, if I may, to how the agency retains its expertise and its currency in terms of equipment and expertise. Can you advise me: of the budget of \$14.8 million plus the \$360,000 for capital



works, what proportion of that, if any, is allocated to actually improving technology and improving capacity of your chemical teams?

**Ms Andruska**—In terms of the lab analysis that is done, that is funded separately through the Department of Innovation, Industry, Science and Research. In terms of our own people, we undertake professional development and are always looking at our doping control officers and chaperones to be accredited and to be able to operate at the highest standard.

**Senator BACK**—So that would then lead to the question: are you aware of false positives, both from let us call them field testing and/or your actual performance improvement within the laboratory procedures? Do you have an incidence of false positives—and, indeed, false negatives—where you actually feed samples in on a blind basis, samples that you know in fact are positive, to ascertain whether your laboratory staff are finding these chemicals?

**Ms Andruska**—We do not do that. As I understand it, WADA, the World Anti-Doping Agency, does look at their accredited labs around the world and they do that sort of activity to confirm—

**Senator BACK**—Do they assess your laboratories? Is there some independent evaluation?

**Ms Andruska**—Yes, they do. The Australian accredited WADA lab is assessed by them.

**Senator BACK**—And how many accredited laboratories are there in Australia?

**Ms Andruska**—One.

**Senator BACK**—Here in the eastern states?

**Ms Andruska**—Yes, in Sydney.

**Senator BACK**—So what sorts of studies may have been undertaken to ascertain the degradation of chemicals as the result of transport, time delays, temperature delays—for example, from the taking of a sample on a hot summer's day in Perth through to the time when it is assessed in Sydney? Have you ever undertaken that sort of study, to see the degradation of chemicals in samples?

**Ms Andruska**—I can not comment on that. I do not know.

**Ms Nair**—There is the international standard for testing that is published by the World Anti-Doping Agency, which is a mandatory standard that we follow. That standard prescribes what is known as 'specific density'.

**Senator BACK**—Yes.

**Ms Nair**—The urine has to be at a particular concentration for the lab to be able to undertake appropriate analysis. So we actually in the field have what is known as a refractometer that tests what the specific density is and, if it is within the range, that sample is accepted. Naturally, if it goes to the lab and if there are any reasons that the lab says they can not analyse it, we would be notified, but that is the process that we have in place.

**Senator BACK**—Thank you very much.

**Senator BERNARDI**—Ms Nair, I will address this to you, but you might not be the right person to ask. In some other countries they are retesting stored samples, urine samples, as

testing technology advances, and there have been some reported instances where they have uncovered drug cheats. ASADA has been storing samples for a few years now, has it not?

**Ms Nair**—That is correct.

**Senator BERNARDI**—Have you ever had cause or occasion to go back and retest because of advances in testing criteria or testing skills or analysis?

**Ms Andruska**—There was a new tester brought out in about April this year for CERA EPO, and that is something that we are considering at the moment. Over the time leading up to the Commonwealth Games we were running a pure performance program. So over the 12 months leading up to then, we did about 1,069 tests. Now we are turning our mind to looking at whether or not some of the samples that we have kept in the tank should be looked at again, given that there is this new test that is now available.

**Senator BERNARDI**—You must have—I am hoping you have—a policy or a criteria when new testing techniques are introduced—there will always be a back-testing or something—or is it just an arbitrary decision that you make according to your resourcing?

**Ms Andruska**—I might just have to refer that question.

**Senator BERNARDI**—Sure.

**Ms Nair**—We do have a specific policy on both the selection of samples that go into the tank and, as was alluded to, we are certainly considering the re-analysis based on the new techniques that have just come through.

**Senator BERNARDI**—I would be interested, for future estimates, if you would come armed with how many of the stored samples have been retested in response to new techniques that come along. Just something for the future. If you can bring that, I would be interested.

**CHAIR**—Thank you, Minister, and officers, and all the other officers who have appeared today. The committee stands adjourned until nine o'clock tomorrow morning.

**Committee adjourned at 10.08 pm**