



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

ESTIMATES

**(Additional Estimates)**

TUESDAY, 22 FEBRUARY 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE FINANCE AND PUBLIC ADMINISTRATION****LEGISLATION COMMITTEE****Tuesday, 22 February 2011**

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

**Participating members:** Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, 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, Siewert, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Abetz, Adams, Bilyk, Boswell, Bushby, Cormann, Faulkner, Fierravanti-Wells, Fifield, Forshaw, Humphries, Joyce, Ludlam, Macdonald, Moore, Parry, Polley, Ronaldson, Ryan and Stephens

**Committee met at 9.02 am**

**FINANCE AND DEREGULATION PORTFOLIO****In Attendance**

Senator Wong, Minister for Finance and Deregulation

**Department of Finance and Deregulation****Executive**

Mr David Tune, Secretary

**General**

Ms Jenet Connell, Deputy Secretary, Chief Operating Officer

Mr David Yarra, Chief Audit Executive

Mr Michael Burton, First Assistant Secretary, Chief Financial Officer

Mr Graham Fry, First Assistant Secretary, Chief Information Officer

Michael Nelson, Acting First Assistant Secretary, Corporate Services

**Outcome 1 (Budget, FMG, Deregulation)**

Mr David Martine, Deputy Secretary, Budget Group

Mr David Nicol, First Assistant Secretary, Budget Policy and Coordination Division

Mr Peter Saunders, First Assistant Secretary, Strategic Policy Division

Mr Stephen Clively, First Assistant Secretary, Government and Defence Division

Mr David Weiss, First Assistant Secretary, Industry, Education and Infrastructure Division

Mr David de Carvalho, First Assistant Secretary, Social Welfare Division

Dr Stein Helgeby, Deputy Secretary, Financial Management Group

Mr Tim Youngberry, First Assistant Secretary, Financial Reporting and Cash Management Division

Mr Alan Greenslade, First Assistant Secretary, Funds and Superannuation Division

Dr Greg Feeney, Assistant Secretary, Funds Branch

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Mr George Sotiropoulos, former Assistant Secretary, Superannuation Branch  
Mr Marc Mowbray-d' Arbela, Assistant Secretary, Legislative Review Branch  
Mr Lembit Suur, First Assistant Secretary, Financial Framework Division  
Ms Kerry Markoulli, Acting Assistant Secretary, Financial Framework Policy Branch  
Ms Susan Page, Deputy Secretary, Deregulation Policy Division  
Mr Peter McCray, First Assistant Secretary, Deregulation Policy Division  
Mr Jason McNamara, Executive Director, Office of Best Practice Regulation

**Outcome 2 (AMPS, FMG, AGIMO)**

Ms Jan Mason, Deputy Secretary, Asset Management and Parliamentary Services  
Mr Rick Scott-Murphy, First Assistant Secretary, Property and Construction Division  
Mr John Edge, First Assistant Secretary, Government Business, Special Claims and Land Policy  
Ms Stacie Hall, Assistant Secretary, Government Businesses Advice Branch  
Dr Guy Verney, Assistant Secretary, Special Claims and Land Policy  
Mr John Grant, First Assistant Secretary, Procurement Division  
Ms Laurie Van Veen, Assistant Secretary, Communications Advice Branch  
Mr John Sheridan, Acting Deputy Secretary, Australian Government Information Management Office  
Mr Glenn Archer, First Assistant Secretary, Policy and Planning Division, Australian Government Information Management Office

**Outcome 3 (AMPS, AGIMO)**

Ms Kim Clarke, First Assistant Secretary, Ministerial and Parliamentary Services  
Ms Carolyn Hughes, Special Advisor, Ministerial and Parliamentary Services  
Mr Kevin Whitton, Acting Assistant Secretary, Entitlements Policy  
Mr Greg Miles, Assistant Secretary, Entitlements Management  
Mrs Kim Baker, Assistant Secretary, Client Services  
Ms Yvette Sims, Assistant Secretary, Accountability and Reporting  
Ms Maree Faulkner, National Manager, COMCAR  
Mr Stephen Taylor, Assistant Secretary, Legal Services

**Australian Electoral Commission**

Mr Ed Killesteyn, Electoral Commissioner  
Mr Paul Dacey, Deputy Electoral Commissioner  
Mr Neal Mason, Acting First Assistant Commissioner  
Dr Cheryl McRae, Acting First Assistant Commissioner  
Mr Paul Pirani, Chief Legal Officer  
Mr Pablo Carpay, Assistant Commissioner, Roll Management Branch  
Ms Marie Neilson, Assistant Commissioner, Elections Branch  
Ms Kathy Mitchell, Assistant Commissioner, Education and Communications Branch  
Ms Gabrielle Paten, Acting Assistant Commissioner, Strategic Capability Branch

**Future Fund Management Agency**

Mr David Neal, Acting General Manager and Chief Investment Officer

**ComSuper**

Mr Peter Cormack, Chief Executive Officer/Commission for Superannuation  
Mr Chris Ramsden, Chief Financial Officer

Ms Danni Woods, Executive Manager, Communications

**Australian Reward Investment Alliance**

Mr Peter Carrigy-Ryan, Acting Chief Executive Officer

**MediBank Private Ltd**

Mr George Savvides, Managing Director

Ms Catherine McGovern, General Manager, Government and Public Affairs

**CHAIR (Senator Polley)**—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 additional expenditure 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, 15 April 2011 as the date by which answers to questions on notice are to be returned.

The committee's proceedings today will begin with the examination of the Finance and Deregulation portfolio followed by the Department of Regional Australia, Regional Development and Local Government.

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

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
  - (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide 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)

**CHAIR**—I welcome the Minister for Finance and Deregulation, Senator the Hon. Penny Wong, and thank her for making herself available after the dinner break. Minister, do you have an opening statement?

**Senator Wong**—No, Chair.

**CHAIR**—Ms Mason?

**Ms Mason**—No, thank you.

[9.04 am]

#### **Medibank Private Ltd**

**CHAIR**—I welcome Mr George Savvides, general manager, and officers of Medibank Private. Would you like to make an opening statement?

**Mr Savvides**—Yes, Madam Chair. The organisation continues to travel well in terms of its commercial path. Business is performing to plan, as we have established with our shareholder, minister and department. We are also in the middle, at the moment, of a very deep integration process. Medibank, in the last few years, has acquired four companies; its workforce has doubled in that period of time. We have started to integrate health services within our health insurance organisation. We have now over 1,500 staff who are health professionals. In that process we are endeavouring not only to pay the claims of our membership but also to be able to treat and service customers who have specific illnesses—in particular chronic diseases, where in providing that attention we improve their health status and also lower the claims



burden on the organisation. This benefits not only the individual in those programs but also the overall fund itself in terms of the costs that it bears.

The way we do that is that over 50,000 customers of ours have already been a part of a chronic disease program. We also have broader services in nurse triage around Australia and in New Zealand. We take over two million calls a year from people who need urgent medical attention and health services—that is a seven-day, 24-hour service. We are also developing a telemedicine capability which unlocks a latent part of the workforce in health in Australia, that of people who can work from home—health professionals who are part of our servicing network to meet the needs of the broader population that we service.

It might surprise senators to hear that only two per cent of our nearly four million customers claim 45 per cent of our claims. Our claims this year will approach \$4 billion. The two per cent are those who have diseases that are associated with chronic disease in terms of profile. The way we treat these is to coordinate care and support them in various programs such as diabetes and hypertension—programs of that nature. We are committed to do more of this. We are targeting around 200,000 members a year to be a part of this program delivery once we get it up to full speed.

I am happy to conclude at that point and take questions. That is my introduction for this time. Thank you.

**Senator CORMANN**—When we last met you had not yet paid the \$300 million special dividend which the government imposed on you. Has that now happened?

**Mr Savvides**—No, not at this point. It will be paid prior to the end of this financial year.

**Senator CORMANN**—Sometime between now and 30 June you will be paying the \$300 million?

**Mr Savvides**—That is correct.

**Senator CORMANN**—That is on top of a regular dividend this financial year as well? Will that \$300 million in special dividend be on top of the regular dividend?

**Mr Savvides**—Yes, the normal dividend is also programmed and budgeted for this year.

**Senator CORMANN**—How much is your regular dividend this year?

**Mr Savvides**—We have not declared the first half of this year but in the last financial year we paid \$81 million worth of dividends.

**Senator CORMANN**—Is the regular dividend determined as part of a percentage formula on your result?

**Mr Savvides**—Yes, it is, but it is also subject to the prudential oversight that the board has for the health fund to pay its future claims.

**Senator CORMANN**—There is a formula but, depending on your prudential requirements, there is a floor below which you would not go?

**Mr Savvides**—Correct.

**Senator CORMANN**—What is the formula?

**Mr Savvides**—The solvency formula that we apply—

**Senator CORMANN**—Not the solvency formula—what is the formula to determine your regular dividend?

**Mr Savvides**—The distribution percentage?

**Senator CORMANN**—That is right.

**Mr Savvides**—If you go back in the year that we just paid dividends, looking in terms of an actual circumstance, around a third of our profit goes to tax, a third of our profit goes to dividends and a third we retain. There is nothing scientific about those ratios but they are the approximation that we think is appropriate.

**Senator CORMANN**—So now two-thirds of your surplus, of your profit, goes in tax and dividends? When you were not-for-profit you would have retained the lot, wouldn't you?

**Mr Savvides**—Correct, we did; that is right.

**Senator CORMANN**—So you would have retained the lot. If a third goes into dividends and a third goes into tax, and if \$81 million was your dividend last financial year, then essentially about \$160 million left Medibank Private that you otherwise would have retained?

**Mr Savvides**—Tax and dividends, yes; that is right.

**Senator CORMANN**—You would expect the proportions this financial year to be roughly the same?

**Mr Savvides**—If the profitability is similar, the proportions would be roughly the same.

**Senator CORMANN**—I assume that you put forward a rate change application towards the end of last year.

**Mr Savvides**—Yes, we have.

**Senator CORMANN**—Has the government approved your rate change application, even though it would not have been announced yet?

**Mr Savvides**—We are in the middle of a process of rate change approval right now. That process is protected by confidentiality.

**Senator CORMANN**—I am not going to ask you about the detail of what is in your rate change application. Conceptually, was your rate change application in any way influenced by your expected outlay for tax and dividends?

**Mr Savvides**—No. The thing that drives our rate change is the very dominant expenditure around claims payment. Around 85 per cent to 90 per cent of our revenue that we bring in from customers is paid out in claims. So, when you do a calculation on the future rate, the most important thing to calculate is the ability to pay the future claims of your membership.

**Senator CORMANN**—Of course the ability to pay future claims is the most important part of it, but having looked at these sorts of forecasts myself in the past, a whole range of issues are taken into consideration when you put forward your pricing into the future. Was the expectation of regular dividend payments at least a consideration when you put forward your rate change application?

**Mr Savvides**—As we look forward and calculate the premiums that are necessary to cover future claims and also operating costs et cetera, we look at all sorts of things. We are a

growing organisation, as I said in my introduction. If we really want to deal with the long-term sustainability of the health plan that we manage—given the burden of health costs as people age we have a multiplier on a multiplier occurring for ageing, as well as consumption rate—we need to invest as an organisation into more health delivery, and that is another cost. We are a transforming and changing organisation that needs technology, acquisitions and expansions. It is not just—

**Senator CORMANN**—No, I am not suggesting that it is just that. I have already said I suspect that the biggest part is your expectations on future claims growth. There is a whole range of other costs. Obviously you would be looking at how your costs would be tracking. One of those costs is dividend payments to your shareholders.

**Mr Savvides**—Dividends and tax come out of profit; it is a consequence of running a business, rather than an element of input.

**Senator CORMANN**—Sure, but given the government is keen to draw a dividend, and sometimes a special dividend, they might take an interest in how profitable you are as the shareholder. You are nodding, so I can see that you are well aware of that.

**Mr Savvides**—I am glad that people are interested in how profitable we are; it is a good thing.

**Senator CORMANN**—Yes, but there is potentially a conflict between the finance and the health arms of the government, in that the one part of it will want to keep premiums as low as possible whereas the other part of it might be interested in maximising your profitability. I am just trying to get a sense as to how those tensions are resolved in your relationship with the government.

**Mr Savvides**—They are beyond my sphere.

**Senator CORMANN**—Does the shareholder talk to you? Does the shareholder talk to you about your—

**Senator Wong**—Senator, Mr Savvides has just indicated that that is beyond his sphere. In relation to conflict of interest, which I think you have pursued previously, as you are aware I do not, as the shareholder minister, have a role in approving these premiums.

**Senator CORMANN**—I was not suggesting you did, Minister.

**Senator Wong**—That is directly relevant to the issue that you are attempting to put to this witness.

**Senator CORMANN**—Minister, Mr Savvides has just shared with us that \$160 million in profits generated by the members of Medibank Private was handed to the government either in dividends or taxes, so I think it is entirely relevant to pursue this line of questioning. This is a direct result of the decisions that you have made.

**Senator Wong**—This is an organisation that your party intends to sell.

**Senator CORMANN**—Indeed, and we will get to what a good policy that was.

**Senator Wong**—You said ‘was’. Is it no longer the case?

**Senator CORMANN**—What a very good policy it ‘is’. But it ‘was’ in the lead-up to the last election, as you well know—and, sadly for the Australian people, we were not the government.

**CHAIR**—Do you have a question, Senator?

**Senator CORMANN**—Yes, if I stop getting interrupted by the minister I will be very happy to go back to my questions. Mr Savvides, can you give this committee an absolute assurance that at no point did the government put to you the profit expectations that they might have from your organisation in the context of regular revenue from dividends and taxes into government coffers?

**Mr Savvides**—Absolutely. I can say to you that the way we plan and have our corporate plan approved with our shareholder department and minister is a process of how to best run the company to be the best company it can be for our customers.

**Senator CORMANN**—Whatever happens in terms of profit, is the government happy to take whatever comes out?

**Mr Savvides**—The profit is a consequence of us running a business; it is not the horse before the cart.

**Senator CORMANN**—You mentioned in your opening statement the work you are doing around integrating your several business acquisitions. Have you made any further acquisitions since we last met?

**Mr Savvides**—No, we have not.

**Senator CORMANN**—Are you still seeking to acquire other assets that will enhance your core business? Are you still pursuing those?

**Mr Savvides**—Certainly under that label, yes. Assets that can enhance our core business we will continue to investigate and determine whether they are appropriate for the business and affordable.

**Senator CORMANN**—Is there anything in train at the moment that you are able to share with us?

**Mr Savvides**—I would not disclose that given the sensitivities of that.

**Senator CORMANN**—There is, but you are not yet in a position to share it?

**Mr Savvides**—No, I am not saying that there is.

**Senator CORMANN**—Could you describe for us then how the telephone and online health management program services, which you gained in the acquisition of McKesson Asia-Pacific, have been integrated into your core business?

**Mr Savvides**—There were two objectives initially. One was to internalise the business in terms of internal coms, and the other was alignment in terms of staff, the cultural side. That has moved really well; it has been very positive. The business continues to grow and it is exceeding its corporate plan objectives in terms of its synergies and integration. So it is a healthy business. Telemedicine is the future of health. It will go beyond telephone and online into video. We have never seen so much tendering activity. We are so busy submitting tenders,

both state and federal. There is lots of opportunity to grow the ability to reach Australians through virtual and online, so that business is well placed within Medibank. We have four million of our own customers. We want to service them in the chronic disease programs but also extend those services so that we are available for customers beyond the eight hours of a working day.

**Senator CORMANN**—Very good. Have you reviewed the government's recent health reform announcement?

**Mr Savvides**—Yes, I have seen the announcement.

**Senator CORMANN**—What impact, if any, would it have on your health insurance business?

**Mr Savvides**—We are aware of commitments in the area of telemedicine. There are quite substantial commitments there. There are tenders actually being let right now. They are part of the planning process the department of health is undertaking to improve the effectiveness of every dollar they spend in health, and telemedicine will improve that. Later on, as broadband starts to become a larger experience in Australian households, the opportunity will grow even further to be able to service people directly in their own homes.

**Senator CORMANN**—Have you had any discussions with the government since the last election about a possible partial privatisation of Medibank Private?

**Mr Savvides**—No, I have not.

**Senator CORMANN**—No discussions at all?

**Mr Savvides**—It is not our agenda. Our job is to run the business to make it as—

**Senator CORMANN**—I am sure that you, like me, would have noted the small article on page 18 of the *Financial Review* back in November where there seemed to be a rather curious change of language from the government when it comes to public ownership of Medibank Private. The commitment now is to 'majority public ownership' You would have noted that at the time?

**Mr Savvides**—I actually do not recall that article.

**Senator CORMANN**—Is the health minister one of your two shareholder ministers?

**Mr Savvides**—No.

**Senator CORMANN**—Not any more; they used to be, though.

**Mr Savvides**—Yes, several years ago.

**Senator Wong**—It was to do with the conflict of interest that—

**Senator CORMANN**—Understood. I am intrigued then about the health minister commenting about the ownership arrangements of Medibank Private. Did she get it wrong, Minister, when she talked about the policy being majority public ownership?

**Senator Wong**—I do not recall the article to which you are referring.

**Senator CORMANN**—I am happy to share it with you.

**Senator Wong**—If you have an issue with the health minister, you should put it to the health minister. The government's position in relation to the ownership of Medibank Private remains the same.

**Senator CORMANN**—When you say it remains the same, what is it?

**Senator Wong**—It remains the same, Senator.

**Senator CORMANN**—Yes, but what is it, what is the position?

**Senator Wong**—Government owned.

**Senator CORMANN**—Fully government owned?

**Senator Wong**—That is the position. There has been no change in policy, Senator.

**Senator CORMANN**—So the position is not for Medibank Private to be majority—

**Senator Wong**—I have just answered that question. As you have of Mr Savvides, you ask the same question—

**Senator CORMANN**—Given that the minister for health—

**Senator Wong**—I have not finished my response, Senator.

**Senator CORMANN**—Given that the minister for health—

**Senator Wong**—I have not finished my response, Senator. You continue to ask the same question.

**Senator CORMANN**—But you can get school-masterish with me!

**Senator Wong**—It is not school-ma'amish, and that is quite sexist, actually.

**Senator CORMANN**—School-masterish, is what I said.

**CHAIR**—Minister and Senator Cormann, can I just remind you that it is unhelpful for the chair and for Hansard when you speak over the top of witnesses. You put a question, Senator Cormann; the minister was in the process of answering the question. Can you please give witnesses the courtesy of allowing them to complete their answer? Minister, you have the call.

**Senator Wong**—Thank you. I would appreciate it, Senator, if you could accept the answers the witnesses give rather than continuing to ask the same question. The government's position in relation to the ownership of Medibank Private remains the same.

**Senator CORMANN**—I thought the minister had previously concluded her answer so I certainly did not mean to interrupt you, Minister.

**Senator FIFIELD**—Governments sometimes have been known to change their mind on things.

**Senator CORMANN**—Indeed, Senator.

**Senator FIFIELD**—And not stick to policy.

**CHAIR**—Senator Cormann, you have the call.

**Senator FIFIELD**—At climate assemblies and things like that.

**Senator CORMANN**—Thank you, Madam Chair.

**Senator Wong**—I am sorry, I did not hear you, Senator Fifield.

**Senator FIFIELD**—At climate assemblies and things like that, things which—

**Senator CORMANN**—Carbon taxes, carbon taxes—

**Senator Wong**—Yes and they are announced.

**CHAIR**—Senator Cormann has the call. Senator Fifield, it is unhelpful to—

**Senator Wong**—Sorry, I should respond.

**CHAIR**—It is very unhelpful for people to continue to have cross-dialogue. Senator Cormann has the call. If any other member of the committee wants the call, can you please make me aware of it.

**Senator CORMANN**—Minister, you were very vague and cute in the way you were answering the question by saying that the position remained the same. I am trying to find out whether the position that remains the same is the position articulated by the Minister for Health and Ageing, which is that Medibank will be maintained as a majority public fund, or it is your position, which is, as I understand it, that it will be fully in public ownership.

**Senator Wong**—Senator, it has been some time since anybody called me cute.

**Senator CORMANN**—I am happy to be the first.

**Senator FIFIELD**—He was saying that this position was cute.

**Senator RONALDSON**—Point of order, Madam Chair.

**CHAIR**—Senator Ronaldson, your point of order is?

**Senator RONALDSON**—These things tend to be that the laughs stop but the record remains. I just want to make absolutely sure that that is a turn of phrase, that was not a reference to the minister.

**Senator CORMANN**—I was not referring to your looks.

**Senator Wong**—I do not know whether to be offended or pleased!

**CHAIR**—Can I just remind committee members to be mindful of the terminology and the language they use.

**Senator CORMANN**—I am just a humble immigrant, Madam Chair, so I cannot help that.

**CHAIR**—I am actually speaking, Senator Cormann. There was a point of order before the chair. There is no point of order, but I will remind committee members that if you use provocative language then you can expect the witnesses to respond accordingly.

**Senator FIFIELD**—Chair, just on the point of order: the phrase ‘too cute by half’ is a common expression, which relates to someone’s attitude.

**CHAIR**—The minister has the call.

**Senator Wong**—For the record, I was not offended.

**Senator CORMANN**—I am pleased.

**Senator Wong**—To help you out there.

**Senator CORMANN**—Because, far be it, I certainly would not want to offend you by referring to your comments as cute.

**Senator Wong**—There was no intention to be ‘too cute by half.’ I actually have not seen the article to which you refer, Senator. There has been no change in the government’s position.

**Senator CORMANN**—And the government’s position is?

**Senator Wong**—Full ownership of Medibank Private.

**Senator CORMANN**—Thank you very much for clarifying that for us, Minister. Mr Savvides, or Minister, are you able to share with us the current market value of Medibank Private?

**Mr Savvides**—I do not have that, Senator, no.

**Senator CORMANN**—Does the department of finance keep that figure?

**Ms Mason**—The department does undertake valuations of government business enterprises and they are included in the budget papers, although they tend to be rolled together, so not separately identified.

**Senator CORMANN**—Can you separately identify for us what is the current value of Medibank Private?

**Ms Mason**—No, Senator.

**Senator CORMANN**—Why not?

**Ms Mason**—I do not have that figure with me. We tend to include the valuations of government business enterprises together in the business papers rather than separately.

**Senator CORMANN**—You are telling me that you are not aware as to the market value of a major asset like Medibank Private, and there is nobody behind you who is able to bring that to you at the table to share that with us?

**Ms Mason**—We may have people who have an awareness of that figure but I do not think it is probably appropriate to disclose it separately. It is rolled up in the budget papers.

**Senator CORMANN**—Why is it not appropriate? What is the reason that that is not appropriate?

**Ms Mason**—The budget papers include a level of disclosure which is acceptable to the Australian National Audit Office and I think that is as far as we want to go in the government’s disclosure of business enterprises.

**Senator CORMANN**—Ms Mason, the reason we have Senate estimates is so that we can dig beyond what is published in the budget papers. The whole purpose of this process is to go into more detail than what is there. I am asking you the question: what is the current value of Medibank Private?

**Senator Wong**—We will take that on notice. There may be issues around disaggregating those figures which I would like to consider. I will take it on notice and consider your request.



**Senator MOORE**—Mr Savvides, I am interested to know the impact on your staff and locations of the floods and other disasters—I should say other disasters generally because there have been so many. I would imagine with your network there has been some impact, both infrastructure and personal. Could you give us some idea of that and how the organisation is coping with that?

**Mr Savvides**—It was quite a troubling period of time over January as we basically were engaged with trying to keep our operations going and looking after staff and customers. We did lose some facilities, such as in Toowoomba and on the northern coast of Queensland.

**Senator MOORE**—I was pretty sure Toowoomba had gone from that location, yes.

**Mr Savvides**—Yes, it was in the shopping mall and it was recovered quickly—we are on the first floor. Everything is back and operating. In fact, our disaster recovery activity and our business continuity plan worked like a charm, with cooperation with other service providers like Telstra, IBM and others. The business got up and running quickly. Some staff lost homes and the company internally has provided assistance and financial aid to staff members.

I do appreciate the senators giving me some time this morning to come here rather than this afternoon when I was originally scheduled, because today and tomorrow I am meeting all of our staff up in Queensland. I am just doing a bit of travelling and getting around to those locations to catch up. We have staff who had neighbours who were drowned, and it has been quite an impactful time. We issued \$200 coupons to all of our staff in Queensland and we trusted them to do the right thing with them. Those in need of the money used it obviously for their families; others donated to their colleagues who were actually deeply impacted. It was terrific to see the spirit of care and friendship amongst our organisation up there.

In terms of the broader community, we made a contribution to the Premier's Disaster Relief Appeal Fund of a quarter of a million dollars. Within a 48-hour period, our nurse triage facility put together a dedicated line to support the nurse on call, the 1300 number for assistance in Queensland for Queensland Health. We backed them up with our own facilities in nurse triage. We also provided assistance to members who were financially impacted by the floods and could not pay their premiums. We sought a special concession from the Private Health Insurance Act 2007. The department of health granted that and we were able to give people relief from having to pay premiums and not lose their cover until they were able to come back and financially support themselves through cover again. So it has been quite a broad base.

We are investigating in Victoria at the moment whether we can provide some assistance there in the impacted areas in Victoria. Overall, the organisation responded fairly well. I am told from those who understand this sort of impact in terms of trauma that it is actually the months ahead that will bear some of the challenges for people. We will connect ourselves on the ground to make sure that, both for the staff and the community, where there is an opportunity for us to offer assistance we will.

**Senator MOORE**—I just wanted to get some of that on record for the Senate process but, on notice, is the department going to be doing some kind of a report? I am particularly interested in the way the disaster plan kicked in and how computers and the interaction with the other networks locally operated. Is it possible to get a bit of a report for the committee just

generally on the way that the organisation was impacted and the various steps that were taken to look at it?

**Mr Savvides**—I would be delighted to do that, Senator. I will compile the report and send it.

**Senator MOORE**—Also, the particular impact of the use of the legislation to provide some help for people with their premiums and how that is going to operate. Is it going to be reviewed at certain dates? I will not go into all that detail now, but if we could get that on notice that would be great.

**Mr Savvides**—I would be happy to do that. On the relief, it actually is capitated so when the money runs out it does not continue. At the moment we are working within the consented cap that was given. We also did the same thing in Victoria when the bushfires hit some of those villages in the Yarra Valley; we provided the same kind of relief then. It was so much easier this time because it was a procedure that we had undertaken before with the Department of Health and Ageing.

**CHAIR**—There are no further questions. Thank you, Mr Savvides, we will see you next time.

[9.30 am]

#### **Department of Finance and Deregulation**

**CHAIR**—Mr Tune, do you have any opening remarks?

**Mr Tune**—No, Senator.

**Senator FIFIELD**—I might just start with a couple of contracts relating to the Independent Communications Committee?

**Mr Tune**—I will need to get the relevant people in to do that.

**Senator FIFIELD**—The Independent Communications Committee I think is staffed by three former public servants: Ms Belcher, Ms Williams and Mr Hawke?

**Mr Tune**—No, that is not quite correct. That was the original composition of the committee. Last year, I cannot remember the exact date but I think it was towards the end of June, something around there, Ms Belcher resigned. Ms Anthea Tinney, who was a former public servant as well and a former deputy secretary in the then department of the environment has been appointed to the committee. In the general sense you are correct, but the membership is slightly different.

**Senator FIFIELD**—Thank you for that. I think Ms Williams is being paid \$316,000 for a two-year contract as a committee member, is that correct?

**Mr Grant**—That is the value of the contract but we actually pay on a daily sitting rate.

**Senator FIFIELD**—That is the maximum possible value depending on the number of days they sit?

**Mr Grant**—That is correct.

**Senator FIFIELD**—Mr Hawke is being paid \$350,000 for being chair, so I assume his sitting day rate as chair is higher than that of another committee member?

**Mr Grant**—As the chair, yes.

**Mr Tune**—That is correct.

**Senator FIFIELD**—Ms Belcher was paid \$11,125, so that would represent the number of days that she actually sat?

**Mr Grant**—That is correct.

**Senator FIFIELD**—I assume the new committee member, Ms Tinney, would also be on a contract to the value of \$316,000 as well then?

**Mr Grant**—Yes.

**Senator FIFIELD**—So I get the phraseology right, it is called the Independent Communications Committee, is that correct?

**Mr Grant**—Yes.

**Senator FIFIELD**—That committee was already in place, was it not, at the time of the mining tax advertisements?

**Mr Tune**—Yes ,that is correct.

**Senator FIFIELD**—But I think from recollection it did not have any role in vetting those ads?

**Mr Tune**—No, there was an exemption for that campaign.

**Senator FIFIELD**—That is right. If you could just remind me, what was the actual exemption that was cited for the campaign? There was some unique and special phrase I recall. It was an emergency—

**Mr Tune**—I do not think it was emergency; extraordinary I think it was.

**Senator FIFIELD**—Extraordinary.

**Mr Tune**—Compelling reasons.

**Senator FIFIELD**—Extraordinary and compelling reasons.

**Mr Tune**—I think it is more compelling rather than extraordinary. I will take that on notice and check it for you.

**Senator FIFIELD**—Have there been any other instances where the government advertising has not been vetted by that committee that would be in the ordinary course of events, in the absence of compelling or extraordinary reasons?

**Dr Helgeby**—There have been only three exemptions granted of which we are aware: the mining tax, the Electoral Commission and—

**Ms Van Veen**—the H1N1 swine flu pandemic. We are talking about campaigns conducted by FMA Act agencies over the value of \$250,000 since the guidelines were introduced in 2008.

**Senator FIFIELD**—What was the Electoral Commission campaign?

**Dr Helgeby**—To undertake its normal operations during election campaigns.

**Senator FIFIELD**—There have been no other exemptions?

**Dr Helgeby**—No.

**Senator FIFIELD**—How often does the committee meet? Is it just on an as-needs basis?

**Mr Tune**—Yes, it varies at various times. You might have a number of campaigns coming through the pipeline. It does meet on an as-required basis. Obviously, we try to schedule things in advance if we can because the members of the committee have other things that they do.

**Senator FIFIELD**—Could you take on notice to provide the committee with a list of all the campaigns that have been through the committee since its creation?

**Mr Tune**—Yes, we can.

**Dr Helgeby**—The website covering the Independent Communications Committee lists all the campaigns that have been considered and reviewed and commenced.

**Senator FIFIELD**—Going back to the payment to the committee members, what is the daily rate for the chair and for the other members?

**Mr Grant**—We can provide that. I am sorry; I just do not have it with me at this moment.

**Senator FIFIELD**—At first blush, when you look at the contracts, it looks like a large number, being \$350,000 for the chair. But, as you explain, that is essentially a budget to provide for a daily rate.

**Mr Tune**—We will get the answer on that in about 10 minutes. We will get back to you during this hearing.

**Senator FIFIELD**—That would be great, thank you.

**Senator FIERRAVANTI-WELLS**—Is it part of the procedures of the committee to view any ads or anything like that before they give approval?

**Mr Grant**—Yes. They actually look at the campaigns as they are being developed, and before they give their final report they actually view the final ad, whether it is electronic or print.

**Senator FIERRAVANTI-WELLS**—Can you please explain to me why the advertisements in relation to the health reform were not viewed beforehand?

**Mr Grant**—I am sorry, Senator, they were.

**Senator FIERRAVANTI-WELLS**—Could you take that on notice, because we have had discussions through Health, and I asked in relation to previous evidence that was given at estimates. I will put the question on notice, but on the material that I have it is clear that some of the advertisements were not viewed. How could they have been when the committee's approval and the secretary's request of it appear to have been done on the same day?

**Ms Van Veen**—If I could just clarify: the committee reviews campaigns at three milestones. They review campaigns at the communications strategy point, at the pre-production before a campaign enters into production, and at the final point. They review the materials and the communications strategies and provide advice to the agency with respect to compliance with the guidelines.

**Senator FIERRAVANTI-WELLS**—Perhaps you would like to take on notice if the campaign in relation to the health reforms complied in every material way with the procedures that you have outlined this morning. Could you provide me with all the backup documents in relation to that, including approvals and documents which refer to approvals given by the Secretary of the Department of Health and Ageing, the timing of the committee's approval for various parts of that campaign and, most specifically, if the committee looked at all the advertising before it went to air or whether it gave approval without seeing the material.

**Mr Tune**—Can I just clarify that, Senator? The approvals that are provided by the Secretary of the Department of Health and Ageing are their business; they are not our business. Our role stops at the point when the committee looks at the campaign and provides its recommendation to the secretary.

**Senator FIERRAVANTI-WELLS**—I appreciate that, Mr Tune. I do not have the documents in front of me; I am just following up on a question from Senator Fifield, and I am doing it on recollection. That is my point to you. It is my clear recollection that the filming or the advertisements that went to air were not viewed by the committee beforehand, despite approval being given. That is fine. I am happy for it to be taken on notice, Senator Wong.

**Senator Wong**—Before Dr Helgeby answers, I think the point Mr Tune was making is that we can take on notice a question related to documents that we deal with. Issues relating to what the Department of Health and Ageing may or may not have done are obviously matters that you will have to put in those estimates hearings.

**Senator FIERRAVANTI-WELLS**—I appreciate that, but there are certain approvals which the committee gives that are conditional on material that is received from the Department of Health and Ageing and the secretary. Part of that question is: was the material that was given by the secretary of Health and Ageing in accordance with your provisions and timely framework?

**Dr Helgeby**—Yes, it was. The way the process works is that material is submitted by the relevant department to the committee, the committee reviews it, it forms a view as to whether or not the material satisfies the four key criteria of the guidelines that the committee reviews, and it makes that report available to the relevant secretary. The secretary then adds their own letter or certification, if you like, on top of that, which essentially says that they have satisfied all their requirements in finalising an advertisement.

In relation to the health reform, the ICC has posted four reports on the website around elements of that campaign: two in May 2010, which was the health reform campaign broadly; and two in June 2010, which were to do with the workforce. Those reports are available on the web. They were provided on the back of the committee's review of the material.

**Senator FIERRAVANTI-WELLS**—I know, but the question regards the dates. The dates coincide with the same day as the material was put before you. That is the question that I am really getting to. I will fish for the material and I will give it to you. My concern is that the day that the certifications were signed by the secretary of the department and the day that, apparently, the approval was given, were the same day. How can you have gone through your proper processes when it all happened on the same day? You obviously work very fast.

**Senator Wong**—Dr Helgeby is very efficient.

**Senator FIERRAVANTI-WELLS**—I am sure he is, Senator Wong. I am just concerned which one came first.

**Dr Helgeby**—Typically what happens is that the ICC sees the material, forms a view of the material, and prepares a letter. That letter can be prepared the same day. It will be transmitted the same day. The secretary can receive it the same day and sign off on their requirements on the same day. If you like, the timing of the signings is really the end stage of the process and they can be done very efficiently.

**Senator FIFIELD**—I have just one more contract question before I yield to a colleague. It regards a contract awarded to a Mr Tom Brennan, who I think is a former principal advisor to Brian Howe, to the value of \$53,000. The CN number is CN364332.

**Mr Edge**—That contract relates to an engagement for Tom Brennan, who is a Sydney barrister, to review expenditure that the department has incurred in relation to litigation with the New South Wales government on the Sydney Airport stamp duty matter. It is to review the costs of legal services provided to date, costs that the Department of Finance and Deregulation has incurred in conducting that matter; looking at the expenditure which the department has made on legal services.

**Senator FIFIELD**—What prompted the review?

**Mr Tune**—I will give you a bit of background about this case because it is quite a difficult one. It is called the SACL case, the Sydney Airport Corporation Limited case. The New South Wales government is alleging that the Commonwealth owes it some stamp duty as a result of the sale of the Sydney Airport quite a number of years ago. The Commonwealth is defending that case quite vigorously. There have been quite a number of delays in the legal process. Our view is that those delays have been caused not by us; nonetheless they frustrate the legal process and lead to further legal work by our lawyers who are representing us.

**Senator FIFIELD**—Delays have been caused by the evil New South Wales government?

**Mr Tune**—The New South Wales government, yes. That is our view. As I said, we are defending this case quite strenuously. There is a lot of money at stake here on the stamp duty that would be payable if we lost the case. Because of these ongoing delays, we are meeting most of the legal costs, internally, to the department. There has been some supplementation for the case, but at the moment we are trying to live within our means. I asked if we could have a review of what was going on about our legal costs on the case.

**Senator FIFIELD**—What have been the legal costs to date?

**Mr Tune**—I will have to take that on notice. They have occurred over a number of years and they are not finished yet. The purpose of the review was to determine if we are proceeding on a reasonable track here, and if we are getting value for money from what we are doing. That is why it was done.

**Senator FIFIELD**—The \$53,000 was for services for less than six months, but it was basically \$53,000 for that task?

**Mr Tune**—For that task, to review how things were going and whether there was any improvements or greater efficiencies we could put into the process.

**Senator FIFIELD**—What was the process for procuring Mr Brennan's services? Did it go to tender? Was there a requirement for it to? Was he on a pre-approved list of service providers?

**Mr Edge**—There was a tender process. There were responses to a tender process, and he was selected as a part of that approach to the market.

**Senator FIFIELD**—Who is ultimately the decision maker in the tender process? Is there a panel which assists?

**Mr Edge**—There was a panel, yes.

**Senator FIFIELD**—It is good the battle goes on against the evil New South Wales government, Mr Tune.

**Senator Wong**—I think this has been around since you were in government, Senator.

**Senator FIFIELD**—It rings loud bells, Senator Wong. Whenever I see the figure of \$53,000 next to one person's name it is always in the public interest to ask the question about the process and the background.

**Senator HUMPHRIES**—I wanted to ask about the review of the funding position of the Australian War Memorial. I understand this has been conducted by the Department of Finance and Deregulation.

**Mr Tune**—Yes, in conjunction with the Department of Veterans' Affairs, and in consultation with the War Memorial itself.

**Senator HUMPHRIES**—I cannot put all three of you in the one room at the one time, so I will have to ask you some questions by yourselves. Where does that review stand at this point in time?

**Mr Tune**—That review is still being undertaken. We have been asked by the government to provide that review to the government in the context of the budget. That will be the decision point in the lead-up to the budget.

**Senator HUMPHRIES**—Who is actually physically conducting the review itself?

**Mr Tune**—One of my officers.

**Senator HUMPHRIES**—Is it you, Mr de Carvalho, who is doing the review solely, or do you have other colleagues from the other agencies?

**Mr de Carvalho**—I have staff in my division working on this review, along with colleagues from the War Memorial and from the Department of Veterans' Affairs.

**Senator HUMPHRIES**—Can we expect any outcomes from this to be manifested in the budget?

**Mr Tune**—In the budget context, yes, that is right.

**Senator HUMPHRIES**—I assume, of course, there is no process for public submissions to be made to this review.

**Mr Tune**—No. It is an internal review to government.

**Senator RONALDSON**—When were you first given the brief in relation to this review?

**Mr Tune**—When the Prime Minister made a public announcement that there would be a review. There had been discussions between me and my counterpart in the veterans' affairs department, Mr Ian Campbell. Prior to that he had written to me at some time in 2010 and asked us to have a look, on a formal basis, at the financial position of the AWM, which we did. I wrote a letter to Mr Campbell on 16 September 2010, which set down some preliminary views about the financial situation of the War Memorial. That has been released, in part, under FOI in recent times. Following that, the Prime Minister announced that there would be the formal review.

**Senator RONALDSON**—Are you happy to release the correspondence between yourself and Mr Campbell?

**Mr Tune**—The correspondence, as we are prepared to release it, is redacted in some parts, but the correspondence that we have released under FOI is on our website.

**Senator RONALDSON**—And there is nothing else over and above that? That is your response to Mr Campbell. What about Mr Campbell's letter to you?

**Mr Tune**—I cannot recall exactly when it was sent to me.

**Mr de Carvalho**—I am not sure that there was any correspondence. It came through informal contacts through senior departmental officials.

**Mr Tune**—My response just says, 'Thank you for your request.' It does not refer to a letter, so it may be the case that it was informal.

**Senator RONALDSON**—When was the request made?

**Mr Tune**—I cannot tell you.

**Mr de Carvalho**—The request would have been made a few weeks before Mr Tune's letter.

**Mr Martine**—From memory, I recall it was a phone call from Mr Campbell in, I think, early June of last year.

**Senator RONALDSON**—Is it usual for formal reviews to be conducted following a phone call?

**Mr Martine**—No.

**Mr Tune**—As I said at the outset, it was an informal review. At the request of Mr Campbell, we had a quick look at the financial situation of the War Memorial and I wrote back to him. Then the Prime Minister asked for a formal review.

**Senator RONALDSON**—So you provided Mr Campbell with the details of that review on 16 September?

**Mr Tune**—Yes.

**Senator RONALDSON**—When did the Prime Minister make the announcement?



**Mr Martine**—I think, from memory, the request was around October. I am not sure of the exact date.

**Mr Tune**—Late October.

**Senator RONALDSON**—When was it formally announced?

**Mr Tune**—Late October.

**Senator RONALDSON**—Are you sure?

**Senator Wong**—I think the Prime Minister, from memory—

**Mr de Carvalho**—The minister made reference to the review in a media interview. I can find the date for that.

**Mr Tune**—28 October 2010.

**Senator RONALDSON**—Didn't the Prime Minister announce the review in mid-December?

**Mr Tune**—We will take that on notice. I do not have that date here in front of me.

**Mr de Carvalho**—I can find out for you very quickly.

**Senator RONALDSON**—If you would not mind, please. That would be good. When that review was announced by Minister Snowdon, in what context was that given? Did he say that it was in the context of the budget?

**Mr Tune**—I do not have the statement.

**Senator RONALDSON**—I will find that statement that Minister Snowdon made, and we will find from that the context.

**Mr Tune**—The Prime Minister and Minister Snowdon's comments were in the context of some sense of urgency in relation to the matter, not in the context of it being reviewed along with everything else for the May 2011 budget, along with funding for every other institution.

**Mr Tune**—It has been treated with some urgency—that is correct. We are bringing it forward in the budget context to make sure that it is considered.

**Senator RONALDSON**—You view that as being treated with some urgency? You had a report provided on 16 September last year, and this matter will not be reviewed until the budget of May 2011, and you think that is moving quickly?

**Mr Tune**—I said earlier that what we did initially was an informal review to just have a quick look at it. Then we were asked to do a formal review. Since we have been asked to do that formal review, in late October as I understand it, we have been undertaking that review in conjunction with the Australian War Memorial and the Department of Veterans' Affairs. That will lead into consideration in the budget.

**Mr de Carvalho**—Senator, the date of the minister's note in reference to this was 28 October. There was an ABC news story entitled 'War Memorial budget review amid staff cuts' on 28 October.

**Senator RONALDSON**—What were the minister's comments? Was it in the context of it being put off until the budget?

**Mr de Carvalho**—I am sorry, I do not have a transcript of it.

**Mr Tune**—We would have to check the transcript.

**Senator RONALDSON**—Mr Tune, what you are telling me is that this is just in the queue, like everything else, for some possible announcements in the budget?

**Mr Tune**—No, I am not saying that. I am saying it is being given priority. The Prime Minister has requested it, so therefore it gets priority. The appropriate place to look at these things—

**Senator RONALDSON**—How much are you recommending be given to the memorial?

**Mr Tune**—That is a government decision.

**Senator RONALDSON**—There has been no decision made in relation to that?

**Senator Wong**—Sorry?

**Senator RONALDSON**—Has there been a decision made in relation to additional funding?

**Senator Wong**—Not as yet.

**Senator RONALDSON**—Not as yet. Just so I am absolutely sure, Mr Tune, I am looking at the budget statement from the memorial and also the PBS. The actual ordinary annual services funding in 2008-09 was \$38,597,000. Is that right? That was the actual available appropriation?

**Mr Tune**—Is it revenue from the government in 2010-11?

**Mr Martine**—This is for 2008-09.

**Senator RONALDSON**—Then in 2009-10, the actual was \$31,407,000.

**Mr Tune**—Correct.

**Mr Martine**—Just on that, there was a change in 2009-10 where we introduced cultural heritage depreciation budgets, and that is actually separately identified. Yes, the revenue from government is correct—that was \$31,407,000—but one needs to then add the cultural heritage depreciation budget, which was \$7,082,000. If you add that up, if my maths is correct, it is \$38,489,000.

**Senator RONALDSON**—Does that come under the appropriation bill too, does it?

**Mr de Carvalho**—Yes, it does.

**Mr Martine**—Yes.

**Senator RONALDSON**—That brings with it quite significant limitations in relation to its usage—is that correct?

**Senator Wong**—Usage?

**Mr de Carvalho**—That \$7 million is for capital for collection.

**Senator RONALDSON**—So it is not for staff costs or other such operating costs?

**Mr de Carvalho**—It can be used for staffing so far as those staff are engaged in the collection and development of the capital asset.

**Mr Martine**—Generally you are correct in that it is not for the general, ongoing staffing costs of an organisation, but in comparing numbers one needs to add both of those together.

**Senator RONALDSON**—Then in 2010-11 there is a further forecast reduction down to \$30,858,000. Is that right?

**Mr Tune**—Yes, but in that case you need to add in the cultural heritage depreciation expense of \$9.963 million as well, to get a total.

**Senator RONALDSON**—In relation to the spending of these amounts, what requirements do you put in place for the allocation of staffing resources to offset against that cultural amount?

**Mr Tune**—I might get Mr Youngberry to take you through how we treat that particular expense.

**Mr Youngberry**—If I could just clarify your question, Senator, you have asked what limitations we place on the spending of the collection development acquisition budget?

**Senator RONALDSON**—What requirements do you put in place for the reallocation staffing costs against that? I presume you call it an equity injection, effectively?

**Mr Youngberry**—Correct, it is an equity injection. There are no limitations that we specifically apply, other than accounting standards that need to be complied with. If staff are engaged in the production of assets for the collection, then they can be legitimately charged against the equity injection that they receive.

**Senator RONALDSON**—Are there any limitations on that?

**Mr Youngberry**—No.

**Senator RONALDSON**—Under your budget process, I think it is item number six, which is that appropriated amounts cannot be transferred between administered outcomes, between departmental and administered, between operating and non-operating, between appropriation acts including special and annual, and between agencies. Is that right?

**Mr Youngberry**—Generally, yes, that is right.

**Senator RONALDSON**—So on what basis are you allowing an appropriation between operating and non-operating, given that equity injections are a non-operating appropriated amount?

**Mr Youngberry**—The equity injections are provided for the acquisition of assets. Where staff are involved in the production, or improvement of those assets for the collection, then it is an asset acquisition exercise that can be charged against an equity injection.

**Mr Tune**—For example, if it was being used to just supplement general operations, it would not be legitimate.

**Senator RONALDSON**—Just so I am clear, the only way you could use it for operating expenses—is that general operating expenses or just staff?

**Mr Youngberry**—It would be general operating expenses.

**Senator RONALDSON**—It would only be for those matters that relate to the collection, is that right?

**Mr Youngberry**—That is right.

**Senator RONALDSON**—For example, a guide would not fall within that definition?

**Mr Youngberry**—That is right.

**Mr Martine**—Just on that, the head of the War Memorial put out a recent statement that quoted the council's policy on this matter. I will read it out:

Council's policy endorsed by the Australian Audit Office is to only fund staff from capital funds when the costs are associated with enhancing the asset, extending its useful life, or replacing the asset.

**Senator RONALDSON**—Are they your definitions or his?

**Mr Youngberry**—The definition has come from accounting standards. The War Memorial applies accounting standards, the Australian National Audit Office comes in and reviews the application of the memorial's practices, and basically certifies that they have done the right thing in reference to the standards.

**Senator RONALDSON**—We have ascertained that the standards are very strict. The reallocation of staffing resources is strictly limited to those collections?

**Mr Youngberry**—That is right, yes.

**Senator HUMPHRIES**—While this urgent review is going on, of course the memorial is still grappling with a reduced budgetary outlook for this year. Whatever decisions are made in the budget of 2011-12 will not affect it until the next financial year, of course. At one point the chairman of the memorial council talked about a 20 per cent staff cut, and the Red Book talked about other serious changes to functions, including cutting core functions like printing of the peacekeeping official histories. What is the memorial actually doing now to cope with those changes?

**Mr Tune**—You would have to ask that of the War Memorial.

**Senator HUMPHRIES**—I just thought that if you people are reviewing funding the memorial, you would be able to tell us what the memorial is doing right now with respect to its funding.

**Mr Tune**—I am not aware of the detail, but we are focusing on the future—that is correct.

**Senator Wong**—Senator, as I recall the efficiency dividend that you supported, and you continued to support, was significantly higher than the one the government is imposing.

**Senator HUMPHRIES**—It was not as high as the 3¼ per cent dividend which the government imposed in 2008, of course.

**Senator Wong**—I am making the point that 1.25 per cent is our election commitment. Yours was two per cent, so when you profess sympathy for these various public entities for the purposes of your local media, perhaps you should be telling people that you actually support a policy where there is a higher efficiency dividend applied to these institutions.

**Senator HUMPHRIES**—Our record in government, Minister, was in fact to increase support for all of the national institutions, including the Australian War Memorial

**Senator Wong**—I notice it does not happen when you are interviewed about this, Senator.

**Senator FIERRAVANTI-WELLS**—Going back to my previous questioning, I have some further information which I would like to pursue in relation to the advertising campaign for the health changes mark 1. In February last year were the meetings of COAG, which ultimately led to Prime Minister Rudd appearing at the National Press Club on 3 March. I understand that ministerial approval to develop the campaign was given on 19 March and then the Department of Health and Aging engaged a research company. Groups were run, benchmark research was undertaken, a creative agency was appointed pursuant to some process—which I never quite got to the bottom of—and then I understand that DoHA appeared before the Independent Campaign Committee on 7 April. Can you confirm that? Can I just clarify that the first approach to you was about 7 April?

**Mr Grant**—The first time that the health department appeared in front of the Independent Communications Committee was 7 April. It appeared eight other times also—that was on 21 and 28 April.

**Senator FIERRAVANTI-WELLS**—Yes, I am coming to that. There was a series of updates, and then the department did some round concept testing, and stuff like that. I come to 11 May, and I understand there was correspondence from you too, Ms Halton. That correspondence made reference to five meetings—not eight—on 7, 21 and 28 April, and 6 and 11 May.

**Mr Grant**—Correct.

**Senator FIERRAVANTI-WELLS**—It referred to the need to check inconsistencies in the website call to action, and some things needed to be fixed. Most pertinently, you certified on the information received, but you did not review the advertising material. No TV commercial, radio ad, print ad, or digital ads were referred because you certified on the information received.

**Mr Grant**—I will have to take that on notice. I can say that the ICC views all advertisements before they provide their advice about compliance. Before the final compliance advice is provided, they see the final ads. There seems to be a gap in the information there that I will take on notice. Before the final compliance advice is provided, they see the final ads. There seems to be a gap in the information there that I will take it notice.

**Senator FIERRAVANTI-WELLS**—I am basing that on your letter to Ms Halton. I am not going to ply through and get it because it is in your records, but please do not make such a bald statement without at least going back and having a look at the correspondence. I have spent a lot of time trawling through the entrails of this issue. My point is this: if you have not seen the advertising material, and there was a lot of advertising material, who takes responsibility for the factual accuracy of that material? Is that then Health's responsibility if you have not seen the ads? Do you take the responsibility for the ads sight unseen?

**Mr Grant**—We will take it on notice because I will have to check. My understanding is the ICC will have seen the ads, and the material that they saw is actually listed on that letter, which is on the website.

**Senator FIERRAVANTI-WELLS**—Interesting, because the letter does not list the material that was seen. That is my point. You make a bald statement. You spent almost \$30

million, or approved almost \$30 million to be spent on a campaign, and on the material that I have, which is the letter that you sent to Health, you have not actually seen the advertisement.

**Senator Wong**—The officer has taken the question on notice. I am not sure berating him extends the matter much further.

**Senator FIERRAVANTI-WELLS**—My other point is: if you did not see the material, who then takes responsibility for it?

**Mr Tune**—The secretary of the department is responsible for authorising the campaign.

**Senator FIERRAVANTI-WELLS**—So you take responsibility, Mr Tune, for the accuracy—

**Mr Tune**—No, the secretary of the relevant department.

**Senator FIERRAVANTI-WELLS**—The secretary of the relevant department takes responsibility?

**Mr Tune**—Under the FMA Act, the secretary of that department has the responsibility for approving the expenditure associated with the communication campaign.

**Senator FIERRAVANTI-WELLS**—The point that I am making is that on that same day, 11 May, you identified gaps, you certified, and Ms Halton also certified that this was a cabinet decision which was intended to be implemented during the current parliamentary session. Given that the health reforms went through their own COAG process, it just begs the question as to the accuracy or otherwise of that certification. That is a matter for Ms Halton rather than a matter for you.

**Mr Tune**—As Mr Grant has indicated, we will go back and have a look at exactly what the ICC looked at in terms of product, and we will get back to you on notice with that.

**Senator FIERRAVANTI-WELLS**—The next point is there was \$29.5 million in the budget that day, the same day that the certification was done. On the day after, the minister approves the launch, and on 13 May the campaign starts. On 13 May we start seeing the television ads. On 16 May we start seeing the advertisements in the newspaper. In the end, yes, there is a difference between the workforce component because the workforce campaign was separate. I take, Mr Tune, the comments of your officials in relation to that campaign, because that seems to have gone a different route, whereas you did review the advertisement material. Because the letter of 10 June that you sent to Ms Halton refers to five meetings—24, 26 and 28 May, and 10 June—and you say in that, ‘The ICC reviewed the advertising material; i.e. TV, print ad and radio ads.’ That is why I made the point that I did, Mr Grant. Why did you state in the workforce element component of the campaign that you had reviewed the material, but you said that you had not reviewed it in the other campaign? That is my concern.

**Mr Tune**—We will check all that out and get back to you about what was seen by the committee in terms of product by product. Chair, I took a question from Senator Fifield earlier about the daily rates page of the Independent Communication Committee members, and I said I would get back to him as soon as I could. I would like to put on the record that Dr Allan Hawke, the chair, is paid \$3,300 per day inclusive of GST, and both Ms Helen Williams and Ms Anthea Tinney are paid \$2,750 per day inclusive of GST.

**Senator CORMANN**—During the election, the department ticked off on election costings by the government. Have there been any changes to any of those costings from the election period to MYEFO?

**Mr Tune**—I would have to take it on notice and check. It is quite possible that there would have been changes as parameters changed, for example. You get updated information about CPI, wages growth, GDP growth and so forth. If they impact on the costing of a commitment that the government has not yet ticked off on in terms of the formal budget process, or the MYEFO process, then you would have another look at it.

**Senator Wong**—Insofar as there are any changes to costings for election commitments outlined in MYEFO, those costings would be reflected in the MYEFO costings.

**Senator CORMANN**—Mr Tune, would you be able to provide us on notice with a detailed breakdown of any of the costings that changed between the election period and MYEFO?

**Mr Tune**—I think I can, but I would like to clarify what you are asking. Are you after election commitments that have since been confirmed and announced formally by the government as of today, going backwards and seeing if there was a change in the cost?

**Senator CORMANN**—I am looking for all election commitments that were costed by Finance and Treasury during the election period.

**Mr Tune**—We would not have recosted a very large number of them at this point in time.

**Senator CORMANN**—The question is about anything that has been recosted since the election.

**Mr Tune**—That is what I was trying to clarify.

**Senator CORMANN**—Obviously things that you have not recosted, I am not requiring.

**Mr Tune**—I just wanted to get clarification on what exactly you wanted.

**Senator CORMANN**—Senator Wong, a range of analysts and public finance experts have said that it would indeed be possible to utilise a contingency reserve to fund the flood recovery effort. Can you explain why the government did not go down that path?

**Mr Tune**—I did see one article earlier in the piece, just after the floods, that suggested contingency reserves could be used. That is not the case, Senator. If I can just put it this way: if the contingency reserve had been used, that would have hit the bottom line in exactly the same way as any other expense would. The contingency reserve is not set up for the purposes of funding those sorts of things; it is there as a reserve around decisions taken but not yet announced by the government, and also about trying to improve the accuracy of the estimates over time through the conservative bias allowance. It is incorrect to state that the contingency reserve is somehow a free reserve that you can just draw down for any purpose you might want to at any particular point in time.

**Senator CORMANN**—I object to your description and the way you have treated the question. I do not think anybody is suggesting that it is a free reserve that you can spend in any way you like.

**Mr Tune**—It was the implication—

**Senator CORMANN**—Let us just take a step back and walk through this step by step. Is it true that the contingency reserve contains about \$13.6 billion for future equity injections into the NBN?

**Senator Wong**—Can I just—

**Senator CORMANN**—It is a very specific question, Minister Wong. Mr Tune, is there provision in the contingency reserve of about \$13.6 billion for future equity injections into the NBN?

**Mr Tune**—Yes, there is.

**Senator CORMANN**—I thought there was. In the NBN Co. corporate plan the company indicates that government equity in the order of \$5 billion will be required over the current forward estimates. That is also correct, is it not?

**Senator Wong**—Sorry?

**Mr Tune**—\$5 billion for what?

**Senator CORMANN**—In the current forward estimates, if you look at the NBN Co. corporate plan, which I am sure you would be well aware of, it tells us that about \$5 billion will be required in government equity injections by NBN Co. over the forward estimates.

**Mr Tune**—Yes, that is correct, and that will be updated in the near future as the government makes its decisions on the corporate plan.

**Senator CORMANN**—So, over the forward estimates, there are potentially excess contingency funds of about \$7 billion?

**Mr Tune**—There is confusion here. If I can clarify: the money that is in the contingency reserve for NBN is equity injection. It does not hit the bottom line. You cannot take that money and then spend it, because then it hits the bottom line.

**Senator Wong**—Investment, as opposed to recurrent expenses.

**Senator CORMANN**—What are you proposing to do in Queensland, Minister?

**Senator Wong**—We are proposing to fund \$5.6 billion, approximately—

**Senator CORMANN**—In investment?

**Senator Wong**—to rebuild Queensland after the quite devastating natural disaster we have seen. That does not include, of course, the additional funding the government will provide in relation to Cyclone Yasi. We have put forward a very sensible, prudent, and responsible package to fund that, in order to give Queensland the certainty we believe they need to rebuild their community—

**Senator CORMANN**—I ask the question again. Why—

**CHAIR**—Senator Cormann, please let the minister complete her answer.

**Senator Wong**—If I can respond on the contingency reserve, you should take Peter Costello's advice, who I think said that CR is not a fund for a rainy day. This is a new 'rob' economics that the coalition seems to be putting forward, where you just rewrite budget rules to suit your political circumstances. You cannot simply raid the CR—



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**Senator CORMANN**—To suit the national circumstances, Minister.

**CHAIR**—Senator Cormann—

**Senator Wong**—No, it is not. You cannot simply raid the contingency reserve, which is there to provision for variations into the future on government expenditure, sensibly and prudently. You cannot simply raid it because you cannot come up with a sensible package to rebuild Queensland.

**Senator CORMANN**—There is a lot of money, obviously, put into contingency reserve beyond the current forward estimates for the splash of taxpayer dollars on the NBN. Why couldn't a proportion of these funds be redirected and appropriated for the specific purpose of flood reconstruction? Is it technically possible, Mr Tune?

**Mr Tune**—Not without it hitting the bottom line, no. As I explained, the NBN CR provision is for equity; the rest of the CR is around expenses. If you switch from equity to expenses, for example, to finance the flood relief, you are hitting the bottom line directly by the amount that you take out of the equity. It is that simple.

**Senator CORMANN**—It is possible, though?

**Senator Wong**—It would still hit the bottom line, Senator.

**Mr Tune**—You will increase the deficit; it is not free money.

**Senator CORMANN**—No, it is not free money; of course not. None of the taxpayers' dollars is free money, including the taxpayers' dollars you are throwing at the NBN. Senator Wong, how hard did you look for additional savings to eliminate the need for the flood tax?

**Senator Wong**—The government has announced its flood package. It comprises around two-thirds of the expenditure for what is likely to be the most costly economic disaster the nation has seen. We have funded two-thirds of it through cuts in expenditure, and one-third through a modest levy which we will impose at around \$1 a week for around 60 per cent of taxpayers.

This stands in stark contrast to the savings package you put forward, which contained, I think, \$700 million of double counting. You can come in here and talk to us about fiscal responsibility, but you have some work to do. There is a \$10.6 billion black hole in your election costings, and \$700 million of double counting in the savings package that not even your shadow cabinet supports.

**Senator CORMANN**—Have you got further savings up your sleeve should the flood recovery costs blow out, as the Prime Minister suggested?

**Senator Wong**—The Prime Minister has made clear that the government will fund additional expenditure over and above the \$5.6 billion, and also for Cyclone Yasi, through savings measures.

**Senator CORMANN**—If you have capacity for further savings measures, why are you imposing the levy?

**Senator Wong**—We are putting forward what is a prudent and responsible package, bearing in mind that this is one amongst a range of budget pressures the government is going to have to address in the budget context.

**Senator CORMANN**—So you have capacity for further savings—you have conceded that—but when faced with a choice between more savings and tax hikes, you go for the tax hikes? That is your instinct?

**Senator Wong**—That is not what I said. I could turn it around to you and say, when faced with the opportunity to put forward a sensible package to rebuild Queensland, you play politics.

**Senator CORMANN**—We put forward a very sensible package.

**Senator Wong**—With \$700 million double counted. The opposition's attack on fiscal responsibility has absolutely no basis, because you have no credibility on this issue.

**Senator CORMANN**—I would expect you to say that.

**Senator Wong**—You have no credibility.

**CHAIR**—Senator Cormann, the minister had not completed her question. We are eating up valuable time by having interjections. The minister has the call.

**Senator Wong**—I have finished, thank you.

**Senator FIFIELD**—Chair, she was monologuing.

**Senator CORMANN**—Minister, can you run us through the savings measures identified by the government to part-fund the flood reconstruction package?

**Mr Martine**—I am happy to talk to that. The document to which I am referring is the announcement by the Prime Minister on 27 January 2011. Attachment No. 2 of that press release outlines it in detail. There are two pages worth of savings that add to \$5.641 million. I am happy if you want to run through each of them.

**Senator CORMANN**—Maybe you can talk us through how those savings were identified. What criteria did you use to identify those savings?

**Mr Martine**—They were identified through a process internal to government that was similar to an ERC process.

**Senator CORMANN**—What was your criteria? If there was waste and mismanagement, you took it out? If it was not hitting the mark, you took it out? What were the criteria that you used?

**Mr Martine**—They are decisions of government. For various reasons, the decisions were taken. The government came to a view that they were lower priority, and—

**Senator CORMANN**—They were lower priority?

**Senator Wong**—I can take this because it is probably not reasonable to ask Mr Tune or Mr Martine that. The government made a range of savings decisions. As you would be aware, budget decisions of this type are a matter of competing priorities. It is not so much that there is expenditure that has no merit; it is more that particular programs have less merit in the face of the greater priority to be given to the rebuilding of Queensland.

In terms of the decisions made, first there was obviously a range of decisions in relation to climate programs, and the Prime Minister addressed that specifically in her speech where she

referenced the government's commitment to a carbon price. I know your view on that, Senator, but just leaving that aside for the moment—

**Senator CORMANN**—It was the Prime Minister's view before the election.

**Senator Wong**—Just try and leave that aside so that I can finish.

**Senator CORMANN**—I am sure you are trying to leave that aside.

**CHAIR**—Senator Cormann, the minister has the floor.

**Senator CORMANN**—She was provoking me.

**Senator Wong**—I was not, actually. I was trying to be polite.

**CHAIR**—Minister, just return to your response.

**Senator Wong**—The Prime Minister addressed, I think, directly in her speech to the National Press Club, the logic behind the reduction in spending in those programs, given that we know the most efficient way to achieve much of the abatement that we are seeking is through a price in carbon to cut pollution.

In relation to the deferral of infrastructure, there are really two policy reasons for that: one of them obviously was to create some savings in the relevant period to help fund the recovery; but there was a very strong view inside government that we needed to deal with the capacity constraint issue. You would know, as a Western Australian, that there are significant approaching capacity constraints, particularly in the area of construction as a result of the mining boom, and other projects. It was our view that it was sensible to make some space for the rebuild, given those capacity restraints. The deferral of infrastructure which was negotiated with Queensland, and then subsequently with a range of other states, had an added public policy benefit or objective in mind.

#### **Proceedings suspended from 10.30 am to 10.46 am**

**CHAIR**—Welcome back. Before we have our next witnesses, I believe that there is a response to questions from Senator Fierravanti-Wells. Would like to put those on the record now?

**Dr Helgeby**—Yes, we would like to do that. Senator Fierravanti-Wells quoted some letters which are on our website in relation to health reform advertising. She quoted a letter dated 11 May and another dated 10 June. In relation to the letter dated 11 May, one paragraph states:

The Committee met with your department on five occasions (7, 21 and 28 April 2010; 6 and 11 May 2010) to consider the 'Health Reform Campaign' during its development, and has considered the communications strategy, Health Reform research, final creative materials, research testing results, the proposed media plan and strategy, and a Statement of Compliance with the Principles.

The key phrase there is 'final creative materials', so final creative materials were assessed by the committee. There is, however, an attachment to that letter which may be the source of some confusion. Attachment A, headed 'Final campaign advertising materials reviewed', refers to television, radio, print and digital. In the comment column, it states, 'Not applicable.' The intention of the comment column was to convey any comments the committee had about those items, but those words might have led to the view that in fact the committee did not see those items. The committee did see those items. For subsequent reports, for example, in the

letter dated 10 June, we adopted a different approach to that comment column in the same attachment. From then on, we basically state the date on which that particular material was reviewed.

**CHAIR**—Thank you very much for coming back to us so quickly.

**Senator FIFIELD**—When I was chatting with the chair earlier, Mr Tune, you came back with an answer on the daily rate for the independent advertising review committee. Could you tell me what that was? I was distracted when I was chatting with the chair.

**Mr Tune**—I cannot remember what I said, but I will find it quickly. The rates were \$3,300 per day inclusive of GST for the chair and \$2,750 per day inclusive of GST for the two members.

**Senator FIFIELD**—Is that \$3,300 per day for the chair?

**Mr Tune**—Yes.

**Senator FIFIELD**—Is that a lot of money? It sounds like a lot of money—\$3,300 per day.

**Mr Tune**—It is a reasonable amount of money, but that is probably the market rate. Well, it is the market rate.

**Senator FIFIELD**—Is there some schedule of daily sitting fees for Commonwealth board members? Is that the reference for this?

**Mr Tune**—It depends on the position. In some cases, the Remuneration Tribunal will set a daily sitting fee for some activities. I cannot recall whether this one went through the Remuneration Tribunal. No, it did not, but we use the Remuneration Tribunal as a comparator for some determinations.

**Senator FIFIELD**—What is the Remuneration Tribunal comparator for that?

**Mr Tune**—It depends on the position. They will vary. They take account of the workload, the work that is being done, the expertise that is required to undertake that work, and they will set a rate. We look at that when we are trying to come up with a rate that we would provide to a member for doing a particular task for us.

**Senator FIFIELD**—They are sort of barristers' rates, aren't they?

**Mr Tune**—I have no idea what a barrister charges, quite frankly. I know it is a lot.

**Senator FIFIELD**—Maybe I am out of touch with the going rate for doing work, but \$3,300 per day for sitting on a committee to review government ads does sound—

**Mr Tune**—It is not every day, as you would appreciate.

**Senator FIFIELD**—No, but it is a good day when you do, clearly.

**Mr Tune**—It is a busy day, too, when you are doing it. It is not just the work you do on the day; you are obviously doing a lot of preparatory work in the lead-up to a meeting. If you were, say, looking at three or four campaigns in a day, there is a lot of material to review before you actually get to the day when you look at it.

**Senator FIFIELD**—I am sure they work up a real sweat through the course of the day. I would be interested in what the comparator is that the department sought. I appreciate that it

is not actually a Remuneration Tribunal determination but that you sought what you thought was an appropriate or an equivalent rate.

**Mr Tune**—We will take that on notice and come back to you, Senator.

**Senator FIFIELD**—Okay, thank you.

**CHAIR**—Thank you. Now we will move to program 1.2, Public Sector Superannuation and ComSuper.

[10.52]

**CHAIR**—I welcome Mr Peter Cormack and his officers. On behalf of the committee, I would like to acknowledge the fact that you were able to reschedule and appear earlier today. We do appreciate that. That was in request to a senator who had some other urgent matters. Thank you very much for committing to be here. Mr Cormack, do you have an opening statement?

**Mr Cormack**—No, I do not.

**Senator HUMPHRIES**—Thank you ComSuper staff for being here early. I wanted to ask about a case involving a woman who was working at the ComSuper offices in Belconnen who was subsequently asked to leave that particular workplace at the request, I understand, of a ComSuper staff member. The person concerned is Ms Giuseppina Garreffa. I think you have been made aware that I was going to ask these questions. Could you describe for the committee what were the circumstances that led to Ms Garreffa being asked not to work at the ComSuper offices by her employer, a cleaning contractor for ComSuper?

**Mr Cormack**—Certainly. This case goes back to 2007. We have not heard from the complainant since late 2009. On investigation, the situation is that the two families involved are related by a common grandfather. It seems there was a dispute in relation to the estate of that grandfather. You are correct in that Mrs Garreffa was working for a contractor. She never worked directly for ComSuper, and we have two staff members, two sisters, who are related. An altercation occurred in the foyer of the building, and subsequently our staff expressed some concern about their safety. Our obligations under Safe Workplace and so on were that we should look for an alternative rather than putting these people into a complex situation. For that reason, we asked the contractors if they could find alternative employment at another site for the same conditions as Mrs Garreffa enjoyed while working at ComSuper. They agreed to do that. I understand that she took up that offer.

Subsequently, ComSuper tendered the cleaning contract, and another contractor was appointed. Due to circumstances, Mrs Garreffa was back on the site at ComSuper. We were aware of the situation of the longstanding family dispute and the safety concerns expressed by two of our staff members, and we took the same approach with the new contractor, and asked if they could find an alternative site for Mrs Garreffa to work on the same conditions that she enjoyed while working there, to which they agreed.

As far as we were concerned, that was the end of it. Effectively, we thought it was a fair solution. We do not believe that Mrs Garreffa suffered in any way in terms of financial disadvantage, and we were able to avoid disputes continuing to occur.

**Senator HUMPHRIES**—As you would appreciate, Mrs Garreffa is somewhat distressed that she has been told to leave a particular workplace on the basis that she has done something wrong. She has not been informed of anything specifically that she has done which is wrong. You mentioned an altercation. What was the date of that altercation?

**Senator Wong**—Senator, as you would know, it would be reasonably unusual for these industrial issues of a particular and named employee to be ventilated in the context of estimates hearings. Obviously you are entitled to ask a question, but I would ask you to consider whether there might be a more appropriate forum for this discussion to occur. As a general rule, as the minister at the table, I have resisted dealing with individual staff matters. I appreciate that this is not in my department, but it is in the portfolio. In this sort of context, there is obviously a range of sensitivities, and my view is that it is not particularly appropriate.

**Senator HUMPHRIES**—In response, I will say that I have raised it in this context because my constituents, the family of Mrs Garreffa, have raised the issue on a number of occasions directly with ComSuper by way of correspondence, and have not, in their opinion, obtained a satisfactory response to basic questions like: why was Mrs Garreffa asked to leave these premises; and what has Mrs Garreffa done to disqualify her from working on this site. I have corresponded with ComSuper about it, and I have not had satisfactory responses to those questions.

**Senator Wong**—It would be most unusual for these sorts of industrial disputes to be tried to be resolved during an estimates hearing.

**Senator HUMPHRIES**—It is not unprecedented. I have heard people's cases being raised before.

**Senator Wong**—And you have raised it.

**Senator HUMPHRIES**—I suppose it is a matter for the chair of the committee. If I had some other means of pursuing this matter, I would certainly have done so, but I have not had any other opportunity.

**Senator Wong**—I understand that Mr Cormack would be happy to meet with you to discuss this matter. As the relevant minister, I would be quite comfortable with that occurring. I certainly think that would be a preferable approach, and perhaps even for the people concerned than perhaps dealing with this in this context.

**Senator HUMPHRIES**—I am happy to accept that offer, thank you, Mr Cormack. Obviously I reserve the right, if I am unable to resolve the matter satisfactorily, to raise it in this context again. I might say I do not accept that it is not possible to raise a matter as specific as this in the context of a committee hearing, because it has certainly happened before. But I am very grateful for the offer and I am very willing to take that up.

**CHAIR**—We did seek advice on this matter, because I had some concerns about the personal nature of the questioning, but the advice was that it was reasonable for Senator Humphries to ask ComSuper about this matter, including the cleaning contract, the costs and the overall administration, which may include staffing matters such as this.

**Senator Wong**—But that is not what he is asking.

**CHAIR**—That was our advice. I think the offer that has been made is a reasonable one, and I think that assists the committee and also the senator.

**Senator CORMANN**—The Australian Reward Investment Alliance policy for trustees does not appear to have any reference to conflicts of interest and how they should be managed. I assume you do have a board policy on conflicts of interest?

**Mr Tune**—I think that is a departmental issue rather than a ComSuper issue.

**Senator CORMANN**—Okay. I thought it was a ComSuper issue.

**Mr Greenslade**—It is not a ComSuper issue. Could you please repeat the question?

**Senator CORMANN**—I understood that ComSuper was part of the Australian Reward Investment Alliance.

**Mr Greenslade**—No, that is not quite correct.

**Senator CORMANN**—Could you educate me.

**Mr Greenslade**—The Australian Reward Investment Alliance, ARIA, is essentially the trustee body. It has the broad responsibilities of a trustee, and one of its major functions is investing members' money. ComSuper is the administrator of the scheme, so it processes pension payments and so on. Mr Cormack can probably give a much more precise description of what they actually do. So there are two separate functions, essentially—two separate bodies.

**Senator CORMANN**—Two separate bodies for dealing with the same money, though? One operationally and one—

**Mr Greenslade**—Yes, one is the scheme administrator; the other is the trustee body.

**Senator CORMANN**—When do we get an opportunity to talk to the trustee body?

**Dr Helgeby**—ARIA normally appears separately.

**Senator CORMANN**—Does ARIA appear usually?

**Mr Tune**—Not usually, no—not in my experience anyway.

**Senator CORMANN**—But it is something that we could ask for?

**Mr Tune**—Yes.

**Senator CORMANN**—Okay. I will put on notice for the next estimates that I would like to ask some questions of ARIA, in the context of—

**Senator Wong**—But ComSuper is the administrator. So, if there are questions about the functions, Mr Cormack or his staff would be in a position to respond, as opposed to trustees who obviously have a different—

**Senator CORMANN**—I have a series of questions, just to put it into context, and I will leave it at that for today. I have a series of questions in the context of the Cooper review recommendations and how they will flow through to corporate governance arrangements for ARIA. If ComSuper is at the operational end of it and ARIA is the appropriate body to answer those questions, I would like to do that at the next estimates.

**Senator Wong**—We will consider that. I would also suggest that the implementation of the Cooper review might be something that you could raise appropriately with Treasury officials.

**Mr Tune**—That is correct, but this is getting a bit murky.

**Senator CORMANN**—It seems to me that we are not actually asking questions of the right people if ComSuper is not really involved in that framework of setting levels in terms of how public servants' money is invested. Why would we be able to ask questions of ComSuper but not the body that is essentially on top of it?

**Mr Tune**—I am not taking issue with that. It is just that they are not here.

**Senator CORMANN**—How much of the spending cuts announced by the government in the context of the flood package was involved in the deferral of funding?

**Senator Wong**—While Mr Martine is looking at the savings measures, I will say that, other than the one infrastructure project in South Australia, the infrastructure component did comprise deferrals for the reasons I outlined prior to the break.

**Senator CORMANN**—I am not against deferrals.

**Senator Wong**—No. There are the savings, which may be a mix of some deferrals and some reductions in expenditure, but I am also just being clear that, apart from the project in South Australia that did not proceed, the remainder of the infrastructure package is deferral.

**Senator CORMANN**—Can I have some dollar figures around that.

**Mr Tune**—We are just trying to add it up at the moment.

**Mr Martine**—I am just going through the attachment to the Prime Minister's statement to which I earlier referred. I do not have the aggregate number, but certainly, from looking through this—and I have been through the first page—where it does relate to a rephrasing, it is clearly identified in the commentary under the title of the proposal.

**Senator CORMANN**—A lot of the programs that were targeted for cuts were actually programs for which you were formally responsible as minister for climate change, Senator Wong. Were they targeted because you were aware that there was a great opportunity to achieve efficiencies in programs that were not particularly efficient?

**Senator Wong**—I think I am well and truly on the record about my views as to a carbon price being the most efficient way to reduce Australia's emissions. I do not think that would be a surprise to you.

**Senator CORMANN**—So you had inside knowledge from your previous responsibilities that the programs that were administered by your previous department were not that efficient?

**Senator Wong**—As much as I would like to say all of them were, some of them are; a number of them are not. Even though they were ostensibly climate programs, a number of them were obviously in different portfolios. CCS and the Solar Flagships are in Minister Ferguson's portfolio; the car schemes are obviously in Minister Carr's portfolio. The Solar Homes and Communities Plan and the renewable energy schemes were previously with Minister Garrett and were then transferred to my department when I was formerly the minister for climate change.



**Senator CORMANN**—A lot of the programs that you were defending as highly important and necessary when you were the minister for climate change have now been cut by you as finance minister—because you had inside knowledge of problems and inefficiencies that could be addressed?

**Senator Wong**—I think a better way of considering it is the way I described it before. Budgets—and this was a set of budget like decisions—are about priorities. In the short time I have been in this job, it is rare that the decision is between a completely worthless program and a very good program. Generally it is programs which have worth, but you have to prioritise them. The government's judgment in the context of the Queensland floods was that that was a higher priority than these programs. As I said, the Prime Minister also articulated in her speech to the Press Club the primacy of a carbon price as the most efficient way to reduce Australia's pollution.

**Senator CORMANN**—As part of this discussion on the flood package, we talked about whether or not money in the contingency reserve beyond the forward estimates currently earmarked for NBN Co. could be redirected and appropriated for the specific purpose of post-flood reconstruction. I would like to explore that a bit more. In a press release on 28 January, you said:

Investment in the National Broadband Network does not affect our net debt or affect the level of deficit or surplus, because it is an asset that will generate income over time.

We have had discussions about that at previous estimates, as to if and when that would need to be reconsidered. You went on to say:

Therefore it does not have an impact on our ability to assist in Queensland.

Can you just explain what you mean when you say the NBN does not affect net debt. Doesn't the state that you have the budget in mean that any NBN equity is, in essence, borrowed money because you are already carrying a substantial debt and deficit?

**Senator Wong**—This is the equity versus expenses distinction that Mr Tune was explaining to you prior to the break. Mr Martine might be able to assist you further.

**Senator CORMANN**—I would like it if Mr Martine could assist me.

**Senator Wong**—He is very helpful.

**Mr Martine**—As Mr Tune was talking about earlier, the issue is really the difference between an equity investment and a government spend. The general principle that one should keep in the back of their mind is that if the government of the day spends money, you will hit the budget bottom line as opposed to what we call a balance sheet transaction which is an equity investment. In those situations, you are exchanging one asset for another. You might be exchanging cash for shares in a company, for example. That is an important distinction about this whole debate.

**Senator CORMANN**—Sure, I understand that distinction. However, we have explored this with the Economics Section of the Parliamentary Library, and I put to you what they have put to us in a note: 'Irrespective as to whether such equity injections are sourced from existing cash assets (for example, allocations in the BAF), or debt issuance (for example, the sale of CGSs), the effect on the Government balance sheet is the same. Net worth and net financial

worth are unaffected and net debt is increased in both instances.' Is the Parliamentary Library correct in their advice to us, or do you have a different view?

**Mr Martine**—In the absence of having the advice that you received from the Parliamentary Library—

**Senator CORMANN**—I have just read it out to you. It really goes to the question of whether or not it is impacting on your levels of net debt. In the context of the significant borrowings the government already has, it is the only way you can finance any equity injections, surely.

**Mr Martine**—Certainly net debt does not include equity investments. If a government invests in a financial asset through an equity investment, that does not impact on net debt.

**Senator Wong**—If you want to redact parts of that advice and provide us with the bits that you want us to see, we could perhaps provide you with an explanation of any difference.

**Senator CORMANN**—I will get a copy of that to you at the right time. I cannot get it out of my piece of paper here. In the budget, it was estimated that NBN equity injections over the forward estimates would amount to \$16.7 billion, and we have already had this discussion. I might leave the contingency reserve until I can get a copy of that note to you.

The flood tax was announced by the Prime Minister through a media release on 27 January, and we have talked about that. Where did the idea for a flood tax originate? Was it from the Prime Minister's office or Treasury or Finance? Who came up with the idea?

**Senator Wong**—These are decisions the government makes. There are cabinet and cabinet committee processes associated with these decisions. I suppose much in the same way as the six levies initiated under the Howard government might have been made.

**Senator CORMANN**—It is fair to assume that Treasury had lead responsibility in designing the flood tax?

**Mr Martine**—Yes.

**Senator CORMANN**—When was the finance department first informed about the option of implementing a flood tax to pay for the flood damage?

**Mr Tune**—I do not intend to go through the finer workings of what was happening inside the government and its decision-making processes.

**Senator CORMANN**—But in previous times, all other issues—

**Mr Tune**—All of these things happened simultaneously. They happened over a reasonably short period of time because the government had identified the need to respond quickly, and there was a lot of intensive work done over a short period of time to pull together the package. That comprised work done by Finance on some aspects of the package; it comprised work done by Treasury on other aspects of the package.

**Senator CORMANN**—Can you give the date when you first became aware? I have to say, in previous estimates—

**Senator Wong**—No, he has just said he is not going to do that, Senator.

**Senator CORMANN**—That is a new level of secrecy.

**Senator Wong**—No it is not. It is not secrecy.

**Senator CORMANN**—When we had discussions in the past on things to do with means testing the private health rebate and other matters—

**Senator Wong**—It is not secrecy. I am pleased you brought up the—

**Senator CORMANN**—These are answers that were always provided as to when departments first became aware. I think we had a discussion about it—

**Mr Tune**—I do not have the date in my mind, but I can find out for you.

**Senator CORMANN**—If you could find out the date, I would be very grateful.

**Mr Tune**—I will have to go back through my diary, but obviously it was pretty soon after the floods occurred and we all became aware of the significance of the event. Obviously the government wanted to make some quick decisions, or as quickly as they could, doing it in a sensible way. So, from that point onwards, we were thinking about what response there would be to the floods in South-East Queensland and also the events in Victoria and other states, and more latterly, Cyclone Yasi.

**Senator CORMANN**—I am just trying to get the timings clear in my mind. While the Prime Minister was calling for Australians to dig deep and donate, was your department and Treasury and other departments in government working on the flood tax proposal at that same time?

**Mr Tune**—I will go back and check the date as to when the department of finance became involved. You would have to ask Treasury about their involvement.

**Senator Wong**—But in response to that, and if you want to play those sorts of games with this, let us get the facts on the table.

**Senator CORMANN**—Let us get the facts on the table; that is a good idea.

**Senator Wong**—I am responding to your proposition, Senator Cormann, and I listened to you. First, the money that was donated by Australians for the people of Queensland is used for different purposes than the funding of the floods package that the Commonwealth has presented. The former is to help people get on their feet. It is individual assistance, family assistance, that type of aid. The flood package, being some 30 times more than Australians have donated, is about rebuilding the infrastructure and other assets which have been damaged or destroyed as a result of the floods. So, to draw a connection between the two is most disingenuous.

**Senator CORMANN**—It is not disingenuous at all, with respect. I think it is a fair question as to what was the timing of the Prime Minister's support for the flood tax, whether that was at the same time as calling on Australians to make donations and dig deep to help the recovery effort in Queensland.

**Senator Wong**—The Prime Minister is ensuring that the people and the state of Queensland have the funds needed to rebuild. That is the responsible thing to do.

**Senator CORMANN**—Were proper cabinet processes followed in the context of the flood tax proposal? That is, were normal lodgement deadlines followed, or was it a more accelerated process?

**Mr Tune**—No, it was accelerated, obviously, because of the speed but processes were followed, yes.

**Senator CORMANN**—Was it a joint submission, or was it a submission by one—

**Mr Tune**—I am not going into the content or who wrote cabinet submissions.

**Senator CORMANN**—No, I am not asking for the content. I do not think it is unreasonable to ask whether it was a joint submission by the Treasurer and finance minister.

**Mr Tune**—It is an issue around cabinet consideration and documents that were put before cabinet, and I do not think I can answer the question.

**Senator Wong**—Mr Tune has already confirmed that both Treasury and Finance worked on this package which is, if I might say, pretty unsurprising.

**Senator CORMANN**—Who made the decisions about what savings would be used to pay for the flood damage?

**Mr Tune**—Ministers.

**Senator CORMANN**—That was a cabinet decision?

**Mr Tune**—Yes.

**Senator CORMANN**—Did the department identify proposed savings? Were all of the savings that you put forward accepted?

**Mr Tune**—It is the same answer as before. I cannot go into those sorts of issues about confidential advice that the Department of Finance and Deregulation provides to the minister and to other cabinet ministers.

**Senator Wong**—I think if you asked colleagues who were in government, you would know that departments often prepare many options.

**Senator CORMANN**—The government has of course now reversed a whole series of proposed cuts. We have had the \$50 million to reinstate higher education funding to get Andrew Wilkie on board; we have \$100 million in proposed cuts to your Solar Flagships program which was reversed to get Green support; \$264 million in the National Rental Affordability Scheme; and \$500 million for floods rebuilding in the state of Victoria to be brought forward to get Senator Fielding on board. Have you identified alternative savings to make up for those spending increases compared to the original round of cuts?

**Senator Wong**—My recollection is that the total amount of alteration to the package is some three per cent of the total or less than three per cent of the total.

**Senator CORMANN**—How much is that in dollars?

**Senator Wong**—There was a proportion of the Australian Learning and Teaching Performance fund, say, which was altered by some \$50 million. There was reinstatement of \$60 million to the Solar Flagships program and a shift in the phasing of that. The government had reaffirmed and clarified with the Greens what occurred with the National Rental Affordability Scheme beyond the forwards but that is not an alteration of the government's previous intention. So I think the total is, as per my public statements, \$150 million. What we have also said is we will account for these changes in the upcoming budget.

**Senator CORMANN**—So you will account in the upcoming budget? So you have not made these alternative savings yet, Minister—is that right?

**Senator Wong**—Sorry, Senator. Could you give us 30 seconds?

**Senator CORMANN**—So you have not found those alternatives savings yet?

**Senator Wong**—We will be dealing with that in the budget context.

**Senator CORMANN**—It seems a bit hypocritical because the Prime Minister has been saying to the coalition that we have got to identify alternative savings, but you just spend another \$150 million plus and you are not showing us where the alternative savings are.

**Senator Wong**—Do you want to do this? Let's go through this. You had a \$700 million double count in your floods package.

**Senator CORMANN**—That is your assertion.

**Senator Wong**—No, it is a \$700 million double count.

**Senator CORMANN**—That is your assertion.

**Senator Wong**—Well, I am right. Second, you had a \$10.6 billion grant—

**Senator CORMANN**—I am not asking you about our policy; I am asking you about your budget.

**Senator Wong**—Can I finish, Senator? You raised this.

**CHAIR**—Minister and Senator, I appreciate the enthusiasm but, Senator Cormann, you put a question to the minister—

**Senator CORMANN**—I did not ask the minister about what the coalition is doing.

**CHAIR**—You put a question to the minister, Senator Cormann, and I cannot direct her how to answer, as you well know. The minister has the call and is trying to respond.

**Senator CORMANN**—She is not responding.

**Senator Wong**—No, Senator, you called me hypocritical, so I am responding to that because I think really you should look in the mirror, or Mr Robb should. You had a \$10.6 billion black hole in your election policy. You announced a floods package which not only does not have the support of your front bench but has \$700 million of double counting. You, in the Senate, support a bill which would impose an additional \$317 million impost on the budget. It is unconstitutional, so now it will not pass the House, but that was your policy.

**Senator CORMANN**—You will be supporting it.

**Senator Wong**—Can I finish? That was your policy, without offset, and Senator Ronaldson is also putting forward further legislation with a significant impact on the fiscal balance. If you want to talk hypocrisy, hypocrisy is you coming in here and having a go at our \$150 million worth of savings which we will find in the budget process, when you are that many billion dollars in a black hole.

**Senator CORMANN**—Minister, how was the cost of the flood damage identified at \$5.6 billion?

**Mr Tune**—That was work that we undertook. In the case of Queensland, it was very much based on very preliminary initial estimates that were coming out of the Queensland Treasury. We were discussing that with them and then we made some allowance for what was happening in the other states, with less information than in the case of Queensland at that time. I must stress, though, that it is preliminary information. We are still working through this with the states but at the moment that is our estimate. On top of that, of course, there is the Yasi stuff which is not included in the \$5.6 billion.

**Senator CORMANN**—Was the \$5.6 billion a conservative estimate where you made generous allowance on the basis that it was very preliminary information? Sorry, let me rephrase. I guess I am trying to get a sense for the level of downside risk that is still attached to this. Are we talking a couple more billions potentially once more information comes in?

**Mr Tune**—I do not think we will be talking about something like that, no.

**Senator CORMANN**—You have not made an assessment of the level of downside risk?

**Mr Tune**—In coming to the number, we took account of both downside and upside risk. You come to a balance and you make a judgment about these things at the end of the day. So we try and balance the two things off. Because you have to come to a point estimate, you have got to take them into account.

**Senator CORMANN**—I am not meaning to be cute here.

**Senator Wong**—Senator, if I could just also remind you, and I am sure you have not forgotten this, obviously the \$5.6 billion did not include any of the costs of Cyclone Yasi nor the additional package in relation to cyclone victims which the government has announced.

**Senator CORMANN**—Indeed. Chances are the figure will blow out further. I think that is a reasonable prospect.

**Mr Tune**—I am not convinced of that.

**Senator CORMANN**—I am not even being critical. It is just we cannot control it. There is stuff that is not included yet; it is a preliminary estimate. You have done the best you can but chances are that the figure is going to blow out further.

**Mr Tune**—There is a chance—I would accept that—but we were taking account of experience with other disasters. It is probably fair to say this disaster was not comparable to others but you get a feel for the sort of severity of the disaster and what has happened through history.

**Senator CORMANN**—Just the fact that Yasi is not included means—

**Mr Tune**—All this took effect before Yasi occurred, of course.

**Senator CORMANN**—Yes, I understand.

**Mr Tune**—We will have to add it. Yasi is a quite separate event.

**Senator CORMANN**—Sure, Yasi is separate and yet is part of the overall exposure in terms of expenditure.

**Mr Tune**—The announcements the government has made in relation to Yasi are in the order of about \$400 million.

**Senator CORMANN**—So we are now talking \$6 billion roughly?

**Mr Tune**—Yes, in that order.

**Senator CORMANN**—More savings will be needed or will this be funded through another increase in the income tax?

**Senator Wong**—I have already answered that question, Senator. I have already made that clear, as has the Prime Minister. The Prime Minister has said that any additional funding for both the cyclone and the floods will be found from savings through the budget process.

**Senator CORMANN**—In terms of the government's assistance under the Natural Disaster Relief and Recovery Arrangements, NDRRA, will that be distributed across Australia on equal terms? For example, we have had bushfires in Western Australia in the area around Kelmscott. Will they be equally eligible for federal government assistance compared to what might be allocated?

**Mr Tune**—Under the normal ongoing operation of those arrangements, if a natural disaster is declared and the triggers for bringing into play the NDRRA occur, regardless of whether it is a bushfire, a flood or cyclone or whatever, then Commonwealth assistance is provided under the arrangements that we have with the states and through them with local government. There is a whole lot of stuff that is going on around natural disasters that is just ongoing business. We put estimates into the budget around what we think that normal level of activity would be. It is quite difficult to estimate that because claims can come in two to three years after the event has occurred. In fact, that is happening at the moment. We are dealing with a couple of disasters from a couple of years ago still and they will gradually trail off. As a general rule, yes, as long as the provisions are triggered by the size of the damages that occur then the Commonwealth NDRR arrangements cut in.

**Senator CORMANN**—Would people like those in Kelmscott who were subject to bushfires be exempt from the flood tax?

**Mr Tune**—No, not necessarily. That is the government's—

**Senator CORMANN**—Why is that?

**Mr Tune**—The government's decision at the moment is that those who were subject to the floods are exempt from the levy. It would require another decision to alter that.

**Senator CORMANN**—Only if the natural disaster you were subject to was a flood will you be exempt from the flood tax? If it is any other natural disaster, you are not exempt at the moment?

**Mr Tune**—That is the situation as it stands at the moment.

**Senator CORMANN**—Thank you. What will be the cost of the Australian government reconstruction inspectorate?

**Mr Tune**—We are still working on that. I am a member of that inspectorate. It is not going to be a big outfit. It will be a rather small outfit in fact.

**Senator CORMANN**—How many staff will it have?

**Mr Tune**—We have not determined that yet but it is not going to be very big.

**Senator CORMANN**—When you say it will not be very big, is it one, two, five?

**Mr Tune**—Less than 10.

**Senator CORMANN**—Less than 10?

**Mr Tune**—Yes.

**Senator CORMANN**—Of course, it will be headed by former Liberal finance minister, John Fahey. Why can he do a job that your department cannot do?

**Mr Tune**—I think the government has come to a view that it would like some independent advice on value for money for the Queensland reconstruction efforts. Whilst I guess the department of finance has a role in that, they were seeking some independent experts' advice as well. As well as Mr Fahey, there is a former managing director of Thiess, a construction company up in Queensland, an eminent person who has been involved in construction activities over many, many years of his career, and also a person from Deloitte up in Queensland who can provide the balance in the team to have a look at these things.

Finance, as a department, will be assisting the inspectorate in the best way it can, but the inspectorate may also want some independent advice by commissioning some work from say, engineers, quantity surveyors and so forth. We have only had one meeting of the inspectorate, which was less than a week ago and we are still finding our feet, quite frankly, and working through the terms of reference that the government has given us and working out our modus operandi on the basis of that.

**Senator CORMANN**—How many staff are in your department?

**Mr Tune**—There are 1,600-odd.

**Senator CORMANN**—So why can an inspectorate of less than 10 do a better job of managing spending than a department of 1,600?

**Mr Tune**—We are not managing spending, sorry.

**Senator CORMANN**—You are making sure that spending—

**Mr Tune**—What the inspectorate is being asked to do is to provide assurance to the government that the spending that occurs on flood reconstruction, and probably the cyclone reconstruction work up in north Queensland, represents value for money in that spending.

**Senator CORMANN**—Does that mean that so far the government has not been getting value for money for its spending?

**Mr Tune**—It has not spent anything yet.

**Senator CORMANN**—The government has been spending on a whole heap of things, like pink batts, school halls. Is this inspectorate recognition that the government has not been getting value for money from its past spending?

**Mr Tune**—The way the NDRRA works is that projects are occurring all over the place—local government is heavily involved, there is a lot of small-scale stuff and a lot of large-scale stuff. It is generally worked on the basis of reimbursement after the work is actually undertaken. In this case, it is quite separate from a normal sort of situation where you do not



see what is going on or it may be the case that you do not see what is going on until the bill actually arrives. That is the way it normally operates under the NDRRA.

**Senator CORMANN**—So you are going to set up another bureaucracy to try and stop waste?

**Mr Tune**—It is just a small inspectorate, Senator, I would not call it a bureaucracy.

**Senator CORMANN**—We used to have the Office of the Coordinator-General to manage and make sure there was value for money out of the stimulus spending; that hardly avoided waste. That was a small little bureaucracy too.

**Senator Wong**—Can I just make a few points here? Firstly, in terms of stimulus, that kept Australia out of recession and people in jobs.

**Senator CORMANN**—It wasted a lot of money in the process.

**Senator Wong**—Have a look overseas at some other nations. If you are accusing us of putting jobs first, yes we did, absolutely; and, as the Prime Minister said, she would make the same call again.

**Senator CORMANN**—You put waste and mismanagement first.

**Senator Wong**—Can I finish, Senator? I do listen to you rabbiting on without constantly haranguing you. If you could do the same, I would appreciate it. The Prime Minister has made clear that yes, we put jobs first and we are unapologetic about that. Second, on this issue it seems somewhat odd that you are so opposed to us putting further oversight into a process to ensure better value—

**Senator CORMANN**—It is not a matter of being opposed, it is amused.

**CHAIR**—Senator Cormann, the minister has the floor.

**Senator Wong**—I do not think the floods are amusing. I do not think it is amusing.

**Senator CORMANN**—We are not talking about the floods.

**Senator Wong**—You called it amusing, I do not think it is amusing.

**CHAIR**—Senator Cormann, the minister had the response. She had the call from the chair. We are wasting a lot of time by this continual overtalking of one another. Minister, have you concluded your response?

**Senator Wong**—No, I have not. I do not think any of this is amusing, Senator. We are dealing with a very large reconstruction job, a very substantial amount of money and a lot of projects. Yes, we want to do what we can to make sure we get the best value for money, for the Queensland people and community and for the taxpayer. We have put in place an inspectorate to try and ensure that that occurs.

You can make all your political points about this but fundamentally the public policy objective is to try and make sure, at a time when there is a lot going on and there are many projects which will have to be undertaken, that this money is spent well and that we make it go as far as it can.

**Senator CORMANN**—If the Prime Minister was confident that you, as minister for finance, could ensure value for money from spending on the reconstruction and that there has

not been wasteful spending by this government in the past, why would they need to appoint a Liberal finance minister to oversee a 10-person inspectorate, an additional layer of bureaucracy? Is it to make sure that he does the job that clearly you are not able to do?

**Senator Wong**—You have made a range of assertions that I do not agree with. What do you want me to say? It is just a bundle of disconnected assertions.

**Senator CORMANN**—It is pretty connected.

**Senator Wong**—Yes, I am the finance minister, I have a job to do. This is an inspectorate, which I think is in Minister Crean's department, recognising—

**Senator CORMANN**—So, it is not even in your department?

**Senator Wong**—No, it is not.

**Mr Tune**—The secretariat comes out of the department of regional affairs.

**Senator Wong**—The NDRRA first are—

**Senator CORMANN**—The Prime Minister does not even have confidence for the inspectorate to report to you?

**Senator Wong**—Can I finish, Senator Cormann, or should I just sit here quietly letting you talk at me?

**Senator FORSHAW**—Point of order, Chair, and it is on the same point. I think Senator Cormann needs to appreciate that there are other senators here at the table who are interested in the minister's answers to the questions. He is not the only one who wants to hear the minister's answer and it appears he does not want to anyway.

**Senator CORMANN**—Yes, I do.

**Senator FORSHAW**—I am getting a bit irritated that you keep interrupting the minister's answers.

**CHAIR**—On the point of order, I remind all committee members, and I have on a number of occasions, Senator Cormann, asked you to allow the witness to respond. It is unhelpful both for me as chair but also for Hansard to record these proceedings if there is continual talking over one another. Minister, have you concluded your response?

**Senator Wong**—Thank you. I was just trying to explain to Senator Cormann the arrangements. Generally the national disaster arrangements are in fact run out of the Attorney-General's portfolio. Given the scale of the Queensland reconstruction task, the Prime Minister appointed Senator Ludwig as the minister assisting on this matter. Given the importance of ensuring a whole range of regional issues are managed, the secretariat for the taskforce, or the inspectorate as I understand, is being provided through Minister Crean's department. The intent is as the Prime Minister announced, which is to try and ensure that on the ground we do as much as we can to make sure that this money goes as far as possible.

**Senator CORMANN**—We now have an inspectorate where your department provides the secretariat, we do not know—

**Senator Wong**—No, I just told you that is not the case, Senator. You are not listening. He is on the taskforce.

**Mr Tune**—I am a member of the inspectorate itself in my role as secretary of the department but it is the department of regional affairs that provide the secretariat to the inspectorate.

**Senator CORMANN**—I thought you said earlier that the 10 people were going to be based out of your department?

**Mr Tune**—No, I said there could be up to 10. I said it has not been decided. If I left the impression they were going to be in Finance, I am sorry. It might be a secretariat of up to 10. It might be five, we have not yet determined but it will sit with the department of regional affairs.

**Senator CORMANN**—You are one of the people on the inspectorate but your department is not providing the secretariat?

**Mr Tune**—Correct. I may draw on the expertise within the Department of Finance and Deregulation, particularly my property and construction people, to provide me with some advice which I could then feed into the inspectorate itself.

**Senator CORMANN**—At this stage we do not know how much it is going to cost and we do not know how many people are going to be on the inspectorate?

**Mr Tune**—That is correct, yes; but, as I said, it will not be large.

**Senator FIERRAVANTI-WELLS**—Mr Tune, in relation to the announcement that the Prime Minister made on 11 February and then subsequently the announcements made after the COAG meeting on 13 February, when did Finance first get involved? Against the background of previous discussions that we have had in this committee about work that you did in relation to the changes mark 1, if I can put them that way, when did you first become involved in relation to mark 2?

**Mr Tune**—A couple of weeks before the Prime Minister's announcement at COAG.

**Senator FIERRAVANTI-WELLS**—You were approached by whom—by which department?

**Mr Tune**—I was not approached by anybody.

**Senator Wong**—The secretary of finance does not have to be approached.

**Senator FIERRAVANTI-WELLS**—No, I am just asking the question. Was it the Prime Minister's department, the health department?

**Mr Tune**—There were discussions going on between the Prime Minister's department in particular, because they were thinking about the lead-up of the COAG meeting, and the Treasury and ourselves.

**Senator FIERRAVANTI-WELLS**—So whatever work Finance did you did within the two weeks preceding effectively that COAG meeting?

**Mr Tune**—Yes, I cannot be precise about whether it was two weeks but it was in that order.

**Senator FIERRAVANTI-WELLS**—Could you explain to me the extent of your involvement and the work that you did, without going into the details, which I appreciate.

**Mr Tune**—There were a couple of aspects. One of them was the new pooling arrangement and the body that was going to be involved in administering that, and there were some technical questions about what the governance of that might be. That is a particular area where we have some expertise in our financial management group. We were asked if we could think through the issues around that and what sort of governance would be most appropriate, particularly when you have got a Commonwealth-state body where funds are coming in from two sources. So we looked at that issue and looked at some options around that.

Obviously there is the general policy advice that we provide to government when it is taking decisions about these things, and also our role in costing proposals. A lot of the costing here was done by the Treasury because it is around Commonwealth-state relations and it was an amendment to the national health agreement and that is a Treasury responsibility in conjunction with Health. We were, in effect, agreeing costings and undertaking some of the costings as well. So it was a joint effort feeding into that.

**Senator FIERRAVANTI-WELLS**—Could I just take a number of those, and I might start with the new entity. We have had discussions at this committee in relation to the national funding authority. I will not traverse that evidence suffice to say that its framework in health changes mark 1 was billed as the centrepiece of accountability and transparency. It was then unceremoniously dumped. At the last occasion I think you gave evidence to the effect that, shortly after 26 May, you were advised by the Department of the Prime Minister and Cabinet that that was to be dumped. Have you done an analysis, Mr Tune, in relation to the structure of the national funding authority, which Minister Roxon said was inappropriate and no longer necessary as part of the mark 1 changes, and the new funding structure, which is now so crucial to transparency, in the mark 2 changes?

**Mr Tune**—That is the governance work to which I earlier referred—the options around governance. Yes, we looked at that.

**Senator FIERRAVANTI-WELLS**—Can you give me your opinion in relation to the differences or the similarities between the two bodies?

**Senator Wong**—I am not sure he can give an opinion.

**Senator FIERRAVANTI-WELLS**—What is the difference between the two entities? Have you considered what are the differences or similarities?

**Mr De Carvalho**—We have not gone back to look at the original body. We are focused on providing advice to government on the current proposal, and there is quite a bit of work to be done between now and the end of the financial year to finalise the details of the funding body. We have not gone back and done a comparison, if you like, a line by line comparison, of what was proposed beforehand with what was proposed this time around.

**Senator FIERRAVANTI-WELLS**—I would appreciate it, if you could, because under the mark 1 changes it was billed as very much being the centrepiece for accountability. If we have a look at the Red Book, not your incoming brief but the COAG Red Book, outlined on page 49 is the need for the first funding authority and how it was necessary in relation to ensuring that the states spent their money properly. I do not have that precise wording in front of me but I think you can see that. I am very much concerned because something that was billed as being your centrepiece was then dumped and then suddenly you have got another funding

authority. My concerns are twofold: firstly, why was the first one dumped in the first place; and, secondly, what are the parameters of this second one, and is it too going to suffer the same fate as the first one?

**Mr Tune**—I think you are asking a set of questions that we cannot really answer. They are questions that are better addressed to the department of health.

**Senator FIERRAVANTI-WELLS**—That is fine, I will do that tomorrow. Mr Tune, you have talked about governance. What are the governance parameters of the national funding authority? How are they different to the governance arrangements with the new authority that is proposed?

**Mr Tune**—If you focus the question then we can come back to you on the governance per se, as that does fall within our responsibility. I would be happy to explain the differences between the two if we can take that on notice.

**Senator FIERRAVANTI-WELLS**—I am interested in what differences there are in terms of the structures. I assume that this will also be set up as an independent authority?

**Mr Tune**—Yes.

**Senator FIERRAVANTI-WELLS**—Just like the previous one was going to be under the financial management provisions?

**Mr Tune**—The new agreement actually says, ‘The parties agree that the independent, jointly governed national funding body will be a statutory body recognised by legislation in all jurisdictions.’

**Senator FIERRAVANTI-WELLS**—The same as the previous one?

**Mr Tune**—That is paragraph 21.

**Senator FIERRAVANTI-WELLS**—Did you have any involvement in contributing to the heads of agreement in terms of drafting?

**Mr Tune**—No, I do not think—

**Mr De Carvalho**—Our advice was sought at various stages in the drafting.

**Senator FIERRAVANTI-WELLS**—But you provided just the advice and some other department did that?

**Mr De Carvalho**—Yes.

**Senator FIERRAVANTI-WELLS**—In terms of your general finance advice, did that involve any assumptions coming to you in relation to the \$16.4 billion?

**Mr De Carvalho**—Most of that work was actually done by the Treasury. It was around the national agreement.

**Senator FIERRAVANTI-WELLS**—When you said, ‘We provided general finance advice,’ what was the nature of that general finance advice?

**Mr Tune**—We provided advice, as we always do, on policy proposals that are before the government. We would provide confidential advice on that basis as it went through the cabinet process.

**Senator FIERRAVANTI-WELLS**—Did you look at potentially where this money was coming from?

**Mr Tune**—We would take account of a whole range of factors when we provide advice to the minister.

**Senator FIERRAVANTI-WELLS**—I would have thought \$16.4 billion somewhere in that never, never in the future would be something that would occupy your mind?

**Mr Tune**—I suspect I would be a pretty lousy finance officer if I did not think about \$16.4 billion.

**Senator FIERRAVANTI-WELLS**—My interest is where is the \$16.4 billion coming from? Can you assist me with that?

**Mr Tune**—It is being financed through the budget.

**Senator FIERRAVANTI-WELLS**—Yes, but we are talking about 2014-15 and 2019-20.

**Mr Tune**—Correct.

**Senator FIERRAVANTI-WELLS**—Do we have any idea where that is going to come from? We do not have any forward estimates for that period.

**Mr Tune**—That is correct. As we move through the years that will start entering the forward estimates and we will take account of that.

**Senator FIERRAVANTI-WELLS**—So you have taken \$16.4 billion; you do not know where the money is coming from.

**Senator Wong**—Senator, really you—

**Senator FIERRAVANTI-WELLS**—Really, it is \$16.4 billion you have promised.

**Senator Wong**—Correct—it is.

**Senator FIERRAVANTI-WELLS**—You have promised this money. You are billions of dollars in debt. I am interested to know where you are going to find the money.

**CHAIR**—I will just remind senators yet again of the process of putting a question to the witnesses and then allowing them to respond.

**Senator Wong**—It is additional funding I think consistent with the approach that was taken in what you describe as mark 1, to deal with what I am sure you are very aware of, which is a significant structural funding problem in health that faces this nation, which is that state governments will run out of sufficient revenue to meet their share of the costs of health. I think you have worked enough in this area to know that that problem is not going to go away.

In terms of savings, I think it is a fairly long bow to draw to have a go at us for not providing you with savings options for a budget measure which commences in 2014-15 out to the end of the decade. Obviously, whoever is in government at that time—hopefully it is us—will have to provision for that money through that period in the normal budget processes, just as Mr Howard had to provision beyond the forwards for his \$10 billion water plan when that was announced.

**Senator FIERRAVANTI-WELLS**—How did you come to that \$16.4 billion? Did Finance have any involvement? Did Treasury?

**Mr Tune**—No. As I mentioned, it was Treasury money involved because that was the national agreement.

**Senator FIERRAVANTI-WELLS**—You may recall that at previous estimates I asked questions in relation to assumptions that were provided in relation to calculations to do with hospital beds and those sort of things. In relation to the 1,300 sub-acute hospital beds over the next four years, were you involved in any advice in relation to those?

**Mr De Carvalho**—The assumptions around the sub-acute beds have not substantially changed from the last time that we spoke to you. We did provide you some answers on notice last time.

**Senator FIERRAVANTI-WELLS**—You did, and I understand that you did the calculations for the first 800 beds and then the rest of it was done by the department; I think it was the department of health if my memory serves me correctly.

**Mr De Carvalho**—If my memory serves me correctly from our previous answer, the final numbers were the subject of negotiations at COAG in April last year.

**Senator FIERRAVANTI-WELLS**—Yes, but you did the calculations for the first 800 beds and then somebody else did the calculations for the 1,300; is that correct?

**Mr De Carvalho**—Yes. The total calculation in relation to the beds in total was subject to the negotiations at COAG.

**Senator FIERRAVANTI-WELLS**—But there was a base calculation that you did for 800 beds only.

**Mr De Carvalho**—That is correct, yes.

**Senator FIERRAVANTI-WELLS**—You provided advice only in relation to 800 beds. You gave it to PM&C or the department of health or somebody else and then they just used your 800 bed costings and took it out to 1,300 or 1,600. I think 1,350 was the last figure that we were talking about. So that same approach was used in this instance?

**Mr De Carvalho**—The same approach if you like, yes, in that it was a matter for negotiations at COAG. I am struggling to precisely understand what your question is but we have not had any further—

**Senator FIERRAVANTI-WELLS**—Can you go back to the evidence. I have got it here but I just cannot put my finger on it. Can you go back to the evidence that you gave me on the last occasion. In answer to a question on the calculations in relation to those beds, I understood that Finance did the 800, and then, on the last occasion, 1,350 or 1,300 was done on the back of the envelope by whoever was negotiating at the time of the COAG health meeting. Can you just go back and double check that that is the situation? In the incoming brief for Department of Health and Ageing, in their red book, there is reference to a health expenditure working group established under the deputy heads of Treasury. Mr Tune, is that a committee that Finance has some involvement in?

**Mr Tune**—No, I do not think so.

**Mr De Carvalho**—It is Treasury.

**Senator FIERRAVANTI-WELLS**—Do you get advice that may come out of that committee?

**Mr Tune**—Yes, we probably would.

**Mr De Carvalho**—We get updates on the progress but we are not involved in that.

**Senator FIERRAVANTI-WELLS**—Are you aware of any advice or calculations that were done in relation to the amount of GST revenue that was necessary or that would have had to have been withheld by the Commonwealth in the Commonwealth forward estimates for dedication to health and hospitals? Regarding the proposal in relation to the 30 per cent of GST, were you aware of any work or were you given advice in relation to calculations of that 30 per cent?

**Mr Tune**—No. That is purely Treasury; GST is their responsibility.

**Senator FIERRAVANTI-WELLS**—I thought you said that you would have received advice by way of information.

**Mr Tune**—We would be informed of what might be going on, but as to the details of the calculations, no.

**Senator FIERRAVANTI-WELLS**—Could you take on notice any advice that you were provided in relation to that? Going back to the national funding and the new entity, what work will you be doing in relation to that and what is the time line for Finance's contribution towards that?

**Mr De Carvalho**—As I said previously, there is a bit of work to be done before the end of this financial year, 30 June, to finalise the details of the government's arrangements for that body. We will be working with other agencies on those arrangements.

**Senator FIERRAVANTI-WELLS**—If I have understood it, this one also has a requirement for going back to the states.

**Mr De Carvalho**—This will all have to be agreed at COAG.

**Senator FIERRAVANTI-WELLS**—The agreement provides that it has to be operational by 1 July. The agreement also states that it will be administered as an independent national funding body. Do the various state accounts have to be established before 1 July as well?

**Mr De Carvalho**—Yes.

**Senator FIERRAVANTI-WELLS**—Will you have some involvement in providing advice in relation to the parameters of those state bodies?

**Mr De Carvalho**—Yes, we will.

**Senator FIERRAVANTI-WELLS**—Have you commenced that work?

**Mr De Carvalho**—We have commenced discussions with them. From the start of the conclusion of COAG negotiations we have been talking with PM&C on how we are going to be involved in that.



**Senator FIERRAVANTI-WELLS**—Do I understand in summary, therefore, that the legislation at both the federal and the state level needs to be in place by 1 July for this entity to be operational? That is the effect of what is in the provisions in that agreement.

**Mr De Carvalho**—I am not sure. I will have to take that on notice. I will get back to you fairly quickly.

**Senator FIERRAVANTI-WELLS**—As I understand it, it will require legislation at a federal level and each of those bodies will require legislation at a state level.

**Mr Tune**—We will have to take that on notice.

**Senator FIERRAVANTI-WELLS**—The reason I ask is because I am somewhat confused. This agreement changes the previous agreement, this one supersedes that one, but it is not very clear as to what is superseded, which is the basis upon which I am asking the question. It is unclear how much of the state structures in this agreement survive under that one. Perhaps if you could take on notice the parameters of your involvement from the legislative perspective, where you will be having input.

**Mr Tune**—I will take that on notice. If you want to get to the differences between the two documents, I do not think it is us who should be answering those questions.

**Senator FIERRAVANTI-WELLS**—No, I appreciate that. I am only interested from Finance's perspective and what you have to do. Will the legislation be under the purview of Minister Wong or will it be under Minister Roxon's health legislation?

**Mr Tune**—We will take that on notice as well. I do not think it will sit within the finance portfolio.

**Senator Wong**—Which legislation?

**Senator FIERRAVANTI-WELLS**—This national funding.

**Mr Tune**—We want to check a couple of things here. First, we want to check whether legislation is required. That is one thing we will take on notice for you. Second, there is the question of where it might sit. I am pretty confident it will not sit in Finance if it is required.

**Senator FIERRAVANTI-WELLS**—Okay, thank you. I have questions under the hospital fund, but that is coming later.

**CHAIR**—Anything further on 1.1?

**Senator Wong**—Mr De Carvalho is one of the officials for the hospitals fund, so we could deal with that if the committee would prefer to move to that.

**Mr De Carvalho**—It depends on the nature of the questions.

**Senator Wong**—Is Dr Helgeby still around, or has he gone?

**CHAIR**—Senator Cormann has some further questions in 1.1 if that will help.

**Senator Wong**—Mr De Carvalho is here. If I can just find Dr Helgeby then we can finish the health stuff.

**Senator CORMANN**—We can go back to 1.1 after this.

**Senator FIERRAVANTI-WELLS**—From the Health and Hospital Fund perspective, you would recall that various deals were done in relation to various hospitals with Mr Windsor, Mr Oakeshott and Mr Wilkie to secure their support. With respect to Mr Oakeshott, the government supported the expansion of the Port Macquarie Base Hospital and will fund the fourth pod for the Port Macquarie Base Hospital, with estimated costs around \$75 million. The agreement says that the funding will be subject to HHF board approval, and will be fully offset consistent et cetera. In relation to Mr Windsor, we were looking at the redevelopment of the Tamworth Hospital and a contribution of \$20 million. With Mr Wilkie, we were looking at \$300 million for the Hobart hospital. Perhaps we could take each of those separately. How are we going with that in relation to the funding that is coming out of the Health and Hospitals Fund, because a portion was coming out of the fund and some was not?

**Mr Tune**—This goes back to the agreement. In relation to each of those, starting with Port Macquarie, \$75 million was to come out of the Health and Hospitals Fund, contingent on approval from the HHF board. With respect to the Royal Hobart Hospital expansion, \$240 million was allocated out of the Health and Hospitals Fund, contingent on approval from the HHF board. The third one was the Tamworth Hospital, which was offset at the time from additional savings. Then, of course, the government made a commitment to have a regional round of the HHF which would incorporate looking at the contingency relating to the ones I have mentioned, Port Macquarie and Hobart, which will be incorporated in that round. The government will make decisions on that in due course.

**Senator FIERRAVANTI-WELLS**—Where are we at with that?

**Mr Tune**—I could not tell you, quite frankly. The round is under way, but I do not know whether we have the closing date for applications.

**Dr Helgeby**—In relation to the Health and Hospitals Fund, applications closed in December 2010.

**Senator FIERRAVANTI-WELLS**—What is the next step?

**Mr Tune**—The next step would be for the HHF to provide advice to Minister Roxon, and for Minister Roxon to consider those recommendations and take that through to government for decision.

**Senator FIERRAVANTI-WELLS**—With the \$300 million for Hobart hospital, \$240 million was coming out of the hospital fund, and then the balance, I understand, was going to be put in by the Tasmanian government. As part of that process, did that application have to be put in at the same time?

**Dr Helgeby**—All decisions relating to spending out of the funds are made by an assessment committee or a board. In a sense, they will assess the case on its merits and at an appropriate point in time the government will make decisions in relation to the recommended projects.

**Senator FIERRAVANTI-WELLS**—In relation to the criteria for this funding round, which gives special attention to regional and rural areas, is the criteria determined by the fund itself?

**Mr Greenslade**—Essentially the same evaluation criteria were applied by the advisory board.

**Senator FIERRAVANTI-WELLS**—So there is no difference? Surely there must be criteria that are pertinent to regional and rural areas? Where do I get those criteria? Is that determined by the fund, and the fund is housed in the finance department, or do I go to the health department for the criteria? Do you see where I am coming from?

**Mr Tune**—Go to the health department because it is actually providing the secretariat for this fund. We get involved when moneys are to be dispersed from the fund to pay for projects.

**Senator FIERRAVANTI-WELLS**—Sorry, Mr Tune, it is just that I do not want to go to health, ask them, and then they say, ‘No, you have to go off to finance.’ Could you explain to me your role insofar as these three issues are concerned?

**Mr Tune**—We manage, via the Future Fund, the amounts that are in the funds, whether it is the Building Australia Fund, the Education Investment Fund or the Health and Hospitals Fund. So there are balances in those funds. The process for drawing down those balances to actually pay for particular projects is done through the boards of each of those bodies. They are a group of experts providing advice to the relevant portfolio minister: the DEEWR minister in the case of the EIF; health minister in the case of the HHF; and the infrastructure minister in the case of the BAF. The government then makes decisions based on the recommendations of those boards, and once those decisions are made, money gets drawn down from the funds.

**Senator FIERRAVANTI-WELLS**—So you get a direction from Minister Roxon saying—

**Mr Tune**—Yes, a cabinet decision or whatever due process is.

**Senator FIERRAVANTI-WELLS**—Whatever, hospital X, et cetera?

**Mr Tune**—Yes, we have agreed to that one; that is \$200 million to be spread over three years.

**Senator FIERRAVANTI-WELLS**—That is purely your involvement?

**Mr Tune**—Draw down the money out of the fund from that.

**Senator FIERRAVANTI-WELLS**—That is purely your involvement?

**Mr Tune**—That is our involvement, yes.

**Senator FIERRAVANTI-WELLS**—No other before or after?

**Mr Tune**—We would provide a view in the normal course of events once it came to government for decision about the efficacy of the advice provided by the boards, but that would be our normal policy role. We do not run that process. Just like virtually anything else that comes before cabinet, we would provide advice to Senator Wong about finance’s view.

**Senator FIERRAVANTI-WELLS**—About how health handled it?

**Mr Tune**—No, not so much that, but about whether we think they are the priorities, or whether there are other things around; whether you need to spend all of that money at this point in time. It is just the normal course of events that we provide this advice.

**Senator FIERRAVANTI-WELLS**—But not in relation to, hypothetically, which hospitals are needier than others?

**Mr Tune**—No. It is very difficult for us to get involved in that, because it is based on expert advice.

**Senator FIERRAVANTI-WELLS**—I appreciate that. But your advice would simply say, ‘Instead of spending X million on hospitals, we should spend it on school halls’?

**Mr Tune**—We may; we may not.

**Senator FIERRAVANTI-WELLS**—Okay. Thank you; that is probably as far as I can take that.

**Senator MOORE**—I followed this process with Senator Fierravanti-Wells, and I will be sharing these questions with her tomorrow. How do Treasury, finance and health interact? You have just explained to Senator Fierravanti-Wells about the funds, but in terms of the whole process in the health reform package, which mainly involves the two finance areas and health, how do they formally interact in the process of the reform? Do you have a specialised team in your department that actually looks after this? It would be useful to have that interaction on record. Health is the lead agency, but how do you interact? What are the interdepartmental relationships? I always ask about interdepartmental committees and how they work and who goes to them.

**Mr Tune**—I will give a broad outline first. In broad terms, the development of the health packages, going back a period of time, has been done largely through a secretaries group comprising secretaries of health, Prime Minister and Cabinet, Treasury and ourselves. Teams have been set up both in Prime Minister and Cabinet and in the health department to work closely together. There have been secondments, in effect, a virtual team drawn from the various agencies.

At the time, we provided secondments to that team from Finance. We also have within the department a health policy branch, which is part of Mr de Carvalho’s division responsibilities, and that was also closely involved. So it was a pretty cooperative effort, done over a longish period of time, to actually pull all of this together and provide advice to government.

**Senator MOORE**—I take it that the secretaries group is the high level meeting together?

**Mr Tune**—Yes.

**Senator MOORE**—The next one down is the team. Can you give me an idea of the level of that team? Is it an SES type of operational team?

**Mr de Carvalho**—Sitting beneath that secretaries-level group there is a senior officials group—

**Senator MOORE**—SOG?

**Mr de Carvalho**—I do not know if we would formally call it that, but it is comprised essentially of senior SES officers at below secretary level from those same departments that the secretary mentioned.

**Senator MOORE**—How many in that?

**Mr de Carvalho**—There is one formal representative from each of Finance and Treasury, but we usually bring someone else along based on their expertise or the subject matter being discussed. There are people from the transition office and there are also people from the health department. I would say a regular meeting of that next group down would be around eight to 10 people.

**Senator MOORE**—Are they formally constituted, minuted meetings?

**Mr de Carvalho**—Not generally. They discuss implementation issues and what has to be done next and who has to do what. They are more sort of management meetings, if you like, about processes that have to be gone through.

**Senator MOORE**—In terms of the regularity of those meetings, are they formally scheduled or are they as required? I ask that in terms of seeing how the mechanism is operating with respect to the process. I know that Senator Fierravanti-Wells is interested in these questions as well.

**Mr de Carvalho**—They have been fairly regular for some time. I would say on average about once every three to four weeks; certainly no less regular than monthly, but more regular than that.

**Senator MOORE**—As to the extent into the future, is it seen as a process that will go through a particular schedule into the future? Do you have a work program that goes through for the next six months or 12 months in terms of how formally you think this will work?

**Mr de Carvalho**—There is a general recognition that there is quite a substantial bit of work to be done, not just in the next six months, or up to the end of this financial year in particular, but beyond.

**Senator MOORE**—Mr Tune also talked about the divisional involvements within the areas. So you have the meetings of the people who are managing the whole process, then work is devolved to individual divisions back within Treasury, Finance and Health?

**Mr de Carvalho**—Yes, depending on the particular responsibilities, that is right.

**Senator MOORE**—In each of these levels, does Health take the lead?

**Mr de Carvalho**—No, not always, but generally they are the ones driving the policy and the implementation.

**Senator MOORE**—In terms of seeking accountability, it would be Health?

**Mr de Carvalho**—Yes. There would be some things, particularly around the GST calculation, for example, that would be set clearly in the bailiwick of Treasury. There are other issues that we are looked to specifically around governance issues on which we would take the lead.

**Senator MOORE**—And then feeding back to the relevant ministers—would the responsible officers within each of the departments then feed back information and progress reports to their own minister?

**Mr de Carvalho**—Yes, we would be providing regular briefs to our minister.

**Senator MOORE**—Does some of this action involve state governments?

**Mr de Carvalho**—Yes. The negotiations are obviously with state governments. We do not get very much involved with those; they are more in the bailiwick of Treasury, PM&C and the health department.

**Senator MOORE**—At any of these levels which you have described, is there regular involvement from state governments at any level—the secretaries group, the divisional meetings or the senior officers group?

**Mr de Carvalho**—There is a separate sort of infrastructure for engaging with the states. The structure that we have just described is Commonwealth only.

**Senator MOORE**—I know that all of you have been involved in many national activities. Is this structure you are describing more or less a standard model if you have cross-agency involvement, or is it something special that has been created for now?

**Mr Tune**—It is based on the standard model but, because of the size and importance of this particular reform, the secretaries group has met far more frequently than it possibly would on another set of issues. If you look at an issue like climate change, a secretaries group would be set up as well because of its significance; in fact, there is one. It depends on the size of the issue, its importance and whether it does involve Commonwealth-state interactions, which are generally more sensitive than something that is just being run by us. This one has probably had a bit more effort put into it through the governance structures than others.

**Senator MOORE**—Is there something you can give me that is actually in a diagram that can show me all of this?

**Mr Tune**—I think there is a diagram around.

**Senator MOORE**—I have not seen it. I do like diagrams.

**Mr de Carvalho**—If one does not exist, Senator, we could construct one.

**Senator MOORE**—I am very much fond of flowcharts, so if I can get something that shows how this operates—

**Senator FIERRAVANTI-WELLS**—This will be really fun, Senator.

**Senator MOORE**—We can have it all again tomorrow, so I am looking forward to it.

**Senator FIERRAVANTI-WELLS**—Having a flowchart is a good idea.

**Senator MOORE**—I am also interested in whether you have required time frames for reports to government? You said that you report back as you go with your individual ministers. In the work plan, and in terms of how we are going, is there a set date for a formal response from this group to government? Is there a monthly report that has to be done for the health minister that is then available, that kind of thing?

**Mr Tune**—It is not so much driven by a particular date; it is driven more by a particular milestone. In the lead-up through the policy development process, certain things needed to be decided by certain dates, so that drives you to report on those as you get there. Once you move into the implementation phase, there are certain critical milestones in the implementation where you want to go back to check progress with the government and ministers to make sure that things are on the right track. So that would drive when you report

to them. It varies. I think it is fair to say that it is not date driven; it is more event or milestone driven.

**Senator MOORE**—Mr Tune, are the milestones to which you refer made public?

**Mr Tune**—They are the implementation milestones that are set down in the implementation.

**Senator MOORE**—Yes, I have that. They are the same ones?

**Mr Tune**—Yes.

**Senator MOORE**—They just translate?

**Mr Tune**—Indeed.

**Senator FIERRAVANTI-WELLS**—Chair, do you mind if I just ask one more question following on from what Senator Moore has asked?

**CHAIR**—A follow-up question, and then I will go to Senator Faulkner.

**Senator FIERRAVANTI-WELLS**—Just on the last occasion, Mr Tune, I referred to your incoming brief that was part of the health reform, the National Health and Hospitals Network. There was a reference to the strategic review of the Health and Ageing portfolio administration. Since that time, I understand that Boston Consulting have been engaged for \$6.8 million, I think, to undertake a review. Are you participating? Obviously, given the comments that were made in the incoming brief, I would have thought you would take a keen interest in what is happening. Have you provided input into that review? As part of that, do you have certain expectations coming out of that review?

**Mr Tune**—There was a governance structure in that review which involved secretaries, of which I was one, overseeing that piece of work which was done by Boston Consulting. KPMG were involved also. A report has been finalised, and the government's consideration of that report will feed into the budget process.

**Senator FIERRAVANTI-WELLS**—When was that report finalised?

**Mr Tune**—I would have to take that on notice.

**Senator FIERRAVANTI-WELLS**—The reason I ask is because of your concern—

**Mr Tune**—We took a very close interest in that and have provided some of the funding for it.

**Senator FIERRAVANTI-WELLS**—Thank you.

**CHAIR**—That concludes Health, as I understand it, so thank you very much.

**Senator FAULKNER**—I am not sure if this is directed to the minister or to you, Mr Tune, but I am interested in what role and involvement the Department of Finance and Deregulation might have had in an issue that has received some public notoriety, which is, of course, whether some proposed legislation conforms with the provisions of section 53 of the Constitution. I wondered if someone might be able to outline what, if any, role Finance has had in that matter. I appreciate in saying that, if this is best directed to you, Mr Tune, that other agencies—I assume the Attorney-General's Department, the Department of the Prime Minister and Cabinet and possibly the Treasury also—would have a role here. Can you

outline for the benefit of the committee what, if any, role your department has had in consideration of these matters?

**Mr Tune**—Yes, Finance has been involved in that, not from the point of view of providing advice on the constitutionality; that is not our role, of course. When this was initially considered in the Senate, we had a clear role in terms of what the costings of the proposal were. We undertook some costings with DEEWR, the responsible line agency, and those costings were in effect treated as confirmed Finance costings which we provided to the government. I think they fed into the debate in some way. In fact, I think they were released, so in effect, they are official Finance costings of those particular proposals that were being debated in the Senate.

**Mr Martine**—The minister wrote to the leader of the Australian Greens, the Leader of the Opposition in the Senate, and a number of other senators providing those costings to the Senate. They were attached to the minister's letter.

**Senator FAULKNER**—I see. Has that letter been made public?

**Senator Wong**—I am happy to table it. We certainly wrote to the leaders of all parties in the Senate. I may have released it publicly shortly after that.

**Senator FAULKNER**—Can you tell me if that is limited to just the one piece of legislation?

**Mr Martine**—There were two.

**Senator FAULKNER**—What are the names of the relevant bills about which we are speaking here?

**Dr Helgeby**—The two bills are the Social Security Amendment (Income Support for Regional Students) Bill 2010 and the Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010.

**Senator FAULKNER**—What triggers Finance's costings process? What is the action point for when bills like this are introduced into the parliament? What triggers the costings process?

**Mr Tune**—It is basically a request from the government. Not every issue or proposal that is debated in parliament would come to us, or there would be a request for us to cost it, but when the government requests us to cost it, we will do so.

**Senator FAULKNER**—You rightly point out that of course Finance is not a lead agency in assessing the constitutional issues to which I earlier referred, and I assume that they are matters primarily for the Attorney-General's Department, but you might be able to indicate if that is the case?

**Mr Tune**—That is true.

**Senator FAULKNER**—Is there any form of interdepartmental committee, or is there any process whereby agencies with an involvement or an interest in this matter have been able to work together?

**Mr Tune**—I am not aware of anything, but I will ask my colleagues if they might have been involved in something.



**Dr Helgeby**—In this case I think the Attorney-General's Department, as the lead department, did contact a number of others along the way, and I think they would have consulted with Finance on some issues or some points of detail. But they are the lead on it.

**Senator FAULKNER**—They are the lead agency, but there is no formal or informal IDC or anything?

**Dr Helgeby**—Not that I am aware of.

**Mr Tune**—No, I do not think so.

**Senator FAULKNER**—Would you say your role has been limited to costings? Would it be fair to say, also, a role in relation to possible budget impacts, which is a broader issue than just costings, of course? Is it fair to say Finance has a role more broadly in that sense as well?

**Mr Tune**—Certainly in relation to the second bill to which Dr Helgeby referred for which there is a broader budget impact, as you suggested. It is not just a matter of costing something through the forward estimates and looking at the impact of it on the underlying cash balance. Because it has a long-term impact, that is, it impacts on pension payments, that has a cost on the fiscal balance side which is different from the underlying cash balance, and also adds to the superannuation liability over a very long period of time, which can be very significant. The work we did was trying to look at that as well as just the short-term UCB impact across the forward estimates.

**Senator FAULKNER**—Are you able to do that because of government tasking? If you are asked to provide a costing, a perfectly proper and reasonable thing for a government to do, of course—and I appreciate perhaps to some extent we are probably in a bit of uncharted territory for the department—does the department feel in these sorts of circumstances that it requires specific tasking from government as well, not just to look, if you like, at the immediate costing issues but underlying budget impact, or is it just interpreted by Finance?

**Mr Tune**—I understand your question. I guess my answer was going to be a bit of both, unfortunately. Sometimes it can be at the behest of the government that they will ask us to think about this in a broader context. Sometimes it will be us that suggests to the government that, given there is a whole range of significant issues surrounding this, it would be sensible if advice was to be given that we take account of those as well. It can cut both ways, I suppose. We would make a judgment. If it had not been suggested to us, or asked of us to do it that way, we would make a judgment about whether we think it is important enough to do so. In this case, when I was referring to the superannuation one, the long-term costs are so significant that we would think, if we had not been asked, that it would be significant enough for us to put that on the table.

**Senator FAULKNER**—It has been tabled, I know, and I thank you very much for tabling that, Minister; that is much appreciated. Are those longer term budget impacts contained in the minister's letter to the Leader of the Opposition?

**Mr Tune**—Yes, it is contained in the same letter. Our calculations and our costings, both short and long term, are also on our website.

**Senator FAULKNER**—Is that a departmental decision to put that on the website?

**Mr Tune**—In essence, yes.

**Senator FAULKNER**—If I had known that, I would not have needed to ask the minister who so generously agreed to table it.

**Mr Tune**—I am surprised you do not browse the website every day, actually, Senator.

**Senator FAULKNER**—It might be a matter of surprise for you, Mr Tune, but it would not be a surprise to anyone else.

**CHAIR**—Does the committee accept the tabled document? So done. Thank you.

**Senator STEPHENS**—I think this is a question for the minister. Following on from Senator Faulkner's discussion, have you considered the issue of perhaps the potential of future private senators' bills being introduced, and finding a way of actually creating some kind of more formal mechanism for assessing the longer term financial impacts? Is that part of any consideration?

**Senator Wong**—As you know, we are in a very unusual situation, where an opposition party chooses to go against convention and introduce bills in the Senate that have a fiscal impact and that are money bills. The government's position has been well ventilated, as you would know, Senator—

**Senator CORMANN**—Labor Senator Hogg disagrees with you.

**Senator Wong**—I think the Senate has held that position since some time in 1908. I think Senator Faulkner might be able to correct me on that. But your party is choosing to—

*Senator Cormann interjecting—*

**CHAIR**—Senator Cormann! We are wasting a lot of time. The minister has the call. If the minister can respond, we are due to break very soon. Minister, you have the call.

*Senator Faulkner interjecting—*

**CHAIR**—Thank you, Senator Faulkner; Minister.

**Senator Wong**—Very good reasons underline the constitutional provisions about why you would not have these sorts of bills introduced in the Senate. The opposition is choosing to overturn those conventions and to disregard a fair reading of the Constitution.

The reason I put these costings into the public arena is that, as Minister for Finance and Deregulation, I thought it was important that senators of all parties understand what they are voting on and that they understand the fiscal impact. After all the discussion about fiscal responsibility it should be matched by the way in which one makes decisions in the parliament. The point I was making is that those senators who supported or who are promulgating legislation that have a budget impact really need to explain how they would fund it if they are proposing to support that legislation.

My intention—and obviously the government might take a different view at a later stage—would be that we do need transparency around the fiscal impact of the legislation that non-government senators wish to put up. If they wish to support it, I think they should be accountable for how they say they will fund that. We have not yet voted on this legislation, but the legislation that Senator Faulkner was referencing has a very substantial impact on the fiscal balance, and a very substantial impact on unfunded liability—the latter, some \$6.2

billion. These are an ostensible impost on the Commonwealth budget, obviously not at all resiling from the constitutional point that the government makes.

**Proceedings suspended from 12.32 pm to 1.35 pm**

**CHAIR**—I would like to just note that we are in receipt of answers to questions on notice for the Finance and Deregulation portfolio, outcome 1, program NA—Review of the conservative bias allowance. I believe you have something to add, Minister.

**Senator Wong**—I wanted to make a couple of comments about this. The CBA was the subject of a range of questions on notice. I think Senator Faulkner asked some questions as well and Senator Cormann asked for the release of the document. I understand from advice that it is not the normal practice for these reviews to be released. As I am advised, this particular review did not go to cabinet or a committee of cabinet so, consistent with advice, I have formed the judgment that it should be released. But I would make the point that it has not been the normal practice of governments to release these reviews.

**CHAIR**—We are now going to go back to program 1.1.

[1.36 pm]

**Senator CORMANN**—In relation to the minister's comments just now, I would like to note that the deadline for this answer of course was 3 December. Having just received this, I obviously will not be able to ask informed questions about it until I have had a chance to properly read through it, so I would just put that to one side.

**Senator Wong**—We did pretty well on the questions on notice.

**Senator CORMANN**—I am just making the point that—

**Senator Wong**—As you know, I asked my staff to go back and confirm again that there had been no cabinet consideration or consideration by a committee of cabinet, so the department provided—

**Senator CORMANN**—I do appreciate that you have tabled it, but obviously I will not be able to ask questions.

**Senator Wong**—I am safeguarding my reputation.

**Senator CORMANN**—We all care about your reputation very much! Is the Department of Finance and Deregulation providing briefings to the Greens and Independents since the election? Have you been providing briefings to the Greens and Independents?

**Mr Tune**—I have been involved in a couple of briefings of the Greens, along with the Treasurer, the Minister for Finance and Deregulation and the Secretary of the Treasury. I think I can recall two that I have attended, maybe three. They have mainly been around the economic outlook.

**Senator CORMANN**—Would there have also been briefings involving your department that you would not have been party to?

**Mr Tune**—No, I do not think so.

**Senator CORMANN**—So two or three since—

**Mr Tune**—Yes. We have also had a formal request for some costings from the Greens, which we provided, and I think we have released it.

**Senator Wong**—You would recall, Senator, that, under the arrangements into which the government entered, the Greens and I think also the Independents—so Messrs Wilkie, Oakeshott and Windsor—can submit a policy proposal for costing and the government will respond.

**Senator CORMANN**—My follow-up question was: on how many occasions has that happened?

**Mr Tune**—As to the costings, I think we had one letter that came through with a request for—I would have to confirm this—about six or seven costings. Some were tax costings, which Treasury did, and others were expense costings, which Finance did.

**Senator CORMANN**—Was that for the Greens?

**Mr Tune**—For the Greens, yes.

**Senator CORMANN**—You have not done any costings for any of the Independents?

**Mr Tune**—No, I do not think so.

**Senator CORMANN**—Are these matters confidential? Is it a matter for public—

**Mr Tune**—I think there has been an FOI in relation to the costings we did for the Greens. They have been released under FOI.

**Senator Wong**—At least one set—

**Senator CORMANN**—Yes. Just remind me what issue that was in relation to?

**Senator Wong**—I think it was a financial review.

**Senator CORMANN**—I am asking what the costings related to.

**Senator Wong**—Yes, I am just trying to recall.

**Mr Martine**—The FOI was from Mr Andrew Robb—

**Senator CORMANN**—I am not asking about the FOI. I repeat: I am asking what the actual costings related to the Greens—

**Senator Wong**—Which proposals have been costed?

**Senator CORMANN**—Yes. What proposals have been costed for the Greens?

**Mr Martine**—I will just check whether Mr Nicol has that information. From memory, as Mr Tune indicated, I think it was around five or six.

**Mr Nicol**—There were six costings.

**Senator CORMANN**—What were they?

**Mr Nicol**—There were six costings. Three were tax costings—

**Senator CORMANN**—Which taxes?

**Mr Nicol**—One related to the fringe benefits tax on cars. I am going from memory here. I cannot recall the other two—

**Mr Tune**—Another one was indexation of fuel excise.

**Mr Nicol**—There was one on a walkway from Parliament House to Canberra central.

**Senator CORMANN**—We have got two tax costings. What was the third tax costing?

**Mr Tune**—Give us a moment and I will look it up for you.

**Senator CORMANN**—While you are getting this for us, how much notice do you get when you are required to provide briefings or costings—

**Mr Tune**—There is a process whereby the Greens or the Independents deliver their costings via the Prime Minister and then they would come to us. We have a commitment under the agreement to cost them in a certain time frame, which I cannot actually recall, but we think it is a reasonable time frame in which to do a proper costing.

**Senator Wong**—I think there was also reference, from my recollection, in the agreement—I do not have it in front of me—to recognise the resourcing limitations on Finance and Treasury, particularly in the lead-up to the budget.

**Senator CORMANN**—Those deadlines are obviously not top of mind for you, to the extent that you are not able to tell me now whether it is 24 hours, three days—

**Mr Tune**—It is days.

**Senator CORMANN**—It is a couple of days, is it?

**Mr Tune**—More than a couple; it might be 10.

**Senator Wong**—It would be very unusual to be 24 hours.

**Senator CORMANN**—I am just trying to get a handle on how quickly you are expected to make some of these decisions. Do you agree with comments by Treasury secretary Ken Henry that these sorts of requirements and the flow-on implications of a hung parliament are putting additional pressures on your department, in the same way Secretary Henry has said they are putting additional pressures on his department?

**Mr Tune**—I do not think there is any doubt that it puts additional pressure on departments, particularly Treasury and Finance, who eventually do all the costings that are required for the government on both the revenue side and the expenses side. The work we did in the lead-up to the formation of government, for example, was a huge amount of work that was done by us both in costing policies under the Charter of Budget Honesty and then, subsequent to the election, in the further costings of the now opposition's policies. That was something where we had done the first part but we certainly had not done the second part before, which was a major piece of work for us.

I guess the ongoing commitments the government has made for a process of additional costings and briefings for the Greens and the Independents add to the workload. To date, that workload has not been overly onerous; but, as Minister Wong indicated, there are certain times of the year, which is from about now through to the budget, where any additional costing requests would become quite onerous because we are heavily into the process of costing policy proposals being forwarded by agencies and ministers. So it is about the timing more than anything else.

The other point I would make in relation to the issue we were talking about just before lunch—that private member's bills, for example, are now in play, whereas previously they were not in play to the same extent under the previous parliament—is that that adds to the costings load as well. It is yet to be known whether or not that is going to become onerous. At the moment it is manageable, but if a large number of costings were requested I suspect we would have an issue.

I think the other issue here is that some of these situations can put public servants in a difficult position, quite frankly. That was certainly the case in the lead-up to the formation of government; as a public servant I personally found it quite a difficult time to deal with, not having a government formed. We had a government that was there waiting for decisions to be made. We were used to a situation where we worked for the government of the day of whatever persuasion, but we were not in that situation so we were a bit in no-man's-land, quite frankly.

**Senator CORMANN**—Now you work for the government of the day plus the Greens plus the Independents.

**Mr Tune**—I work for the government of the day and, at the request of the government, I can do work with the Greens and the Independents. But there is a process, as I mentioned, whereby everything comes through the government to us. I do not directly go and talk to the Greens.

**Senator CORMANN**—I understand that, that there are processes involved. Dr Henry made some other remarks in the context of—

**Senator Wong**—What are you quoting from?

**Senator CORMANN**—I think that Mr Tune is well aware of the comments I am referring to—

**Senator Wong**—Well, I am not.

**Senator CORMANN**—Well, Treasury Secretary Henry—

**Senator Wong**—Yes, I know who he is, but what are the public comments to which you are referring?

**Senator CORMANN**—I was about to say—

**Senator Wong**—Is this reported in the *Australian*, as it seems to be—

**Senator CORMANN**—No, it is not.

**Senator Wong**—Or is there actually something on the record?

**Senator CORMANN**—Let me just ask the question to see whether Mr Tune is comfortable with answering the question.

**Senator Wong**—There is a difficulty—and I have had this practice for a number of years—about quoting excerpts of what someone may or may not have said to public servants and asking them to respond to them. It is something that I do not think is particularly fair, because there is a broader context to the comments. Sometimes it is other parts of a speech which would be relevant to the topic of questioning.

**Senator CORMANN**—Let me put it this way: I will try and assist Mr Tune in putting into context the question I am asking. The question I will ask will stand on its own merits and then Mr Tune can decide how he would like to answer the question or if indeed he—

**Senator Wong**—What is the difficulty in giving the context of the comments? What is the difficulty in giving us the speech?

**Senator CORMANN**—Let me just ask my question; I am not sure why we have to waste time.

**CHAIR**—Maybe I can help. If you have got something that you are quoting from—

**Senator CORMANN**—I have not even asked my question yet.

**CHAIR**—No, but to be helpful; if committee members are quoting articles from newspapers, it is normal practice that they table those. Senator Cormann, you have—

**Senator CORMANN**—I do not have anything to table at the moment. I just am talking about comments that I think are well and truly in the public domain, but we will see how Mr Tune will answer the question. There have been observations—and they have been attributed to Secretary Henry—that the increasing incidence of FOI requests has an impact on the way advice is drafted to government. I guess I am interested in your comment whether the increasing incidence of FOI requests is having an impact in the way the Department of Finance and Deregulation drafts its written advice to government.

**Mr Tune**—I do not think so. Obviously, the new FOI laws have changed the parameters around FOI to some extent and we have been monitoring FOI requests pre and post the new laws coming into effect on 1 November last year. I think it is fair to say there has been an increase in usage of FOI, particularly by the press—the media—and some of the details that they seek go into much more detail than perhaps we had been used to. Whether that is a result of the change of the laws or not, I do not really know. It may just have been a trend that was on the increase regardless.

**Senator CORMANN**—When you drafted your incoming government brief, was it drafted in the knowledge that it was likely to be released under FOI?

**Mr Tune**—I had a mind that it might be, but I did not hold back on that basis.

**Senator CORMANN**—So it did not influence the way you drafted your advice?

**Mr Tune**—It may have affected the wording—the words I used—here and there, but certainly the thoughts that we wanted to get across as a department to an incoming minister of either persuasion were basically the same.

**Senator CORMANN**—Essentially, by what you are saying, it has not had a significant impact on the way you conduct your provision of budget advice and other to government.

**Mr Tune**—Budget advice is somewhat different in that—as it always has been—if it is going through cabinet there is a certain set of requirements around that. My advice—my view—and what I tell my people is that we are here to provide frank and—in the colloquial—fearless advice to governments of the day. We should be astute in what we say and how we say it, but if we are providing pussyfooted advice we are not even worth having as bureaucrats, so we try and provide honest advice about our views and that goes to the

government of the day—minister of the day—and a lot of that is done in the context of cabinet government and therefore is protected in that sense because of that.

**Senator CORMANN**—In the context of providing that frank and fearless advice, is there an increasing portion of that frank and fearless advice that is now verbal rather than written?

**Mr Tune**—No; I do not believe so.

**Senator Wong**—Although, Senator, I—

**Senator CORMANN**—I am happy to leave it there; I accept the explanation. I am running out of time, so I am just keen to keep going through.

**Senator Wong**—What I was going to say, though, is that probably my practice as a minister might be a little more iterative than other ministers, so I may well seek to have a discussion with Mr Tune and the relevant official in relation to advice rather than just only look at the written document.

**Mr Tune**—That is not abnormal, I should add, and I have dealt with many ministers over many years.

**Senator CORMANN**—I am not suggesting it is. In terms of the monthly financial statements the minister released the other day, total liabilities for the year to date in December are at \$388.8 billion, whereas a full-year estimate for 2010-11 is \$380 billion. Can you explain what the rationale is for that?

**Mr Tune**—I will get Dr Helgeby to take you through that.

**Senator CORMANN**—I assume that somebody is still looking to provide the answer to the previous question in terms of the costs.

**Mr Tune**—Yes.

**Senator CORMANN**—You have not forgotten about it?

**Mr Tune**—He is out there beavering away on the net, I think.

**Dr Helgeby**—In relation to the monthly statements, there is a fair degree of volatility month to month. In terms of monthly statements we will pick up transactions in essentially a 30-day period and if the timing of a forecast transaction is out it will move the monthly numbers around. As a general point we would be cautious about any attempt to extrapolate from a particular set of monthly numbers to an outcome.

**Senator CORMANN**—Okay, but the MYEFO estimate for 30 June 2011 is \$380 billion; the actual as of 31 December 2010 is \$388 billion, so there is a difference there. What is driving your expectation of the difference in terms of total liabilities?

**Mr Youngberry**—I think we would have to take that one on notice. As Dr Helgeby mentioned earlier, there is a process we go through each month where we collect data from agencies in relation to not just the balance sheet but also the income statement, and we would have to go back and assess which agencies actually contributed to that. You cannot actually take the 31 December figure and extrapolate to 30 June because it does reflect what invoices and so on are on hand.



**Senator CORMANN**—I am not trying to extrapolate it. Your expectation at the end of June is \$380 billion in terms of total liabilities; your actual situation at the end of December is \$388 billion. So, clearly, if you are going to reach your estimate for the end of June you are going to have to bring your total liabilities down. I would like to know how that is going to happen to the tune of \$8 billion, or are you now confirming that you are unlikely to reach the \$380 billion estimated total liability by the end of June 2011?

**Mr Youngberry**—No. The liabilities are affected by a whole range of things, so one element of it is accounts payable that agencies incur over the course of the year and they are paid in the normal course of events. When we come to the end of the financial year there are also other adjustments that are made in relation to the superannuation liability and other obligations that the government has. We would need to go back and actually look through the detail of what the major contributors are to the liability balance as at 31 December to actually explain it in more detail.

**Senator CORMANN**—So, essentially, you cannot provide an answer to the question I have asked?

**Mr Youngberry**—Not specifically. Liabilities are settled in the normal course of events, so you cannot actually take 31 December and extrapolate the figures.

**Senator CORMANN**—You are presenting it like that. You are presenting what your actual situation is at 31 December and then you are having a column next to it with what your estimate is for the end of the financial year, so I think that it is quite reasonable—and presumably it is intended to give some sort of guide on how you are tracking in your actual circumstances compared to your targets. In relation to fuel and energy costs for the year to date as of December, they are set to be \$2.8 billion, while the full-year estimate is \$7.2 billion. Are you still expecting to reach the \$7.2 billion? If so, that seems to be a significant increase for the second half of the year.

**Mr Youngberry**—I missed the first part of your question.

**Senator CORMANN**—The first part is—

**Senator Wong**—Are you reading off the—

**Senator CORMANN**—I am reading off your press release, Minister.

**Senator Wong**—Can I finish?

**Senator CORMANN**—We are losing time.

**Senator Wong**—Well, if you would let me finish each of my sentences we may not have an argument each time we speak. Are you reading off the monthly financial statement that I issued?

**Senator CORMANN**—That is right. ‘Minister for Finance and Deregulation media release, 11 February 2011’.

**Senator Wong**—That is fine; I understood that. I am just asking for a copy of the same document, but I am not sure that the officers at the table have it.

**Mr Tune**—No, we do not have it here.

**Senator CORMANN**—So, you do not have these figures? They were released by the government a couple of days ago.

**Mr Tune**—I do not have them.

**Mr Youngberry**—We just do not have them with us.

**Senator CORMANN**—I would have thought that if you provide an update of Australian government monthly financial statements to December 2010 and we have got the Senate budget estimates a week later, that that would be an obvious area for questioning.

**Mr Tune**—Yes, I am sorry; we just do not have them, but I am happy to do an explanation for you about what—

**Senator CORMANN**—So, I will just put all these questions on notice because you will not be able to answer them because you have not got the paperwork.

**Senator Wong**—We can do what we are able to; we just do not have the document with us.

**Senator CORMANN**—Interesting. In the 2009-10 budget, the government included a graph of the budget structural balance in statement 4 of Budget Paper No. 1. In the 2010-11 budget that graph disappeared; what is the reason for that?

**Mr Martine**—I do not have a copy of the 2009-10 budget in front of me, but as you have indicated, my recollection is that there was a structural budget balance included in statement 4.

**Senator CORMANN**—That is in statement 4, page 69.

**Mr Martine**—The statement is put together each budget, which varies year by year. It is a topical statement that is prepared by Treasury, so some years it might be about the terms of trade and other years it might be around other economic issues. The 2009-10 budget included references to the structural balance. Going from memory here, since the 2009-10 budget there has been an *Economic Roundup* article released by Treasury.

**Mr Tune**—Since the 2010-11 budget.

**Senator CORMANN**—In the 2009-10 budget chart 14 in statement 4, page 69, showed that the budget will be in structural deficit until 2015-16. Is the reason that there has not been a similar graph in the 2010-11 budget due to the fact that it would show that there would be a significant deterioration in the structural deficit to the point that it would last until 2019-20?

**Mr Tune**—There are a couple of points there. Firstly, that material is produced by Treasury. Secondly, there is nothing sinister in the fact that it did not appear in the 2010-11 budget because, as Mr Martine explained, Budget Paper No. 4 is a special article basically and the subject matter varies from year to year, according to what is topical at the time. Thirdly, Treasury have subsequently published in one of their *Economic Roundup* articles, which is a Treasury document that comes out about every two months or so, an update, so rather than it being in the 2010-11 budget, it was in the *Economic Roundup* article that appeared a couple of months later.

**Senator Wong**—As Mr Tune said, you may get some more detailed answers from Treasury on that. In fact, the government has increased the budget transparency since coming to office. From my recollection, we publish medium term projections of both the bottom line and net

debt, along with a greater sensitivity analysis than had previously been provided. I think it is reasonable to look at longer term positions and think through the longer term sustainability of the budget. I have made some comments about structural deficit, including the fact that if you want to argue about that, the structural deficit that you refer to commenced under your government.

**Senator CORMANN**—I have here, in front of me, the opinion piece that was published in the *Australian* today. I assume that I will not have to table it for you so that you know what I am talking about.

**Senator Wong**—They might have moved a few paragraphs around—you know how they do that—but I am familiar with it.

**Senator CORMANN**—There you go. I have had a very good read of it. You talk about restricting real spending growth to two per cent or less in both trend growth years. Can you tell me what the percentage would be if the stimulus splurge was taken out of the spending trends and how your growth would be tracking if both trend and average spending under the stimulus package were taken out of your trend projections?

**Senator Wong**—You use that term. Another term might be the jobs saving package that the government undertook.

**Senator CORMANN**—Or the crisis levels of spending.

**Senator Wong**—I do not know that I have all those figures here. If you want to give some sense of the trend, in the last five budgets under Treasurer Costello, from memory, there was real growth in expenditure of around 3.6 per cent or 3.7 per cent. We are proposing, in the circumstances that you outlined, to hold that to two per cent.

**Senator CORMANN**—From record levels of spending. If you use record levels of spending as your base it is not hard to meet a two per cent target. You talk about our record. You do not ever mention the fact that we paid off \$96 million worth of Labor debt and that we cut taxes and left about \$100 billion in reserves when we left government. Why are you not mentioning the Future Fund in your opinion piece?

**Senator Wong**—No. That is true.

**Senator CORMANN**—What about the Education Endowment Fund?

**Senator Wong**—That may well be true, but neither do you, when you go through your assertions of fiscal responsibility, point to, again, the additional spending you are proposing with no offsets. Really, fiscal conservatives like you inside the Liberal Party room need to do something about the National Party and senators such as Senator Ronaldson who put up bills with expenditure associated with them. You all tick off on them without thinking about that fact that what you are essentially saying is we can indulge in this expenditure without any offsets. The assertion that you have offsets is not correct because that is the same set of offsets which resulted in the \$10.6 million black hole. The fact is that you are behind.

**Senator CORMANN**—This is my last question for outcome 1. You would be aware of the Access Economics analysis which was commissioned by the Business Council of Australia where they say that the proxy for the underlying health of the budget is no longer

unemployment, but rather, and I quote 'coal and iron ore prices'. Do you accept the view that fiscal policy is now dangerously reliant on record commodity prices?

**CHAIR**—This is your final question before we finish this area.

**Senator Wong**—I accept the view that we have a once in a generation opportunity, given that the mining boom is causing the sort of surge in investment and national income that we have seen and that we need to use the benefits of the boom wisely. I have consistently said that since I had the opportunity to take the position I now hold.

**CHAIR**—My understanding is that we have dealt with outcome 1.

**Senator Wong**—We have the costings on the Greens' policies that you sought, Senator Cormann. I also have a copy of the monthly financial statements, so officials may be in a better position to respond to that if you wish to return to that.

**Senator CORMANN**—Can we get the answers that were promised before in relation to the costings?

**Senator Wong**—Yes.

**Mr Martine**—There were six costings which I will read out: reform of arrangements for FBT on company cars; reintroduction of indexation of the fuel excise; end of forestry managed investment schemes; geographical disadvantage test; a new criterion for the youth allowance; differential between the government and the Greens' paid parental leave scheme; and a feasibility study and preliminary sketch plan for a pedestrian footpath between London Circuit and Parliament House in Canberra.

**Senator CORMANN**—Do you have a dollar figure for those?

**Mr Martine**—I do not have the dollar figures. I will have to double check, in terms of the FOI, as to what was included. We can take that on notice in terms of the dollar figures. As Mr Tune indicated, we costed some and Treasury costed others.

**CHAIR**—My understanding and the agreement of the committee was that we would be finished with outcome 1.1 at two o'clock. We now have Senator Abetz joining us who is not sure and needs some clarity on the questions that he has. Senator Abetz, can you outline your question and whether you believe you are in outcome 2 or not?

**Senator ABETZ**—I will quickly ask it. It relates to question on notice 187 regarding the monies that are invested for the Fair Work Ombudsman. In the answer I was told that money is either held at call or held in term deposits. Can somebody tell us if the Fair Works Ombudsman's money is held at call or in term deposits? In which category is that held? Surely somebody must know that. If you do not know now, I will not delay the committee and we will take that on notice.

**Mr Martine**—We will have to take it on notice.

**Senator Wong**—Have you asked this of Fair Work Australia?

**Senator ABETZ**—I have indeed asked the Fair Work Ombudsman and they bounced me to Finance, which is why I have asked Finance. I have got a relatively helpful answer from you, Minister, on notice from last time around. I am now trying to drill down even further.

**Senator Wong**—You sound surprised.

**Senator ABETZ**—You should sound surprised that I am praising you.

**Senator Wong**—That is a surprise.

**CHAIR**—We have established that we will take that on notice. Are there any further questions for outcome 2?

**Senator Wong**—That will be in outcome 1.

**Senator ABETZ**—I will quickly follow up and say that the government must know how much it earns at call on a daily basis from all its investments and what the aggregate figure is invested on a daily basis and also what moneys are in term deposits each day. Can you confirm that that is the case in your answer when you get back? We might then be able to drill down as to the exact quantum from the Fair Work Ombudsman.

The other aspect is that I believe I asked some questions about Shannon's Way last time. It may well be an error in my office. I make no allegation, but I understand I have not had a response to those questions. The secretary suggests that might be the case. All I am doing, if I may, is putting that on *Hansard*—

**Mr Tune**—Was Shannon's Way in relation to maps in some way?

**Senator ABETZ**—Yes.

**CHAIR**—We have not got to there yet.

**Senator ABETZ**—I will leave that with you on notice and we will deal with that at a later stage.

[2.06 pm]

**CHAIR**—We are now moving to outcome 2.

**Senator CORMANN**—This relates to an article that appeared in the *Australian* on 16 February 2011 titled 'Labor's decision to cut funding for future disasters undercuts climate rhetoric'. I am just reading the headline. Do not blame me. Do not shoot the messenger.

**Senator Wong**—This is the Andrew Robb—

**Senator CORMANN**—I think it is a very fair question. Clearly there is a proposition here on the basis of budget analysis that spending on disaster relief funding is much lower than what it has been, down to \$80 million over the next three years. Your comment in the article is that these estimates are based on longer run trends determined by agencies, not politicians. That is correct, is it not? That is what you said?

**Senator Wong**—I do not have the article in front of me, but they are.

**Senator CORMANN**—That is said by experts, based on longer run trends—

**Mr Tune**—That is based on advice given by the Public Service, yes.

**Senator CORMANN**—So the Public Service expects that the incidence of natural disasters over the longer run trends is going to go down, not up?

**Mr Tune**—Yes, basically. That was the situation at the time. Obviously, we have had a series of extraordinary disasters in Australia in the last six months or so which may change

our view about what the long-term trend may be. But that gets reflected in the forward estimates.

**Senator Wong**—This is outcome 1 again. Do you want us to bring—

**Senator CORMANN**—No, this is outcome 2. I was provided advice that this came under—

**Senator Wong**—It is contingency reserve and provisioning within that. We will bring Mr Martine back.

**Senator CORMANN**—No, that is okay. I was advised this was under outcome 2 by the secretariat. I would just conclude this point, then, on the observation that in 2009 you made the statement that climate change is expected to increase the frequency and intensity of extreme weather events, including cyclones, storms, droughts, heatwaves, bushfires and floods and that clearly the budget planning of the government is entirely inconsistent with what your assertions were back in 2009 as climate change minister.

**Senator Wong**—I think that is really a very tenuous set of facts to try to link together. There is—

**Senator CORMANN**—Are you planning to spend less on disaster relief?

**Senator Wong**—May I finish? I am really getting tired of this. I listen to a lot of stuff that you put to us, much of which I disagree with. The assessment by Finance and other agencies about what to provision for through the forward estimates is one set of decisions. The longer run issues of the impacts of climate change are well documented and they go well beyond the potential forward estimates. Even on your own assertions, the facts do not bear out a very substantial variation between what is being provisioned now and what was being provisioned then. But most of all the inconsistency—if you want to talk about inconsistency—between your shadow minister helping to roll a leader rather than taking action on climate change then asserting that somehow we need to do something about climate change is pretty amazing.

**Senator CORMANN**—You cannot have it both ways, though. Either the incidence of disasters is going to increase and then you have to make provision for it in your budget accordingly, or it is going to decrease and that is what is reflected in your budget papers. If you expect the incidence of disasters to increase then it looks to any objective observer like you are making inappropriate savings that will not be able to be sustained into the future. Either you are not allocating enough money to cover your expectations of future disasters or it was just scaremongering and the true expectations are actually much less extreme than what you asserted two years ago.

**Senator Wong**—The time frames differ greatly. The forward estimates period is four years. The issue around climate change, as I think I said on many occasions, is an intergenerational issue. It is true; this generation will not feel the same extent of impacts that we risk imposing on subsequent generations. So to suggest that somehow what a government provisions on advice in the forward estimates diminishes in any way our acceptance, unlike you, of the overwhelming weight of scientific evidence about the impact of climate change is simply incorrect.

**Senator CORMANN**—How long-term are longer run trends?

**Senator Wong**—That is probably a question you should ask some scientists if you are interested. I am sure we could refer you to some people—

**Senator CORMANN**—That was your quote. I am asking about your quote.

**Senator Wong**—If I could finish? It is probably a question you should ask some of the scientists, such as Professor Will Steffen and others, who have documented some of the likely impacts. From memory, I think there was a 50-decadal analysis on different temperature scenarios and looking at the frequency of severe weather events. But that is not a question for these estimates. I think I released that, from memory, when I was climate change minister and, from memory, Minister Combet has added to that since he took over.

**Senator CORMANN**—Indeed. Property and construction does come under outcome 2, quite clearly. Are you involved in the proposed Centrelink development which is planned for Tuggeranong? Does Finance consider that the development at Tuggeranong is good value for money?

**Mr Tune**—We are just double-checking, but it appears that we are not involved in that. That is being done by another agency.

**Senator CORMANN**—What other agency would that be?

**Mr Tune**—It is Family, Community Services and Indigenous Affairs.

**Senator CORMANN**—So the finance department does not take a role across government to make sure the government does—

**Mr Tune**—The property development at Tuggeranong—which I used to work at, in fact—is under a very different structure to what is normal property management in the Commonwealth.

**Senator CORMANN**—Why is that?

**Mr Tune**—There was a company that was formed to own and run that particular property.

**Senator CORMANN**—Would Finance normally run this—

**Mr Tune**—Not normally. Well, there are a variety of mechanisms. Sometimes we own a property outright. In recent years, that has become less and less the norm. In other cases departments will lease private sector accommodation. Then we run what is called a property account whereby money is paid into that and we use that money to actually provide maintenance and upgrades.

**Senator CORMANN**—Who takes an overall across-government view of these sorts of property investment decisions?

**Mr Tune**—I am sorry?

**Senator CORMANN**—Who has the whole-of-government perspective on whether or not investments or certain property decisions are good value for money?

**Mr Tune**—We do, in general.

**Senator CORMANN**—You do in general but not in relation to—

**Mr Tune**—There is a set of Commonwealth property management guidelines.

**Senator CORMANN**—That is what I thought. But how many government owned properties are empty across Canberra and across Australia?

**Mr Tune**—I would have to take that on notice. I am aware of one in Canberra that is empty, which is Anzac Park East.

**Senator CORMANN**—As I understand it, Anzac Park has been empty for years, has it not?

**Mr Tune**—It has.

**Senator CORMANN**—So why would that not be a suitable location for—

**CHAIR**—Can I just raise an issue relating to the way we are running the program? We have now gone on to properties, which is program 2.2. We are dealing with outcome 2.

**Senator CORMANN**—I would like to say that I have been very relaxed about assisting the committee with colleagues who wanted to bring things forward and backwards. This is my last line of questioning in this outcome before anybody else can ask whatever questions they have got. I have now started this line of questioning.

**CHAIR**—I can appreciate that you have to negotiate with your colleagues, but I think that I have been more than flexible in the chair in terms of having the program. I am trying to assist not only the committee members but officers, so that if we are dealing with property then we should deal with property as a whole so that once you finish your line of questioning and Senator Moore has a follow-up, then we will not be coming back to it.

**Senator CORMANN**—Can I just conclude this and then that will be it for me?

**CHAIR**—Senator Cormann.

**Senator Wong**—Not forever, I assume.

**Senator CORMANN**—No, not forever, but on this outcome. Why would it not be appropriate to have Anzac Park—a building which has been empty for years—used for this purpose for the Centrelink development?

**Mr Tune**—The cost of refurbishing Anzac Park East is quite high. You would have to look at that. You would have to look at where the department wanting the accommodation was co-located at the moment. Tuggeranong is about 35 kilometres south of here and most of the social policy departments are located down that way in Canberra, either at Woden or at Tuggeranong. You may get quite gross inefficiencies in the operations of a building if you put the departments too far apart.

**Senator CORMANN**—You may and you could, so you would have to look at that. I am just talking about Anzac Park because that is the one that you have mentioned that is standing empty, but nobody is looking at it, by the sounds of it. The families and community services department is running this development totally separate, outside of what would normally be the whole-of-government consideration and I am just trying to understand how it maximises the chance of good value for money.

**Mr Tune**—I will have Mr Scott-Murphy explain how the property management principles work and how they apply to this particular case.



**Mr Scott-Murphy**—My responsibility is for the property and construction division. Going back, first of all, to Senator Cormann's question around Centrelink, it was a commitment with a private sector developer for quite a large requirement, significantly greater than we can accommodate at the Anzac Park East building. It is probably in the order of three times the size that Anzac Park East could currently accommodate.

Going back to the Financial Management and Accountability Act 1997, responsibility for accommodation decisions rests with the chief executive officers of each line agency, so they are free to make their own choice around both the location and their needs. As Secretary Tune has outlined, the Centrelink accommodation in Tuggeranong was previously accommodated in the Tuggeranong Office Park prior to their making a commitment to co-locate into the building that has been developed for them on an adjacent site, which left the Tuggeranong Office Park available for FaHCSIA.

**Senator CORMANN**—Who is the private sector developer that is doing the development?

**Mr Scott-Murphy**—I recall that it was the Potts Morris Group that did the development originally. I believe it has been on-sold since that time.

**Senator CORMANN**—So no current empty office space has been considered as an alternative. You are saying the reason is that it is close to the current headquarters. Would it justify paying more to locate the next building closer to the headquarters?

**Mr Scott-Murphy**—If you are talking about the Tuggeranong Office Park and the media article that referred to rents being paid above the market rate, that refers to FaHCSIA rather than Centrelink. Centrelink have committed to a nearby building at market based rent, so they are not paying extra for their accommodation.

**Senator CORMANN**—To assist the committee, I will go quickly through a series of questions that you might want to take on notice. I would like to know what the cost is of this new development—that is, all costs including building management fees and so on. I am keen to understand why Centrelink needs a brand new building and what is driving it; whether it is the cheapest option, given Canberra office market vacancy rates which are currently at very high levels; and of course, I would also like a list of all the current empty office space across Canberra and across Australia. Finally, I would like to know how many departments have office space spread across Canberra that is in different buildings, not located in close proximity to each other, to see whether this is an extravagance to require this particular office to be located right next to the current families and community services offices.

**Senator Wong**—Ms Mason has some information to give you on that, but I would like to make clear a couple of things. Firstly, I assume the question about office space available across Australia is not intended to be all office space, because I can tell you right now, I am not going to be asking the department of finance to work on that.

**Senator CORMANN**—Let me narrow it down.

**Senator Wong**—Work out how much office space is available across Australia. There are resource implications to some of the list of questions. Can Ms Mason respond to you and then perhaps you can respond on both issues?

**Senator CORMANN**—Yes.

**Ms Mason**—The first of your questions would be best directed to FaHCSIA, given that we are not involved in the decision making in respect of that new development.

**Senator CORMANN**—I think you should be. You have responsibilities for it.

**CHAIR**—Can we allow the witness to complete her answer?

**Senator CORMANN**—Yes.

**Ms Mason**—Mr Scott-Murphy explained the decision making, in terms of office accommodation for agencies, is a decision taken by the relevant chief executive under the Financial Management and Accountability Act. Those decisions are not ones that Finance has been involved in, so we are probably unable to answer those questions and I would suggest that you direct them to the relevant portfolio.

In relation to vacant government buildings for which Finance is responsible, we will be able to compile a list of those buildings, but that is probably as far as we can assist.

**Senator CORMANN**—I would now like to take up the minister's offer to clarify. I am looking for how many government owned properties are currently empty across Australia and across Canberra, the location and reasons why they are empty.

Given your statements just now, I would like to understand what Mr Tune said. I understood that finance did have a whole-of-government responsibility to ensure that taxpayers' dollars are spent with the value for money rule over it in the context of property investments made across government. I am sure that Mr Tune said that the finance department had a role to ensure that there was value for money as taxpayers' dollars are invested in property.

**Mr Scott-Murphy**—I can give you some information about the department of finance's role in assessing the efficient use of accommodation, particularly leased accommodation, across the Commonwealth. Within my division I have the Commonwealth Property Review Branch, which has been undertaking a collection of data about office accommodation densities across all of the FMA agencies, validating that data through audit and then reporting on the densities. We have also set a benchmark target for improving the density of accommodation use and we have forecast savings that we expect to achieve over the forward estimates and beyond, as agencies either enter into new lease commitments or undertake major refurbishments or fit-outs of their current leases, and in freeing up space, make that available for subtenancy agreements. That work is well underway and we have identified significant savings in the forward estimates period.

**Senator CORMANN**—But—and this concludes it from my point of view—it is fair to say that you have no idea whether the Centrelink development at Tuggeranong is the best possible value for taxpayers' money?

**Mr Scott-Murphy**—The Centrelink commitment to the development at Tuggeranong is at least four years old, to my recollection. I am not aware of a new building that they are contemplating making a commitment for, but I will certainly investigate that further following your question.

**Senator CORMANN**—Thank you. Could you provide as much of the detail as possible to the questions I have put on notice.

**Senator Wong**—I do want to emphasise what Ms Mason said, which is that we have responsibility for a whole range of financial management requirements and so forth, but agency heads—or their delegates, obviously—are responsible for compliance with those, and the sorts of decisions you are talking about would be the responsibility of the relevant secretary.

**Ms Mason**—May I also clarify your question in relation to vacant government buildings in Canberra and elsewhere? We can assist you, up to a point, on notice, with an answer to that question in relation to the buildings for which finance is responsible. I would also say that we can only assist you in relation to Commonwealth government buildings; there will, of course, be other government owned buildings.

**Senator CORMANN**—It was implied that I am talking about the federal government, obviously. We are talking about federal government estimates. I am not asking about local government buildings or state government buildings; I mean, I think that that is a given.

**Mr Tune**—Okay, that is fine.

**Senator CORMANN**—But if you cannot give us a whole picture, across the whole of the Commonwealth government, I would like to know who in the Commonwealth is responsible for ensuring that the property investment decisions maximise value for money.

**Ms Mason**—As I said, we can assist you up to a point, and we certainly understand what you are seeking. To the extent that we hold that information, we will provide it on notice.

**CHAIR**—Is there anything further in property? Senator Moore's question was answered. Is there anything further in outcomes 2, 2.1 and 2.3? There being none, we will move on.

[2.27 pm]

**CHAIR**—We will now move to outcome 3, Support for parliamentarians, others with entitlements and organisations as approved by government through the delivery of entitlements and targeted assistance.

**Senator FIFIELD**—I think usually at this point Ministerial and Parliamentary Services has a bit of a show bag of materials which they distribute to the committee of staffing in the opposition and the government.

**Ms Mason**—We will have, as you term it, a show bag, and one of the officers who has the show bag will bring it to the table.

**Senator FIFIELD**—I just thought if that is circulated at the commencement of this part it might assist colleagues and prompt some questions.

**Ms Mason**—We will get that material in just a moment, and, if I may, I will get some additional materials myself.

**Senator FIFIELD**—Sure. We might start with the CCSTU, which is the Caucus Committee Support and Training Unit. Is that what the acronym stands for?

**Ms Mason**—I understand that that unit has recently been renamed the Caucus Communications Team.

**Senator FIFIELD**—The Caucus Communications Team.

**Ms Mason**—Yes.

**Senator FIFIELD**—Is that communication within the caucus or the caucus communicating to the outside world?

**Ms Mason**—I understand that it is communications within the caucus to support the committees of caucus and to provide a communications link between the Prime Minister's office and other ministerial offices.

**Senator FIFIELD**—Are you aware of the reason for the name change?

**Ms Mason**—No.

**Senator FIFIELD**—Minister, are you aware of the reason for the name change?

**Senator Wong**—No.

**Senator FIFIELD**—They are not communicating with you, clearly.

**Senator Wong**—Minister Gray handles outcome 3.

**Senator FIFIELD**—Clearly, the unit has not communicated to the caucus what its new name, role or function is.

**Senator Wong**—No. You should not take me as a sort of guinea pig on that.

**Senator FIFIELD**—As a typical caucus member! I shall not. How many staff are currently employed in the Caucus Communications Team?

**Mr Tune**—According to this, at 1 February 2011, six of the seven positions allocated to the CCT were filled.

**Senator FIFIELD**—What date was that at?

**Ms Mason**—1 February 2011. We normally do the staff establishment at the first of each month.

**Senator FIFIELD**—Has the establishment changed since the establishment of the CCSTU originally?

**Ms Mason**—There have been various changes over time.

**Ms Clarke**—At the last estimates, the allocation was five and it has changed over various times. Our data here goes back to January 2008 and at that stage it was ten.

**Senator FIFIELD**—So it has shrunk a bit and it is growing again. Have there been any new assets provided to the Caucus Communications Team since the last estimates, whether computers, phones or iPads?

**Mr Tune**—In the six months to the end of December 2010 we, finance, provided about \$25,000 worth of support costs, excluding salary, to the CCT; \$9,000 for office support, which was—

**Senator FIFIELD**—So, that was \$25,000—

**Mr Tune**—Six months ending 31 December 2010.

**Senator FIFIELD**—in salary?

**Mr Tune**—No, excluding salary.

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**Senator FIFIELD**—Okay; so \$25,000 in support, which included—

**Mr Tune**—\$9,000 for office support—that is, rental of photocopiers, stationery, office consumables; \$7,000 for IT equipment; and \$9,000 for telecommunications.

**Senator FIFIELD**—That is new, additional equipment?

**Mr Tune**—No, that is just the ongoing stuff. Whether there is anything new, I—

**Mr Nelson**—I believe that is just made up of ongoing—as the secretary said—business-as-usual type of equipment and any material that would have been required over that time.

**Senator FIFIELD**—Are you able to provide the salaries of all the members of the Caucus Communications Team? Obviously, I am not seeking their names but just the bands—

**Ms Clarke**—I can provide a total offhand now.

**Senator FIFIELD**—A total.

**Ms Clarke**—The total salary cost, excluding superannuation, as at 1 February is \$618,469.

**Senator FIFIELD**—That is \$618,469.

**Ms Clarke**—Yes, which excludes superannuation, and that is for the six staff currently employed there as at 1 February.

**Senator FIFIELD**—So, for \$618,000 of staff costs for the Caucus Communications Team, they have not yet managed to communicate to people such as Senator Wong what their role actually is.

**Senator Wong**—They may have; I just may not have read it.

**Senator FIFIELD**—They might have been in—

**Senator Wong**—We have had a floods package to put together and a range of other things in this first part of this year, so I do not think that is fair. My recollection is that the equivalent under you had significantly more staff members.

**Senator FIFIELD**—But I kept hearing before the election that Labor was going to do so much better and be so much better than we were, so I am just exploring that.

**Senator Wong**—Fifteen staff and about \$1.4 million annually. I am just making the point: it is legitimate to ask questions about the expenditure in this area, but if you want to make a range of political points, I think you should recall your own records.

**Senator FIFIELD**—Far be it for those to be made at Senate estimates under any regime. Could you provide a breakdown of travel undertaken by members of the caucus communications team this financial year?

**Mr Tune**—Can we take that on notice? There is nothing in the briefing.

**Senator FIFIELD**—Yes. Also, Ms Clarke, in addition to the total cost of the salaries, would you be able to provide a breakdown by band or whatever is appropriate?

**Ms Clarke**—By classification?

**Senator FIFIELD**—Yes. I assume members of the caucus communications team are paid travel allowance when they have to travel for work purposes. Are you able to provide, for this

financial year, the total amount of travel allowance that has been paid to members of the caucus communications team, and also—I am not sure how you would tabulate this—the various places that overnight travel was claimed? It might be for position A, X number of nights in Sydney and X number of nights in Melbourne; for position B, X number of nights in Cairns or Tasmania; it might be that they have not travelled much at all? I would like to have that sort of breakdown.

**Ms Clarke**—I will take it on notice.

**Senator FIFIELD**—Thank you for that. I have a few more questions, but Senator Ryan is under a time pressure for another committee so I might yield to him.

**CHAIR**—There are other senators who have questions in this program as well, so after Senator Ryan I propose to go to Senator Ludlam.

**Senator RYAN**—We often get at Senate estimates a document tabled with respect to—

**Senator Wong**—This is the show bag.

**Mr Tune**—It is on its way.

**Senator Wong**—Is that what you called it, Senator Fifield?

**CHAIR**—I think that was the terminology used by Senator Fifield.

**Senator FIFIELD**—Yes.

**CHAIR**—We will accept the documents that are being tabled including this and the personal classification.

**Senator RYAN**—Yes.

**CHAIR**—It is so received.

**Senator RYAN**—Minister, you are probably aware of an editorial in the *Australian* on 1 February that referred to FOI requests for a list of government advisers in which the *Australian* said the request had been ‘met with an astronomical fee from the Department of Finance’.

**Senator Wong**—I was not aware of that.

**Senator RYAN**—I can table a copy of the editorial to show the minister.

**CHAIR**—You can table it.

**Senator RYAN**—I am happy to move on to a couple of other questions and then come back to that to give you a copy if that is easier.

**Senator Wong**—What was the nature of the FOI request?

**Senator RYAN**—The nature of the FOI request, from the article—and I am happy to be enlightened—was a request for a list of advisers of ministers.

**Senator Wong**—Names, as opposed to classification?

**Senator RYAN**—I am not sure, that is why I am asking the questions.

**Mr Tune**—We can respond to that.

**Ms Clarke**—It was for a list of the names of all staff above adviser level of cabinet ministers.

**Senator RYAN**—The implication from the newspaper article was that it was not refused, but that there was a higher cost associated with that request.

**Ms Clarke**—There was a cost associated with consultation with the staff members of that request.

**Senator RYAN**—Very briefly, can you take me through what that consultation involved and why?

**Ms Clarke**—If the applicant wanted to go ahead with the FOI, the consultation involved writing to each of the staff members involved and asking whether they considered it was personal information to have their names handed over to the FOI applicant.

**Senator RYAN**—If, for example, you wrote to a staff member and that staff member said, ‘Yes, I consider it to be personal information’—I am not familiar with the details of the new FOI regime—and if they basically objected to their name being on the list, is the approach of the department then to say, ‘We’re not going to release that information.’?

**Ms Clarke**—There is a process you go through to consider whether or not, under the FOI Act, information is of a personal nature and whether or not it is in the public interest to release. Perhaps my colleague Mr Taylor can go through that, being responsible for the FOI Act in the department.

**CHAIR**—Have we formally received the document that you have tabled? It has been received and noted by the committee.

**Mr Taylor**—Perhaps I can assist. The consultation process that Ms Clarke has already outlined is undertaken and then the results of that are provided to the decision maker who takes into account whatever responses are received from the people who are involved when making that decision.

**Senator RYAN**—It is not automatic. If I do not want my name on it, it does not go?

**Mr Taylor**—No, it is not automatic.

**Senator RYAN**—Is it true, in the past, that there have been names of advisers published in government directories?

**Ms Clarke**—As we understand it, it goes back in history somewhat, around 2002—and I think the article refers to it—there was a publication, which is now the government online directory, which listed the names of ministerial advisers. That seems to have ceased over the years.

**Senator RYAN**—The article seems to imply that this information was released for free in the past. Is this something under the new FOI regime or is it a new behaviour from the department, with respect to releasing this information?

**Ms Mason**—We do not have a copy of the article that you are referring to.

**Senator RYAN**—I have tabled it.

**Senator Wong**—We have a copy of the editorial.

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**Senator RYAN**—The editorial is the article that I am referring to.

**Senator Wong**—You are asking the officers to respond to an editorial, which is a comment piece.

**Senator RYAN**—I am asking the officers to establish the facts that are asserted in this editorial. I am not asking for an interpretation. I am trying to chase up if what is asserted in this is true. In the past was this information released for free?

**Ms Mason**—I think Ms Clarke has answered that question, in that we understand there was information provided as part of a government directory previously for free, but that practice ceased quite some time ago.

**Senator RYAN**—Have you released it previously under FOI.

**Senator Wong**—I do not believe the directory you refer to is a departmental document.

**Ms Clarke**—No, it is a broad government document.

**Senator Wong**—It used to be just like what you had. You do not have caucus, so whatever you call it.

**Senator RYAN**—Coalition directory.

**Senator Wong**—There might have been a caucus directory which had previously been released. Is that what you are talking about?

**Ms Clarke**—No.

**Senator Wong**—There is another one.

**Ms Clarke**—It is now called the government online directory and it lists senior public servants, ministers and, up to about 2003, it used to list the advisers as well, but that practice, for some reason, has ceased.

**Senator Wong**—Since that time; that was 2003.

**Senator RYAN**—I understand that and that is why I am asking my next question. You have asked previously not to be interrupted and I would appreciate the same courtesy. Ms Clarke, has there been another FOI about this information in the past?

**Ms Clarke**—Not to my recollection, no.

**Senator RYAN**—Between 23 June last year and 14 September were any staff employed in the Prime Minister's office on short-term contracts?

**Ms Clarke**—Our records show that there was a full-time adviser employed between 27 July and 20 August in 2010 for that period.

**Senator RYAN**—Only the one?

**Ms Clarke**—Yes.

**Senator RYAN**—Has that person subsequently taken up an ongoing position in the Prime Minister's office?

**Ms Clarke**—Our investigation shows that the person left at the end of the contract.



**Senator RYAN**—And that person is not currently in the Prime Minister's office in another role? I am asking, effectively, was someone on a short-term contract who then might have come back at a later point, maybe since the start of the year or prior to that, in an ongoing role.

**Ms Clarke**—Not as far as I am aware.

**Senator RYAN**—If that is the case, I would appreciate being advised. I am not asking for a name; I am asking if that person on a short-term contract came back.

**Mr Tune**—We will take that on notice, Senator.

**Senator RYAN**—Thank you. Do you collect data on—I was wondering whether you might have to do this for the payment of entitlements or the recording of entitlement obligations—people who come to work under the MoPS Act, the minister's officers, who are on secondment or a leave of absence from a state or Commonwealth public service?

**Ms Mason**—If they are employed under the MoPS Act, yes, we would have information about their employment. Presumably, as part of the personnel record, we may have information about their service from other jurisdictions. We would probably know whether or not they are on secondment from a Commonwealth agency, because there may be a leave liability that transfers with them. We may not be as aware if they have New South Wales or other state government experience, perhaps—although I think there are some mechanisms to allow for crediting of service in other jurisdictions.

**Senator RYAN**—There are. Some MoPS Act staff, I think, from my home state of Victoria, might get credited for long-service leave for time served, for example, working as an electorate officer for a state parliamentarian. Presumably that would mean that you would have data on that, because you would have to know when they got an entitlement to long-service leave.

**Ms Mason**—I think they would have to ask for the other service to be credited. It would not necessarily be automatic that we would be aware of it. But I think Ms Clarke was about to say something.

**Senator RYAN**—If I put some questions on notice—I will not delay the committee now—about any APS or Commonwealth agency employees who were on secondment to ministers' offices under the MoPS Act, you would be in a position to answer those with the data you have?

**Ms Clarke**—That is APS, Australian Public Service rather than Victoria or—

**Senator RYAN**—Yes. You would be in a position to—

**Ms Mason**—We should know that. Dates can be a problem. As I mentioned earlier, we normally look at our staff establishments as at the first of each month. Basically, yes, I think we could assist you.

**Senator RYAN**—What date did the Prime Minister's new Chief of Staff, Mr Hubbard, start work?

**Ms Clarke**—I would have to take that on notice.

**Senator RYAN**—Thank you; that is all. I appreciate the committee's indulgence.

**Senator LUDLAM**—I am trying to assemble an idea of the air-travel budget of this building. I am effectively trying to work out how many different people control different parts of that budget, and I was referred to you folk yesterday. I understand you cover the travel entitlements of all MPs and supporting staff with entitlements. Is that correct?

**Ms Clarke**—Yes, that is correct.

**Senator LUDLAM**—I am not expecting you to have the information right in front of you, but perhaps we could ask you to table that for us—not down to individual MPs, because I know that is covered in monthly management reports and so on. I am looking for aggregate figures for different classes of parliamentary travel—committee related travel and travel of MPs, ministerial staff, other support staff and so on. Of the total parliamentary travel budget, who do you not cover?

**Ms Clarke**—Sorry?

**Senator LUDLAM**—I am just wondering if you cover air travel for the entire parliament—

**Ms Mason**—No is the short answer. We should have a list similar to the list that you ran through for MPs for those other than ministers. Ministers' air travel may be paid for by their home department. For support staff for committees, that would be a question best directed to the relevant parliamentary department.

**Senator LUDLAM**—So DPS, and the House?

**Ms Mason**—Yes. We can assist with MoPS Act employees.

**Senator LUDLAM**—So you would cover travel for senators and members, for MoPS Act employees and staff of senators and members. For committee travel you are referring me to the Department of the House and of the Senate?

**Ms Clarke**—That is for their staff.

**Senator LUDLAM**—Yes, that is correct; that is for their staff. For ministers will I need to chase down every single department individually or does somebody keep aggregates of what that costs us?

**Ms Clarke**—We can provide the data of what we pay for ministers and what Finance pay.

**Senator LUDLAM**—Okay.

**Senator Wong**—Most of this is tabled in the parliament.

**Senator LUDLAM**—I am just trying to work out where.

**Senator Wong**—It is tabled in the parliament. The big books are tabled with your, my—everybody's—travel allowance, travel expenditure and a range of other data. It is all tabled.

**Senator LUDLAM**—Do you mean as part of the budget—

**Senator Wong**—No.

**Senator LUDLAM**—I am hoping not to read 3,000 management reports; that is all. I am looking for the aggregates.

**Senator Wong**—No, it is compiled.

**Ms Mason**—On a six-monthly basis there is a report tabled in the parliament that sets out the travel expenditure for senators and members for the previous six months. For instance, the report that covers the period, say, 1 July to 31st December 2010 will be tabled in about June of this year.

**Senator LUDLAM**—Tabled by the finance minister?

**Ms Mason**—Yes.

**Senator LUDLAM**—This is why I need to ask. If you do not know, that is fine.

**Senator Wong**—No, I was not sure if I was tabling as me or as me representing Minister Gray.

**Senator LUDLAM**—Okay.

**Ms Mason**—That information is also published on the Finance internet site. It is fairly readily available.

**Senator LUDLAM**—Rather than asking you to chase that and table it, if you can just provide us pointers on notice, I will go and do the homework. Will that leave anybody else out or does that effectively cover everybody who works here?

**Ms Mason**—It will not cover everybody. It will not cover the staff of the parliamentary departments—nor will it cover in detail MoPS Act employees. There are a couple of documents complementary to the one I referred to. One is the MoPS Act annual report, which does have aggregate travel costs for MoPS Act employees and for the personal staff of ministers. That information is included in a press release, which is released at roughly the same time that the six-monthly report is tabled in the parliament.

**Senator LUDLAM**—Brilliant; that is extremely helpful. Do you have any figures on the number or percentage of meetings held by video link-up? Is it possible to identify whether we are offsetting any of our travel expenses—

**Senator Wong**—I am doing a lot.

**Senator LUDLAM**—Are you?

**Senator Wong**—Ask Mr Tune.

**Senator LUDLAM**—We can start with this portfolio, but I am trying to get a whole-of-government idea.

**Mr Tune**—I can give you some information, Senator. A couple of years ago the government financed and we set up what is called a Telepresence network, which is a superior form of videoconferencing. They are set up in Commonwealth government offices around the country, here in Parliament House—there is a suite here—and in some in departments. We actually manage that process, that system—both the installation and ongoing operation of them. There is a booking system that is used, and that records the savings in dollars from flights to meetings avoided and also does a calculation of CO2 emissions that have been avoided. We can provide that to you. That is collected on a regular basis.

**Senator LUDLAM**—Yes, I would appreciate that. I have used that system in the Perth CPO. I am very happy to record my gratitude for its installation.

**Senator Wong**—It is a very good system.

**Senator LUDLAM**—It is great.

**Mr Tune**—Beyond that, I cannot help you, I am afraid. This is going to be happening all over the place with all sorts of agencies, either using telephone hook-ups or videoconferences of some kind. We can provide you with the Telepresence information we have pulled together.

**Senator Wong**—Anecdotally, there has been—I do not know what the figures show—an increase in use. In my previous portfolio we commenced using this. The usage, from what I can observe within the ministry, has increased—

**Mr Tune**—I think that is correct.

**Senator Wong**—as people have got more used to it. Of course, we do not track it if we use other facilities. I have had Telepresences utilising NBN's facilities, for example. We would not track that.

**Senator LUDLAM**—I know we are not going to be able to run it down to every last one. I am trying to get an order of magnitude. Does the government, in any portfolio that you are aware of, have a target for introducing more of these things? I gather there is not the ability to connect the Telepresence network around the country with the parliamentary committee videoconferencing system. I gather they are incompatible with each other.

**Mr Sheridan**—The Telepresence system is set at the 'secret' level. It runs on the Ministerial Communications Network, which is a secret high network. In order to connect it to other video or Telepresence systems we actually have to sever that connection, manually connect another arrangement and then reconnect it afterwards. While that is connected to another arrangement, that Telepresence room is off the system, not taking bookings. It is generally not a very efficient process. We are exploring a way of doing that that will be more automatic, but it will take some development costs to do that.

**Senator LUDLAM**—What is the timetable on that?

**Mr Sheridan**—We are exploring it this financial year. I am not yet sure, because of the detailed software configurations that will be required to make it work, how long it will take to do that or whether it will be cost-effective. We will need to explore that.

**Senator LUDLAM**—I guess you would be balancing cost-effectiveness against the number of airfares that you reckon you can offset and it will come from other people's budgets. Can you maybe just take on notice for us to provide some kind of written estimate of when a decision will be made as to whether that will happen or not.

**Mr Sheridan**—We can.

**Senator LUDLAM**—I think this parliament could use that technology a great deal more. I was a bit surprised to learn yesterday that the two systems are completely incompatible with each other.

**Senator Wong**—But it is not dissimilar to the computer networks, obviously, for ministerial or cabinet discussions. You have to have a higher level of security than you would for a Senate committee meeting.

**Senator LUDLAM**—Yes.

**Senator Wong**—Mr Sheridan has just outlined the technical reasons why.

**Senator LUDLAM**—We have to have a guy physically go next door and stick a different plug into the system. So it is not so much a technology issue; it is a security issue?

**Mr Sheridan**—It is because we do not have multilevel security that would allow us to run those across the different carriers. We would actually have to change the carrier arrangement.

**Senator LUDLAM**—And that is what you are exploring?

**Mr Sheridan**—That is a manual arrangement at the moment and that is what we are exploring.

**Senator LUDLAM**—That is helpful. Thank you very much.

**CHAIR**—We are now moving on to program 3.1. There are a number of senators who have questions. Senator Ronaldson.

**Senator RONALDSON**—I am sure this could not possibly be right, but I read somewhere that after all the hullabaloo about Frequent Flyer points and renegotiating airline agreements that there were actually no savings. Can you clarify that for me.

**Mr Tune**—No savings from what?

**Senator RONALDSON**—From the deal done in relation to the abolition of Frequent Flyer points, which I understand was the rationale for it being done. I might be totally wrong, but I am sure I read somewhere that was the situation.

**Mr Tune**—I will double-check for you. I am pretty confident there are savings there that we took account of.

**Senator RONALDSON**—If you want to check that would be terrific.

**CHAIR**—So you will come back to us?

**Mr Tune**—I will take it on notice, yes.

**CHAIR**—Senator Ronaldson, do you have anything else in 3.1? I have a few questions in relation to the integration of the computer system that is taking place between the Senate and Finance. Is someone able to give us an update on how that is progressing, why it is taking 18 months, where it is at and what the benefits will be?

**Mr Sheridan**—We are in discussions with DPS to transfer the system with a target date of 30 June of this year. The arrangements that we have to put in place cover the various procurements that support the arrangements that Finance currently provides for electorate office IT. There are a couple of procurements that need to be finalised before we can do that. We need to agree the amount of money to be transferred and the method of transferring it. We need to take into account the savings that were delayed from the Gershon budget reductions that were not recovered at the time because this work was going on. We anticipate having those financial arrangements in place in the next couple of months and having the changeover ready to go at the end of the financial year. It is administratively easier for us to change it at the end of the financial year, because of the ease of changing budgets and transferring the responsibilities then.

**CHAIR**—What benefits or disadvantages will there be to senators and members? Will we actually notice anything different?

**Mr Sheridan**—Firstly, the entitlements do not change as a consequence of this transfer. What changes is the agency through which they are provided. I do not anticipate that there will be changes in the amount of hardware delivered or those sorts of things. By having the one department provide the service there should be efficiencies in that regard. Those through DPS should manage the system in a way that no longer means that senators and members have to contact different organisations to have different things done.

**CHAIR**—There was some discussion yesterday—and so I was asked to raise it here with you today—in relation to some questions relating to the computer system. We assumed that that includes our printers. Does that include photocopiers now that are in electorate offices that act as printers as well? Will that change under the new arrangements?

**Mr Sheridan**—The arrangements for multifunction devices—printers and photocopiers—will need to be worked through in our detailed implementation discussions with DPS. But we would intend to work those through.

**CHAIR**—Will it come under your responsibility, the access to the internet on a home basis for senators and members?

**Mr Sheridan**—That responsibility, I do not think, is under EOIT at the moment.

**Senator RONALDSON**—That is a residential entitlement. It goes to your home through the Remuneration Tribunal determination. That is actually a phone line that can be used as a data line. Those arrangements will continue. They will not go to the electorate office IT area.

**CHAIR**—It was explained to us yesterday that a trial was being undertaken at the moment in relation to iPads, and that there is a recognition that with new technology senators and members may want to use that sort of technology. We had some discussion about senators and members who personally own iPads and other such tablet equipment—that they cannot have access while they are in Parliament House through the normal processes. Do you have any plans to allow that to happen?

**Mr Sheridan**—I might answer the technical part of this. There is also a question of entitlements, which is managed by another part of the department. Technically that is a decision to be made by DPS as it relates to access to their network. Currently the Defence Signals Directorate, which is responsible for these things, has not accredited devices with the Apple or the i operating system to be used for national security classification purposes. Until that accreditation happens they cannot be used directly connected to government networks essentially. It will be up to DPS once that accreditation occurs to decide how it would be connected.

**CHAIR**—If an iPad is given to a minister or a parliamentary secretary the access that they have comes under their department rather than through Finance?

**Mr Sheridan**—I believe so. It depends on who has it and how they have done it.

**Senator Wong**—Except for me. I have no iPad.

**CHAIR**—Can I move on to BlackBerries. There has been over time, since we have been allocated the BlackBerry, discussion in relation to the security password and the length of time and how frequently we have to put that password in. There was going to be an undertaking to investigate whether or not that period could be extended. Can you give the committee an update?

**Mr Sheridan**—The Defence Signals Directorate sets the security requirements for the use of the BlackBerry. It sets the character length for the password, the time that it takes for the password to change, and the time that the password or the device is active for before it locks if you're not using it. At the moment the maximum time allowable is 15 minutes. It is my understanding that that is what is set on the devices that senators and members use.

**CHAIR**—There was some discussion also yesterday in relation to the use of our computers when we are travelling to committees. The access that we have available through Optus is unsatisfactory and most of the time you cannot access the internet and it is unreliable. Is there any undertaking to investigate the use of an iPad and the 3G network, which is proving to be far more effective and efficient?

**Mr Sheridan**—My understanding, as it relates to the electorate office IT, for which we are responsible, is that it is about senators and members using external USB modems through Optus, and that has not proved satisfactory. They have been able to request the swapping of that for a Telstra modem, and that has provided appropriate connectivity for them.

**CHAIR**—I do not think many people are aware of that. That is of great interest.

**Mr Sheridan**—Several senators and members have requested the ability to change that and that has been permitted.

**CHAIR**—Thank you. That is very useful. I will now move on to management reports. In relation to the management reports and the way they are presented, can you give us an update on whether there are any changes in the way we as senators and members are responsible for signing off on those management reports and the number of errors relating to those reports, and also whether there are still a number of senators or members who have not signed off on the management reports on an ongoing basis?

**Ms Clarke**—We are always looking for ways to improve our monthly management reports to senators and members with a view to making them more simple and providing more information to enable you actually to look at your budget and how that is progressing. We are looking at those now to see what is possible and introduce those. As to the accuracy of the data, we always maintain it to get it as accurate as possible. However, there are times when information comes in late and cannot be included and has to be included down the track or where credits have not been taken account of and they have come in late. It is never real-time data.

**CHAIR**—In relation to the management reports, for instance, and the budget that we have for stationery, for instance, can you step us through the procedure for what checks and balances are put in place to ensure that senators and members do not go over budget and how the invoices are processed, and whether any changes have been made and looked at to ensure that we have access to all of that information to ensure the budget is correct?

**Ms Clarke**—I would like to call on my colleague Greg Miles, who can step you through that. We have a number of checks and balances to help senators and members manage their budgets. While Mr Miles is coming to the table, I might comment on the monthly management reports. We are looking at the moment at ways to try to make the structure of those reports more user friendly for senators and members and easier for members and senators to see which portions they directly need to sign off on and which portions might best be dealt with by, say, an office manager or another delegated/authorised person within the office.

**CHAIR**—There are instances where senators and members run over budget because the management reports are quite different to the records in the office. The experience that I am talking about is that you are not able to get copies of invoices at the time of the purchase and there does not seem any cross-referencing to ensure the accuracy of those management reports.

**Ms Mason**—Mr Miles will be able to talk with you in detail about the steps taken to make sure that senators and members get information about major purchases. But certainly there can from time to time be time lags between the timing of an order being placed by a senator or member or their office on their behalf and the time that that information may flow into a monthly management report. The department is only aware of charges that are made to us. We are not necessarily aware of every expense that is incurred in real time when it is incurred within the office, because we are not there.

**Mr Miles**—I think your question was specifically relating to the budget involving office requisites and stationery?

**CHAIR**—That is right. It relates to all expenditures, including fuel costs for cars.

**Mr Miles**—If I deal first with the office requisites one, there are a number of arrangements that we have in place to assist senators and members in managing their budget usage. At the time that an order is placed online the cost of the order is provided to whoever in your office it was that actually placed the order. The details of what was ordered and then provided are provided on a delivery docket that arrives with the order in your office. It is expected that your staff would check to make sure that the stuff that is ordered, and therefore the cost involved, equates to what has arrived. That is the first step.

It has been pointed out that the cost of that will be reported in a subsequent monthly management report. I guess to some extent it depends on the timing within the month when the order is received as to whether it will be the next monthly management report you receive or the one after that, because they are just done on the 15th of each month. In addition to that, at any point in time you or your staff are able to contact us and receive an up-to-date as of today type detail of your expenditure against the budget. As a precaution, whilst we have introduced an online ordering service to make ordering a more enjoyable and quicker experience for you and your staff, we do intervene in the large orders. We will always double-check, and our state people will contact your office to check on any order that is abnormally large for your office or any order that might take you over your budget. That is in relation to the office—



**CHAIR**—And that happens on a regular basis? So, if a senator or member is going over their budget they will get a phone call?

**Mr Miles**—That is correct. Even for a large order that might not take you over the budget, a phone call will be made. A phone call, email or both.

**Senator MOORE**—How long has this system been in place?

**Mr Miles**—The online ordering system?

**Senator MOORE**—No, the personal call follow-up system.

**Mr Miles**—It was introduced when the online system came in, at about the same time. We have tweaked it a bit, but it became essential because of the online system. We did not have visibility of every order going through. We wanted to make sure that, without slowing things down too much, a flag went up when something out of the ordinary came through.

**Senator MOORE**—And that is from your local branch. So, depending on where you live and where your office is, it will be the local state branch that will contact you?

**Mr Miles**—Your state office people, who tend to know you and how you work.

**CHAIR**—I suggest that that has not been the case. In relation to the management reports that are outstanding, that have not been signed off on, can you give us a number? Has that decreased? Is it about the same? What penalty, if anything, is there or an incentive for senators and members who sign off on their reports?

**Ms Sims**—I will just find that information for you. I have information as at yesterday's date, being 21 February 2011, and I have a breakdown by month for the 2009-10 financial year and the 2010-11 financial year. If you want, I can read through—

**CHAIR**—You might table that for us. Is it a lengthy list?

**Ms Sims**—No, it is just one page.

**CHAIR**—If you perhaps could table that it would save us some time. Can we have the latest figures, the current update?

**Ms Sims**—That was my only copy.

**CHAIR**—In relation to the management reports and the regular errors being made in relation to flights, what processes are being put in place to alleviate that ongoing issue of mistakes being made?

**Ms Mason**—There is a mechanism. When people receive their monthly management reports and check them or have portions of them checked by staff in their office, if a transaction is identified that appears to be anomalous and not accord with the office records then there is a mechanism to draw that to attention. We can investigate it within the department and, if necessary, make a correction.

In relation to travel, it does get complicated from time to time, particularly with airfares, where flights are booked and may be charged to the department—and paid for by the department—but those sectors are not subsequently flown and there may be a credit that arrives in the account at some future time. Depending on the timing of production of the monthly management reports, there could be a disconnect between the time that the flight was

booked, the charge is made of the department and the credit is later generated. That can lead to some apparent anomalies that are not necessarily errors but just timing differences that eventually get corrected in the system. So, there is a mechanism for drawing things to attention and having them investigated, and our clients do use that if they see something unusual.

**CHAIR**—Would it be a common occurrence for allocation of trips that are taken for a spouse or a dependant to take nine months to rectify an issue that has been ongoing in relation to the amount of trips. It seems to me to be an exorbitant amount of time.

**Ms Mason**—It can take some months. I will see if any of my colleagues have additional information for you. There is nothing additional for you, I am afraid.

**Senator MOORE**—If you have a system in place where you ring people if there is an issue around their orders, has there been any consideration of personal contact with senators or members who are three months behind in their management reports? I know we have talked about this on a number of occasions but it looks like there has been some good improvement from when we first started asking these questions but there are still a number that are significantly behind. You can take that on notice but if you have been able to tweak the system to have personal follow-up on things like expenditure I am just wondering what the personal follow-up is on people who are not responding to what I understood was an expectation of their employment.

**Ms Clarke**—There is certainly an expectation. We will take that on notice.

**CHAIR**—In terms of the budget for printing allocation and the approval process, has there been any consideration given to simplifying the notification back to senators and members which gives—I should have brought an example—an order number and then goes through at the bottom of the page and then finally at the last paragraph it tells you, after it has identified an order number, that it is not within your budget entitlements. Is there some simpler way of notifying us if something is outside of the budget entitlements for printing? Can we just get something straight back so that you can tell that it is not within your entitlements?

**Ms Clarke**—We are looking at changing the words and the advice we give out. The issue that we have uncovered is that sometimes advice back from the Parliamentary Entitlements Advisory Committee does not lend itself to a yes/no answer and that you actually have to work through the logic of whether something might be an entitlement but something else might not be an entitlement. For instance, what you want to say on a particular document is within entitlement but the document on which you want to print it is in fact outside of entitlement because it does not weigh a particular weight or it is not flat magnetised material. There are quite a few instances where you are required to step through what the logic is and what the legislation is and what supports the decision. We have just found that is a better way of explaining the complexities and making sure that people understand that the decision is because of the legislation and how it works. So we have looked but, depending again on the request that is put forward and the complexity, that is the way it is done.

**CHAIR**—It just seems to me to be illogical to give an order number but then ultimately be refused on the grounds that it does not meet your entitlement.

**Ms Clarke**—Can I just give Senator Ryan an answer to a question he asked earlier? You asked whether or not a non-ongoing person in the Prime Minister's office had to be re-employed under MOP(S) Act employment. Our records show that they have not been re-employed since they left on 20 August.

**CHAIR**—Thank you very much for appearing before us today.

[3.20 pm]

### **Australian Electoral Commission**

**CHAIR**—I welcome representatives and officers from the Electoral Commission. Do you wish to make an opening statement?

**Mr Killesteyn**—No.

**Senator FIFIELD**—At the outset I would just like to confirm some donation figures which would have been registered with the AEC. Firstly, could you confirm that the ACT branch of the Australian Labor Party received \$238,552.86 from the Canberra Labor Club in the 2006-07 financial year?

**Mr Pirani**—I do not have all those figures in front of me given how many returns were published, but I am aware it was a large figure. I would have to take on notice to confirm the actual amount.

**Senator FIFIELD**—Sure. Also, that the ACT branch of the Australian Labor Party received \$558,128 from the Canberra Labor Club in the 2007-08 financial year.

**Mr Pirani**—Again, I would look to take that on notice.

**Senator FIFIELD**—Also, that the ACT branch of the Australian Labor Party received \$550,232 from the Canberra Labor Club in the 2008-09 financial year.

**Mr Pirani**—Again, I would need to take that on notice to confirm the actual figure.

**Senator FIFIELD**—Also, that the ACT branch of the Australian Labor Party received \$662,067 from the Canberra Labor Club in 2008-09 financial year.

**Mr Pirani**—The same response.

**Senator FIFIELD**—If you could also take on notice what the total be would add up to over those various return years? You might want to take my word for it but no doubt you will check and take it on notice, but it comes to the total of \$2,008,979.86.

**Mr Pirani**—We do publish the returns on the internet and we do have a search engine on the internet that enables you to search by a particular donor, by a particular party et cetera, and you get cumulative amounts over those years. We will certainly take that on notice and confirm that the information that you have asked about is correct.

**Senator FIFIELD**—I think my maths is okay, but obviously I would enjoy the comfort of the AEC's confirmation of those figures. Obviously donations over that period in excess of \$2 million are very significant. Naturally one gets to thinking what the source of such revenues may in fact be. The Canberra Labor Club consists of the Weston Creek Labor Club, the City Labor Club and the Belconnen Labor Club. The website of the City Labor Club says:

The City Labor Club has been designed to spark a new vitality into Canberra's city district. The focus is towards superior dining facilities and lounge style comfort in a relaxed atmosphere, as well as a gaming lounge.

I think we all know that 'gaming lounge' is a euphemism for a pokie palace, a place where the one-armed bandits reside. I do not think it is a huge leap of logic to suggest that this figure of in excess of \$2 million to the Australian Labor Party comes from pokie revenues. I would not expect the officer at the table to confirm that. But I have a question to the minister at the table, given this government's frequently stated concern about gaming and given Jenny Macklin and Bill Shorten's press release, which states:

... problem gambling is a serious issue and the Australian Government believes more must be done to help problem gamblers and their families, particularly by reducing the harm caused by poker machines.

Research shows that three-quarters of severe problem gamblers have problems with poker machines.

Problem gambling can destroy families and ruin lives ...

And the signed agreement with Mr Wilkie, which states:

The Parties agree that problem gambling, especially through poker machines, is an important issue which must be addressed by all governments.

And the Prime Minister's press release of 2 September last year, which states:

I have agreed with Mr Wilkie that the Commonwealth will work to achieve major reforms in the area of problem gambling, particularly the implementation of full mandatory pre-commitment technology.

Minister, it is hard to escape the conclusion that the Australian Labor Party accepting \$2 million in pokie profits must represent breathtaking hypocrisy. I am the last person to get into the business of saying whom you should and should not take money from, but the ALP makes an art form of being particularly sanctimonious about these sorts of issues. Minister, do you think that the ALP taking \$2 million in pokie profits from the ACT Labor clubs represents breathtaking hypocrisy?

**Senator Wong**—First, in relation to the amounts and the source of those donations, I am not going to accept the spin that you put on it. I would like to see the detail of what is being asserted before I respond on that. In terms of taking donations, we have been very upfront about where we do not take donations from, and some of those have not been matched by the opposition. We did not call for donations to the Labor Party in the context of the Queensland floods, unlike the coalition. More generally, you referenced a range of comments made by ministers and the Prime Minister. The agreement of the government with Mr Wilkie is on the public record.

**Senator FIFIELD**—So you do not think that there is a bit of a disconnect between the government's stated concern, the government's intention to pursue precommitment, and a lazy \$2 million coming in from the Canberra Labor clubs from pokies?

**Senator Wong**—I have answered that question. You are simply reasserting the same question or the same statement you put to me.

**Senator FIFIELD**—Minister, do you think it would be an unfair statement that, perhaps for the ALP in Canberra, the light on the hill is a flashing poker machine?

**Senator Wong**—Everybody knows that you are trying to get a grab up on television, which is a matter for you. I have answered that question and I do not intend to add to it.

**Senator FIFIELD**—Are you personally comfortable as a minister of the government?

**Senator Wong**—I have answered the question. If you want to have a debate, we can have a MPI in the parliamentary chamber. We can talk about the donations from tobacco companies, which you continue to receive. We can talk about the ethical position of a party that chooses to use a natural disaster to seek donations to itself. Let us talk about that.

**Senator FIFIELD**—The government has committed to a poker machine precommitment, but perhaps there is a precommitment that the Australian Labor Party could make in relation to the Canberra Labor clubs. I will leave it there.

**CHAIR**—We have further questions from Senator Abetz.

**Senator ABETZ**—What contact, if any, has the AEC had with the organisation known as GetUp! in relation to its vote generator ‘How should I vote’?

**Mr Killesteyn**—The first time that contact emerged was prior to the election in the context of their system that they put in place for electronic enrolment, so we have had continuing discussions with GetUp! about that particular issue. Part of our discussions with GetUp! is focused on how that system works, what are the issues that we need to do to understand better the electronic means for enrolling for the first time.

**Senator ABETZ**—I am asking about the website [howshouldivote.com.au](http://howshouldivote.com.au). Has the AEC had occasion to discuss that with GetUp! and, if so, what motivated that and what started it?

**Mr Pirani**—At the 2007 general election you will recall that GetUp! had a self-generating how-to-vote card. In that context, in my role in dealing with electoral advertising complaints, I had several complaints referred to me complaining that, because coalition candidates had not filled out any of the questionnaires and so on, no matter what you put in for your preferences and your beliefs you would generate a how-to-vote card that always had the coalition candidates down the bottom of the how-to-vote card. At that time we wrote to GetUp! and I had discussions with Mr Solomon, who at that time was the person in charge of GetUp!, and said to them that unless they put clear caveats in the material saying that the coalition candidates would always come last because they had not completed the questionnaires, the AEC would consider seeking an injunction because we felt that it was being misleading and deceptive in terms of section 329, because electors would generate those how-to-vote cards and they would not know that the coalition candidates had not completed any of the questionnaires.

I had a telephone call from a gentleman who was not the current CEO—I have forgotten his name—prior to the election and I suggested to GetUp! if they took a similar approach that the AEC would again be monitoring it very closely and if they crossed the line that we would have to again consider an injunction. I had a quick look at the new website they proposed. I did not see anything that was the same or similar to what they had put forward in 2007, neither did I receive any specific complaints about that website.

**Senator ABETZ**—In relation to their website in 2007 you had formed an opinion that GetUp!’s website may well have breached section 329?

**Mr Pirani**—Only in relation to that part of the website that had the self-generated how-to-vote card.

**Senator ABETZ**—Because you were concerned it was misleading voters?

**Mr Pirani**—Misleading and deceptive in terms of section 329 because voters would not have been made aware that coalition candidates had not completed a questionnaire, so no matter what you put in they would always be the last two people on that generated how-to-vote card.

**Senator ABETZ**—I think the member for Goldstein, Mr Andrew Robb, filled it out and answered for the coalition in every respect and he was told to vote for his Labor candidate in his electorate. The AEC's vigilance in that regard is to be commended.

Can you tell me whether the AEC would agree with Mr Thornley, who was one of GetUp!'s initial board members and who conceived of GetUp! as a springboard for Labor's electoral renewal for 2007, as seeing GetUp!'s purpose as being predominantly to benefit the Labor Party? I refer, in particular, to Mr Thornley's own diagram of 2006 in anticipation of the 2007 election where he had the mass movement of GetUp! here leading to party renewal, leading to candidates for public office.

**CHAIR**—Are you going to table the document?

**Senator ABETZ**—Yes. In anticipation of that, I have half a dozen copies.

**CHAIR**—That would be useful. The committee can note the tabling of this document. That is so noted.

**Senator ABETZ**—Thank you. This is from Mr Thornley's essay, 'The architecture for renewal', contained in a 2006 book entitled *Coming to the Party: Where to Next for Labor*, edited by one Barry Jones. That makes it very clear, according to one of the founders of GetUp!, that the purpose of GetUp! was to start this mass movement to get the Labor Party into office.

**Senator FORSHAW**—Knock me over with a feather.

**Senator ABETZ**—From your investigations, does the AEC agree with Mr Thornley's, you might say, self-description or self-assessment of the purpose of GetUp!?

**Mr Pirani**—I have your letter to me, which I am still working through, in relation to the previous response that I gave to you and to the last estimates hearing concerning GetUp! Our investigation is limited to the definition in paragraph (b) of 'associated entity' in section 287, subsection 1, of the Electoral Act. That says:

... 'associated entity' means: an entity that operates wholly, or to a significant extent, for the benefit of one or more registered political parties.

Being lawyers, you and I both know, noting that GetUp! is a corporate entity—it has an ACN and is registered with ASIC—that the activities of an entity are different to the activities of the persons who may have set up the entity, who may control the entity or who may have funded the entity. So the legal test that we are examining is whether GetUp! is an associated entity within the terms of paragraph (b) of that definition and therefore whether it has a disclosure obligation under the Electoral Act. That is the limit of what we are examining at the moment.

Since I responded to you in November, we have published the results of our initial investigation on the internet. I am still considering the further material that you sent to me with your letter of 26 January. When I have examined that, and if necessary obtained any external advice that I need, I will certainly be responding to you directly. Because this is one of the special matters, we will also report the outcome of that inquiry on the internet. So my investigation, my consideration, is limited to and focused on that particular part of the definition.

**Senator ABETZ**—I appreciate that and, just for the record, I have no criticism whatsoever of your not having yet waded through the however many—I think it might be nearly a couple of hundred—pages I provided to you in January. I accept that it is a relatively hefty document to get through and therefore I accept that you will need some time in relation to that, but I would have thought that, in determining the status of an associated entity, the purpose for which the entity was set up and the purpose that one of its founders said it was being set up for might assist in determining, amongst other factors, whether or not it is an associated entity.

I will quickly backtrack and ask: in relation to the 2010 election, did you receive any complaints that GetUp! booth workers were heard telling voters to take the GetUp! scoresheet because it was the only independent assessment of the various parties' positions on issues?

**Mr Pirani**—I received no such complaint.

**Senator ABETZ**—You received no such complaint.

**Mr Pirani**—I will just explain our process to the committee. The process we have in the AEC is an escalation process where low-level complaints are dealt with by the polling officials on the spot. If they cannot deal with it, it gets escalated to our divisional returning officers. If, in turn, they cannot deal with it, it gets escalated to our state and territory Australian electoral officers. Finally, if it involves an alleged breach of part XX of the act, it gets escalated to me. I can certainly assure you that I have had no such complaints escalated to me during the 2010 election campaign.

**Senator ABETZ**—Is the AEC aware of claims that GetUp! received start-up funds from the trade union movement?

**Mr Pirani**—Certainly I am aware of the media reports that disclose that two unions in Victoria were reported in, I think it was the *Age*, as having given funding to GetUp! in the 2009-10—I think it was—financial year.

**Senator ABETZ**—It was Kathy Marks in the *Monthly* who says GetUp! received start-up funds from trade unions and it was Anne Coombs, who is in fact a GetUp! board member, who stated that 'initially most of GetUp!'s funding came from a handful of wealthy and progressive individuals plus some union money'. GetUp! did not have to disclose the donations as a third party until 2006-07. Is that correct?

**Mr Pirani**—The reporting obligation under the Electoral Act only applies to a third party—that is, a person who is not a candidate or a political party or an associated entity—who incurs political expenditure. So it is a question of, first, whether a particular entity or individual incurred electoral expenditure. Section 314AEB, which contains the provision, was

only inserted in 2006. Therefore the first financial year when any reporting obligation would have arisen was 2006-07.

**Senator ABETZ**—So, any monies that GetUp! may have received from the trade union movement to get it started were not, under the legislation, required to be disclosed.

**Mr Pirani**—Indeed, third parties are not required to disclose the source of the funds that they use under the current legislative regime.

**Senator ABETZ**—We can make some comment, but I do not expect you to comment, Mr Pirani, on GetUp!'s self-aggrandisement—when they say that they have a policy of transparency and claims of independence but have never disclosed to us exactly who was behind their set-up and in what amounts. We do note, however, that in recent times they received \$1.1 million from the CFMEU. It would not look, I would suggest, terribly independent if it emerged that a large amount of money for the establishment of GetUp! came from the unions. I do not ask you to comment on that; I make that comment as an aside. Is the AEC aware that, two days before establishing GetUp! Limited in April 2005, Jeremy Heimans and David Madden established the company Purpose Campaigns?

**Mr Pirani**—I am not aware of that.

**Senator ABETZ**—You are not aware of that. Is the AEC aware that Purpose Campaigns claims to have established [getup.org.au](http://getup.org.au) as well as to have advised the French Socialist Party presidential candidate, Segolene Royal? Are you aware of that?

**Mr Pirani**—I am not aware of that.

**Senator ABETZ**—Overseas, Purpose Campaigns appears to have boasted that it has worked with 'the Australian and US labour movements' and there are a number of quotes in the media in relation to GetUp! working with the labour movements. So, here they are boasting overseas.

**Senator Wong**—This is fascinating, but I am not sure what Segolene Royal has to do with the AEC.

**Senator ABETZ**—Because the AEC is currently looking at the issue of associated entity. Here in Australia this organisation is claiming to be independent, yet overseas they boast that they are involved with a socialist campaign and with a labour movement in Australia for political purposes. They broadcast narrowly to the Australian community saying, 'Oh no, we are completely and utterly independent', when all the cards are now starting to fall to indicate that—as Mr Thornley himself said about GetUp!—they were set up for the purpose, as this diagram drawn by Mr Thornley himself shows, of helping Labor win an election. So their pretence of independence, Minister, is now completely out the window. They have been exposed and that is why I am encouraging the AEC to go through the proper process of identifying whether or not GetUp! are an associated entity.

**Senator Wong**—I am sure the AEC will conduct their consideration of this matter appropriately and that they have done so to date. I just make the point on GetUp!—and I know this has been a focus for you for, I think, a couple of estimates—that they certainly have not been backward in criticising the Labor government either, so its—

**Senator ABETZ**—They are limp.



**Senator Wong**—No, let me tell you, having been on the receiving end of some of their criticism, I would—

**Senator ABETZ**—At the end of the day they still say, ‘Vote for the Left.’

**Senator FORSHAW**—What a terrible thing that is!

**Senator Wong**—Can I finish? To suggest that they are somehow a branch of the Labor Party is really to misunderstand the nature of the organisation.

**Senator ABETZ**—There is no problem with that, but do not pretend to be independent; that is the only criticism I make, Senator Forshaw.

**CHAIR**—The minister actually has the call and the cross-dialogue is not helping Hansard or the committee.

**Senator Wong**—It is interesting but I simply made the point that my observation—

**Senator ABETZ**—Minister—

**Senator Wong**—No, I do not sit around sort of watching what GetUp! does, but my observation is that it is an organisation which campaigns on issues and there have been matters on which they have campaigned very strongly against the position of the government at that time.

**Senator ABETZ**—Obviously, that is in direct conflict with what a founder of GetUp!, Mr Thornley, foolishly wrote in 2006—

**Senator Wong**—It is a factual statement.

**Senator ABETZ**—as to the purpose of setting up GetUp!. What would be the AEC’s view about Purpose Campaigns apparently being separately contracted by the Australian labour movement at the same time as Purpose Campaigns is establishing and helping its owners run GetUp!?

**Mr Pirani**—If you are asking a hypothetical, I am just not clear here. The reporting obligations under the act are that, if you are a political party or an associated entity, you have got various reporting obligations; and if you are a third party engaged in electoral expenditure, then you are required to report that expenditure to us. That is what we are constrained by; those are the relevant tests are in the legislation.

**Senator ABETZ**—I accept that, Mr Pirani. Would the labour movement or Purpose Campaigns have any responsibility to disclose payment if they had a contract between them?

**Senator Wong**—The ‘labour movement’, as opposed to the Labor Party?

**Senator ABETZ**—Yes, as in ‘the trade union movement’.

**Senator Wong**—The trade union movement.

**Mr Pirani**—It depends who is actually engaged in the electoral expenditure. I mean, section 314AEB is the provision that sets out the reporting obligation if the person incurred expenditure by any of those purposes during the financial year ‘by his or her own authority’. If it is a contractor, if they are doing it not on their own authority but under a contract to somebody else, then the person who has authorised it is the person who has the reporting obligation.

**Senator ABETZ**—Thank you very much for that, Mr Pirani. I wish you well in your ongoing investigation. Sorry to have provided you with so much work, but it is a matter of concern when an organisation seeks to portray itself to the public as being wholly and solely independent when it is not. The founders of GetUp!, such as Mr Thornley, boast that the organisation was in fact designed and set up to renew the Labor Party to get them to win the 2007 election. That does seem as though it is very much part of an associated entity type mechanism to assist a political party. I will leave that with you. Thank you, Chair.

**CHAIR**—We were so enthralled with those questions! We will now have a tea break.

**Proceedings suspended from 3.49 pm to 4.05 pm**

**CHAIR**—Senator Ronaldson.

**Senator RONALDSON**—Going back to some questions asked at the last Senate estimates, in relation to the member for Dobell, the HSU and the DPP, can you just bring me up to date with where that is at, if you would not mind?

**Mr Pirani**—Yes. There were two complaints that we have been dealing with at this stage. The first one was in relation to whether the member for Dobell had a separate reporting obligation as a candidate in the lead-up to the 2007 general election that was not complied with. We have referred material across to the DPP. We have received a response from the DPP stating that there is insufficient evidence for the matter to proceed to a prosecution. There was the related matter that you referred to me in relation to the Coastal Voice as to whether it was an associated entity. We have responded to that one saying that at this stage we have no evidence that Coastal Voice Inc. was an associated entity. They are the last two matters. I am aware that there are still legal proceedings on foot in the Supreme Court of New South Wales that we are watching in relation to the various allegations that have been made. However, I do draw the committee's attention to section 315(11), that for any breach of the reporting obligations that we have a statutory time period of three years in which any action can be taken. Given that many of the events that are alleged to have occurred were in 2007, we are getting very close to the time period where, even if further evidence were to come to light, that we would be able to take any action at all.

**Senator RONALDSON**—They were summary offences, too, from recollection, were they not?

**Mr Pirani**—They are all summary offences, yes.

**Senator RONALDSON**—When was the DPP's brief received?

**Mr Pirani**—I can take that on notice, but it was late last year. I actually do have that.

**Senator RONALDSON**—I presume you will release it?

**Mr Pirani**—Not the requested advice, but we will be doing the normal report that we do on our website in relation to the results of our investigation. I just have not had time to write it up but, yes, it will be released. The report of our investigation will be released, but not the DPP advice.

**Senator RONALDSON**—What is the reason for that?

**Mr Pirani**—It is the normal Commonwealth practice in all Commonwealth agencies. I think we responded to this committee with another question on notice at one of the earlier hearings. The normal Commonwealth policy is that public interest immunity is claimed on all of those legal advisings from DPP. The current Secretary to the Attorney-General's Department reminded all agencies of this in a document that was issued some time, I think it was, in 2009.

**Senator RONALDSON**—Are you aware whether there have been any successful FOI applications in relation to such legal advice?

**Mr Pirani**—I am not aware of any, no. I should qualify that. They are not a prosecution legal advice, but there was an FOI request brought by persons in Canberra in relation to a legal advice that we were acting on in relation to the names of political parties. There was an actual decision in the AAT. Senior member Constance held that we had waived legal professional privilege in that legal advice, because so much of it had been incorporated in the terms of the actual decision. That resulted in the AEC publishing that particular legal advice on the website.

**Senator RONALDSON**—Are you claiming formal privilege in relation to this document?

**Mr Pirani**—To the extent I would have to go through the minister for public interest immunity, but certainly we would be claiming legal professional privilege in the normal sort of context that would apply, yes.

**Senator RONALDSON**—I have my standing orders with me. I think in this situation the minister has to claim privilege, hasn't she, and then give an explanation?

**Senator Wong**—I will take it on notice and come back to the committee on that point. But I would make this point. I understand what you are asking for—perhaps I am wrong—is the prosecutorial brief? It would be very unusual for that to be released.

**Senator RONALDSON**—Why?

**Senator Wong**—Under either government.

**Senator RONALDSON**—I am asking for it. The difficulty that I have is, of course, that taking it on notice means that I cannot formally request the explanation that I think is required under the standing orders—

**Senator Wong**—I will give the explanation in the answer as well. But I would say again, you have been around long enough to know that we do have a convention around prosecutorial independence across the board. It would be most unusual for governments to be releasing briefs—

**Senator RONALDSON**—I think from recollection that, once privilege is claimed—and it has to be claimed by the minister—the committee can then meet privately, can it not, to discuss the privilege and whether that explanation will be accepted? I should have more information. The secretary might be able to help.

**CHAIR**—We are at the point where the minister is claiming that. We can have a private meeting, if you wish, but I think that the minister has said she will take it on notice and give

you an explanation as to why it is not in the public interest. If you want the committee to have a private meeting—

**Senator RONALDSON**—There might be someone from the Clerk's office listening and, correct me if I am wrong, my recollection was that the privilege is claimed and then the reason for doing so must also be put forward at the same time and then the committee will meet to consider that. I have not got my standing orders with me, I am sorry.

**Senator Wong**—I am reading from the 2009 Procedure Committee report, which states:

It is open for a minister representing another minister at a committee hearing to refer any public interest immunity claim to the responsible minister ...

**Senator RONALDSON**—What number is that?

**Senator Wong**—The third report of 2009. I am of course representing here the Special Minister of State.

**Senator RONALDSON**—Which number are you reading from?

**Senator Wong**—What do you mean 'which number'?

**Senator RONALDSON**—Is it public interest immunity claims? Is that what you are reading?

**Senator Wong**—No, I am reading from the excerpt of the procedure committee's third report of 2009. What I was saying was:

It is open to a minister representing another minister at a committee hearing to refer any public interest immunity claim to the responsible minister. It is also open for a Senate minister who is responsible for the matters under consideration to defer and further consider a decision on whether to make a public interest immunity claim.

That is what I am doing.

**Senator RONALDSON**—My understanding is that this order of the Senate on 30 May 2009 requires you to provide the committee with a statement of the ground for that conclusion specifying the harm to the public interest that would result from the disclosure or document. It states further:

(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.

My reading of that is that this is a matter relating to a member of parliament. It is an extremely serious allegation that this gentleman is facing, and there are also proceedings, I gather, still before Fair Work Australia. If you are claiming privilege, then I do ask that you provide the committee with a statement for your conclusion specifying the harm to the public interest that could result from the disclosure.

**Senator Wong**—I will do so.

**Senator RONALDSON**—At which stage I will then ask for a meeting of the committee to make a decision as to whether the committee believes that statement is sufficient to justify the withholding of information.

**Senator Wong**—And I will do so. I have taken it on notice and I will have regard to the standing orders of the Senate at the time I consider that. Although, in fact, it is actually the Special Minister of State.

**Senator RONALDSON**—Having had it referred from Mr Pirani to yourself, you are the minister in effective control of this decision. If it is taken on notice, at what stage does the committee have a meeting to determine whether they believe there is sufficient public interest grounds for this to be withheld?

**Senator Wong**—When the response was tabled.

**CHAIR**—My advice is that the minister has taken the question on notice. She will take this on notice and provide the explanation. That is according to the advice I have within the standing orders.

**Senator Wong**—You can have a meeting then, if you have a view about the response.

**CHAIR**—Yes. We can also put it into the estimates report, if that is the decision of the committee.

**Senator RONALDSON**—I wonder whether the secretary can take some advice from the Clerk in relation to this matter. I know Senator Macdonald has matters that we can refer back to after there has been advice from the Clerk.

**Senator Wong**—I will be clear. As is my right under the standing orders and as a matter of past practice of this Senate, I will take it on notice to consider it insofar as it relates to my portfolio. I am in fact here representing another minister—that is, the Special Minister of State. He will obviously have to consider the request that has been made.

**Senator RONALDSON**—You are a responsible minister.

**Senator Wong**—I have answered the question.

**Senator RONALDSON**—You are not surely suggesting that you are not sitting at this table as a responsible minister? That would completely and utterly beggar belief. I am sure that is not what you are saying.

**Senator Wong**—You do not have a right to—

**CHAIR**—Minister, the senator was speaking. Senator Ronaldson, you have made your point. We are seeking further advice, but the advice is as stands, as I have already put on to *Hansard*. If you want to stand adjourned, we can do that; if not, we can continue on with Senator Macdonald, or you may have some further questions.

**Senator RONALDSON**—I would like to seek clarification from the secretary through to the Clerk that the minister is required to provide the committee with a statement of the ground for her conclusion and specifying the harm to the public interest that could result from the disclosure of the document.

**CHAIR**—That is right. She has taken that on notice and we will be seeking advice. Do you have any further questions or would you like to go to Senator Macdonald?

**Senator RONALDSON**—I do not want to hold proceedings up, so let us get the advice and Senator Macdonald can ask his questions.

**CHAIR**—Senator Macdonald.

**Senator IAN MACDONALD**—I guess this would be to Mr Pirani. There was a situation in Townsville, in the electorate of Herbert, during the election where one of those fake how-to-vote cards—coloured green, which you are familiar with—had a No. 1 vote for the Green candidate and then a No. 2 vote for the Labor Party candidate. These were being handed out by people purporting to be supporters of the Greens political party, yet the Greens political party in that particular electorate had made it very clear they were not preferencing any candidate, and indeed they were not handing out how-to-vote cards. I cannot ask you for legal advice, but from your understanding is there something in the Electoral Act that prohibits that sort of activity?

**Mr Pirani**—We have had a number of issues raised. In our previous Senate estimates I had the hypothetical put to me about what had occurred under the South Australian election with Put Your Family First and it was a second preference how-to-vote card. We adopted the view in the AEC that that conduct was more likely than not to be in breach of section 329 of the act, based on particular facts. If a voter had been misled as to how they were marking a ballot paper, then section 329 would come into play. It is really a question of fact as to whether section 329 applies to how a person marks a ballot paper. If they are misled about that, then there is a potential breach of the act. If we become aware of an allegation like that, and we are given prima facie evidence, then we have the power in the act to go to the Federal Court, under section 383, to seek an injunction to restrain a person from continuing with that action.

**Senator IAN MACDONALD**—So it has to happen on the day?

**Mr Pirani**—No, it does not have to be on the day, but the issue is normally highlighted on the day. We had a particular incident in Queensland where we were on the door of the court in relation to a second preference how-to-vote card, with people wearing green T-shirts who were not with the Greens. We threatened legal action and, in the end, they took off the green T-shirts and they withdrew those second preference how-to-vote cards.

**Senator IAN MACDONALD**—As well as an injunctionable matter, is it also a technical offence perhaps bringing criminal penalties?

**Mr Pirani**—Section 329 is in the criminal sanctions. The difficulty that we have with the criminal offence is that I have to have evidence to meet the criminal standard of proof, which I do not necessarily need to obtain an injunction. The actual offence in 329 is \$1,000, or imprisonment not exceeding six months for an individual and \$5,000 for a body corporate.

**Senator IAN MACDONALD**—For the future, if that sort of thing happens, is the process that you get the returning officer for that booth to come and see what is happening and then leave it to that officer or does it require a complaint from a complainant, or both?

**Mr Pirani**—The various incidents that occurred in the 2010 election were referred directly to me, and I required evidence that would be admissible in court. I needed a copy of the how-

to-vote card, a photograph of the persons who were handing it out—because I have to be able to direct whether it is a criminal offence or an injunction; it has to be directed at somebody—and I need to know who has been producing it. Amendments have been made to the Electoral Act. There is a new section 328B that has a new offence that you are required to put which political party and who has authorised it on the how-to-vote card, and if that is not there that is an offence. I have a separate and a new offence that did not operate in the 2010 election, because the legislation only received royal assent on 14 July, but it will operate for any future federal election.

**Senator IAN MACDONALD**—So it is a strict liability offence.

**Mr Pirani**—It is a strict liability offence.

**Senator IAN MACDONALD**—In the same series of incidents that these young people were handing out these cards, they were being paid. They had answered an advertisement on the internet. I did not see the advertisement. Wrongly, they thought they were answering an advertisement for the Greens. They applied for this job and were being paid \$25 an hour to hand out these cards. This is in the electorate of Herbert. If support were needed for my allegations, one could ask the member for Thuringowa, with whom I had a bit of an altercation at a booth over this incident. But that is beside the point.

**Senator Wong**—No fisticuffs I hope.

**Senator IAN MACDONALD**—No, only verbal. You know me, a man of peace and good manners. Is there any offence under the Electoral Act of paying people to hand out how-to-vote cards and then misleading those people as to the nature of the offence? They were misled because they were very young people. A lot of them were New Zealand backpackers who did not have a vote anyhow. Is there anything in the act that might cover that sort of situation or is it permissible to pay people to hand out how-to-vote cards?

**Mr Pirani**—The Electoral Act does not regulate that. Most of the provisions in the Electoral Act have objective tests, so either the authorisation contains the required words or it does not. There are very few offences in part XX of the act that have any sort of subjective element about the intent of the person. Even with the section 329 offence about misleading and deceptive, it has to be how the person marks the ballot paper. The High Court has strictly read down that offence. There is no offence that would cover that sort of factual scenario.

**Senator IAN MACDONALD**—Thank you for clearing that up for me, because it was rather embarrassing for the young people involved and it was disconcerting to other how-to-vote volunteers to find that some of their brotherhood were actually getting paid \$25 an hour to hand out these fake cards.

The only other question I have is a broader question about boundaries. Mr Killesteyn, I appreciate it is difficult to draw boundaries at the best of times. There are challenge provisions under the act, but I would like to tell you about this situation. I am sure you know the electorates as well as I do. The electorate of Hinkler runs south-west from Bundaberg. North of the river, in what is called North Bundaberg, is actually in the electorate of Flynn, which is based on Gladstone. The electorate of Flynn then goes further north into the electorate of Capricornia. The suburb of Gracemere, which is a suburb of Rockhampton, is actually in the electorate of Flynn. Its community of interest is clearly with Rockhampton, the same as North

Bundaberg clearly is with Bundaberg. It is not just one case. If you are following me, we are going up the coast. Hinkler has areas that should be in Hinkler but are not because they are in Flynn. Flynn has areas in Rockhampton that should be part of Capricornia. Going further north we have the electorate of Dawson, based on Mackay—a very prominent town. Up the river behind Mackay is the Pioneer Valley, which very clearly has a common association and community of interest with the city of Mackay; however, it is in the electorate of Capricornia, based on Rockhampton, 400 kilometres to the south. There is no community of interest whatsoever. It still keeps going. You go further north to Dawson. Instead of taking in the Pioneer Valley, it actually comes right into the centre of Townsville, into the suburb of Annandale. It is a 60 per cent Liberal-voting electorate, which disturbed me quite a bit; however, it did not disturb Mr Christensen, who won Dawson very comfortably.

This is not a political comment, because we won all of those electorates, with the exception of Capricornia, and so perhaps they are good as they are and we should leave well enough alone. But can you see what I am saying? I acknowledge that you have difficulties, that you have to get quotas, and when you are getting up in the north there is not much further you can go; you have to start there and come south. But, surely, there must be some way of addressing these four or five electorates where places that are suburbs of the major towns are in electorates that are centred 300, 400 or 500 kilometres away.

**Mr Killesteyn**—In every one of those instances that you have cited I think it is inarguable that their community of interest is connected to that main regional centre. I cannot argue that the suburb of Annandale is not more closely connected to Townsville than it is to Mackay. I would be stupid to argue that. The issue that confronts both the Redistribution Committee and the augmented Electoral Commission when they are trying to draw boundaries is balancing communities of interest like that with the requirements of the act, which specify the tolerance, if you like, of the size of an electorate. What is happening—and it is particularly acute in Queensland—is that there are large populations now starting to centre on regional centres up the coast. Mackay, Rockhampton and Townsville are the obvious examples. We cannot fit the whole of a Townsville, if you like—all of the areas that would associate themselves with Townsville, including Annandale—within the quota. It is simply impossible and the augmented Electoral Commission cannot do anything to change those quota arrangements. No matter how many times you cut and slice it, you will not get Townsville into one electorate and you will not get Rockhampton and Mackay into one electorate. What do you do? This is perhaps one of the debates that the joint standing committee needs to start to consider—that is, whether the tolerance levels of plus or minus 3.5 per cent are now no longer useful in terms of balancing against the community of interest.

I am just trying to remember the figures now, because it has been two years, but I think the commission was successful in getting 87 per cent of the whole of Townsville greater metropolitan area into that division. I will establish the figure correctly for you. In getting to 87 per cent we were right up against the plus 3.5 per cent tolerance. We could not go any further and so difficult decisions were made—in this case, Annandale, to connect it with Mackay and Dawson.

Three and a half per cent works most times. It is quite a generous tolerance, but it is not working for a number of these large regional centres. You could blow it out to five per cent or



seven per cent, but the implications of that are essentially that the principle upon which electorates are based, that of one value, one vote, starts to be compromised as well. It is a difficult judgment at this point to find the balance.

**Senator IAN MACDONALD**—I am conscious of a lot of the objections that were put in, and there were what seemed to me to be perfectly reasonable and doable alternatives. I know it is easy to sit on the sideline and say this, and it is much more difficult for the commission. But I again repeat the point that it was not just Annandale. Because that was in Dawson, the Pioneer Valley, which was clearly part of Mackay and Dawson, was left out and put with Rockhampton. And Gracemere, which is a suburb of Rockhampton, was put with—

**Mr Killesteyn**—What you find is that, when you try to accommodate those obvious examples, the ripple effect starts. You might get part of Annandale into the division, but it affects another part of that division which you have to knock out and attach to Kennedy, for example. There is never a perfect answer, where every single community of interest can be accommodated. We went through multiple permutations of the boundaries to try to get these smaller communities of interest settled. I think the commission has done a reasonable job in balancing most of them.

**Senator IAN MACDONALD**—I could have done them better, but I am not on the commission and it would not have been fair. Does the commission at the national level get involved in boundaries or is it the commission in Queensland that does those?

**Mr Killesteyn**—It is a two-stage process. The first stage is a redistribution committee, which is chaired by me but includes both the Auditor-General and the surveyor general as well as my state manager in Queensland.

**Senator IAN MACDONALD**—So it is the Queensland Auditor-General?

**Mr Killesteyn**—That is correct.

**Senator IAN MACDONALD**—The Queensland Surveyor-General?

**Mr Killesteyn**—That is right, with the AEC state manager and me as chair of the committee.

**Senator IAN MACDONALD**—So two of the four officials on that committee are appointed by the state government?

**Mr Killesteyn**—That is correct. Convention generally has it that it is the Auditor-General and the Surveyor-General.

**Senator IAN MACDONALD**—Do they make the decision?

**Mr Killesteyn**—No. They make a proposal. The proposal is then published. That will go through another two-stage process of objections against the proposal. Once the objection period is finalised, we will publish those objections and invite comments on the objections. Both the comments and the objections then go to what is called the augmented Electoral Commission. The augmented Electoral Commission is chaired by Peter Heerey, the chair of the Australian Electoral Commission. It has me and Brian Pink, who is the non-judicial member of the Australian Electoral Commission, plus the other members who were part of the

original redistribution committee. They look at the objectives and the comments and then make the final decision.

**Senator IAN MACDONALD**—It is that augmented commission which is the final decision maker?

**Mr Killesteyn**—That is correct.

**Senator IAN MACDONALD**—And there is no appeal from that?

**Mr Killesteyn**—There is no appeal. The only basis on which the augmented commission would, rather than making a final decision, make a further proposal is if in its view the augmented commission came to a set of boundaries that was substantially different than those proposed by the redistribution committee, in which case it would initiate a second round of objections and comments on objections. This was the case in Victoria in the redistribution last year, where the augmented commission made substantial changes to what had been proposed by the redistribution committee.

**Senator IAN MACDONALD**—I would assume there would be a court challenge if it were alleged that the commission in doing its duties did not follow its requirements under the act.

**Mr Pirani**—You are right. There is a provision in the act—section 77—that says, ‘Decisions under this part are final notwithstanding anything contained in any other law but subject to the Constitution and to section 39B of the Judiciary Act,’ which means that you can challenge them if there is an error of law in relation to the process. But there is no merits review and no other type of challenge that is available.

**Mr Killesteyn**—But all of the reasons for the decision, both of the redistribution committee and the augmented commission, are produced in their report. It is all public. It records every single factor that has been taken into account.

**Senator IAN MACDONALD**—Are your staff paid to sit down for a couple of hours with interested spectators such as myself and actually go through that? Is that something we could reasonably do?

**Mr Killesteyn**—I am more than happy to do that but I should advise that last year we initiated a number of processes and we will do that again this year for the South Australian redistribution. At the time that we release the first statistics on demographic projections we hold public meetings both for media and for members of parliament and their staff. That is to explain the basis of what the projections are telling us as well as the basis of the whole redistribution process. Once the redistribution committee has made its initial proposal we hold a second round of meetings with media and with members of parliament. I think the dates for South Australia are—

**Senator IAN MACDONALD**—Any members of parliament?

**Mr Killesteyn**—Any members of parliament, yes.

**Senator IAN MACDONALD**—I am a senator, of course, and the boundaries do not worry me unless we are going to have a new state in North Queensland or something.

**Mr Killesteyn**—If you wish another briefing in relation to the process generally I am more than happy to offer that.

**Senator IAN MACDONALD**—Thank you for that. As I said, I raise this not from a political point of view—the outcome was quite satisfactory—but because so many people have complained to me and said, ‘Well, I’m not even going to bother to vote. Having my local member, whoever it is, 4½ hours away in a different town is just ridiculous.’

**Mr Killesteyn**—That is one of the reasons that I have been much more energetic, I guess, in the last two years to try to widen the understanding of the process for establishing boundaries. I think there is a misunderstanding about the pre-eminence of communities of interest. The act is quite clear. It sets out the hierarchy of the criteria.

**Senator IAN MACDONALD**—Community of interest should be the principal one but—

**Mr Killesteyn**—It is not. The act is quite clear. The numbers are the principal criterion.

**Senator IAN MACDONALD**—I understand that. That does make it difficult. As I said, if your guys need some help in the future, give me a call and I will draw the boundaries for them. Thank you; I will follow up a couple of those.

**Senator RONALDSON**—Is the Fair Work Australia investigation still going on, as you understand it?

**Mr Pirani**—My understanding is that they have had interviews and finalised a report. We have not seen it. But I am aware that subpoenas were issued in the Supreme Court of New South Wales to inspect a copy of that report in relation to defamation proceedings that are on foot in the Supreme Court of New South Wales.

**Senator RONALDSON**—My recollection is that there is still a watching brief from the commission in relation to the outcome of the Fair Work Australia inquiries.

**Mr Pirani**—That is correct.

**Senator RONALDSON**—It may trigger further investigation from the AEC, is my recollection; is that right?

**Mr Pirani**—That is correct, subject again to that three-year limitation period that I referred to earlier. It is three years from the alleged breach. The alleged breach, in this instance, would be the reporting date 15 weeks after the 2007 election. That would be the alleged breach, because that is when a return had to be filed by candidates from the election.

**Senator RONALDSON**—I am just quickly doing the maths. That means we have triggered the—

**Mr Pirani**—It is close; it is not quite. Remember, the 2007 election was 24 November. So, it is 15 weeks after that and then add three years. After that period expires we have no power to conduct a prosecution.

**Senator RONALDSON**—So it is 24 November—

**Mr Pirani**—It is 24 November 2007.

**Senator RONALDSON**—Plus three weeks—

**Mr Dacey**—It will be sometime in March, from my calculations.

**Mr Pirani**—That is my understanding. It is sometime towards the end of March when the period will expire and we will not be able to take any action, including referring it to DPP. Remember the three-year limitation period would include DPP actually commencing action in relation to any action. At this stage I do not have any evidence or material that is sufficient to satisfy DPP that an offence has been committed that would support a prosecution.

**Senator RONALDSON**—What date is it—

**Mr Dacey**—I did not do the date. I just did a quick calculation on 24 November plus 15 weeks.

**Senator RONALDSON**—Have you written to Fair Work Australia requesting a copy of the report?

**Mr Pirani**—I have spoken to the officer who is in charge of the investigations in the Melbourne office and they were not willing to provide it. I do not have any coercive powers in relation to that, but again I have seen a subpoena that was issued in the Supreme Court of New South Wales, and the Fair Work Australia report was one of the documents that were covered by that subpoena.

**Senator RONALDSON**—I do not want to misrepresent you. You have asked for a copy of the report—

**Mr Pirani**—No, I have not. I have no coercive powers. Fair Work Australia have not offered it to me in the discussions that we have had. The issue they are looking at is different to ours. The issue they are looking at is whether the alleged expenditure of union funds was in accordance with the union rules. That is what Fair Work—

**Senator RONALDSON**—I understand that. Mr Killesteyn, given there is this trigger point, would it not be appropriate for Mr Pirani to actually pick up the phone. Given that there may well be some outcomes of the Fair Work Australia inquiry which will retrigger inquiries from the AEC, surely it would be appropriate—and I appreciate there are not any coercive powers—at the very least for the commission to request a copy of the report to make that judgment before the time expires. If you are told ‘no’, clearly that is the end of the matter, but I would have thought at the very least that request should be formally made.

**Senator Wong**—I was distracting Mr Killesteyn. I apologise for that. I thought we were finishing up. I do not know whether he needs any further background than you provided in that question. If so, I would appreciate it if you could—

**Senator RONALDSON**—Absolutely—I will give you a quick snapshot. From 24th November 2007, plus three weeks, plus three years, a de facto statute of limitations or a statute of limitations expires in March. We believe the report from Fair Work Australia in relation to Mr Thompson has been completed. It has been subpoenaed from the Supreme Court in December so presumably it is there. I have put to Mr Pirani that it would be appropriate for a formal request to be made to Fair Work Australia before the statute of limitations finishes so that the commission, which has been saying now for some 18 months that depending on the—

**Mr Pirani**—I will give you an undertaking. I will definitely pursue it and if the answer is no I will escalate it to the Electoral Commissioner to have a word with the head of Fair Work Australia.

**Senator RONALDSON**—Thank you.

**Mr Dacey**—That date would be 10 March this year, because the due date for returns in 2008 was 11 March, so it will be close of business on 10 March.

**Senator RONALDSON**—The urgency will not be lost on anyone. As always I appreciate the commission's assistance. Perhaps the secretary could let me know once there has been a decision made in relation to—

**CHAIR**—I am just reading the decision so if you allow me to read it, I will advise you accordingly.

**Senator BOSWELL**—I know Senator Ronaldson has been over this but, to me, it is very important and I want to see if I can pin down where we are going on this. The Liberal Democrats, the Shooters Party changed their name to the Shooters and Fishers Party. There was always a Fishers Party. I understand the definition is: would someone on a Bondi tram, a reasonable person, presenting at a polling booth faced with someone dressed in blue—someone on a Bondi tram is the person that would get off the Bondi tram and understand who he was voting for. The Liberal Democrats, the Shooters Party, the Liberals for Forests; where do we end up with this and what is the way that we have to get some sense back? Do we have to put it to the AEC committee or do we have to take legal action, or what is the way?

**Mr Pirani**—The AEC has published on the internet the legal advice that we are operating under—

**Senator BOSWELL**—I know that.

**Mr Pirani**—The legal advice suggests that the understanding as to what people thought section 129(1)(da) did was not at law what the parliament actually did.

**Senator BOSWELL**—My question to you is: how do we rectify that? Is it by a legal process; by going to court again; by putting it forward to the AEC committee?

**Mr Pirani**—The act would need to be amended. JSCEM, given that it has a current review into the 2010 general election, would be the appropriate parliamentary committee to do a recommendation for an amendment to the act to clear up this issue. I also advise the senator there is a hearing before the Full Bench of the AAT on 11 March in Canberra that is going to deal with an application by the Community Alliance Party who are objecting to the registration of the Communist Alliance Party and which is going to highlight the exact issue the senator has raised.

**Senator BOSWELL**—If the National Party and the Liberal Party and I presume the Labor Party would be concerned with this, they take it to JSCEM and they will make a decision?

**Mr Pirani**—They will make a recommendation. The government responds to those recommendations and would normally result in a members meeting—

**Senator BOSWELL**—I will inform the National Party secretariat. He has asked me to ask that question.

**Senator Wong**—You have members on the JSCEM committee

**Senator BOSWELL**—I understand that.

**Senator POLLEY**—Can I revisit the issue that was placed before the chair by Senator Ronaldson? We did seek advice from the Clerk of the Senate. I will read it and then I will table the response:

The order of the Senate on 13 May 2009 is silent on whether the rationale shall be provided at the time the claim is made. However, paragraph (8) of the order, which allows a minister to consider that a statement should more appropriately be made by the head of an agency (by reason of the independence of that agency from ministerial direction or control), assumes that the minister should have an opportunity to consider matters. In my view, it would therefore not be unreasonable for the minister to seek to provide the rationale on notice. The significant point for the committee is that it should be provided with a considered and well-founded explanation for the claim. Conceding that the Minister may need to take advice and to consider the matter is not at all inconsistent with the practices of the Senate.

Minister, you took it on notice so we look forward to your response. I will now seek to table the response and the advice from the Clerk of the Senate.

**Senator RONALDSON**—Can I thank you and the committee chair and the Clerk for investigating this matter on my behalf.

**CHAIR**—I thank Mr Killesteyn and the officers of the Electoral Commission for appearing before us and we look forward to seeing you at next estimates.

We have been attempting to keep Minister Sherry and the Prime Minister and Cabinet portfolio of the Department of Regional Australia, Regional Development and Local Government informed of the time restraints so we will take a two-minute break until they arrive.

**Proceedings suspended from 4.51 pm to 4.57 pm**

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**PRIME MINISTER AND CABINET PORTFOLIO****In Attendance**

Senator Sherry, Minister for Small Business, Minister Assisting on Deregulation and Public Sector Superannuation and Minister Assisting the Minister for Tourism

**Department of Regional Australia, Regional Development and Local Government**

Ms Glenys Beauchamp, Secretary

Mr Stephanie Foster, Deputy Secretary, Policy and Information

Mr Justin Hanney, Acting Deputy Secretary, Program and Engagement Group

**Outcome 1**

Ms Robyn Fleming, Acting First Assistant Secretary, Regional Engagement Division and Program Delivery Division

Ms Elizabeth Bennett, Acting Assistant Secretary, Local Engagement and Strategy

Mr Gordon McCormick, Assistant Secretary, Local Government Programs

Ms Karen Lindsay, Acting Assistant Secretary, Program Development and Design

Mr Simon Atkinson, Acting First Assistant Secretary, Regional Policy and Reform Division

Ms Elizabeth Wilde, Assistant Secretary, Policy Development and Reform

**Outcome 2**

Mr Julian Yates, First Assistant Secretary, Territories Division

Ms Belinda Moss, Assistant Secretary, Territories West

Mr Steve Clay, Acting Assistant Secretary, Territories East

**Corporate Services**

Mr Jamie Clout, Chief Operating Officer, Corporate Services Division

Mr Kym Partington, Chief Finance Officer

**Observers**

Ms Alice Ling, Acting Assistant Secretary, Ministerial Support and Communications

Mr Scott Mashford, Director, Ministerial Support

**National Capital Authority**

Mr Gary Rake, Chief Executive Officer

**Outcome 1**

Ms Alison Walker-Kaye, Executive Director, Estate

Mr Andrew Smith, Chief Planner and Deputy Chief Executive

**Observers**

Ms Paula Dewhurst, Executive Manager, Ministerial

Mr Scott Brown, Chief Finance Officer

**Department of Regional Australia, Regional Development and Local Government**

**CHAIR**—I welcome the Senator the Hon. Nick Sherry, the Minister for Small Business, representing the Minister for Regional Australia, Regional Development and Local Government, and Ms Beauchamp, Secretary of the Department of Regional Australia, Regional Development and Local Government, and officials. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest

immunity should be raised. The committee has set Friday, 15 April 2011 as the date by which answers to questions on notice are to be returned. Minister or Ms Beauchamp, does either of you have an opening statement?

**Senator Sherry**—Thank you, Chair. No, I do not have an opening statement.

**Ms Beauchamp**—Thank you, Chair. It might be worth while just updating the committee, given the formative stages of the department, on just where we are up to, if you and/or senators are interested.

**CHAIR**—I think that would be most beneficial for the committee, so if you could.

**Ms Beauchamp**—Thank you very much. The department has now been in existence for just over five months. We were established on 14 September, as you all know, and since the October estimates quite a bit has happened in terms of establishing the department and progressing the government's commitments in terms of regional Australia. Just in terms of overall staffing levels, we have about 300, or a bit over, APS staff, compared to an initial staffing complement of around 250 positions that were transferred in the department machinery of government changes. We have about 60 staff in regional and local government program delivery, most of whom were transferred during those machinery of government changes, delivering some of the large administered regional programs and providing financial assistance to local governments. We have about 80 staff in the territories program, again most of whom were transferred in the machinery of government changes.

We also have about 80 people involved in regional engagement activities and about half of those are in our regional office network. There are remaining staff in a range of functions to support the other functions of the department, covering basic financial management, audit, risk management, governance, ministerial support and other functions that we needed in terms of establishing the department and also ongoing functions of the department. The machinery of government transferred nine senior executive positions to the portfolio and the Australian Public Service Commission and the Special Minister of State for the Public Service and Integrity have since agreed to a temporary executive structure of around 20 positions. The final structure will be settled after a thorough review of our work level standards and ongoing work and we will need to further approach the APSC for our ongoing permanent complement.

In terms of resourcing, the resourcing is spelt out in the portfolio additional estimates statement. During the initial establishment phase, the machinery of government transfers involved about \$28.3 million and the government has since provided another \$5.9 million in 2010, announced in a mid-year economic forecast statement, but also included in these additional estimates bills. They are primarily to support basic governance functions of the department and the policy coordination and regional engagement roles that did not come with any transfer of functions.

In the initial months most of my focus towards the end of last year was on getting the department's establishment right, getting the right skills in and ensuring we have the right governance and processes in place to ensure we entrench the minister's and the government's commitment to localism and regionalism and that we have got a good platform and basis and process to ensure regional considerations are taken into account across the whole of government.



This year, we continue to deliver on the existing functions such as the rollout of regional programs. Recently, for example, we had the third and final round of the Regional and Local Community Infrastructure Program, and we have had the Territories Law Reform Bill go through in response to Norfolk Island reforms and the like. We are also focused on, as I mentioned earlier, delivering the government's new commitments to regional Australia. To support that, the government has established a subcommittee of cabinet looking at regional issues. We have established a secretaries committee which provides broad oversight and ensures that both regional policy development and program considerations are taken into account right across government. We are going through the process of finalising the guidelines for the new regional infrastructure programs around the priorities regional investment program and the regional investment fund and expect those to be released shortly.

We have worked with a range of stakeholders to develop proposals and guidance to the minister around the regional policy centre and we are working through a proposed approach in consultation with the Attorney-General's Department for constitutional recognition of local government. We have also progressed the Myregion website, which is mentioned in the commitment to regional Australia, and most of that focus in the new commitments is also outlined in the portfolio additional estimates statement. This work is supported by engagement in a number of forums across government, as I mentioned earlier, to ensure regional issues are taken into account.

In addition, more recently we have had added to the portfolio a responsibility for supporting the government's efforts in the reconstruction and recovery effort after the recent floods and cyclone events spanning a number of states. The department is in the transitional process of setting up a task force to assist ministers and the disaster subcommittee of cabinet with those reconstruction efforts. I just thought it would be useful to cover off in summary what has happened since last estimates. Thank you, Chair.

**CHAIR**—Thank you very much. Senator Joyce, we will go to you for questions.

**Senator JOYCE**—What has been the general staffing trend in your department and portfolio agencies since the 2007 election? For example, have you had an increase in numbers in the SES by this per cent, for this reason—or what has your overall view of your staffing levels been?

**Ms Beauchamp**—We had answered some of these questions on notice since the last estimates, of course, and as a new portfolio we were only established on 14 September 2010, and the government has made a commitment to provide departmental resources to the department. At the moment we are taking on new staff for the new department in the light of those additional commitments that were made in the mid-year announcements. In terms of staffing changes at the executive level, we have an approved complement of nine senior executive staff, which were transferred from other agencies. We are going through the process of seeking and assessing work level standards to establish a more permanent and ongoing complement of staff.

**Senator JOYCE**—What is the salary band of the executive staff? What would be the top level? What is the second level in your department?

**Ms Beauchamp**—I have not got that information with me. If we had a look at the department of infrastructure and the Attorney-General's and your report, there are statements around remuneration for senior executive staff and our staff would have been included in those additional statements to the financial estimates, so there have been no changes to the remuneration arrangements since people were transferred across to the department.

**Senator JOYCE**—What are the total staff numbers now?

**Ms Beauchamp**—A little over 300.

**Senator JOYCE**—If I were to talk about the Priority Regional Infrastructure Program would that be of interest to you?

**Ms Beauchamp**—Indeed.

**Senator Sherry**—It is really what interests you, Senator. You ask the questions.

**Senator JOYCE**—As I understand it, with the current regional and local community infrastructure program from July this year, can you tell us whether there will be applications based on direct allocations of funding provided to each council?

**Ms Beauchamp**—As you mentioned, most of the program will be rolled out from 1 July. We are in the process of consulting a number of stakeholders around finalising the guidelines for the Priority Regional Infrastructure Program. They have not yet been announced. We hope the government will be in a position to announce them shortly. At this stage I am probably not able to say whether it will be an application or a direct allocation process. But more recently in a speech that Minister Crean gave to the CEDA people last week he mentioned that we would be calling for applications generally.

**CHAIR**—So that we have some semblance of order here, can I just clarify that we are dealing with outcome 1. So we will deal with general questions and then programs 1.1 and 1.2. You have moved down to 1.2 in local government there.

**Senator JOYCE**—Do you mind if I just jump over one other hurdle on this issue?

**CHAIR**—If we deal with local government then once you deal with it, we have dealt with it, and then we will go back to general questions.

**Senator JOYCE**—In regard to local government, obviously you are currently aware of the proposed referendum for changes to the Constitution pertaining to grants to local government?

**Ms Beauchamp**—Yes, we understand the government's commitment in this area.

**Senator JOYCE**—Is it your view that this referendum process is still going ahead, because it obviously has a direct effect on funding of local government, especially changes to section 96 of the Constitution. Is that how you perceive it—that the changes that the referendum would be directed to are changes to section 96 of the Constitution?

**Ms Beauchamp**—Whilst I cannot go into detail in terms of what the position might be on the referendum, we are actually providing and developing advice to the minister on a proposed approach. This, along with the proposed constitutional reforms in terms of the Indigenous matters, is something that we are working with the Attorney-General's Department on. We are in the process of working up some advice to go to the minister on a

proposed approach for dealing with this. That does not mean to say that nothing is happening in this area. Of course, the government has already provided \$250,000 to the Australian Local Government Association to develop its case around this. Whilst I cannot go into any detail at the moment, we are still in the process and on track in terms of delivering on the government's commitment in this area.

**Senator JOYCE**—When would you expect the local government to have completed their cases and supplied them back to the minister?

**Ms Beauchamp**—Supply advice back to the minister?

**Senator JOYCE**—For the \$250,000 that has been given to the Australian Local Government Association to build their case in support—no doubt they are in support—of the referendum and proposal of an amendment such that there can be direct funding without any question to local governments. When do you expect them to complete that work and to have it finalised in such a way as it is present prior to a referendum?

**Ms Beauchamp**—The process that they are undertaking obviously is one for them to manage. In terms of the feedback that we are getting from the Local Government Association—we talk to them regularly, as does the minister—their task is obviously to talk and liaise with all local governments and key stakeholders in the area. I do not think at this stage they are required to report formally back to us on an ongoing basis.

**Ms Foster**—We understand that the Local Government Association is spending the course of this year on this campaign with local governments to have the local governments working with their communities on their position on the question of constitutional recognition and their input will be one of the inputs, obviously, to the process.

**Senator JOYCE**—Are you aware of the Pape case? I mean you obviously are but I just want to make sure—

**Ms Foster**—That is fine.

**Senator JOYCE**—that there is not someone up the back there who needs to come to the table. That is what I was being polite about before. Has that had any effect on your operations thus far or have there have been discussions about whether you now have the constitutional right to directly fund local government?

**Ms Foster**—The constitutional issues around the Pape case are being handled as you know by the Attorney-General's Department and so any questions about the constitutional impact would need to be directed to Attorney-General's. We are continuing to run the same programs that we have with local government, the same community infrastructure programs, the same FAGs funding for local government as we were before the Pape case.

**Senator JOYCE**—I will put my own position on the record. Obviously, our position is that we support the referendum in support of funding for local government. Obviously if my colleagues decide they have a different approach they will no doubt roll me, as they say. Has the current cost shifting from state governments to local governments and the pressures that this is putting on local governments in their capacity to fund day-to-day operations been brought to your attention?

**Ms Foster**—We are aware that there are always discussions between state governments and local governments about where responsibilities reside and what the costs of those are.

**Senator JOYCE**—During the supplementary estimates in 2010 the question was asked as to what role the department would play in the process of constitutional recognition of local government, to which Ms Beauchamp responded, ‘We are jointly coming up with a process to address this and provide advice to government.’ The word ‘jointly’ means with the Attorney-General’s Department. When do you believe that this advice will be completed? You might have already answered that, but can you just clarify that?

**Ms Beauchamp**—As I said earlier, we are in the process of developing that advice to put to government. We are working across a number of agencies and we expect to put that advice, in terms of an approach, shortly to government over the next couple of months.

**Senator JOYCE**—On 10 January 2010, Mr Simon Crean brought forward \$77 million in local government financial assistance in FAG grants to assist the flood affected council. Can you please advise us how much has been paid of the \$77 million and to which councils?

**Ms Foster**—The money that Minister Crean announced was paid to the state at the time of the announcement, within a day or so, from memory. That money flows directly from the states to the local governments and it was paid to each local government in the state.

**Senator JOYCE**—Each local government?

**Ms Foster**—That is right.

**Senator JOYCE**—Each one?

**Ms Foster**—Yes.

**Senator JOYCE**—Whether or not they were flooded?

**Ms Foster**—The process by which we manage the FAGs payments is that we make one lump sum payment to the states and the states are then required to transfer that money to the eligible councils as soon as practicable after receipt.

**Senator JOYCE**—Of that \$77 million, do you have any tracking mechanism as to where it actually ends up?

**Ms Foster**—We know how much goes to each council; is that what you are asking?

**Senator JOYCE**—Do you?

**Ms Foster**—Yes.

**Senator JOYCE**—Now that you know how much goes to each council can you tell me how many councils it went to?

**Ms Foster**—We certainly can. I do not have it right in front of me, but we have that information.

**Senator JOYCE**—Did it go to councils that were affected by flood?

**Ms Foster**—It did, yes.

**Senator JOYCE**—Was there any money that went to councils that were not affected by flood?

**Ms Foster**—Yes, my understanding is that the money was distributed to each council in the state, on the normal allocation between councils. So, it was a bringing forward of a quarterly payment.

**Senator JOYCE**—Of that \$77 million, some of that money would have gone to councils that were not flooded?

**Ms Beauchamp**—In relation to Queensland and Victoria in particular, you would find that most of the local government areas of local government councils have been flood affected. So, there would only be a few that have not been affected by floods. Most of the money would have gone to the flood affected areas.

**Senator JOYCE**—Did you have any say in the proportion that went to every council?

**Ms Beauchamp**—The financial assistance grants are delivered on a historical formula-driven basis. I think most of it in the past has been on the public record by councils and will continue to be so; that is already a well-established distribution methodology.

**Senator JOYCE**—Good luck to them if they got it, I suppose. The Diamantina Shire Council might not have had the same problems that the Lockyer Shire Council or the Gatton Shire Council had. Was there any capacity to direct that money? As I said, the Lockyer Valley had a huge problem, and the Balonne Shire Council, which is not as big, has a substantial one. Brisbane had a fair lump of a problem, and Bundaberg, but probably not Boulia.

**Ms Beauchamp**—I think you need to look at the financial assistance grants as being one input into the support being provided by both the state government and the Commonwealth government to flood affected areas. Having been up to the Lockyer Valley recently and looked at the commitments that government has made, particularly providing the \$2 billion to the Queensland government in 2010-11, that will go some way towards helping local governments and they are in the process of sorting through that. But it is certainly not stopping both the recovery and reconstruction efforts. There is quite a substantial amount of assistance being provided by state governments and the Commonwealth government under the NDRRA programs.

**Senator JOYCE**—Did you manage to give any funding direct from the federal government to local government?

**Ms Beauchamp**—I am sorry?

**Senator JOYCE**—Has the government given any funding from the federal government directly to local government because of the floods—not by way of FAGs grants or not via the state? Have you managed to send any money to local governments directly from the federal government?

**Ms Beauchamp**—Most of the money committed under the national disaster arrangements will be directed through the Queensland government to go to the local councils, and the Commonwealth will be involved in looking at how those funds are being distributed across the range of local councils.

**Senator JOYCE**—That means some will actually go directly?

**Ms Beauchamp**—Not from the Commonwealth but delivered through the Queensland government but the price—

**Senator JOYCE**—I am linking this up to the Constitution. So none will go direct from the federal government to the local governments? They will all be going via the state? Are you relying on the state to do the right thing and to allocate it properly? But you have no capacity to go back to the state and say, ‘Well, you did not do the job correctly.’ You just have to rely on them to have done it, don’t you, basically?

**Ms Beauchamp**—Actually, this time around—and given the scale and breadth of the disasters—the government has put in place a number of arrangements to ensure that the Commonwealth does have input into where those dollars are being spent. For example, Minister Ludwig sits on the flood subcommittee of cabinet in Queensland. I am on the Queensland Reconstruction Authority Board, and Mr Fahey is also responsible for an inspectorate function looking at how the money is being spent across the allocation of the NDRRA funding.

**Senator JOYCE**—Will you be able to give a reconciliation later on about exactly how much of the \$77 million that you have sent through has been spent and where it has been spent?

**Ms Beauchamp**—In terms of financial assistance grants?

**Senator JOYCE**—Yes.

**Mr Hanney**—The process of the FAGs payments is that they are quarterly payments paid to every local government. Every one of the 566 local governments in Australia gets a FAGs payment. The request from Queensland and from Victoria was for advanced payments to assist with cash flow. So, from Queensland local governments and from Victorian local governments the request by the state governments was for advance payments. Those payments are paid directly to the local governments.

**Senator JOYCE**—Did you allow the state government to take administration charges out of those grants before they forwarded them on to their local governments?

**Mr Hanney**—Those payments are made directly to the local governments without a payment to the—

**Senator JOYCE**—By the state?

**Mr Hanney**—That is correct.

**Ms Foster**—Yes, they are.

**Senator JOYCE**—The state government does not take any sort of administrative charge or any other charge over them on the way through?

**Ms Beauchamp**—That is correct.

**Senator JOYCE**—There appears to be some confusion over part of the summer damage bill that will and will not be covered by the National Disaster Relief and Recovery Arrangements. Can you please explain what makes up the essential public infrastructure repairs that trigger a 75 per cent contribution from the Commonwealth and 25 per cent from the state?

**Ms Beauchamp**—The administration of the NDRRA program is through the Attorney-General's Department, and those guidelines and the application of NDRRA funds are clearly spelt out in the determination in the guidelines to the NDRRA and they are publicly available on the website.

**Senator JOYCE**—Will the government be paying for Queensland flood damaged water and sewerage infrastructure under the disaster relief funding?

**Ms Beauchamp**—It all depends on the structure and governance of those organisations you speak about. These questions are rightly one for the Attorney-General's Department. However, if we do get requests from the state governments to look at assistance that might be outside of those categories that are clearly outlined in the NDRRA then we will take those requests on board.

**Senator JOYCE**—Is it going to cost \$75 million to rebuild Brisbane's floating Riverwalk? Can you please advise whether this cost will be covered under the relief arrangements?

**Ms Beauchamp**—Again, these are probably questions that are best directed to the Attorney-General's Department. However, as to the prioritisation of essential infrastructure around pedestrian walkways and the like, it is my understanding that, if the Queensland government puts in a request, we will consider that request on its merits.

**Senator JOYCE**—But when you say you will consider that request on its merits—

**Senator Sherry**—Just before you go on, this agency is not considering it, is it? My understanding is that it is Attorney-General's.

**Ms Beauchamp**—That is correct.

**Senator Sherry**—We cannot respond to that.

**Senator JOYCE**—But you are actually sitting on the subcommittee, are you not? Don't you sit on the subcommittee for the flood relief in Queensland as well? Aren't you and Senator Ludwig sitting on it?

**Ms Beauchamp**—I sit on the Queensland Reconstruction Authority Board.

**Senator JOYCE**—Would that be an issue that would go past the Queensland reconstruction board?

**Ms Beauchamp**—The approval process certainly does not. The functions of the Queensland Reconstruction Authority Board are clearly outlined in the Queensland Reconstruction Authority Act, and they are looking at the scope and scale of reconstruction and the priorities and advising governments around the reconstruction priorities.

**Senator JOYCE**—What is the cut-off between the funding that would go past your subcommittee, for which you have an input, and that funding for which you do not?

**Senator Sherry**—Is the subcommittee that is being referenced within the department's remit?

**Ms Beauchamp**—No, and it is not a subcommittee. The process around the NDRRA is that the Queensland Premier normally writes to the Prime Minister seeking a request for

assistance. Those requests are normally managed, as the responsible agency, by the Attorney-General's Department.

**Senator Sherry**—My concern is whether the question should go to Attorney-General's or PM&C and not here.

**Senator JOYCE**—I just want to make sure that I do not go to the Attorney-General's and be told to address it to you.

**Senator Sherry**—I understand that.

**Senator JOYCE**—When is the Australian Council of Local Government due to meet next? Will it be meeting in 2011 and how often will it be meeting in the future?

**Ms Beauchamp**—Whilst no announcements have been made, the government—and particularly the minister—is considering when the council may meet this year, and we expect the council will meet some time this year.

**Senator JOYCE**—Some time this year?

**Ms Beauchamp**—Yes, correct.

**Senator JOYCE**—Towards the end of the year?

**Ms Beauchamp**—I am not in a position to say at this time.

**Senator JOYCE**—Prior to the referendum?

**Ms Beauchamp**—I do not think there is a date around the referendum. I am talking about the Australian Council of Local Government meeting some time in 2011.

**Senator JOYCE**—Can you advise on the progress of the Local Government Reform Fund? Has all the funding now been allocated and disbursed to project proponents? There was \$23 million or something like that, wasn't there?

**Ms Beauchamp**—That is correct.

**Mr Hanney**—I am probably in a position to answer that. Of the \$25 million, there is \$22.2 million remaining in that fund. There have been funds of some \$16.5 million committed to different projects throughout each of the states and territories.

**Senator JOYCE**—Can you give me an example of some of those and exactly what they are doing?

**Mr Hanney**—Yes. I am a recent arrival from Victoria and have a local government and state government background. A significant focus of the fund is on the asset renewal gap that is confronting a lot of the smaller rural councils. Asset management planning is something that many local councils struggle with. What it is trying to do is assist them with resources—using their peak bodies, the local government associations, to assist with asset management planning. A significant amount of the funds have been dedicated towards these regional asset management plans. I can use examples in Western Australia of integrated strategic planning, financial management and asset management in local governments. In Victoria it is a regional rural asset management service project being conducted by the Municipal Association of Victoria. In Tasmania, it is looking at future-proofing Tasmania's councils, partly an approach to both land use planning but also—



**Senator JOYCE**—Can you explain to me what we get for this money? Are we getting software programs or are we getting consultants in?

**Mr Hanney**—Again, I will use the example of the previous experience at the rural city of Wangaratta, which is in the north-east of Victoria. The issue there is trying to do long-term projections. They have some 365 bridges, as an example. The assessment process is how you undertake true assessments of the asset and the asset renewal gaps. The pressure on a lot of the rural local governments is that the rate base is so low the asset renewal often exceeds what the rate base is, but often these councils do not have a good understanding of what the asset gap is and what the opportunities are to try to look at bettering some of those arrangements. I can use a further example where a number of local governments have come together to look at common design and construction of roadways to reduce the costs of going out to tender on road or bridge construction.

**Senator JOYCE**—I am trying not to labour the point, but when you send this money out what exactly are we getting? Is it the cost of the department? Some of the things that you say are basic accountancy skills in getting the proper amortisation on assets going so you have a proper reflection of exactly what you have before you. Are you paying for accountants or is this the cost of departmental officials doing work that probably departmental officials would do in any case? What exactly are we getting for the \$23 million? In its rawest form, who are you sending the cheques to when you pay this sort of money?

**Ms Beauchamp**—We have a number of arrangements in place to ensure that there are appropriate implementation plans being developed. It could be a combination of seeking expert advice, developing their asset management frameworks and systems and getting people in who know about infrastructure management and who know about financial planning. We manage the contracts and the arrangements through a national partnership agreement, but they would be making sure that they are seeking the appropriate advice to help them with their asset management plans and financial management plans. It is building the capacity of those local councils to better manage their asset base.

**Senator JOYCE**—So you are getting external bodies in to do this?

**Mr Hanney**—The department is not. In most instances, these go to the local government authorities—the bodies that directly represent local government. In Victoria's case, the fund does not go to the state government. We administer the fund, but the agreement is with the Municipal Association of Victoria. The same arrangement exists in nearly all of the states and territories.

**Senator JOYCE**—How do you control it? What about Wangaratta? I do not know what you have done there. Do they say, 'We need \$300,000 to do a proper asset assessment of the assets in Wangaratta,' and you say, 'That sounds great—here's \$300,000,' and then you just hope and pray that they do it? How does this process work?

**Mr Hanney**—A lot of it is to do with common approaches. When you compare one municipality to the next and you try to get below what the asset renewal gap is or what asset management is, you have consistent understanding and consistent approaches, be it the life of the road or the base structure of the road and so on. A lot of it is about assisting councils with the collection of that data. Again, I can use the MAV example. Some of it, without question—

and we can use the term ‘computer programmers’—is about the system, but a lot of it is about the consistency of how you assist these groups to collect the data when they are struggling. As you know, a lot of them are struggling just to employ engineers.

**Senator JOYCE**—I can understand what you are endeavouring to do and, without repeating it back to you, you are trying to get consistency in asset amortisation, consistency in plans for bridges and so on. But what I do not understand and what you have not explained is exactly how a council associates a certain cost to that process and how you track it through to make sure that process actually happens. Are you just sending the money to the council and then hoping that is what it costs them? Are they sending you an invoice and a letter saying: ‘I’ve done it and this is what it cost me. I want you to reimburse me’? Is there an independent party—a KPMG, a Mr Smith and Sons chartered accountants—who wanders around and does this for you? Do you send them the cheques and they can submit their work so you can see it? Are you getting building sheets of exactly how this is expended, where 75 six-minute chargeable units a day are being shown and what it costs, or is there the possibility the council can just say, ‘Well, I wouldn’t mind if you slipped me 40 grand and then I will tell you that within due course, at some point in the time, I might have done something differently’? It is such an obscure concept. Can you tell me how you are tracking that it happens?

**Ms Beauchamp**—It is important to mention our role as contract managers under the National Partnership Agreement. When proposals come forward we look at value for money and what we are getting for those proposals. It could be a combination of best practice guides around asset management, training programs or software development that you mentioned. There will be a range of milestones and project plans that we will then ensure is delivered. Obviously, the focus for us is on getting the outcomes for the local council. We look at it on a case-by-case basis.

**Senator JOYCE**—Do they submit quotes or invoices? How do you know that what they say is relevant? Do they say, ‘Here are the quotes from the consultants that are going to do it and here’s the quote from the accountants,’ or do they say, ‘Here is my internal costing of what it would cost to allocate staff above and beyond what I have to pay them in any case because they are employed here’? How do they submit that pricing to you and how do you know that pricing is correct?

**Mr Hanney**—They submit project management plans to us. Each of the states is at varying stages as well in terms of the amount of work they have previously done. We do an assessment of their proposal that they provide us, and as part of that assessment they submit a project management plan. We enter into a contract with them and then we manage that contract through our department. They have milestones to achieve in order to receive payments and so on.

**Senator JOYCE**—You are telling me the process of what they have to do. I am not querying you on that. I am querying how you work out what the cost is of that plan, or how you track when they ask you for the money for that cost and that you are sending them the appropriate amount of money and not just sending the money because they sent you an invoice and you paid it. For example, I am council A and I say, ‘I’m going to reassess my asset base and it is going to cost me \$100,000.’ How do you know it does not cost \$10,000 or

it does not cost anything? How do you justify the fact that you send out a cheque for \$100,000?

**Mr Hanney**—We do not send an individual council a grant. They are groupings of councils or peak associations.

**Senator JOYCE**—How do you justify it to them?

**Mr Hanney**—We use a value for money assessment process where we compare an application that we get out of Victoria with an application from Queensland and with other applications. The project management plans are not just about milestone dates. They provide us with some of the detail that we require in order to understand whether or not we are getting value for money.

**Senator JOYCE**—Do you assess the relevance of that cost by just comparing it to other councils in other areas?

**Mr Hanney**—We look at the cost that they are proposing against their project.

**Senator JOYCE**—I will ask you a very clear question. Do you ever sight an invoice?

**CHAIR**—I am not sure that you are allowing the officer to complete his answer. If you are asking a question, allow some time for the officer to respond.

**Senator JOYCE**—The problem is that I keep on asking the same question over and over again and I keep on getting a thousand and one different answers to it.

**Senator Sherry**—I think you are getting the same answer or a very similar answer, which you may not be satisfied with.

**Senator JOYCE**—Can you answer the question, Minister?

**Senator Sherry**—I do not have to. I have been listening to the officer and I am satisfied with his answers. I do not have anything to add.

**Senator JOYCE**—Do you sight an invoice?

**Senator Sherry**—I do not have anything to add to the officer's comments.

**Senator JOYCE**—Do you sight an invoice?

**Mr Hanney**—With the contract that we enter into we will make payments against milestones, so we will pay against their reports and their reports will be the equivalent to an invoice—their instalments that are paid. I will just make the point that in terms of where that program is at the moment there are still 15 applications with our department under assessment as we speak. Again, we would assess them against project management plans and, as we enter into a contract and as they proceed with their contract we will assess as to whether or not they have achieved what they have said they were going to achieve, and then we would make payment.

**Senator JOYCE**—How do you work out how much you are going to pay them?

**Mr Hanney**—Again, the contract that we have in place at the beginning will determine what payments will be and what the milestones for payments will be.

**Senator JOYCE**—A portion for fulfilment of contract. How do you determine, at the start, that the contract amount was the correct amount, that it was a tightly conceived contract that was cost efficient and that you were not paying them too much? How did you assess the cost of that contract?

**Mr Hanney**—It is the same answer as before, which is that we have officers who are very experienced and have worked in this space for a long period of time. They assess the proposals that are presented to them by states or by groupings of councils—so by local government authorities or by groupings of councils. They assess that, and part of the assessment process is assessing whether or not it is value for money.

**Senator JOYCE**—Can you give me an example of some of the things that they do in that process of assessment, in terms of the cost? I am going to drill down here. You say they assess it.

**Mr Hanney**—I will ask the officer involved in the assessment to come forward.

**Senator JOYCE**—Ms Fleming, what is the process that you use to assess the costs? I do not want to know what you do. I do not want to know that you pay on a proportion of contract. We understand all of that. I want to know from you how you actually assess that the cost is right. Do you sight invoices? Do you have charge-out sheets? Do you have an accountant that basically sends you a bill and you are paying on invoice? Do you pay on quote? Do you get an itemised inventory of what are the items that make up the cost? That is a good question: do you get an itemised inventory of what makes up the cost?

**Ms Fleming**—In general there would be an acquittal statement that is provided against expenditure from the states. At this stage we have not received an acquittal statement as yet for these projects, but in that process we would look at the acquittal statements for any grant, the way we would for any payment.

**Senator JOYCE**—Have you sent them the money?

**Ms Fleming**—Yes. Some of the funds have been committed to the states for some of the projects.

**Senator JOYCE**—Have you received any acquittal statement?

**Ms Fleming**—No. To my knowledge, we have not received any acquittal statements at this stage.

**Senator JOYCE**—When do you think they are going to turn up?

**Ms Fleming**—They appear at the timelines at the end of the projects. My understanding is that none of the projects has been completed. I would be happy to take that on notice and give you a more thorough response to the question.

**Senator JOYCE**—Mr Hanney just told me that you pay on proportion of contract, so that would mean that to determine that you would have an acquittal statement.

**Ms Fleming**—The way the funding agreement normally works is that there is a series of milestone payments and then at the end of the financial year there is an acquittal statement provided that indicates that all of the expenditure has been paid in accordance with the expenditure expected to be paid.

**Senator JOYCE**—Can you provide an update of the work on the Australian Centre of Excellence for Local Government since its establishment on 14 December 2009? The Australian government provided funding of \$8 million to establish the Centre of Excellence, which was opened on 14 December 2009.

**Ms Foster**—I am happy to do that. As you know, the centre was established with \$8 million seed funding in June 2009 and it opened in December. It was established to do four specific things. It was to showcase innovation and best practice, to foster good governance in leadership, to improve training and workforce development, and to stimulate debate on critical issues facing local government.

They have divided their work program around six broad areas. There is a research, innovation and best practice governance and strategic leadership, organisation capacity building, rural, remote and Indigenous Australia and workforce development. That is the way, as an institution, they have divided their work up. They have been operating for about a year.

They would describe their first year of the centre broadly as its implementation phase where they were conducting background research, data collection, establishing links with stakeholders and launching each program of work. They have achieved some really good outcomes in that first year. They have developed a new graduate certificate in local government leadership. The first program will be offered at UTS in 2011—this year. They have developed guidelines on asset management for small communities, they being one of the sectors of local government that has the biggest challenge with their asset management, and those guidelines will be released shortly. In March they are co-hosting a third national local government workforce development forum in conjunction with Skills Australia. They have developed a national strategy to address the capacity building needs of small rural, remote and Indigenous local governments, which will also be released early this year.

They have done a local government Indigenous employment program green paper, which came out in the middle of last year, as a first step to developing a national program to encourage Indigenous employment in the local government sector, and they played a significant role last year in the Year of Women in Local Government. One of the specific programs that they ran was with the LGMA, the Local Government Managers Association, which was encouraging councils to develop practical strategies to increase women's participation in local government. So, in some cases this was introducing flexible work policies into local governments or introducing mentoring schemes—things like that. That is the range of the practical things they have done.

**Senator JOYCE**—Good answer; better than the last one. The intergovernmental agreement on cost shifting is due for review before 12 February 2011. What arrangements have been put in place for the review process to take place?

**Ms Foster**—I might ask the officer who is dealing with that to come forward. We might need to take that on notice and get you some information. Within one of our teams we have people working on that review. I just do not have the details to hand.

**Senator JOYCE**—That is fine. Just take that one on notice. Are there any plans for an internal or public inquiry into the renewal of the intergovernmental agreement on cost shifting? You obviously will be taking that one on notice as well. Mr Albanese recently

released a National Cycling Strategy for 2011-2016 at the Australian Transport Council meeting on 24 December 2010. A short-term goal is to double the number of people cycling over the next five years. No dollars were mentioned. Will the federal government be diverting funds towards this strategy and, if so, how much?

**Ms Beauchamp**—I think that would be best directed to the Department of Infrastructure and Transport, if Mr Albanese has announced it.

**Senator JOYCE**—Have they had any discussions with local government about where all these cycling tracks are going to go?

**Ms Beauchamp**—I would have to take that one on notice. I am not too sure what consultation we have had.

**Senator JOYCE**—Have you had any discussion whatsoever or has anything come across your table, Ms Beauchamp, about a new direction in cycling for this nation?

**Ms Beauchamp**—It may have come across a number of officers in the department. I would have to take that on notice.

**Senator JOYCE**—But it is not at the forefront of your mind at this point in time?

**Ms Beauchamp**—There are a number of things that we deal with at any one time and I would really like to take that on notice.

**Senator Sherry**—I do not think it is unreasonable that the secretary not be aware of proposals about cycling paths. She has a lot of responsibility.

**Senator JOYCE**—The federal government has been committing to the second stage of funding for the Healthy Places and Spaces Initiative between the National Heart Foundation of Australia and the Planning Institute of Australia and the Australian Local Government Association. Will the government be committing to this second stage?

**Ms Foster**—Sorry, I did not quite catch that.

**Senator JOYCE**—In brief, will the federal government be committing to the second stage of the funding for the Healthy Places and Spaces Initiative between the National Heart Foundation of Australia, the Planning Institute of Australia and the Australian Local Government Association?

**Ms Foster**—That is not a program that is being managed by our department.

**Senator JOYCE**—With things pertaining to local government, when do you actually get the heads-up on them?

**Ms Foster**—Many federal agencies obviously run programs that engage with local government and we neither seek nor would want to be a conduit for all engagement between the Commonwealth and local government, and so where agencies such as Health are running specific programs then they have a very effective interaction with local government. Where they need our assistance, they will call on us. Where there are significant policy issues impacting on local government, they will certainly talk to us, but as a course of normal business there may often be no need to engage us in a substantive way.

**Senator JOYCE**—I should let someone else have a go. I have got other questions on local government, but there are other people wanting to ask questions on local government. To be honest, I could go all night on local government.

**CHAIR**—Senator Ludlam does have some questions. We are trying to deal with local government at this time. Then we are going to go back to general questions and program 1.1. I gave Senator Joyce a bit of leeway. Senator Ludlam, you have the call—on local government.

**Senator LUDLAM**—Thank you. I might be quicker than I thought, because I think Senator Joyce has already got answers to some of my questions. I was going to ask about cycling infrastructure as well. The National Cycling Strategy 2011-2016 notes there was a \$40 million Commonwealth stimulus funding for cycling. It states that that was significant but that more is required to facilitate real progress in the cycling agenda. Are there actually any funds currently allocated to active transport generally or bicycling specifically within this department?

**Ms Foster**—As Ms Beauchamp said before, the transport programs are actually run by Department of Infrastructure and Transport. Within this portfolio we have had a program—the National Bike Paths Program—but that is not actually related to the current cycling strategy, I do not believe.

**Senator LUDLAM**—How could the National Bike Paths Program not be related to the National Cycling Strategy? I do not understand that. Are there two separate groups of people thinking about this independently or is this work integrated in any way?

**Ms Foster**—The Bike Paths Program was one of the stimulus package programs and so the determinations about where those paths were built were some 12 months ago at least, from memory.

**Senator LUDLAM**—I am really having trouble hearing you. I do not know if broadcasting can up the horsepower a bit.

**Ms Foster**—The timing, I think, is such that for the Bike Paths Program—one of the stimulus programs—those decisions were made in the order of 12 to 18 months ago. I would need to check the exact dates.

**Senator LUDLAM**—That was administered by your department?

**Ms Foster**—It was.

**Senator LUDLAM**—Now that bucket is empty?

**Ms Foster**—That is right. That program was fully allocated and the projects are in train. Most of them, I think, are completed.

**Senator LUDLAM**—\$40 million was extremely valuable, but it did not go very far. As to the folk who were working on that, what are they doing at the moment? Are they being transferred to other duties?

**Ms Beauchamp**—There are a number of regional programs that are managed in the department that a range of people work on and we do move resources around the particular program delivery area. The Bike Paths Program is one of those regional programs and we have a number of other regional programs as well.

**Senator LUDLAM**—If I asked you what you are currently spending on cycling infrastructure, there would be no point asking for a breakdown of spending by city, town or region because it is zero?

**Ms Beauchamp**—In relation to Ms Foster's comment around the National Bike Paths Program, as part of the stimulus package, we could provide a breakdown of the 166 projects that the government announced funding for.

**Senator LUDLAM**—Yes, but that will be retrospective. There is nothing in your forward estimates?

**Ms Beauchamp**—That is correct. Most of those dollars have been committed and we are in the process of finalising that program.

**Senator LUDLAM**—I am not sure where to go with this, because I was advised to come here and speak to you folk about cycling funding, because there is nothing going on that I am aware of in the transport portfolio either. Where would the direction need to come from? Is that just simply a political decision—a policy question—as to whether you folk get any more to work with in the cycling area?

**Ms Beauchamp**—If it is part of the regional programs. Like I said, we have very specific government announcements in relation to our regional programs. The bike path initiative was one of the regional programs that we had responsibility for.

**Senator LUDLAM**—But that was that; it was just a one-off. Okay. In that case, I will probably leave that one there. Am I able to ask you about energy security? Is that something that you folk deal with directly?

**Ms Beauchamp**—Not directly, but it probably would be one for either the environment portfolio or the resources and energy portfolio.

**Senator LUDLAM**—But nothing in local government and regional development? Nobody is thinking or working on energy security? Some of the best energy security initiatives I am aware of come from local government. Is there nothing at a departmental level?

**Ms Beauchamp**—If there are local projects that form part of our regional programs and are allowed within the guidelines, then there may be some come up through that process, but not as a broad policy direction; we do not have responsibility for energy security.

**Senator LUDLAM**—Who does?

**Ms Foster**—I make the same point as before. The relevant Commonwealth department can, and does, work directly with local government on these initiatives.

**Senator LUDLAM**—I am trying to work out who the relevant department or minister is. Maybe that is something Senator Sherry can—

**Senator Sherry**—Sorry?

**Senator LUDLAM**—The minister responsible for energy security?

**Senator Sherry**—It is certainly not me, and certainly not here. I will see what I can find out for you.

**Senator LUDLAM**—I would just be interested to know if we have one.



**Senator Sherry**—We do not have one with that title.

**Senator LUDLAM**—No, but with that portfolio responsibility.

**Senator Sherry**—It is certainly not me. Maybe Resources—without that title.

**Senator IAN MACDONALD**—Just frankly, the local government element of this department deals with the payment of financial assistance grants which are generally, you know, fairly much a mathematical calculation. You deal with the Local Government Reform Fund but really you have little other connection with local government; is that correct? Is that an accurate statement, or if it is not, what else does the department do in its local government role as opposed to its regional development role?

**Ms Beauchamp**—I will start off and I will let my colleagues complete the gaps. We manage, as I said, a range of regional initiatives and there is—

**Senator IAN MACDONALD**—Not in your local government hat, though, do you?

**Ms Beauchamp**—We manage a number of local government or regional development initiatives and a lot of those funds do go to local governments: the RLCIP, the bike path program that we have just been talking about and the new round of regional infrastructure programs that the government has announced. So, we do have a very close connection with local government, but also through the work around strengthening Regional Development Australia committees. There are local governments represented on each of those Regional Development Australia committees. We do have ongoing dialogue with the councils for local government in each state and also at the national level, so we do have quite a close liaison with local governments where it fits within our area of responsibility.

**Senator IAN MACDONALD**—It is avoiding the question I am putting to you; most of that you do in your regional development thing. In your strict local government part of your department, what do you do besides FAGs and the centre of excellence that you mentioned to Senator Joyce earlier? Is there any—

**Ms Beauchamp**—And the Local Government Reform Fund that we have been talking about.

**Ms Foster**—I think it breaks down into program delivery, so the reform fund and RLCIP that Ms Beauchamp has managed. There is a series of engagement activities, for example the Australian Council of Local Government event which happens once a year; that is supported by a steering committee of some 25 or 26 councils.

**Senator IAN MACDONALD**—Sorry, I was only trying to be helpful. Senator Ludlam was asking about things. In the local government area that we are talking about now, my understanding is that you have—

**Ms Foster**—I am running through the things that we do do with our local government hat on.

**Senator IAN MACDONALD**—Okay.

**Ms Foster**—Obviously, we support the Australian Centre of Excellence for Local Government. I, for example, sit on the board of that centre. I also chair a meeting of state and territory officials with local government responsibility. We talk with them and work with them

on the various reforms that they are tackling at a state level. The whole question of constitutional recognition, for example, is one where we play a leading role, so it is a range of policy intersections and program delivery.

**Senator IAN MACDONALD**—Thank you. Sorry to interrupt; I was trying to be helpful.

**Senator FORSHAW**—To clarify an answer that was given to Senator Macdonald, for which I had a slightly different understanding, when you say that you deal with local government in a regional context, that is because, say, through RDAs or through the RLCIP program, and I would also understand there are councils that actually have regional organisational structure where a number of local government entities come together, that you are dealing directly with local government bodies in that sense because money is flowing to those local councils even though it is flowing in the context of a regional program, as it were, rather than a specific local government program for that area.

**Ms Beauchamp**—That is correct. When we talk about regional development, that certainly does include local government.

**CHAIR**—Senator Ludlam.

**Senator LUDLAM**—It did help to clarify. With your regional development hat on, then, we had a really good session this morning with Major Cities Unit and spoke about resilience and planning for high oil prices and transport and so on in an urban context. Is anybody in your area doing any thinking about those issues from a regional perspective where the issues are quite different?

**Ms Beauchamp**—We work with Regional Development Australia committees and local governments and state and territory governments looking at a number of regional policy issues. At the moment we have been working with Regional Development Australia committees around what they have been developing up in terms of their strategic plans and roadmaps and looking at the regional impacts of what they see as their key priorities. So, of course, those things would come up in the normal course of conversations and processes we have with the regional areas.

**Senator LUDLAM**—Peak oil, oil depletion, \$200 a barrel oil comes up in normal conversations?

**Ms Beauchamp**—What we look at are what local areas, particularly regions, are going through that might be impacted by a range of issues, so they—

**Senator LUDLAM**—Can we stick to this issue, to this one in particular: transport vulnerability in regional areas where right across the board we are extremely dependent on cheap oil? There is at long last some thinking going on now about what that means in an urban context in Australian cities. Is there any thinking or anything that you can show us or anything you can table or the number of FTEs or anything at all around that kind of thinking in a regional context?

**Mr Hanney**—The Regional Development Australia groups—committees—all have regional plans. Some of them have certainly drilled into that space and so what we can do is lead you to some of those regional plans where for some regions it is more important, it is

higher on their agenda, in terms of increasing transport costs you outlined, so we can lead you to some of those plans. Most of them are on the website so we can—

**Senator LUDLAM**—Is it fair to say, it sounds like very much a bottom-up process? You folk are not leading or coordinating; you are maybe networking if stuff is coming up from the LGAs themselves, but there is no thinking at a departmental level on integrating any of these regional plans?

**Ms Beauchamp**—What I mentioned in the opening statement was making sure that we linked in with other agencies who might have the lead on this and provide a regional perspective. We do work from the bottom up in terms of empowering local communities, ensuring that they have got the skills and capacity to be involved in policy and program development across the Commonwealth and, indeed, the states. From a policy point of view we will be involved across government on a range of policies that will impact on regions, so whilst not taking the lead, we will still try and bring as much information as we have from local government areas and regions to those policy issues.

**Senator LUDLAM**—I will leave it there, thank you.

**CHAIR**—Thank you, Senator Ludlam. We are dealing with local government. I understand, Senator Macdonald, you have some questions on local government.

**Senator IAN MACDONALD**—As a result of the cyclone and floods, no doubt, and other calamities in other states, local governments are being called upon to do things—clean-up work—far in excess of their financial capacity to pay. Is there any thought that the financial assistance grants might be amended, rejigged or added to in this instance to take into account additional expenses which local governments are being required to do because nobody else is doing them? Senator Joyce mentioned the Brisbane City Council, but the Cassowary Coast Council, which bore the brunt of the cyclone, has 16,000 properties in the shire affected by the cyclone; they estimate each property will have two piles of rubbish to remove. There could be other cyclones just around the corner; they have got to get rid of the rubbish. They have got 25 teams looking at 30 collections a day; it is still going to take them six weeks to do that. As I understand it, there is some uncertainty on whether they are going to get that under the NDRRA funding, which means that these councils are doing it because no-one else is there. The local people expect someone to do it and the councils are responding, but they are going to be in severe financial trouble. I just wonder if there is anything that the department through FAGs or through other special allowances might be able to do or perhaps even to advocate to the NDRRA minister for additional funding for local government.

**Ms Beauchamp**—Obviously there are a number of agencies working on clean-up and recovery efforts. You have mentioned some of the, I guess, diversity of the capacity of local councils from Brisbane City Council to Cassowary Coast, to name a couple. The Commonwealth government only has announced a \$5.6 billion investment in flood affected areas; that is not including the cyclone affected area. There was a separate package announced for Cyclone Yasi in Queensland. I expect the delivery of those funds, of which \$2 billion will be provided this financial year, to go primarily to local councils. It will be local councils that we would be putting—

**Senator IAN MACDONALD**—Has it been decided that \$2 billion will go to local councils?

**Ms Beauchamp**—Most of the applications for assistance under the NDRRA will come from local areas.

**Senator IAN MACDONALD**—Is this the package that is dependent upon the flood levy bill?

**Ms Beauchamp**—Part of it is dependent on the flood levy.

**Senator IAN MACDONALD**—If the flood levy bill is not passed will there still be money made available for these projects?

**Ms Beauchamp**—I guess the government has made a very clear commitment in terms of funding that will be provided under the NDRRA—

**Senator IAN MACDONALD**—So it will be provided?

**Ms Beauchamp**—I think the government has made commitments this financial year which have provided some certainty to the states experiencing most of the flood damage.

**Senator Sherry**—The issue of funding for that package is a matter for other departments, particularly the levy issue you raise. It is not for this department.

**Senator IAN MACDONALD**—Okay.

**Senator Sherry**—And obviously a matter for the Senate and hopefully it will be passed.

**Senator IAN MACDONALD**—That is fine. Let me confine myself to the issue for this department and what you are just saying, Ms Beauchamp. Do you know that \$2 billion of the \$5.7 billion is going to local authorities?

**Ms Beauchamp**—Only from past experience in terms of where the requests might come from in terms of local infrastructure.

**Senator IAN MACDONALD**—So it would be in order for the Cassowary Coast Council to apply to this fund for the money they need. They are actually doing the work; who knows how they are going to pay for it. But it would be appropriate for them to apply to this fund to cover the cost of that work?

**Ms Beauchamp**—As the normal arrangements apply under the NDRRA, and whilst this department has not got responsibility for administering, those requests would come through the Queensland government.

**Senator IAN MACDONALD**—This is not a trick question. I am just saying: this is the department of local government. I fully appreciate that local government is mainly a creature of state governments and we provide a lot of funds through FAGs and otherwise. In this instance is the department in its local government hat advocating for trying to help looking at FAGs, looking at any other funding, for that? You are telling me that the NDRRA may be a source of \$2 billion out of its \$5.7 billion for relief right across Australia. It will not all go to the Cassowary Coast Council, unfortunately. Is that right?

**Ms Beauchamp**—As we mentioned earlier there have been financial assistance grants that are being brought forward. In addition, there has been an announcement by the government

around the application under NDRRA of quite a substantial amount of funds. That will follow the normal process where local governments and other organisations will put proposals to their respective state governments. The state governments are also contributing to the NDRRA for assistance in exactly the sorts of things that you are talking about.

**Senator IAN MACDONALD**—You in your role as secretary of this department are on the NDRRA, so I know you will apply the rules without fear or favour. But you will obviously be trying to help local government wearing your departmental secretary's hat.

**Ms Beauchamp**—I think I should add there that there is great will from all levels of government to ensure the reconstruction effort is effective. We are in there for the next couple of years as announced by the Prime Minister. The Attorney-General's Department is responsible for administering the NDRRA but we will do what we can, not only with my Queensland Reconstruction Authority Board hat on, but also as you mentioned as secretary of this department looking at how we ensure the interests of local communities are indeed met through this process.

**Senator IAN MACDONALD**—Can I finish by saying reconstruction is very important but what I am talking about is immediate clean-up which, frankly, is beyond the financial capacity of the Cassowary Coast Council and even the Townsville City Council. Even my own council, the Burdekin shire, is getting an enormous expenditure which they have got to do, but how they are going to pay for it is uncertain. I know they have a sympathetic ear with you.

**Ms Beauchamp**—There is a sympathetic ear right across government. I should say under the NDRRA—whilst, again, I am not responsible—local governments can contract additional labour and the bills could be put through to the Queensland government around clean-up and the like. But I should also say that the Commonwealth government has invested a huge amount of money through the Australian Defence Force, for example, in terms of clean-up and recovery effort. I have not been up to the cyclone area. I have actually sent the head of the task force, Mr Geoff Leeper, who has gone up there tonight just to have a look at the extent of the damage and how local governments are handling it, what the impact is and how the clean-up is going. There are well-established processes in place to manage the clean-up effort. I just wanted to say that clean-up and relief efforts are going pretty well on the ground.

**Senator IAN MACDONALD**—They are. The Army was fabulous in the immediate week after the cyclone. You have got no idea how good they were and how well they were received. But they are gone now. For all the right policy reasons they do not hang around and do the actual clean-up. The councils are doing it. Councils I have spoken to are concerned that their clean-up costs will be part of the NDRRA. If they go into someone's backyard as opposed to cleaning up the street there is a question mark as to should they be doing that. There is a real concern with some of the councils. But I am only telling you perhaps what you know.

**Ms Beauchamp**—If those concerns are raised through the Queensland government, obviously they are another key player, and they come to the Commonwealth then we will consider those matters as they arise.

**Senator ADAMS**—I have a quick question on the Carnarvon area and the Gascoyne area; are they getting any federal assistance at all?

**Ms Beauchamp**—The declared areas are. As I understand it there have been some announcements made in terms of the Australian government disaster recovery payment and the income recovery subsidy. But again, we are not administering the NDRRA and those questions are probably best directed to the Attorney-General's Department who have responsibility for those programs.

**Senator ADAMS**—This is a medical issue but in Western Australia a terrific number of rural and regional shires are at the moment having to pay up to \$900,000 to try to attract and retain a doctor within their community. I know that is not part of the local government bailiwick but they are having to do it. They have to supply a health service to the community. Do you want me to ask that question in health tomorrow or with you? It is just to make you very aware that local governments once again are having to get right outside the area that they need to be working in.

**Ms Beauchamp**—I think that question would more appropriately be asked of the department of Health portfolio.

**Senator JOYCE**—Is the department aware of any projects that have cost overruns on project delivery in regard to local government projects funded by the Commonwealth?

**Ms Beauchamp**—That is a very broad question.

**Senator JOYCE**—Are you aware of any cost overruns in any projects delivered in regard to local government projects funded by the Commonwealth? You know what projects are funded by the Commonwealth. Are you aware of any of those projects being over budget?

**Mr Hanney**—The ones that are under examination at the moment are a number of projects, somewhere between 40 and 70 in number, which were affected by being in flood affected areas that were either at planning stage or under construction. Some of those may have cost overruns and we are still assessing those. They are the only ones that we are aware of.

**Senator JOYCE**—Cost overruns by reason of the flood or cost overruns by reason of other issues?

**Mr Hanney**—It could be both. It might be that they estimated those costs initially and it may be that their contractors are going to be more expensive or that there has been direct damage to that project. Again, the contracts that are in place, because they are with a local government the cost overruns sit with that local government. But obviously in the circumstances we have got direct dialogue with each of the local government authorities to come back and have a discussion with us.

**Senator JOYCE**—How much has the department spent on consultancy services this financial year?

**Ms Beauchamp**—Are you asking for expenditure on consultancy services?

**Senator JOYCE**—Yes.

**Ms Beauchamp**—Since 1 October to the end of January we spent \$251,795.

**Senator JOYCE**—Can you identify the names of the consultants?

**Ms Beauchamp**—I can. There is only a very small number. Most of these organisations were contracted to assist with the establishment of the financial arrangements for the department. For example, we had Moore Stephens in Canberra help us develop costing models and the like for our financial management arrangements and getting a good structure around our costs. We had Morrison Consulting come in and give us financial advice and due diligence, particularly around the way we had set up our financial processes to make sure they were in accordance with the Financial Management Act and all the legal requirements. We had Workplace Research Associates come in and do the work level standard assessment work that I spoke about earlier—

**Senator JOYCE**—How much did you pay Workplace Research Associates?

**Ms Beauchamp**—We paid them \$60,500 and we paid them to assess the proposed senior executive structure for the new department. That is the piece of work that I mentioned earlier that we have to assess all proposed senior executive positions before filling any permanently.

**Senator JOYCE**—What does Moore Stephens do?

**Ms Beauchamp**—Moore Stephens is an accounting agency—consultancy.

**Senator JOYCE**—What do they do? How much did you pay them?

**Ms Beauchamp**—We spent around \$65,000.

**Senator JOYCE**—What did they do for their \$65,000?

**Ms Beauchamp**—They helped us develop our costing model, particularly for seeking funding and costing of any new policy proposals we wanted to put forward, so I could get a handle on how many staff I could get on board, for example, within the budget and what they would work on. I really needed to understand and benchmark some of the costs the department was incurring.

**Senator JOYCE**—You could use them for some of the other costings.

**Ms Beauchamp**—We also had advice provided around developing shared services. Instead of setting up separate corporate systems and functions we have looked at sharing corporate services, payroll systems for example, and the management of our financial systems with the department of transport.

**Senator JOYCE**—With Moore Stephens as an example, did they bill you on an hourly basis or did they bill you on a—

**Ms Beauchamp**—I did not manage the exact billing arrangements. I am not sure on what basis they billed. I would have to take that on notice.

**Senator JOYCE**—For how long were they working with you?

**Ms Beauchamp**—Between October and November 2010.

**Senator JOYCE**—So, four weeks, at most—20 days.

**Ms Beauchamp**—It is probably more like eight weeks.

**Senator JOYCE**—More like eight weeks?

**Ms Beauchamp**—Yes, over those two months.

**Senator JOYCE**—Were they in the office every day? Were they on site?

**Ms Beauchamp**—They certainly were, and we provided access to books and officers, obviously under supervision within the department.

**Senator JOYCE**—You have every right and entitlement to get an hourly billing off them. Did you ask for it?

**Ms Beauchamp**—As I said, I did not manage the contract. I would have to take on notice the billing arrangements that were put in place under the contract.

**Senator JOYCE**—Did they give you a quote and then pay on the quote?

**Ms Beauchamp**—I would have to take that on notice.

**Senator JOYCE**—What does Morrison Consulting do exactly?

**Ms Beauchamp**—They set up the financial processes and structures and provided advice, for example, in terms of putting together financial statements for the department and looking at and making sure that we met the requirements again of the Financial Management Act, and that we had assistance with audit functions, having the right audit functions in place, setting up the committee—making sure we were doing everything in accordance with best practice.

**Senator JOYCE**—Are you aware of any relationships that exist between Morrison and Moore before they worked for you? Was there any recommendation of one to the other?

**Ms Beauchamp**—No.

**Senator JOYCE**—When you were determining Moore, Morrison and Workplace Research, how did you determine that tender?

**Ms Beauchamp**—I would have to take some of that on notice. Obviously we did things in accordance with the government procurement guidelines. In relation to Morrison Consulting, which I do know about, they do provide assurance to me as secretary of the department around the financial management arrangements. I did look at direct sourcing that company, given that the services were provided to the Prime Minister and Cabinet portfolio as an independent auditor and sought out this person's assistance with that function.

**Senator JOYCE**—So they also do work for Prime Minister and Cabinet; is that what you are saying?

**Ms Beauchamp**—That is correct.

**Senator JOYCE**—What work do they do for them?

**Ms Beauchamp**—The principal of the company sits on their audit committee.

**Senator JOYCE**—For how long have they been there?

**Ms Beauchamp**—I would have to take that on notice, sorry. I would have to ask the Department of the Prime Minister and Cabinet.

**Senator JOYCE**—That is with Moore. When they came around to the office, who were you speaking to? Were you speaking to a senior partner?

**Ms Beauchamp**—Of the two people I spoke to, one of them was the senior partner and the other person was the one doing the modelling and costing work. As I said, I did not manage



the contract. I met with them occasionally. I was taken through the work they had done to make sure it met my standards of assurance. That contract was being managed primarily through our chief financial officer.

**Senator JOYCE**—Did you sight the invoice on payment?

**Ms Beauchamp**—I do not normally sight invoices. Particularly in this case there would be a contract manager assigned and they would ensure that all the requirements that we are required to go through, through the procurement processes in the Financial Management Act, were followed.

**Senator JOYCE**—I just want to go through this funding for the national community infrastructure shortfall which has been estimated by PricewaterhouseCoopers at \$14.5 billion for the report into local government financial sustainability. Are you aware of this?

**Ms Beauchamp**—I am not personally.

**Senator JOYCE**—Before I ask you the question I am going to get bumped. What provision is there for funding for the national community infrastructure shortfall, which has been estimated by the PricewaterhouseCoopers report into local government on financial sustainability at \$14.5 billion?

**Ms Beauchamp**—We will have to take that one on notice.

**Senator JOYCE**—In relation to the government's support for affordable housing, what additional value has arisen from breaking up the housing ministerial responsibilities?

**Ms Beauchamp**—You would have to direct those questions to the relevant portfolios.

**Senator JOYCE**—Are you aware of the government's Our Cities discussion paper?

**Ms Beauchamp**—Yes, I am.

**Senator JOYCE**—The government's Our Cities discussion paper raises the real possibility of stronger Commonwealth government engagement in this space, but at the same time no national ministerial planning is proposed as it is unsure if planning is under the prime responsibilities of Mr Albanese's Major Cities Unit, Mr Crean, the Department of Agriculture and Forestry, Mr Burke or the PM. Is the interest in cities just a smokescreen for further inaction in this policy area?

**Senator Sherry**—That is just a blatant giving of—

**Senator JOYCE**—You were sitting down there, weren't you? Where are we up to with the government's Our Cities discussion paper? Who is going to be looking after that?

**Ms Beauchamp**—The Department of Infrastructure and Transport.

**CHAIR**—It might be an appropriate time to adjourn, but before we do I would just like to put on the record the tragedy that has taken place in New Zealand today in Christchurch. At the moment I think the death toll stands at 65. We hope that does not increase and there are not too many injuries. But I think it would be remiss of us during this process not to acknowledge the tragedy that has taken place with our neighbours in New Zealand.

**Proceedings suspended from 6.28 pm to 7.47 pm**

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**Future Fund Management Agency**

**CHAIR**—We will resume. Welcome back, Minister, the Hon. Penny Wong. We are now dealing with the Future Fund Management Agency so I welcome those officers. Senator Cormann.

**Senator CORMANN**—Do you have an opening statement?

**Mr Neal**—No.

**Senator CORMANN**—Last time there was quite a memorable opening statement where there was an announcement at Senate estimates about a further sell-down in Telstra shares by the Future Fund and, of course, since then you have sold another 128 million shares. What is the Future Fund's stake in Telstra now worth, in terms of share quantity and value?

**Mr Neal**—As at our last public statement, which was the substantial shareholder notice that we published on 7 February, we had 840 million shares. I do not have the exact number, but it would be worth about \$2.5 billion.

**Senator CORMANN**—What percentage is that of your overall investment? I think last time we met it was about 10 per cent.

**Mr Neal**—The total portfolio is of the order of \$70 billion.

**Senator CORMANN**—So it is a very small share now.

**Mr Neal**—Yes.

**Senator CORMANN**—Is there anything you can share with us, in terms of plans to further sell down your investment in Telstra?

**Mr Neal**—Only to say that we are committed to the long-stated strategy of orderly sell-down over the medium term and that strategy continues to be in place.

**Senator CORMANN**—So the sell-down will continue moving forward?

**Mr Neal**—Over time, yes. Obviously it is our mandate to bring the Telstra holding down to a point at which it is an appropriate part of a rebalanced portfolio.

**Senator CORMANN**—When you say it is your mandate, your mandate from whom?

**Senator Wong**—The mandate from the government.

**Senator CORMANN**—So the government has given a mandate to sell down Telstra?

**Senator Wong**—No, the investment mandate. The board has a long-stated position and this is obviously something that is completely independent of us about how they manage this, for the reasons you are aware of, but there has been a frequently stated position of the intention. The words I have been given are 'to reduce its holding in Telstra over the medium term to build a portfolio consistent with its mandate and investment strategy'. My recollection is that has been the phrasing used at previous estimates and publicly in the Future Fund's published documentation.

**Senator CORMANN**—I am not sure that we have ever before had quite as explicit a proposition of a mandate to reduce—

**Senator Wong**—Do not verbal either Mr Neal or me. The mandate he referred to was the investment mandate to the fund. It is not any mandate in relation to a particular shareholding. That is entirely a matter for the Future Fund. There is no direction from government, and in fact, for obvious reasons, we are not advised until after the decision is made.

**Senator CORMANN**—I can sense that you are very touchy about this. I am asking questions of Mr Neal.

**Senator Wong**—No, I am touchy about you verballing a witness.

**Senator CORMANN**—I was not verballing anyone.

**Senator Wong**—Yes, you were.

**Senator CORMANN**—The witness used the words mandate and you said obviously from the government. I am just trying to get to the bottom of what is on the table here. Mr Neal, many analysts have quite optimistic long-term views about the Telstra share price following the government's much vaunted agreement over NBN Co. Will this have any impact on your strategy going forward?

**Mr Neal**—I can understand your interest in that, but given that our strategy is—and we have stated this very publicly—to be a seller of Telstra, I think it is probably commercially inappropriate for us to discuss our view on anything that would go to the value of Telstra or our potential trading over the next little while. I think it would be inappropriate for us to do that.

**Senator CORMANN**—Are there particular triggers for large-scale Telstra share sell-downs on a given day or a given month? How do you decide now is the time?

**Mr Neal**—There are a lot of different factors that are taken into account when undertaking a sell-down: the alternative opportunities we see in the market, the market conditions at the time, the liquidity and what we perceive to be the appetite for the stocks. There are multiple considerations that we take into account when we are thinking about our sell-down strategy.

**Senator CORMANN**—Do you accept Catherine Livingstone's view that the Future Fund sell-downs 'has put pressure on Telstra's share price'?

**Mr Neal**—She is entitled to her view. Our approach is to be as careful as possible to not disrupt the normal activity of the market. It is part of the investment mandate to do that. Our selling has always been very carefully executed at very low levels of market volume. I do not believe that is the case and indeed, over the period that we have been selling Telstra and we have been publicly talking about that, the Telstra share price has actually done quite well.

**Senator CORMANN**—Is that a view that Telstra has ever expressed to you directly face-to-face or is this something that you have read about in the media?

**Mr Neal**—Not to me personally.

**Senator CORMANN**—And you are not aware whether there have been communications between Telstra and the Future Fund?

**Mr Neal**—No, I am not.

**Senator CORMANN**—At the last Telstra AGM the Future Fund Board of Guardians voted against the three resolutions in relation to appointment of a new director, changes to company constitution and the approval of the remuneration report. Can you explain to us the reason for that decision?

**Mr Neal**—Absolutely. We were very public with the reasoning for our votes at the time. Essentially, we made it clear that we felt that the board would benefit from greater communications skills and experience on the board. We felt that would be an advantage, especially given the complexity of the task facing Telstra. The changes proposed to the constitution and the appointment of the new director meant that the board would be full at that point, so that would not allow the ability to add further communications skills and experience to that board. That meant that we felt obliged, according to our principles, to vote that down.

**Senator CORMANN**—It sounds like the Future Fund has a serious lack of confidence in the decisions about the strategic direction by Telstra.

**Mr Neal**—No. What I would point out is the principles about corporate governance that we have been very clear on and we have published that we apply to all of our voting for all of our shareholdings. One of those is we think boards should have an appropriate mix of skills for the task ahead and we are simply observing that we felt, in our opinion, that the board would benefit from more communications skills. There were open positions on the board so that could have been achieved.

**Senator CORMANN**—Yet the majority of shareholders did not agree with your views and, of course, all three resolutions were carried at the AGM. Do you think that has materially impacted on Telstra's share price?

**Mr Neal**—The views of other shareholders are obviously for them.

**Senator CORMANN**—No. You obviously had reasons for your decision not to support the resolutions. You made judgments, to paraphrase—not meaning to verbal you, but to paraphrase—as I hear what you are saying, that you think there is not the most appropriate mix of skills on the board. You had concerns about the proposed changes to the company constitution and you clearly had concerns about the recommendations in the remuneration report, yet despite your concerns the resolution was carried. The AGM made decisions that you did not agree with. What are the implications of them having made that decision about your views on the value of Telstra shares moving forward?

**Senator Wong**—I am not sure that Mr Neal is in a position to be giving you opinions about the market implications of a decision that the Future Fund has made in relation to an AGM last year. He can advise you, as he reasonably has, of the reasons for the vote. They are the same reasons as were issued in the press release from the Future Fund at that time. I am not sure that it is reasonable to put to him a question as to his opinion of the market impact of that decision.

**Senator CORMANN**—With all due respect, the Future Fund, which is the government's Future Fund, made a decision to oppose all three resolutions at Telstra's last AGM.

**Senator Wong**—I do not think that is in dispute.

**Senator CORMANN**—That is a fact. That is not in dispute. This is entirely factual, of course. Not only that, but the view of the Future Fund was not carried at the AGM. Clearly, the Future Fund is not as good at doing numbers at AGMs as what you might be back at home in South Australia when you organise numbers for Senate preselections and the like, so they lost their day. Having made a judgment on where Telstra should go on these matters and Telstra not having gone that way, what are the implications, from the Future Fund's perspective, in terms of future attitudes of the Future Fund towards its Telstra investment?

**Senator Wong**—That is a different question.

**Senator CORMANN**—It is not a different question.

**Senator Wong**—You were asking about the implications for the Telstra share price, which was a question about the market impact. If you are asking Mr Neal about the Future Fund strategy in relation to its Telstra shareholdings, then you can put that to him.

**Senator CORMANN**—I have just put that to him. It is all interrelated and I think you understand that. Due to the fact that you did not get your way at the Telstra AGM with your preferred view, what implications, if any, does that have on your future attitude towards the Future Fund investment in Telstra?

**Mr Neal**—I am afraid I have to refer you back to my previous answer, which is that I do not think, while we are engaged in a process which we have stated is a longstanding process of looking to sell down over the medium term our Telstra holding, it makes any sense for me to discuss what our views of the Telstra valuation or the Telstra strategy might be.

**Senator CORMANN**—Let me ask you the question differently. As I understand it, your further sell-down of 128 million shares happened after the last Telstra AGM?

**Mr Neal**—Correct.

**Senator CORMANN**—Was there any relationship with your decision in the past to sell down Telstra shares by a further 128 million shares; was that in any way related to the way Telstra-AGM-made decisions in relation to those three resolutions?

**Mr Neal**—There are an awful lot of factors that go into our decision to sell on a particular day or over a particular period and how much we choose to sell over that day or period. There are myriad considerations, including what the rest of our portfolio looks like. Obviously we are a seller of Telstra stock and so that is not in dispute. We look to find an opportune time in the markets to execute that. We look to do that over time so that we average out over a period. That is really the best answer I can give you.

**Senator CORMANN**—It is a very good answer. You said that there are myriad factors that go into considerations, so was one of those factors the way the Telstra AGM voted on those three resolutions?

**Mr Neal**—I guess it would be one of them in the sense that that is the way that Telstra looked and the day after was the entity that we were dealing with. We assess Telstra in the context of the market and other opportunities, so of course the new Telstra, the day after the AGM, whatever that looks like, whatever would have happened would have been the entity that we were assessing.

**Senator CORMANN**—So the entity that you were assessing. The new-look Telstra after the decisions in relation to those three resolutions was one of the considerations that you took into account when making a decision to sell down a further 128 million shares, which is consistent with the proposition that I put to you before. The Future Fund seems to lack confidence in the direction Telstra is taking at present.

**Mr Neal**—I do not think you can make that supposition, because our stated strategy is to sell Telstra stocks. I do not think you can make that connection and I do not believe that is appropriate.

**Senator CORMANN**—With all due respect, you have made that connection.

**Senator Wong**—He has answered the question. I do not think continuing to put the same proposition to him is reasonable.

**Senator CORMANN**—Do you still consider yourself overweight in Telstra shares?

**Mr Neal**—We do, yes.

**Senator CORMANN**—In terms of the myriad factors that you talk about, are there any other government decisions that have impacted on your position in regards to Telstra, for example the deal with NBN in respect of the copper network?

**Mr Neal**—The deal with NBN clearly is an important event in Telstra's life and it is something that we will need to think very clearly about once we understand the detail of that deal.

**Senator CORMANN**—Could you explain the differences in investment returns for the Future Fund and the nation building funds? If my information or advice is correct, it was 4.7 per cent for the Future Fund versus 5.2 per cent for the nation building funds.

**Mr Neal**—I am not sure exactly which period you are looking at there. The very simple answer is that they are entirely different portfolios constructed for the two funds. The three nation building funds are entirely different to the Future Fund. The nation building funds are invested against a very low risk mandate. Our objective is, essentially, a cash return and a small margin. The reason for that being such a low-risk mandate is that those funds are being drawn down and it is important that we make sure that there is not any sort of capital loss given that those funds have been drawn down to fund projects. The Future Fund, on the other hand, has no cash flow for some considerable time and has a much more aggressive return target and so has a very different shape to its portfolio. From time to time the returns will be very different.

**Senator CORMANN**—Just to make it absolutely clear to you what period I am referring to, I am actually consulting here the press release from the Future Fund of 28 January 2011, 'Portfolio update at 31 December 2010'. You might want to reconcile that at your leisure. What other changes have you made to your portfolio since we last met in terms of rebalancing your portfolio?

**Mr Neal**—Not an awful lot, would be the very quick answer. We have continued essentially to draw down on the cash portfolio that we still have, in a modest way, to build certain parts of the portfolio, particularly the tangible assets portfolio and also some elements

of our debt and alternatives. But the nature of the portfolio is not substantially different from the last time we met.

**Senator CORMANN**—Have you made any changes to your hedging?

**Mr Neal**—No.

**Senator CORMANN**—No changes?

**Mr Neal**—No.

**Senator CORMANN**—In relation to your current asset allocation, the percentage in infrastructure and timberland, excluding Telstra, is 4.3 per cent. Is there scope in terms of your longer term outlook to increase the percentage of investment in infrastructure?

**Mr Neal**—Absolutely. In fact, we are very keen to do that in a patient way over time. Obviously we need to make sure we buy well, but it is an asset class that we are attracted to for strategic reasons given our mandate. Our strategy is to build that portfolio considerably from here over time.

**Senator CORMANN**—Is the NBN something the Future Fund could consider investing in, for example, through a suitable bond issue into the future?

**Mr Neal**—All investment opportunities will get evaluated at the time that there is a proposition for consistency with the strategy and so I suppose the answer to that is most certainly, yes.

**Senator CORMANN**—Is that an investment opportunity the government has formally raised with the Future Fund?

**Mr Neal**—No, not at all.

**Senator CORMANN**—What view would you take of any government that, for example, moved to mandate funds such as yours to invest a certain percentage in an asset class such as infrastructure or—

**Senator Wong**—He does not have to answer that question. That is a question seeking an opinion based on a hypothetical.

**Senator CORMANN**—I have to say, looking ahead as to what could be around the corner, I would not be surprised if your government might look for some investors in—

**Senator Wong**—That is a debating point—

**Senator CORMANN**—things like NBN Co.

**Senator Wong**—with no basis in fact that you can put in the Senate chamber if you wish, but it is not fair on this witness to put that type of question to him.

**Senator CORMANN**—That is why you are here, to answer these sorts of questions.

**Senator Wong**—Yes, and I am drawing the line and saying it is not okay for you to put that question to him and I do not believe he is required to answer it.

**Senator CORMANN**—I have to say I was very complimentary of you when you ensured that the workings of Senator Conroy in relation to the NBN were properly scrutinised, commissioning reviews and things. I think there were very questionable assertions in some of

the work done by Senator Conroy about supposed commercial returns out of NBN Co. I am getting a bit disappointed now. You seem to be going soft on the whole proposition.

**CHAIR**—Is there a question there rather than a running commentary or opinion?

**Senator CORMANN**—Yes, I think that I am just engaging in the conversation that the minister started.

**CHAIR**—This is not the process for engaging in conversations at all, as you well know. The process here is to put questions to witnesses.

**Senator CORMANN**—Of course.

**CHAIR**—Senator Cormann, you have the call for questions.

**Senator CORMANN**—Thank you, Madam Chair. Just going back to those three resolutions you voted against; was that an entirely independent decision of the Future Fund Board of Guardians?

**Mr Neal**—Absolutely.

**Senator CORMANN**—So there was no communication between the government and the Future Fund board of guardians in relation to that?

**Mr Neal**—No.

**Senator Wong**—Just so you are aware, my—

**Senator CORMANN**—I think he has answered the question so I am not pressing it.

**Senator Wong**—I am adding to the answer. My predecessor made clear in 2009 that the government would not direct the board in relation to its Telstra shareholding, including the exercising of its voting rights in relation to any shareholder vote on structural separation, nor discuss the board and its intentions in relation to the use of its voting rights. That is the position of the government.

**Senator CORMANN**—Thank you very much for that clarification. That is great. Mr Neal, there are some comments by Fairfax Media chairman and Reserve Bank board member Roger Corbett on how, firstly, he wanted the mining tax issue resolved urgently. Secondly, he also said that mining tax revenue should go into the Future Fund. I am sure you would be, like all fund managers, very happy to have an increase in funds under management. Has this been raised with you—the proposition of putting mining tax revenue into the Future Fund?

**Mr Neal**—It has not, no.

**Senator CORMANN**—So there is no proposition on the table to put any of the mining tax revenue into the Future Fund as an investment for the long-term future?

**Mr Neal**—Not that I am aware of, no.

**Senator CORMANN**—Thank you, Mr Neal. That is very useful to know. Minister, this is just a question for you and I will be concluding with the Future Fund. Mr Costello announced his departure some time ago, back on 19 September, I believe. Why is it taking so long to appoint a new general manager in a substantive role since Mr Costello's departure?

**Senator Wong**—I will ask Dr Helgeby to assist.



**Dr Helgeby**—The process of appointing a replacement for Mr Costello is still in train. A panel has been selected to essentially choose a replacement, and that panel is undertaking its work at present.

**Senator CORMANN**—I can see that Mr Neal is very interested in your answer. Do you have a deadline in terms of when this is supposed to be coming to a conclusion?

**Dr Helgeby**—I am not aware that there is a particular date.

**Senator CORMANN**—Finally, Mr Neal, there have been some suggestions that the Future Fund could have been a source of funds to support the flood reconstruction effort. Is that something that has been raised with you by the government in any way, shape or form?

**Mr Neal**—No.

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

**Dr Helgeby**—The Future Fund has a mandate to invest for the long term. The floods spending is required in the short term, so it would be inconsistent with the Future Fund mandate to seek to use Future Fund assets for that purpose.

**Senator CORMANN**—It sort of really depends on how you structure investment in relevant infrastructure, I think. It has been explained to me by many experts in the field that infrastructure investment can actually be very consistent with the sorts of returns that funds like future funds would be looking for, because they could well generate a regular cash flow over a long period. So it is not necessarily out of the question. It just depends on how you structure the investment.

**Dr Helgeby**—That would be a question for the Future Fund board to make an investment decision.

**Senator CORMANN**—It also is a question for the government and how they structure the investment in funding the recovery.

**Senator Wong**—You would have to consider that you would be robbing money invested to cover long-term liabilities that the Commonwealth would face in the future to deal with an immediate funding demand for the natural disaster.

**Senator CORMANN**—Not necessarily.

**Senator Wong**—It would not be a financially responsible approach. As you know, the—

**Senator CORMANN**—I am very surprised you say that.

**Senator Wong**—As you know, the Future Fund was set up under your government initially to deal with the liability for superannuation payments that the Commonwealth would be facing. That remains the—

**Senator CORMANN**—Yes, it was a very sensible decision at the time.

**Senator Wong**—And taking money out of it obviously would mean expanding any unfunded liability, potentially.

**Senator CORMANN**—I am not suggesting for one minute to take money out of it. I am asking the question whether there has been any exploration of the opportunity to perhaps fund some of the recovery or the reconstruction through investment—not spending the money—in

capital infrastructure, which could well be income generating, depending on how the investment is structured. I think you will find that both retail and industry super funds in Australia are on the lookout for these sorts of infrastructure investments around the world because, as they explained to me, infrastructure investments like this have very much the sort of profile in terms of regular, reliable, long-term return that these sorts of funds are looking for. So a creative government could well have come up with a certain structuring of the way the investment in that reconstruction happened that could well provide investment opportunities for funds like the Future Fund. I was certainly not suggesting that the government should spend money out of the Future Fund for that purpose.

**Senator Wong**—I suspect that if we had done so you would accuse us of interfering in their investment. Can I just ask Dr Helgeby to respond to your point.

**Dr Helgeby**—If I could go back to the point the minister made, the government does not direct the Future Fund to make any particular investment.

**Senator CORMANN**—I understand that.

**Dr Helgeby**—So, if the Future Fund were to decide that it wanted to invest in one place or the other, it would be entirely their decision based on fulfilling their mandate.

**Senator CORMANN**—I was not suggesting for one moment that the government has directed or should direct the Future Fund. Of course you should not, and I am sure you have not. If you were of a mind to fund some of the reconstruction through various vehicles of generating investment into infrastructure, the Future Fund could have been one of many that could have invested in these sorts of vehicles. In that context you could have had conversations with the Future Fund as you could have had conversations with other potential investors. That was the only purpose of my question and I think it was quite legitimate, but I am quite happy to leave it there.

**CHAIR**—I thank Mr Neal for appearing before us this evening. I thank the officers. We will stand adjourned for five minutes until we have Senator Sherry and the department officers back. Thank you, Minister, for appearing before us today.

**Proceedings suspended from 8.17 pm to 8.23 pm**

**CHAIR**—Welcome back, everyone. We return to outcome 1.

**Senator ADAMS**—Are there still 55 Regional Development Australia offices?

**Ms Beauchamp**—That is correct. There are still 55 Regional Development Australia committees.

**Senator ADAMS**—Is it correct that the RDAs have a budget of \$10.7 billion over 10 years? I have just been told this figure, so I thought I would like to check it out.

**Ms Beauchamp**—No, that is not correct.

**Senator ADAMS**—That is not correct. Over 10 years I did not think that would be right. With the \$573 million that has been allocated to them, could you just take on notice the operational budget for all these 55 committees?

**Ms Beauchamp**—I have a point of clarification. I think you mentioned a figure of 573.

**Senator ADAMS**—It is \$573 million, which was in Minister Crean's release that he put out about them in September.

**Ms Beauchamp**—That is a fund that we will be administering on behalf of government, so they will not be given funds directly. The government provided \$14.9 million in 2010-11 for the Regional Development Australia Network.

**Senator ADAMS**—I have some specific questions to ask on the Great Southern RDA. I will come to that because that is talking about their budget and what it does. I will continue on with my general questions first. How many RDA government staff are employed in Western Australia?

**Ms Beauchamp**—Government staff?

**Senator ADAMS**—When you were doing your break-up you were saying X number of staff were working here and doing this and that there were others.

**Ms Beauchamp**—Departmental staff working in Western Australia?

**Mr Hanney**—We do not have staff based in Western Australia working for the RDA committees. We have some staff based here in Canberra who are administering to the nine Western Australian RDA committees and then the RDA committees themselves employ executive officers.

**Senator ADAMS**—I realise that. It was just when that was mentioned, I did not think that we had any over there. I know in the area consultative committees that this was going to be run from Canberra. I was wondering if someone had snuck in that I did not know about.

**Ms Beauchamp**—Not at this stage, but obviously it is still early days for the department and we will be looking at what arrangements we need to put in place to support the Regional Development Australian Network.

**Senator ADAMS**—I have a question regarding the Western Australian development commissions. Last week Minister Grylls stated that he wanted to centralise all of those development commissions into Perth and then they would just have a branch operating in each of the regions. Would that make any difference? Are you aware of that?

**Ms Beauchamp**—Yes, we are aware of the proposed changes in the regional development commissions. The minister has met with Minister Grylls about it and Mr Hanney and I have met with the director general in the relevant agency in Western Australia. We are looking at what arrangements can be put in place that meet their proposals. They are only proposals at this stage. They are still going through a consultation process and how they fit with our Regional Development Australia committees. They know that the Regional Development Australia committees are there and part of the government's policy. We are obviously looking at ways to better coordinate and integrate.

We need to ensure the government's arrangements that Western Australia might end up with and what we propose through the Regional Development Australia committees actually work for the benefit of each community. They have been quite open to the discussions so far around how these will work together; for example, there is common membership around the regional development commissions. Whilst there are proposals to look at centralising the function, there will still be regional presences of the regional development commissions in

some form or another. As I said, these are only proposals that have been put on the table by Western Australia, through a discussion paper that is on their website, and we are working closely to make sure that we get best value for money, get really good people on the Regional Development Australia committees and that they are working together.

**Senator ADAMS**—I am probably getting into a policy thing here, but are you having an office over there centralising the committees, much the same as what the development commission is doing?

**Ms Beauchamp**—As I said, this is really early days of the department. The government has committed to strengthening RDAs, as a policy commitment, so we will be looking at what we can do, within our budget and what people we can get to support that. That may mean a presence somewhere in Western Australia, for example, we have a part-timer in Kununurra. We are looking at how we can best support those. We are in the process, through Mr Hanney's area, of looking at how we might structure ourselves more broadly right across Australia, given the government's commitments.

**Senator ADAMS**—With the membership, there are only branches in the regions where you have had much more stable or influential structure. As far as the membership goes, most RDAs have two development commission members, so would that change any criteria for membership or anything like that?

**Ms Beauchamp**—Obviously that is an issue for the Western Australian government. Our early discussions are working off the same page in wanting to get the best people that clearly represent local communities. We are looking at who can be on both the regional development commissions and the Regional Development Australia committees, who can best represent as a group those local communities. That is something that we are working with the WA government on at the moment.

**Senator ADAMS**—There has been quite a lot of complaints with some of the RDAs, membership, how people get on and where they have applied and not been told whether they are there or not. There are vacancies and all that sort of thing. My question to you is: what is the process of evaluating them? Some of them are not very active and others are active. How do you know what they are doing? They put out these lovely glossy annual reports, but when you actually talk to the people on the ground and some of the frustrated members of the RDAs, they are really going nowhere.

The Great Southern has an annual budget of \$268,000, which is going entirely to paying the executive officer, a support staff person and the rent. Nothing is happening as far as the projects. People are getting terribly frustrated after having a very active ACC in the area to then really not going very far at all. There are three members missing from the committee. People have applied to go on to the committee. They have not heard anything about acceptance or anything else. This has gone on for nine months. It is not really a very good look, so I am just wondering how you know, yourselves, what the performance is or an evaluation tool that you have to get down to that level?

**Ms Beauchamp**—We think we are in early days of setting up of the RDAs. We have feedback around the vacancies and the process for filling. We have variability in terms of the quality of some of the regional plans that are being developed. We have been getting out, so

too has the minister, meeting with as many RDAs and local community groups as we possibly can, so we are getting feedback direct from local communities, the RDAs themselves and, indeed, the state governments.

At the moment we do not have a formal evaluation tool; however, the government is committed to strengthening RDAs. We need to see what we do about that and we are consulting with each state and territory government. We are looking at the plans and the road maps that are being developed, making sure that they represent local communities and looking at what process we put in place now for filling those vacancies.

We have gone through all the regional development plans and have had independent advice and assistance in assessing all of those plans. We are currently in the process of putting advice up to the minister, in terms of what we think is required around meeting the government's commitment in strengthening RDAs. As soon as we put up all of this advice and take the minister through it, he will be looking at what options there might be to strengthen the RDAs. Part of that is that in early March we are also getting all of the RDA chairs in and going through some common agendas: what works and what does not work, getting the learnings across all of the RDA committees.

We know we have to do some extra work to support the Regional Development Australia committees as well. So in a sense we are getting ourselves geared up to make sure that we are helping the executive officers that are supporting the RDAs, and that we are getting the right mix and match of people on there. Given that we are five months into the department and we have a real focus on regions, and particularly the minister's desire to use Regional Development Australia committees to be the eyes and ears of what is happening on the ground, we are in the process of assisting government to do that at the moment. The early March meeting that we have with the chairs of the RDAs will be an important point where we can put on the table some of our thinking and assessments around the regional development plans and how we might strengthen their capacity.

**Senator ADAMS**—Will they be coming to Canberra?

**Ms Beauchamp**—Yes.

**Senator ADAMS**—Did they come to Canberra last time? Have they been before?

**Ms Beauchamp**—I am not sure.

**Mr Hanney**—The RDA chairs have been here before. We have also been going out to each of the states and territories to meet with the RDA chairs or RDA committees again just to have the discussion with them to think about next steps.

**Senator ADAMS**—What is it costing for that little exercise? Would you be able to take that on notice? I know the chairs and the deputies have been once.

**Mr Hanney**—This is just the chairs. We can take on notice to get the cost of that.

**Senator ADAMS**—The reason I am asking about these nominations is I have had some very astute, high-profile community people from the Great Southern coming to see me and saying: 'We've applied. We've not been notified. We're obviously not successful' some three months or four months after they made their initial application. There are hiccups somewhere. They have been fogged off and say: 'That's Canberra. They haven't got back to us yet.' I

guess it is an easy way to go, but this is why I am really looking at that central thing in Canberra. We are over in Western Australia. We have been used to having—and let's not go back to the area consultative committees—it a lot closer and really understanding what the regions were all about. Things were a lot more efficient. For a pretty busy person who feels that they can really offer their services, with a great deal of expertise, and still not get a reply is not a very good business process. Once again, being a senator for the whole state, people are coming to me and saying: 'What on earth is going on? Why are we not getting an answer?'

**Ms Beauchamp**—I would like to take that specific issue on board and follow up. The week before Christmas I travelled and met most of the RDA committees right across Western Australia. In terms of the government's commitment in this area, I want to make sure that we have a reasonably good package of what we can actually do and follow through with. Obviously that is filling vacancies and looking at the process to fill those, which may have been part of the hold-up. I will take that on board.

**Senator ADAMS**—There are three people missing from this particular board. I wonder how effective it is. As I said, they were saying that the budget really pays just for the executive officer, a support staff person and the rent. My next question is: why has the committee never allocated any funds towards projects in the Great Southern region?

**Mr Hanney**—The guidance given to all the RDAs is to identify projects. In the first instance they were all asked to prepare a plan and with that plan they have all worked closely with their local governments or with their commissions where they exist.

**Senator ADAMS**—I have seen the plans and I am fully aware of them.

**Mr Hanney**—Out of those plans it is to then identify important projects that can be brought forward. Once funding opportunities open up in the next round of funds to be offered by the Commonwealth, the RDA will be in a good position to advise government over important projects.

**Senator ADAMS**—One of the other criticisms is that people who are on the board are exclusively in Albany, which is the main area, or up in Katanning, which is the northern part, but there is nobody from the central area, so any projects that are being put up there are not being supported. Once again, it comes back to the membership and whether they have it spread out a little bit or just how it goes. That is why I was asking about the development commissions. They are not often local people who really understand what is going on and there is a bit of friction going on there.

**Ms Beauchamp**—We will take those issues on board. I am not aware of any specific requests that have been made for specific projects in those areas. When the minister met with a group of RDA committees from the area that you are talking about he encouraged them to think across the region and say, 'What is in our area that we could focus on that would really make a difference?'

**Senator ADAMS**—That came up with the four planning forums that they had, but there have never been results from those forums. Nobody has been told about the recommendations they put forward and where they have gone. I have met with the authority myself and talked to them. But as I said, there are some very agitated people there because they think that they

could make a difference and they are not being given an opportunity to do so. I would like to move on to another group.

**Mr Hanney**—We will take those comments about the vacancies in the RDAs on board. We are aware that there are vacancies and we have assessed all of the expressions of interest that have been lodged. We will be providing advice to the minister very shortly to move the appointment processes along. In terms of the feedback specifically about that RDA, and the feedback from those forum meetings, we will follow that up with the RDA specifically.

**Senator ADAMS**—Thank you. That will help. This is from another constituent. The definition of ‘region’ came up and it appears that all Australians are now classified as regional, including inner suburban. That person is very worried about the money going from a regional focus to more inner suburban and moneys that should be spent on projects that should be in regional areas now starting to encroach a little bit more into the outer suburban areas. What is the definition of a ‘region’ for this funding and projects?

**Ms Beauchamp**—Obviously the minister has said in the past that it is very difficult to put lines on a map to define regions.

**Senator ADAMS**—We know all about that. I think with our latest youth allowance it has one side of the road right and the other side is not.

**Ms Beauchamp**—A number of agencies use different definitions of regions for different purposes, whether it is funding programs and the like, and obviously we acknowledge that. In the terms of the agreement with the Independents there are regions that have been defined for some projects for spatial accounting purposes, so we are trying to record exactly where the Commonwealth interventions are and how much money has been spent in particular areas. The 55 Regional Development Australia committees cover the whole of Australia, but we need to bring a commonsense approach to this. When we are looking at rolling out regional programs in our department the focus is clearly on those areas outside the major capital cities. We have not come to a definitive point of putting a line on a map. What we want to look at is what is sensible and what would be a sensible approach. There might be a very good project, for example, located in a metropolitan area that is specifically for assistance to a local area or local region outside of a metropolitan area. Education is a good example of that.

Obviously for the purpose of spatial accounting, we are working with ABS and the Department of Finance and Deregulation to look at mapping expenditure right across the Commonwealth based on areas. Ideally it would be great to get to a position where you can identify units of expenditure via latitude and longitude. By doing that you can cut up the expenditure and map anything you would like, whether it is a local government area, regional area or metropolitan area. At this stage we are working with ABS and the Department of Finance to look at mapping expenditure right across the Commonwealth based on areas.

Ideally it would be great to get to a position where you can identify units of expenditure via latitude and longitude. By doing that you can cut up the expenditure and map anything you would like, whether it is a local government area, regional area or metropolitan area. At this stage, we are working through some of those issues. Agencies and ourselves are bringing a very commonsense approach to it. We have some particular challenges in the context of

accounting and spatial accounting for the purposes of the agreement with the Independents. We are currently working through that advice to put up to the minister at the moment.

**Senator ADAMS**—It is terribly important, if that is the process, and you do have something centralised in Perth, for example, that is providing funding or services out to a region, that it is really and truly spelt out. In the country we have two major country papers that go out, being the *Countryman* and the *Farmer's Weekly*. These papers just do not seem to get the opportunity to carry that story. I suppose it is up to us when you put something out. But it would be very helpful, because that is where these things get mixed up. 'Oh well, it's Perth. Therefore they're getting all the money and we're not going to get the money.' I think if that can be done and in other states as well it would help so much more. It is that communication.

**Ms Beauchamp**—Through the commitments the government has made we are looking at developing a My Region website where we are trying to bring together a whole lot of government interventions and account for the government's budget ultimately that people can, as I say, slice and dice any area that they would like around particular areas of focus that they might have an interest in. There is a lot of work to do in developing that website, which the government is committed to.

**Senator ADAMS**—I have a question once more pertaining to Western Australia. Why is money from Royalties for Regions being used for projects that should be funded by the relevant departments? Are you aware of any duplication in that respect where Royalties for Regions is putting funding into something that you really should be doing?

**Ms Beauchamp**—The Royalties for Regions program is a Western Australian initiative—

**Senator ADAMS**—I know. That is why I said it is specifically Western Australian. That is right. But as far as any—we will call it—buck-passing, I guess, that Royalties for Regions are paying for projects that really the federal government are responsible for?

**Mr Hanney**—Royalties for Regions is not funding for any Commonwealth projects, unless they are agreed funded projects that have sought a Commonwealth contribution as well. I would use the example of the East Kimberly development package, in which there were some Western Australian components and some Commonwealth components that were funded. It certainly does not fund any of the RDAs or the RDA activities that are funded by the Commonwealth.

**Senator ADAMS**—Is it a joint partnership? That is all the moneys actually spent at the moment. You have partnered with them to do part of that project.

**Mr Hanney**—If there is a specific agreement, that is right. The East Kimberley development package would be a very good example where there was a Commonwealth government contribution from state government over different projects.

**Senator ADAMS**—Is that the only one at the moment?

**Ms Beauchamp**—There is a number of program areas across the Commonwealth where we do partner with the Western Australian government, for example in the Indigenous area or some of the other program areas. We would have to take that sort of question on notice, because we are not the only agency rolling out regional programs.



**Senator ADAMS**—But specifically to do with Royalties for Regions, could you take that on notice?

**Ms Beauchamp**—That is a Western Australian government initiative and I am not too sure where all that money is going, unless it is where we have partnered or the Commonwealth has partnered—

**Senator ADAMS**—That is what I am asking. Is it the combination of the two? If you could just take that on notice.

**Ms Beauchamp**—Okay. We will see what we can provide.

**Senator ADAMS**—Will money that has been siphoned from other funds around the country for the Queensland floods also come from funding meant for regional development? Is Western Australia going to lose any money towards the Queensland floods from their regional development package at all?

**Ms Beauchamp**—I think the government has been very transparent around the sources of funding for the flood recovery effort. I am aware that already some Commonwealth interventions have been made in Western Australia given some of the disasters there as well.

**Senator ADAMS**—There is a concern that the centralisation of the agency is creating problems because branches become unable to make their own choices, preventing real action. Can you comment on that, the fact that once again it is a Canberra-driven organisation? This is about the link between the RDAs and Canberra. They feel there is too much bureaucracy preventing action from taking place, and because the minister is making the final decision over here the choice—

**Senator Sherry**—There are different models, but we have got a model of Canberra down to, what, 58?

**Senator ADAMS**—Fifty-five.

**Senator Sherry**—But you have said yourself that the minister in WA is centralising everything.

**Senator ADAMS**—He is centralising the Western Australian development commissions; that is right. But that is to Perth, it is not to Canberra.

**Senator Sherry**—But it is still centralising from the regions into Perth.

**Senator ADAMS**—Yes, I realise that.

**Senator Sherry**—As I say, there are different models. I must say I am a little puzzled about the theme of your implied critique about centralisation given, in part at least, the actions of the WA government which is centralisation.

**Senator ADAMS**—I realise that, but the reason why—

**Senator Sherry**—If you tried to centralise everything in Hobart in Tasmania you would not get away with it. We have other centres that are very determined to ensure that places like Devonport or Launceston have their fair share. So, it is different models.

**Senator ADAMS**—I am fully aware of that. The reason I asked that question was that because of the centralisation of the development commissions were the RDA committees going to have a centralised place in Perth—bring it back from Canberra to Perth?

**Senator Sherry**—What you are suggesting is in fact another layer of bureaucracy.

**Senator ADAMS**—I am not suggesting at all. I do not know anything about what is happening—

**Senator Sherry**—You are suggesting that we have a presence in Canberra. Then it all goes through the state capitals presumably, and it then flows onto these regional committees. That is three levels of bureaucracy. If there is one thing this government is determined to do, it is to minimise bureaucracy and levels of government where we can. There are different models.

**Senator ADAMS**—Well, there are.

**Senator Sherry**—We have got our model. WA is going down its route and that is their prerogative.

**Senator ADAMS**—We are always considered different and we are always forgotten about, so I guess that we could have some sort of—

**Senator Sherry**—Oh, turn it up.

**Ms Beauchamp**—Can I add to the senator's comment? I guess the creation of our department as a standalone department looking at regional development, regional activities and local government is in a sense giving us the mandate to work really closely with regional areas and local engagement and the like. We take this job very seriously, so the fact that we are getting out there and meeting with regional areas and getting a really good handle on what is going on I think is something that we have the capacity to do that other agencies may not have had when they have had the regional development functions. It is imperative on us to know what is happening on the ground to make sure that we do use the local intelligence out there. As I said, on our part, we need to do some work. I am sorry to keep going back to this, but it is early days for the department and we do need to look at what happens on an ongoing basis in terms of the fiscal environment we face. But we do want to work very closely with local communities and we do have very good engagement with the Western Australian government, and are developing pretty close relationships with the regional development authority chairs. In that early March meeting we will talk to them about some of our ideas around strengthening those ties and working much more closely with them as well. We do take this very seriously. If the government has made a commitment to strengthen Regional Development Australia committees, we in the department have to do our part, I guess, to give you some reassurance about our focus.

**Senator JOYCE**—Labor has recently announced the cut of \$350 million on the Priority Regional Infrastructure Program as part of their measures to rebuild after the floods. Can you please confirm this means there is only \$450 million left in the Priority Regional Infrastructure Program?

**Ms Beauchamp**—Senator, \$350 million has been taken from the Priority Regional Investment Program for flood affected areas. As I was saying to the committee earlier, most of the proposals coming forward will be from local governments and regional areas. In a sense,

those funds will be targeted for what we consider are consistent projects coming forward from local government areas.

**Senator JOYCE**—Can you explain to me in your words what ‘regional’ means?

**Senator Sherry**—We have just had quite a lengthy discussion.

**Senator JOYCE**—I will be more precise. Is Perth airport regional?

**Senator Sherry**—I would not consider it to be regional.

**Senator JOYCE**—You would not?

**Senator Sherry**—No.

**Senator JOYCE**—That is good, because that is where prior funding for regional expenditure has gone to.

**Senator Sherry**—Before this department was established?

**Senator JOYCE**—No. In fact, it was allocated there in the last year.

**Senator Sherry**—In the main, I would not—

**Senator JOYCE**—Are you changing your position?

**Senator Sherry**—No. There will be from time to time—

**Senator JOYCE**—Oh, from time to time. In fact, the biggest expenditure in the regional program was Perth airport.

**Senator Sherry**—In the main, we are not looking at capital cities.

**Senator JOYCE**—It was the largest expenditure item in the program so far.

**Senator Sherry**—As I say, there will always be some exceptions, but in the main—

**Senator JOYCE**—It was a big exception. Perth, that little regional town! Do you see Boulia, Bedourie, Perth?

**Senator Sherry**—It seems to me a valid—

**Senator JOYCE**—Here we go.

**Senator Sherry**—If you want an answer, I think you could well argue that strengthening Perth airport is important for regional WA because you have got—

**Senator JOYCE**—You are amazing. Literally seconds ago you were saying Perth was not a regional place. Now you are justifying it.

**Senator Sherry**—As I have said, I do not consider urban Perth to be regional Australia. However, as I was about to say before you interrupted, the strengthening of Perth airport would be very, very important, I think, for regional WA in the context of fly in, fly out and the development of the mining industry in regional Western Australia.

**Senator JOYCE**—Maybe the airport goes all the way from Perth to Kalgoorlie then—

**Senator Sherry**—I think you are making too much—

**CHAIR**—Minister, I had taken it that you had finished your response to that question, but I do want to remind senators that the process here is to ask questions, not to make statements or have running commentary. Senator Joyce.

**Senator Sherry**—Can I just conclude my answer by saying that I think Senator Joyce is showing a level of disrespect for the issues of regional WA with that comment about—

**Senator JOYCE**—Turn it up! That was your comment! Turn it up!

**CHAIR**—The minister has the call. Have you concluded?

**Senator Sherry**—I have finished.

**CHAIR**—Senator Joyce, do you have another question?

**Senator JOYCE**—Yes. Is Canberra regional?

**Ms Beauchamp**—As I was saying earlier, it all depends on the purposes. You cannot just draw lines on the map and say it is regional. The commonsense approach that we are taking at the moment is obviously those areas outside of the major capital cities. We are working with the ABS and with the Department of Finance to look at ways to account for expenditure in the budget. I was talking to Senator Adams about how it would be great to get to a latitude and longitude basis for expenditure to see how people would like to divide up these areas of interest and communities of interest. I think in just asking that sort of question you really need to look at the purposes. We are doing some work with ABS and the Department of Finance looking at how we do account for the Commonwealth's budget and where that might be spent for particular programs.

**Senator JOYCE**—Is the Gold Coast regional?

**Ms Beauchamp**—As I said, there are some pieces of work that we are doing. We will provide some advice to the minister and the government for the purposes of the agreement with the Independents on how we report Commonwealth expenditure.

**Senator JOYCE**—How close to the centre of Sydney do I have to get before I am not regional? Is the Gold Coast in or out? Is Canberra in or out? Perth is definitely in, because that is where the largest piece of expenditure has actually happened.

**Senator Sherry**—As the secretary and I have explained very well—and this is repetitious; we are getting into repeating ourselves; there has been an earlier discussion with Senator Adams—it will depend on the circumstances.

**Senator JOYCE**—What about the roads around Perth airport?

**Ms Beauchamp**—In terms of responsibility around infrastructure, the Department of Infrastructure and Transport is responsible for that. We are not responsible for accounting for every bit of expenditure the government has committed to, nor are we responsible for administering it. For Perth airport and other big infrastructure projects you probably do need to talk to the Department of Infrastructure and Transport.

**Senator JOYCE**—They define the roads around Perth airport as regional, so it is just a statement of fact. But it is absurd, because this allows you to compromise the term in such a way that you can spend money anywhere you like.

**Senator Sherry**—I do not accept that. That is an argumentative point.

**Senator JOYCE**—It is not. It is a statement of fact.

**Senator Sherry**—You are arguing, or trying—

**Senator JOYCE**—Are you saying your government has not allocated money around Perth airport? Do you want to withdraw that money from around Perth airport?

**Senator Sherry**—That is the third question I have not been able to answer because you keep asking another question. It depends on the circumstances, and you are now making a political point. Fair enough, if you want to take up the time of the committee. But it is not a question that the secretary can respond to.

**Senator JOYCE**—You do not have to argue it. You just have to look at whether your own party has provided money for the roads around Perth airport and nominated them as regional.

**Senator Sherry**—You have made your point—

**Senator JOYCE**—Do you want me to respond again about the fact that it was over a period of five years, as originally intended, even after the recent cutback?

**Ms Beauchamp**—In relation to regions, what the government has committed to is more transparency around where the dollars go, and that commitment has been made through the agreement with the Independents. The accounting model, or accounting for expenditure and reporting for expenditure across the Commonwealth budget, is something that we are working on with the Department of Finance and the Australian Bureau of Statistics. In terms of the comments you made, it is probably important that we look at providing more transparency, which is the government's commitment, around where the dollars actually do go.

**Senator JOYCE**—Is the Priority Regional Infrastructure Program that you said was going to be rolled out over five years, as originally intended, still going to be rolled out over five years, even after the fact that you have cut half of the Independents' bucket of money away?

**Ms Beauchamp**—Half the Independents' bucket of money?

**Senator JOYCE**—Roughly \$350 million of the \$800 million is being taken away. With the \$450 million that you have left, are you going to roll that out over five years or not?

**Ms Beauchamp**—Yes.

**Senator JOYCE**—You are going to roll it out over five years. Good. As the Priority Regional Infrastructure Program was part of the agreement made between the government and the Independents during the election, and as it has now been slashed by \$350 million, can you please advise us whether anything has been given or negotiated with the Independents to replace that cut?

**Senator Sherry**—I do not know if you were here when the secretary answered earlier, but this is the second time we have discussed this. The secretary made the point that the \$350 million in the main—I do not think exclusively, but in the main—will be spent in regional Australia—

**Senator JOYCE**—Whereabouts?

**Senator Sherry**—because of the floods. It will be spent in the flood areas, which are mainly in regional Australia. So, a substantial proportion of the moneys yet to be calculated will be spent in regional Australia.

**Senator JOYCE**—We have already determined here, have we not, that your definition of ‘regional’ is a very amorphous and nebulous term? It includes such places as the roads around Perth airport. You cannot rule in or rule out Canberra. You cannot even rule in or rule out the Gold Coast. Where are you going to spend the \$450 million you have left?

**Senator Sherry**—I think that, in the case of the natural disaster expenditure, it is very obvious where it will be spent. There are declared disaster zones.

**Senator JOYCE**—Is that where it is going to be spent?

**CHAIR**—Let the minister conclude his response.

**Senator Sherry**—The vast majority of those areas are obviously in regional Australia.

**Senator JOYCE**—So you are going to spend the remainder of the \$450 million in areas that have been dealt with by the disaster of floods? Is that what you are saying?

**Senator Sherry**—I am not talking about that. I am talking about the \$350 million that has been put into disaster relief. It is a very significant proportion, as yet undetermined, because specific payments have to be identified. There is no doubt that a very significant proportion will be spent in regional Australia.

**Senator JOYCE**—So you are going to spend it where the floods were. Does that mean you will spend it in Indooroopilly?

**Senator Sherry**—We do not have the details.

**Ms Beauchamp**—The \$350 million has been put towards the \$5.6 billion that the government announced for the disaster recovery areas.

**Senator JOYCE**—Can that money be spent in Indooroopilly?

**CHAIR**—I remind senators that when you put a question to the witness it not only is good manners but also helps Hansard if you allow the witness to complete their answer before you go into another question. Ms Beauchamp, you had not concluded your response. Please go ahead.

**Ms Beauchamp**—If Indooroopilly is within the 67 local government areas that have been disaster declared in Victoria, Queensland and a whole range of places, it will be eligible to put projects forward to the Queensland government and the Queensland Reconstruction Authority Board that will assist them in the disaster recovery efforts. They will be coming forward with proposals that will be needed for their local government areas. Most of that money will be put towards the disaster recovery areas. As you would know, most of the Queensland and Victoria local government areas are flood affected and have been disaster declared.

**Senator JOYCE**—You have said that money goes towards the flood recovery and that flood recovery includes places such as Indooroopilly. You definitely cannot say that the \$350 million that was previously hypothecated for regional Australia is no longer hypothecated for regional Australia. It is hypothecated for anywhere there has been a flood, and there may well

be a good cause to look after people where there was a flood, but it is certainly not hypothecated for regional Australia.

**Senator Sherry**—By definition, the overwhelming majority of local government areas that have been disaster declared—by any definition—are in regional Australia. Therefore it follows that a significant proportion of the monies, yet to be determined in detail, will be spent in regional Australia.

**Senator JOYCE**—Ms Beauchamp has clearly given an answer and it is a correct one.

**Senator Sherry**—We are both correct.

**Senator JOYCE**—The correct answer is that the funds that were formally hypothecated for regional Australia, the \$800 million, which is vital as part of the package that attained you government, is no longer hypothecated for regional Australia. It is hypothecated for an area that has been affected by flood, which involves a large section of a major capital city called Brisbane.

**Senator Sherry**—You used the figure of \$800 million. The figure is \$350 million.

**Senator JOYCE**—It is \$800 million of the original package, of which you have now taken \$350 million out, leaving them \$450 million.

**Ms Beauchamp**—In relation to the disaster affected areas, there have been 240 local government areas that have been affected by disasters. One of those is the Brisbane City Council that you referred to. Most of them would be in regional Australia, outside the major capital cities.

**Senator JOYCE**—Have any of the Independents stated, ‘We definitely want the \$350 million that we negotiated for regional Australia to continue to be spent in regional Australia, even if it is the flood affected sections of regional Australia’? Did they ever say that?

**Senator Sherry**—We have an agreement with the Independents as part of being in government. I am certainly not aware of any comments by the Independents on this specific issue you are raising. They are obviously not here.

**Senator JOYCE**—And neither am I aware of any comments by them.

**Senator Sherry**—You are making a political point, then.

**Senator JOYCE**—No. I am not aware of any comments—

**Senator Sherry**—We do not speak on behalf of the Independents and we do not purport to.

**Senator JOYCE**—Have any projects received funding under the Priority Regional Infrastructure Program at this stage and what are they?

**Ms Beauchamp**—As I said earlier when we were discussing the fund, we are in the process of finalising the guidelines and seeking approval through the normal government processes around the arrangements for that program. Most of that program has been rolled out from 1 July and we are on track to deliver for government a set of guidelines where funds will be allocated.

**Senator JOYCE**—So no projects under this PRIP have been announced yet?

**Ms Beauchamp**—They are not due for announcement.

**Senator JOYCE**—When will we see the first one?

**Ms Beauchamp**—As I said, we are working on the program guidelines for approval of the priorities and regional investment. The money has been allocated in the budget process, most of which commences on 1 July.

**Senator JOYCE**—I imagine that since you are working on the guidelines that means you have not anticipated what the project is or even gone into the crux of analysing or assessing a project, because you have not come up with the guidelines at this point in time.

**Mr Hanney**—We have been working on guidelines. We were talking to local governments and regional development authorities in the state governments about those guidelines to make sure that we are getting feedback from those groups before we formally recommend them to the minister.

**Senator JOYCE**—We all believe that we are working towards the guidelines. My point was that because you have not got the guidelines shelved away at this point in time—because you have not concluded with that process—you cannot possibly have started on the process of assessment of a project by the guidelines because you have not got the guidelines in place.

**Ms Beauchamp**—That is correct. We are not due to have the guidelines in place until this quarter. We have been working very hard to complete the program arrangements around the guidelines to commence rollout and commence work from 1 July, as anticipated through the budget process and the commitments of government.

**Senator JOYCE**—Will your guidelines say, ‘We will exempt government election programs from the guidelines,’ or that an election promise could be part of a program that is funded by the Priority Regional Infrastructure Program?

**Ms Beauchamp**—Most of the 2010 election commitments, as they relate to this portfolio, will be set up and have been announced under a different program, the Community Infrastructure Grants Program, which was announced as part of the mid-year economic forecast. The election commitments that have been made for the department will be rolled out under that program.

**Senator JOYCE**—So the answer to my question is that under the PRIP no election promises will be funded—or is there a possibility that they will be funded under the PRIP?

**Ms Beauchamp**—Most of the election commitments that have been announced are involved in and included in the Community Infrastructure Grants Program. That was funding that was provided in the Mid-Year Economic and Fiscal Outlook process, which provided funding for \$222 million of government commitments.

**Senator JOYCE**—When you say ‘most of’, that does not mean all. Does that mean that there is a possibility that under the PRIP program you will be funding election commitments? Either you will be or you will not be.

**Ms Beauchamp**—No.

**Senator JOYCE**—You will not be?

**Ms Beauchamp**—No.

**Senator JOYCE**—Thank you. That is all I wanted to know.



**CHAIR**—We will stand adjourned now for our evening break and recommence at 9.30 pm, when we will come back to you.

**Proceedings suspended from 9.15 pm to 9.30 pm**

**Senator JOYCE**—What is the parliament's role in developing the Murray-Darling Basin Plan?

**Ms Beauchamp**—The department has primarily been assisting with local engagement through the Regional Development Australia committees around the Murray-Darling Basin. They have been working on providing input back through the authority around some local area proposals.

**Senator JOYCE**—Are you still assisting in that capacity?

**Ms Beauchamp**—We are assisting, yes, in that capacity, and facilitating meetings with the Murray-Darling Basin Authority, for example, and providing some financial assistance to the Regional Development Australia committees to seek expert assistance.

**Senator JOYCE**—Where are you seeking that expert assistance from?

**Ms Beauchamp**—We are seeking expert assistance from people who are well schooled in the water infrastructure area and the like that might be able to help them come up with water savings measures, infrastructure requirements and the like.

**Senator JOYCE**—I just wanted to seek permission to table a letter that was sent by Regional Development Australia Brisbane Inc. to my office.

**CHAIR**—If we could look at it first.

**Senator JOYCE**—Can we give the witness a copy of it.

**CHAIR**—It is the committee's wish that we note the tabled document. So done.

**Mr Hanney**—Hang on, we have not got a copy of it yet.

**CHAIR**—If we could have the witnesses given a copy of it before you go ahead, Senator Joyce.

**Senator JOYCE**—Ms Beauchamp, can you please explain to me the filtering process for employment positions at Regional Development Australia?

**Ms Beauchamp**—Sorry, the employment?

**Senator JOYCE**—Can you please explain to me the filtering process for the employment of positions at Regional Development Australia?

**Ms Beauchamp**—I am not too sure what you mean by the 'filtering process'.

**Senator JOYCE**—Do you abide by the guidelines of the Fair Work Ombudsman on unlawful workplace discrimination?

**Ms Beauchamp**—I abide by all government policies and legislation.

**Senator JOYCE**—As you know, it is a public document:

What is unlawful workplace discrimination? Unlawful workplace discrimination occurs when an employer takes adverse action against a person who is an employee or prospective employee—

prospective employee—

... because of the following attributes of the person; race, colour, sex, sexual preference, age, physical or mental disabilities, marital status, family or carer's responsibility, pregnancy, religion, political opinion, national extraction, or social origin.

Can you please explain something to me. On page 2 of the document you now have before you, can you please read out to me what the prescription on the applicant's ethnicity should be?

**Ms Beauchamp**—Sorry, I only just got handed this document so I am looking for the spot.

**Senator JOYCE**—On this page here—

**Ms Beauchamp**—Yes.

**Senator JOYCE**—it talks about who the prospective employee should be. Can you please read out to me what you expect their ethnicity to be?

**Ms Beauchamp**—Sorry, when we talk about the 'prospective employee', are you talking about the department being the employer?

**Senator JOYCE**—If you are looking for a person to fill a position and in filling that position you have asked for—

**CHAIR**—Senator Joyce, please allow the witness to clarify.

**Senator JOYCE**—I can wait all night.

**CHAIR**—Senator Joyce, I do not think that is called for. I was speaking. Ms Beauchamp was trying to clarify the point that you are making. If you allow her to do that, you may be able to then help her. Ms Beauchamp?

**Ms Beauchamp**—This is not our responsibility in terms of making employment decisions under each of the RDAs.

**Senator JOYCE**—Can you just read out to me, for these people who are going to be employed by you, what their ethnicity should be?

**Ms Beauchamp**—Sorry, these people are not employed by us.

**Senator Sherry**—They are not employed. The witness has already said that.

**Senator JOYCE**—Could you please explain to me how a letter with Regional Development—

**Senator Sherry**—Chair, can we finish the answer?

**Senator JOYCE**—Okay.

**Senator Sherry**—This department—let me reiterate—is not the employer of these vacancies. That is the factual position.

**Senator JOYCE**—Explain to me how a letter with your header on it—Regional Development Australia Brisbane Inc.—could arrive at my office asking to employ a person and then specifying their ethnicity, that they must be either Indigenous, Asian-Pacific, Middle-Eastern or African?

**Ms Beauchamp**—You would have to ask Regional Development Australia Brisbane. As I understand it, most of the people working for Regional Development Australia are volunteers and not employees, and so I think we need to say that this is not something that we are responsible for; that you would have to direct those sorts of questions to Regional Development Australia Brisbane.

**Senator JOYCE**—Do you have any association with Regional Development Australia?

**Ms Beauchamp**—Yes, we do.

**Senator JOYCE**—What sort of process do you have for making sure that they comply with the unlawful workplace discrimination legislation?

**Mr Hanney**—These are not employees, these are volunteer committee members. RDA Brisbane does not appoint their committee members. The committee members are jointly appointed by Minister Crean and by the Queensland government. I have not seen this letter before, but I would think that what they have done here is they have identified maybe what they perceive as their own skills gaps. They would be looking for someone to formally lodge an expression of interest. They do not determine who their membership is. The membership is determined by both the Commonwealth government and the state government.

**Senator JOYCE**—Who provides funds for RDAs?

**Mr Hanney**—Funds for the RDAs are provided by both the Commonwealth and in some instances the states.

**Senator JOYCE**—Are you the Commonwealth?

**Mr Hanney**—I work for the Commonwealth.

**Senator JOYCE**—So, how did this happen? How did we have something that is completely non-compliant with the unlawful work discrimination process and it has come out with a Regional Development Australia header on it? There it is. It came to my office. Why would it ask for a prescribed ethnicity?

**Ms Beauchamp**—Can I take the issue on board and take it on notice? I have just been presented with it. You have heard from us that these are not employees—they are volunteers—and I think that says here that they are volunteers. We will take this on notice and provide you with a full answer to the question you are raising.

**Senator Sherry**—Firstly, they are not employees of the department. Secondly, they are volunteers. It states that on the fifth line from the bottom of the first page.

**Senator JOYCE**—Are you saying that volunteers are allowed to discriminate?

**Senator Sherry**—We have given you the answers.

**Senator JOYCE**—Are you saying that volunteers are allowed to discriminate?

**Senator Sherry**—If I could just finish. We have given you the answers and, as the secretary has said, she will follow through on the factual—

**Senator JOYCE**—Are you saying that discrimination—

**CHAIR**—Senator Joyce, the minister, yet again, is trying to respond to your question. Please allow him to do that. Minister, you have the call.

**Senator Sherry**—Thank you. As the secretary has said, she will follow through on the correspondence. It is the first time anyone here I think at the table has seen it. Beyond that I do not think we can take our answers beyond what we have outlined and responded with tonight, Senator Joyce.

**Senator JOYCE**—Is there an exemption for discrimination for volunteers?

**Ms Beauchamp**—Sorry, Senator?

**Senator JOYCE**—No, it is for the minister. Is there an exemption from—

**Senator Sherry**—I do not know.

**Senator JOYCE**—discrimination for volunteers?

**Senator Sherry**—I do not know. I am not familiar with the provisions. I do not know. I will have to take it on notice.

**Senator JOYCE**—In reading that document, do you have any problems whatsoever with it?

**Ms Beauchamp**—I have skimmed over it at the moment. I will take the question on notice. Obviously, when you are filling boards, you are looking at representation—particularly volunteers—of the local community. On boards and committees such as this you do want a mix and match of skills, experience, representation and expertise. I would need to look at this more fully and have a look at the whole of the committee and what the aims are of this particular document. I would like to take the question that you have raised on notice and we will get back to you as soon as we possibly can.

**Senator JOYCE**—Do you have any desire for certain people from certain ethnicities for certain jobs? Do you ever?

**Ms Beauchamp**—Like I said, each committee would be looking at the mix and match of skills required on any sort of advisory committee or committee that is representative of the local community. We obviously need to do some work on this to see if what they are seeking is a particular skill gap or a representative gap for that RDA. Like I said, I will take this on notice.

**Senator JOYCE**—Are you saying there is no pecuniary benefit in any way, shape or form for this position?

**Ms Beauchamp**—The note here—and like I said, I have just skimmed it—says that they serve voluntarily.

**Senator JOYCE**—So you will get back to us on it?

**Senator Sherry**—We have already said twice and we will say it again; we will take it on notice and the issue will be followed through.

**CHAIR**—Do you have any further questions on that particular issue, because Senator Moore has a follow-up question on the same issue?

**Senator JOYCE**—On the same issue?

**CHAIR**—Yes. Senator Moore.

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**Senator IAN MACDONALD**—I have got a question on the same issue.

**CHAIR**—Senator Moore.

**Senator MOORE**—Ms Beauchamp, I note the date on this letter, 6 January, and you have actually said that you have never seen it before. So, to the best of your knowledge, none of the concerns about what is in the letter, which was clearly dated 6 January and sent directly to Senator Joyce, have been raised with you before.

**Ms Beauchamp**—I certainly, personally, have not seen this. I would like to take on board and see if it has come into the department, but this is certainly addressed to Senator Joyce and has not been addressed to the department.

**Senator MOORE**—So, this is the first time you have heard of it.

**Ms Beauchamp**—Yes.

**Senator MOORE**—Okay, I just wanted to make that clear.

**CHAIR**—Senator Macdonald, on the same issue.

**Senator IAN MACDONALD**—Yes. I also got this letter and I am pleased that Senator Joyce has raised it. I actually responded, thanking Mr Shepley for writing to me, but I did make the comment to him that I thought that he would be getting board members by merit, not by any other criteria. Would you agree that that is important to have these board members on Regional Development Australia boards by merit rather than by other criteria?

**Ms Beauchamp**—I would have to look on the basis on which they are appointing these members for that particular committee and, as I said earlier, they might be looking at particular skill gaps or representational gaps to make sure that they are representative of the community that they serve.

**Senator IAN MACDONALD**—Skill gaps I can understand; representative gaps, as Senator Joyce points out, representative of the ethnicity, age or gender would hardly seem to be appropriate. Surely they would be looking for the best qualified person, which may well incorporate those people but not be particularly related to that. Would you agree?

**Ms Beauchamp**—As I said earlier, we will take this on board and have a closer look at it. I am not trying to be unhelpful but I do want to have a look into this a bit more.

**Senator IAN MACDONALD**—I am interested that Senator Joyce brought it up because the same thing did resonate with me as well.

**CHAIR**—Senator Joyce, are you continuing?

**Senator JOYCE**—How many offices do you think that this correspondence went out to? It has obviously gone to mine; it has gone to Senator Macdonald's. How many do you think it has gone to?

**Senator Sherry**—How could we be expected to know another organisation's circulation list? Really, we have already said this is the first time we have seen the correspondence; we could not possibly know that.

**Senator JOYCE**—Okay. Do you pay Regional Development Australia Brisbane Incorporated any money for finding—well, they have got the monogram of the Australian

federal government in the bottom left-hand corner and they have got the monogram of the Queensland government just beside it. Are you saying that this document somehow, even though it has got the monogram of the Australian federal government in the bottom left-hand corner, has got nothing to do with you?

**Senator Sherry**—As the secretary said, we are going to follow through on the correspondence.

**Senator JOYCE**—How does a person get the monogram of the Australian federal government on their documents?

**Ms Beauchamp**—The Regional Development Australia initiative is a government policy commitment. In this particular instance, I have not seen the correspondence. I do not know who it has been sent to and I will follow up in terms of any actions we need to take.

**Senator JOYCE**—Is this web address anything to do with you: rda.gov.au?

**Ms Beauchamp**—Yes, it is a government site.

**Senator JOYCE**—You are aware of it?

**Ms Beauchamp**—Yes.

**Senator JOYCE**—Is it close to you?

**Ms Beauchamp**—It is something that the Australian government supports.

**Senator JOYCE**—So, you are aware of what that symbol means, aren't you; that is the Australian Commonwealth government?

**Ms Beauchamp**—Yes.

**Senator MOORE**—Point of order.

**Senator JOYCE**—That is the Queensland government?

**CHAIR**—There is a point of order. Senator Moore, your point of order.

**Senator MOORE**—It is just in terms of relevance, Chair. In terms of the process we have just had 10 minutes questioning about the crest; I think that was what Senator Joyce was pointing to. I am just talking about the relevance of this continuation in this process.

**Senator JOYCE**—I am saying it has got the imprimatur—

**CHAIR**—Senator Joyce, there is point of order before the Chair. Can I just remind Senator Joyce and other members of the committee that we have limited time tonight? Repetitive questioning is unhelpful and not within the standing orders. Have you got a further question, Senator Joyce? I think we have already established the line of questioning that you had towards these witnesses. Are you prepared to move on?

**Senator JOYCE**—Did they, in error, put the Australian Commonwealth government monogram in the bottom left-hand corner of this document? Are they not entitled to?

**Ms Beauchamp**—I said I would take this issue on notice and I will follow up, too, on that question as part of that.

**Senator JOYCE**—When was the last time you had a conversation with Regional Development Australia Brisbane Inc.?

**Ms Beauchamp**—I have not personally had a conversation with Regional Development Australia Brisbane Inc. Some of my officers may have.

**Senator JOYCE**—They have got your website on there, haven't they; [www.rda.gov.au](http://www.rda.gov.au)?

**Senator Sherry**—We have been over that question twice already. It is clearly established, yes, for the third time.

**Senator JOYCE**—It just seems peculiar that we would have another one—this has also got the Australian government insignia on it. This is the actual Fair Work Ombudsman's unlawful workplace discrimination. This is completely in breach of it.

**Senator Sherry**—That is your claim.

**Senator JOYCE**—It is not. It is a fact.

**Senator Sherry**—Hang on, Senator. That is your claim; that is my response to you and the arguments and the material you have presented so far. As the secretary said, she will carry out further inquiries on the issue but the claim you make—

**Senator JOYCE**—What is the claim I am making?

**Senator Sherry**—About the breach of employment standards; that was the issue to which you just referred. The departmental secretary will follow through on the correspondence. We have not seen it until—

**Senator JOYCE**—You have seen it; it is sitting on your table; it is in front of you.

**Senator Sherry**—Senator, you did not hear. I said 'until' and then you cut in—until tonight. We have not seen the letter until tonight.

**Senator JOYCE**—It is not—

**Senator Sherry**—If you just stop cutting in and let us finish our answers, please.

**Senator JOYCE**—It is not a very verbose document. I have got it. Senator Macdonald has received it. It has got the Australian government's insignia on the bottom left-hand corner. It is completely in breach of the unlawful workplace discrimination act. It asks for specific ethnicities. Are there any other ethnicities that you would decide that you do not think are applicable to this job?

**Senator Sherry**—You have made a claim through your question and embellished it with some argument. I think now for the fourth time, and as we have said—and I am happy to keep giving you the same answer if you want to bowl up the same question until 11 o'clock—tonight is the first occasion on which any officers at the table, or I, have seen the correspondence and the secretary has indicated that she will follow through on that correspondence with the Regional Development Australia Brisbane Inc.

**Senator JOYCE**—Are there any other documents that you might think are out there that we should be aware of and that we should track down before they make their way to Senate estimates?

**Ms Beauchamp**—I think that is a hypothetical and, of course, you do not know what you do not know.

**Senator JOYCE**—That is very Rumsfeld.

**CHAIR**—Senator Fifield.

**Senator FIFIELD**—Can I interpose, just on the same issue. Like Senator Joyce and Senator Macdonald, I am troubled by the requirement for someone to meet a category of ethnicity, but I am also troubled by the fact that the author of this letter would seem to think that ‘Indigenous Australian’ is much the same as Asian, Pacific islander, Middle Eastern or African. It is sort of saying they are all the same. I will not even state the reason why someone might lump people together like that, but would you at least concede that is pretty darn poor to do that? Even putting aside the issue of having an ethnic category, it is pretty poor to lump people together like that, effectively saying that they are all the same.

**Senator Sherry**—You are re-posing Senator Joyce’s question with a different emphasis, I will accept that. For the fifth time, we have answered the question.

**Senator FIFIELD**—It is a different point again.

**Senator JOYCE**—You have not answered it at all.

**Senator Sherry**—The secretary has said that she will be following through on the correspondence. I also note that there is a gender and age requirement as well.

**Senator FIFIELD**—They are lumping together people who, in many ways have different experiences, as if they are all really the same. I just thought you might say, ‘We’re taking this on notice, but I also think that’s pretty poor.’ Here is an opportunity, Minister. Just say, ‘I think it’s pretty poor that we’re lumping Indigenous, Asian, Pacific, Middle Eastern and African people as if they’re all really the same.’ You cannot even say that.

**Senator Sherry**—Do you not have other questions before 11 o’clock? Is this the state that we are reduced to, with the sixth or seventh run of the same question? As I have said, I think now for the seventh time, and the secretary on at least a couple of occasions, it is the first time tonight that we have seen the correspondence, and we and the secretary will follow through with Regional Development Australia Brisbane Inc.

**Senator FIFIELD**—You cannot bring yourself to say that it is pretty darn poor.

**Senator JOYCE**—Minister—

**CHAIR**—Senator Joyce, Senator Fifield has the floor.

**Senator Sherry**—Chair, do you really want me to answer again, for the ninth time?

**CHAIR**—Senator Fifield, do you have another question or do you want us to go through the process for the 10th time?

**Senator JOYCE**—I think Senator Fifield is entitled to an answer.

**CHAIR**—I am in the chair. We had a question that has been put to the minister. Senator Fifield had the call. He put the question. The minister has responded for at least the ninth time. Senator Fifield, if you have no further questions then we will go back to Senator Joyce.

**Senator FIFIELD**—I accept the minister has decided to take on notice the question of whether he thinks that it is poor to lump people together in this fashion. I accept that the minister has done that.

**CHAIR**—Senator Joyce.



**Senator JOYCE**—It sounds absolutely absurd that I have to do this, but can you take on notice whether equal opportunity laws apply to the engagement of volunteers? You might be able to answer it now, but if you cannot, you can take it on notice.

**Senator Sherry**—We are more than happy to answer that question and will provide you with an answer on notice.

**Senator JOYCE**—I cannot believe that a minister of the government has to take that question on notice.

**Senator Sherry**—I like to ensure that the facts are investigated. As the secretary said, she will be following through on the correspondence. You have asked the question about volunteers and a number of acts, which may require some legal advice.

**Senator JOYCE**—So you will need to get legal advice to understand whether equal opportunity laws apply to the engagement of volunteers?

**Senator Sherry**—I said that it may require some legal advice. We will come back to you with an answer on notice about the status of volunteers.

**CHAIR**—Any further questions before we move on?

**Senator JOYCE**—There are so many more questions we could ask on that.

**CHAIR**—Do you have any further questions in relation to outcome 1?

**Senator JOYCE**—There seems to be an overlap between funding commitments in your department and the Department of Infrastructure and Transport—for example, your programs often fund roads or infrastructure. How do you manage that interface? Are there any problems of communication between the two departments?

**Ms Beauchamp**—There are no problems in terms of communication between the two departments. We work for the same government and we work together in terms of the projects that we fund.

**Senator JOYCE**—I am going to ask you to clear up some of the issues on the funding of the departments pertaining to the MYEFO documents, specifically page 198. You stated in answer to a question on notice that the department has ‘transferred \$28.7 million for this financial year’. In the MYEFO, however, the department was allocated only \$38.1 million over four years. Can you explain the difference between these amounts?

**Ms Beauchamp**—The original amount that you spoke about was the transfer for 2010-11. That was a machinery of government change. Did you refer to a \$38 million?

**Senator JOYCE**—\$38.1 million over four years.

**Ms Beauchamp**—That is additional departmental funding that was provided in the Mid-Year Economic Fiscal Outlook process. It was provided by the government over the four years.

**Senator JOYCE**—May I put the rest on notice?

**CHAIR**—You certainly can. If there are no further questions in this area, we will move on to the National Capital Authority. We will call the chief executive officer and any other officers forward.

[9.57 pm]

**National Capital Authority**

**CHAIR**—Good evening and welcome. Would you like to make an opening statement?

**Mr Rake**—No, I am happy to proceed.

**CHAIR**—I will go to Senator Macdonald.

**Senator IAN MACDONALD**—Things must be a lot tougher at NCA meetings since I was around! Did you have a punch-up?

**Mr Rake**—Either that or I took the training wheels off my bicycle far too early!

**Senator IAN MACDONALD**—For *Hansard*, Mr Rake has his hand in plaster. Did they make that TV show about you?

**Mr Rake**—I would not like to live up to the reputation cast by that television show!

**Senator IAN MACDONALD**—I have a few questions. I have not seen the NCA for some time at estimates. I am not sure if you have had the pleasure of coming along too often.

**Mr Rake**—No. We have had intermittent appearances.

**Senator IAN MACDONALD**—How long have you been there as CEO, Mr Rake?

**Mr Rake**—It will be two years on 1 May.

**Senator IAN MACDONALD**—What is the major thrust of the NCA at the current time? What are your projects, goals and activities at the moment?

**Mr Rake**—We are mainly focused on looking after the Commonwealth's enduring interest in Canberra as the national capital. Our statutory functions have not changed in recent years. We deliver three core output areas. We are responsible for the planning of the national capital, promoting the national capital and maintaining the built environment around the central national area.

**Senator IAN MACDONALD**—You do some capital works every now and again?

**Mr Rake**—Yes.

**Senator IAN MACDONALD**—Are you currently engaged in any capital works?

**Mr Rake**—Yes. We have some large capital works and, in fact, the last time I appeared before this committee I got myself into trouble. We are rebuilding the Russell roundabout. We are building a large overpass that will make movement to and from the airport quicker. I appreciate that, at the moment, there might be some delays and that was pointed out to me last time.

**Senator IAN MACDONALD**—Any other major capital projects?

**Mr Rake**—We have recently undertaken a restoration of the walking path on the northern side of Lake Burley Griffin. We are currently upgrading the intersection of Anzac Parade and Constitution Avenue. We are engaged in public consultation to improve the pedestrian crossing over Bowen Drive, immediately next to the National Gallery of Australia. We have also rebuilt some parks in the parliamentary zone, so we have quite a large capital works program.

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**Senator IAN MACDONALD**—What are you doing with the area west of Reconciliation Place where the circus once was? I am curious as I ride along there every morning.

**Mr Rake**—Are you talking about current work or do you just want to know what the plans are for the area?

**Senator IAN MACDONALD**—It was current within the last 12 months. You put in a lot of fill there for the circus at one stage a couple of years ago, but it was not removed and then you were doing something with it. I was curious as to what you were doing.

**Mr Rake**—A couple of years ago the circus was there. They brought in some fill. As part of their fee to use the area, they sealed and marked the car park so it is now available for visitors to cultural institutions.

**Senator IAN MACDONALD**—So has that been converted into a car park?

**Mr Rake**—That is a car park at the moment. It holds about 480 cars. The last time the circus was here they had a diesel spill and we had to do some remediation down around the western end of the international flag display. That may be the works that you are thinking about.

**Senator IAN MACDONALD**—So when the circus comes do they use the car park now? Is that the idea?

**Mr Rake**—The circus has not been back.

**Senator IAN MACDONALD**—If it did is that what would happen?

**Mr Rake**—I do not think they will be back in the near future, so the Commonwealth has a new asset paid for by that organisation.

**Senator IAN MACDONALD**—What do we need 480 car parks for?

**Mr Rake**—That area is predominantly used for visitors to Questacon and the National Library.

**Senator IAN MACDONALD**—So it is for visitors and not for public servants wanting a cheaper way of parking in the capital triangle area?

**Mr Rake**—It is available to anyone, so it is available for all day use by public servants or, indeed, any other worker in the area. It is for anyone who wanted to park there and walk to work.

**Senator IAN MACDONALD**—What are those two lanes that run up from Old Parliament House to new Parliament House?

**Mr Rake**—Federation Mall.

**Senator IAN MACDONALD**—They used to be free of cars. I can see that they are now chock-a-block with parking every morning. Is that something new?

**Mr Rake**—There has not been a change to the parking regulatory arrangements there, but there is greater demand for parks in and around the parliamentary zone and Barton. The NCA has been chairing an intergovernmental committee looking at parking management in Russell, Barton and Parkes in particular, because in some areas we are hearing reports that there is an excess demand for parks.

**Senator IAN MACDONALD**—So there is a committee looking at that, is there?

**Mr Rake**—Yes.

**Senator IAN MACDONALD**—Are you chairing that?

**Mr Rake**—We are chairing that on behalf of the Commonwealth.

**Senator IAN MACDONALD**—Who else is in that committee?

**Mr Rake**—Mr Smith can give you the full membership.

**Mr Smith**—The membership of the committee comprises the National Capital Authority, of which I am the chair. We have representatives of the Department of Finance and Deregulation, the Department of the Prime Minister and Cabinet, and the Department of Regional Services.

**Senator IAN MACDONALD**—The Department of Regional Australia, Regional Development and Local Government?

**Mr Smith**—Yes, that is right. We have representatives of the ACT government on that committee and we have representatives from their Planning and Land Authority, their Department of Territories and Municipal Services and they also have a department called Land and Property Services, who are represented on the committee as well.

**Senator IAN MACDONALD**—Are the police and CPS involved in that, too?

**Mr Smith**—This is an intergovernmental committee, so only members of the government are on that committee. Just prior to Christmas we concluded a consultation program which ran for six weeks and during that time I undertook a number of public and private briefings with various organisations, and the CPSU was one of those groups.

**Senator IAN MACDONALD**—It has been a long-term goal of the NCA to make the walks on both sides of the lake more user-friendly. Is that still a goal to attract people, activity and coffee shops?

**Mr Rake**—It is certainly to make the area more user-friendly and, where appropriate, to bring in additional services for visitors and users of the area. That is one of the capital works that I mentioned that we have recently completed. The RG Menzies Walk on the northern side of Central Basin is now converted from an eroded gravel track, in some parts, to a wide paved promenade. We have received a lot of praise for the quality of that work.

**Senator IAN MACDONALD**—Has it been successful in attracting more activity?

**Mr Rake**—It certainly has, particularly community groups are finding it useful for events and they range from Walk for a Cure promoting organ transplants, fundraisers for cancer, the RSPCA and the like. It is a very attractive community area.

**Senator IAN MACDONALD**—The last time I caught up with the NCA they were very much involved in the Griffin legacy to ensure that Griffin's vision for the long boulevards was put into effect. I forget the exact detail, but there was some concern amongst the planners and architects of whom Burley Griffin was perhaps the most prominent exponent insofar as Australia is concerned. What has the NCA been doing to ensure that the Griffin legacy remains?

**Mr Rake**—We have not had to undertake any active work there because the amendments to the National Capital Plan, which flowed from the Griffin legacy research project, were passed and adopted and are now part of the National Capital Plan. The planning provisions for the boulevard on Constitution Avenue and the planning provisions relating to West Basin and City Hill are all now incorporated in the National Capital Plan and, as the various landowners are interested in undertaking development, their guide would be those amendments in the National Capital Plan.

**Senator IAN MACDONALD**—It did not require any capital infrastructure work by the NCA?

**Mr Rake**—The Kings Avenue overpass is part of that. It reinforces one element of the geometry. There was a project that was going to upgrade Constitution Avenue. We are not proceeding with that project, but as I mentioned earlier, we are upgrading the intersection of Constitution Avenue and Anzac Parade in a way that is consistent with the long-term plan for all of that avenue.

**Senator IAN MACDONALD**—As I recall there was a plan some years ago to redevelop Constitution Avenue into a boulevard. Is that plan still underway?

**Mr Rake**—The planning provisions that would support that redevelopment are still in place. The capital project is not. It was withdrawn in 2008.

**Senator IAN MACDONALD**—As I recall, you did have \$45 or \$46 million for that, so that is now not being spent?

**Mr Rake**—No. That was withdrawn in 2008.

**Senator IAN MACDONALD**—That is a bit of old history.

**Mr Rake**—Yes.

**Senator IAN MACDONALD**—Is it still a goal of the NCA, at some time when money is available, to turn Constitution Avenue into a boulevard?

**Mr Rake**—It is certainly a goal. The planning provisions are still in place. The work that we are doing at the intersection of Constitution and Anzac Parade will actually set up a new urban framework. It will allow for a new centre alignment of Constitution Avenue and it will set the framework for a new dedicated cycleway and separated pedestrian paths. Any landowner along Constitution Avenue who wanted to undertake private development, and there are at least three or four in the pipeline, would be expected to undertake additional work at the front of their property that is consistent with that long-term plan.

**Senator IAN MACDONALD**—As part of a recent cost saving measure, almost \$16 million was taken from the NCA. The reason given was that the NCA and the ACT government have overlapping responsibilities. I think that was in last year's budget?

**Mr Rake**—No. That was in the 2007-08 additional estimates. The reforms that were contemplated by that were the subject of a joint standing committee inquiry in 2008.

**Senator IAN MACDONALD**—I am sorry I was not part of that. What does that mean?

**Mr Rake**—The committee recommended that the Commonwealth and the ACT should work together to try to improve the planning arrangements in the national capital, with a focus

on removing any actual or perceived overlap or duplication, so we should try to simplify the planning system. That work is continuing today.

**Senator IAN MACDONALD**—The simplification?

**Mr Rake**—Yes, the simplification, so making sure that the activities of the NCA are properly focused on the Commonwealth's interest in the national capital and do not unduly interfere with the necessary work that the ACT needs to undertake as a self-governing territory.

**Senator IAN MACDONALD**—But the whole design of the ACT was part of Walter Burley Griffin's design, was it not?

**Mr Rake**—Yes, that is correct, and the National Capital Plan incorporates matters of national significance, and the first of those is that the pre-eminence of the national capital must remain. The most important thing about Canberra is that it is the national capital, but that does not mean we necessarily need to have a say in the precise location of a small suburban shopping centre.

**Senator IAN MACDONALD**—If you wanted to build a 102-storey skyscraper in Dickson, you would still have some authority in that; could you?

**Mr Rake**—One hundred and two storeys in Dickson?

**Senator IAN MACDONALD**—Well, maybe a 101-storey building. I am not being precise; a very, very tall building.

**Mr Rake**—There is certainly not an express provision further out in the suburbs that we could control building heights, but in and around the central national area—so that is anywhere within the inner hills around Lake Burley Griffin, Mt Ainslie—

**Senator IAN MACDONALD**—So, it includes Civic and the inner, what is commonly called the—

**Mr Rake**—Yes; we have prescribed building heights. The maximum building height in any of those areas is RL 617; in some areas it is much lower.

**Senator IAN MACDONALD**—But they are prescribed under the National Capital Plan, not by the ACT government?

**Mr Rake**—Correct; and it is one of the areas that we would not recommend reducing the power of the NCA. We think that that is an important area in which the Commonwealth has a particularly strong interest.

**Senator IAN MACDONALD**—Is that part of the discussion that is currently being had?

**Mr Rake**—Yes.

**Senator IAN MACDONALD**—Okay. When did you say you expect to complete those discussions?

**Mr Rake**—We are hoping to complete them this calendar year.

**Senator IAN MACDONALD**—What happens when that is done; someone gives a report back to the minister, do they?

**Mr Rake**—Depending on the mechanism. If there are changes required, we then need to look at how they would progress. Some of them might be able to be progressed by the authority through an amendment to the National Capital Plan and that would be subject to the usual amendment process. There would be public consultation and probably an interaction with the Joint Standing Committee on the National Capital and External Territories. If there was a change of a more serious nature that required legislative reform, it would have to go through the usual legislative process and that would certainly require a decision of government to initiate it.

**Senator IAN MACDONALD**—I am just about finished, but is anything happening that would impact on what I always say is the magnificence of Australia's national capital and its design? I do have to say it is sort of everything money can buy but, with that slight reservation, it is certainly a magnificent national capital of which we all should be very, very proud. Is there anything on the horizon that is planned for, or that might alter the concept of, the national capital as we know it today?

**Mr Rake**—No, I do not think there are any threats on the horizon. We have a good range of powers available to the National Capital Authority. We have strong systems in place to make sure that we discharge those in the best interests of the national capital. In fact, I think there is great opportunity for preserving that special character of the national capital. We have put a lot of effort into heritage management; we have very strong interactions with the Commonwealth department responsible for heritage and I think that goes to the heart of protecting those elements that I think you are referring to.

**Senator IAN MACDONALD**—What is the staff of the NCA these days?

**Mr Rake**—Our head count is around 58; our full-time equivalent is about 48. We do have a large number of part-time and casual staff working at Regatta Point at the National Capital Exhibition.

**Senator IAN MACDONALD**—I would assume with a cutback of something like \$60 million over the last few years, that would be a figure that is either static at best, or reducing.

**Mr Rake**—It is static at the moment. At the time of the budget cut that you are referring to, we reduced by about 40 FTE.

**Senator IAN MACDONALD**—Forty?

**Mr Rake**—Yes.

**Senator IAN MACDONALD**—From—sorry, how many do you say you are now?

**Mr Rake**—We are down at 48 at the moment.

**Senator IAN MACDONALD**—So, something like 90 down to 50.

**Mr Rake**—We were close to 90.

**Senator IAN MACDONALD**—That is all I had on this, Chair.

**CHAIR**—Thank you very much. Any further questions? If not, can I thank you and your officers for appearing before us this evening?

[10.15 pm]

**CHAIR**—Now we will move back to outcome 1.1, regional development, the Office of Northern Australia. Welcome back. Senator Macdonald.

**CHAIR**—Ms Beauchamp, would you like to make a statement or any comments in relation to this area?

**Ms Beauchamp**—No, thank you, Chair; I am happy to take questions.

**CHAIR**—Thank you. Senator Macdonald.

**Senator IAN MACDONALD**—Thank you. At last estimates in October, I was asking you about the Northern Australian Sustainable Futures program of \$6 million and I was told there were eight projects contained within that, but you could not tell me what those projects were back in October. Can you tell me now what those projects are?

**Ms Fleming**—Yes. The Northern Australian Sustainable Futures program contained support for a North Australian Ministerial Forum, a standing committee supporting the forum, an expert panel and an Indigenous panel, a beef strategy, an infrastructure study, support for data development, support for the Cooperative Research Centre for Remote Australia; a community water project, a local government water management program—they sound similar but they are different and I can explain those if you so like—and a look at whether Indigenous environmental services could be developed in a different way, which is, we are working with SEWPAC and the Caring For Country program. I think that is the full 10.

**Senator IAN MACDONALD**—So, it is 10, not eight?

**Ms Fleming**—Yes.

**Ms Beauchamp**—Can I just point out that the information is actually publicly available, too, now.

**Senator IAN MACDONALD**—When you could not tell me last time, did I ask for that to be taken on notice and have you answered that in writing somewhere? If you have, I have missed it, but that is not unusual; answers tend to come very late.

**Ms Fleming**—I do not recall the question on notice, but we would be happy to provide it.

**Ms Beauchamp**—We can certainly document it or provide the link to where all of this information is contained.

**Senator IAN MACDONALD**—Does the link go into some detail on those eight projects?

**Ms Beauchamp**—Yes, it does. In fact, they were announced by the government as a \$6 million program last year, so all of those details we will provide to you.

**Senator IAN MACDONALD**—When were they announced: in last year's budget, was it?

**Ms Beauchamp**—I think in August, but I am just wondering if it is worth while—

**Senator IAN MACDONALD**—Can you identify for me where I would find the \$6 million?

**Senator Sherry**—To assist you, we are happy to table and provide you with a copy of the brief on the programs.



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**Senator IAN MACDONALD**—What is it?

**Senator Sherry**—A brief on them and the amounts and so on.

**Senator IAN MACDONALD**—All right. Is it in the portfolio additional statements or what is it incorporated in?

**Ms Beauchamp**—No, it is not. The funding appears in the portfolio additional estimates statements as a total sum but the project descriptives are not, but they were announced as a part of the government's election commitments and they are on the website.

**Senator IAN MACDONALD**—I am sorry; I am going deaf.

**CHAIR**—We are having some trouble hearing you, I am afraid; if you can speak into the microphone.

**Ms Beauchamp**—I will try and speak—is that better, Senator?

**Senator IAN MACDONALD**—Yes.

**Ms Beauchamp**—Okay. There is a figure in the portfolio additional estimates statements for the Northern Australia Sustainable Futures program. It does not have the list of all of the projects in—

**Senator IAN MACDONALD**—It has a \$6 million figure.

**Ms Beauchamp**—It has. On page 16 it is outlined over the forward estimates period, the allocation of that \$6 million.

**CHAIR**—At this point in time, the committee has to formally accept the tabling of this document. It is the wish of the committee; so noted.

**Senator IAN MACDONALD**—Thank you, Chair. Yes, okay, I see it; the Northern Australian Futures total, so it is \$475,000 in 2010-11, \$3.3 million and a bit in the next financial year and \$1.89 million in the final year. Out of that, which seems to be a very modest sum of money, you are doing those 10 projects; is that correct?

**Ms Beauchamp**—That funding is going to support those 10 activities; that is correct.

**Senator IAN MACDONALD**—Do you have—perhaps it is in the bit of paper that I have not yet seen—oh yes, so you have divided it up for each of the projects and what each of the total amounts on each of those 10 projects is. Could I just ask you a little bit about some of those? The standing committee and regional facilitation, with a total of \$400,000; tell me where that money is being spent. How is that advice and support being obtained? Is it simply through the department?

**Ms Fleming**—At this stage, the first ministerial forum was held in December 2010 and the department is just in the process of establishing the first standing committee, which we anticipate will meet around 2 March. At that meeting we expect the terms of references for the working group and the participation of the expert panels to be discussed so that we can provide further advice to the minister. It is a little early for us to say exactly how that funding will be spent, but it will go to activities such as meetings of the standing committee, supporting the working groups of the forums and any expertise that those groups might seek to avail themselves of over the next three years.

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**Senator IAN MACDONALD**—You are going to do that with \$400,000?

**Ms Fleming**—That is correct.

**Senator IAN MACDONALD**—That sounds like very frugal spending. Could you tell me a little more about the community based planning. It says, ‘an understanding of barriers to collaborative community participation and planning’ what does that mean in English?

**Ms Fleming**—At this stage, we are developing terms of reference for the standing committee to consider, but it was to build community understanding of the importance of water within the community and water usages across communities, particularly in the north, following on from recommendations of the task force.

**Senator IAN MACDONALD**—Just going back, you said you thought it was announced in August; was this an election promise?

**Ms Fleming**—That is correct.

**Senator IAN MACDONALD**—Can you tell me anything more about the northern Australian economic and social data development?

**Ms Fleming**—We will be working with the Bureau of Statistics to see what additional information we might be able to bring to the table that will complement the compendium on northern Australia that the Office of Northern Australia has released a couple of years ago.

**Senator IAN MACDONALD**—You are going to, in the next one, examine the ‘establishment of a market in environmental and land management services’. Could you explain how you establish ‘a market in environmental and land management services’ and how you do it?

**Ms Fleming**—Yes; it is more of a think piece that we are co-funding with sustainable environment, water—SEWPaC—I am using an acronym.

**Senator IAN MACDONALD**—It is the department of, is it?

**Ms Fleming**—The department. We are looking at if the policy settings were different, whether there is potential for developing markets around environmental services that could meet both the needs of Caring for Country and the mining and other industries in that environment, and if so, what would the policy settings have to look like to achieve that kind of outcome. So, we would be creating Indigenous enterprise rather than just Indigenous jobs.

**Senator IAN MACDONALD**—I should know this and perhaps it is not correctly in your portfolio, but can you tell me about the CRC for remote economic participation? When was that established?

**Ms Fleming**—I cannot tell you the detail but I would be happy to take it on notice. I believe it has been operating for, it is my understanding, about six years, but I do not specifically have all of the details of its particular operations.

**Senator IAN MACDONALD**—Does it have another name, do you know?

**Ms Fleming**—It used to be Desert Knowledge.

**Senator IAN MACDONALD**—Okay, yes; I do know about it. A former distinguished parliamentarian is chairman of that, is he not?

**Ms Fleming**—I understand so.

**Senator IAN MACDONALD**—Fred Chaney, yes. This \$300,000 over three years is what, your department's contribution to the CRC's work, is it?

**Ms Fleming**—It is our contribution and it gives the department status as a participating member in the CRC, which enables us to better link the policy objectives of ONA with the research agenda of the CRC.

**Senator IAN MACDONALD**—One of the other projects—timetable for infrastructure investment in northern Australia—seeks to 'establish an indicative timetable of regional infrastructure investment priorities'. Can you explain to me what that means, does and how it is going to do it?

**Ms Fleming**—At the ministerial forum, the Northern Territory, Queensland and Western Australian governments agreed to contribute matching funding to that particular project and the four jurisdictions are looking at a scoping for that particular project, but it would cover things such as place based investment strategies—place based investment strategies around growth areas in the north.

**Senator IAN MACDONALD**—All right. Is your office doing that, or are you getting consultants to do it, or—

**Ms Beauchamp**—We are supporting the work of the department and we will probably be working closer with—

**Senator IAN MACDONALD**—Sorry; 'we' being the Office of Northern Australia?

**Ms Beauchamp**—Yes, the Office of Northern Australia.

**Senator IAN MACDONALD**—You are the department; they are the—

**Ms Beauchamp**—Indeed.

**Senator IAN MACDONALD**—So, they are supporting you.

**Ms Beauchamp**—A lot of this has come out of the North Australia Ministerial Forum. One of the key focuses is the infrastructure investment priorities and so the Office of Northern Australia will be looking at doing some joint planning with other agencies across the Commonwealth and then also joint planning work with each of the states and the Northern Territory. So, for example, pulling together the resources and energy and tourism department; pulling in infrastructure and transport and environmental initiatives as well, and trying to prioritise for northern Australia what the focus for infrastructure investment might be over the next little while, over the longer term.

**Senator IAN MACDONALD**—It says 'establish an indicative timetable of regional infrastructure investment priorities,' so do I assume that you will have a list saying 'By 2012 we want the Borroloola to Katherine road a four-lane highway and by such and such a date we will expect the Mt Isa to Tennant Creek railway to be done'? Is it that sort of thing?

**Mr Hanney**—It is both public and private infrastructure, so it is also looking at planning approvals in terms of private infrastructure along with any potential public infrastructure. It is trying to get a more predictive understanding about where that infrastructure is likely to occur

and when. The other part of the discussion was also to try to be a little bit more predictive about labour markets.

**Senator IAN MACDONALD**—When you said ‘planning activities’ is it trying, as far as you can, to get a common planning approvals process across the north in the three states?

**Mr Hanney**—No, it is not to do that. It is planning, if I could use the term, the ‘pipeline of works’—that is, what is at planning approval stage versus at what is at predictive construction stage, in particular, in the mining and minerals sector, aligned with considerations by, say, Infrastructure Australia and the states and territories over public infrastructure considerations.

**Senator IAN MACDONALD**—Was the north Australian beef industry study announced relatively recently? Can you tell me who is doing it, what is happening, who is involved and when are you going to have the assessment of risks and opportunities completed.

**Ms Fleming**—The beef strategy includes all jurisdictions: Commonwealth, Queensland, Northern Territory and Western Australia. It has three major projects sitting underneath the strategy. One is an exploration with CSIRO of mosaic agriculture to better support the beef industry, which CSIRO is also working with the Meat and Livestock Australia on. The second is looking at the Indigenous cattle industry and Indigenous cattle planning in the north. The third is looking at the market opportunities and industry opportunities to support further processing of meat in the north, taking account of trade issues. It is trying to bring those three elements together and all of the various parties that would have an interest in that, so it is quite a major issue. The ministerial forum and the standing committee would have an oversighting view. Each state is contributing its own individual state strategies and information around how they can be coordinated in a Commonwealth and state way, so Queensland’s 2020 beef strategy is critical in this area, but Western Australia and the Northern Territory have beef strategies. Those three things come together.

The standing committee will look at the terms of reference for those and then the working groups, when they are established, will look at how to best implement those. Some preliminary conversations have been had and we are working very closely with the Department of Agriculture, Fisheries and Forestry in the lead on that strategy.

**Senator IAN MACDONALD**—Is there a website for that study or is there somewhere where I can read about what you have just told me, apart from reading *Hansard*?

**Ms Fleming**—Not at this stage, but I suspect after the working groups and the standing committee have met, there would be some documents that we would be able to share with you.

**Senator IAN MACDONALD**—Do the working groups include AgForce and cattle and landowner organisations?

**Ms Fleming**—At this stage the membership is not set because the standing committee has not met and agreed to the structure of the working groups, but it would be a broad engagement, taking account of existing bodies and working with a range of industry parties.

**Senator IAN MACDONALD**—We talked about the standing committee. When do you expect the standing committee might meet?

**Ms Fleming**—We are tentatively working towards 2 March.

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**Senator IAN MACDONALD**—When is the next ministerial forum proposed?

**Ms Fleming**—It is tentatively scheduled for June in Western Australia.

**Senator IAN MACDONALD**—Thank you for that. That is useful. Could I have read what we have talked about so far anywhere else?

**Ms Fleming**—Only the list of projects in the election commitments, not this level of detail at this stage.

**Senator IAN MACDONALD**—When does your annual report come out? I know once upon a time they used to be available to estimates committees, but these days it seems, by design or mismanagement, they always come out a week after the estimate committees. When is your departmental annual report due?

**Ms Beauchamp**—Like all agency annual reports they will due in about October-November. They are based on the financial year. We have only been in existence since September.

**Senator IAN MACDONALD**—Do not take offence. You are just one of all of the departments who nowadays produce their annual reports—or perhaps it is the government who releases them—the week after the September-October estimates.

**Ms Beauchamp**—There is a statutory requirement for them to be tabled within a certain time period.

**Senator IAN MACDONALD**—They always used to be available for us. Perhaps the government has brought forward the estimates.

**Senator Sherry**—It is in November.

**Senator IAN MACDONALD**—All I know is that in the last two or three years they have not been available for inquiry at estimates committees. That is quite by the way.

At the last estimates committee you told me that the Cairns Plan was due for release in January 2011, which is now past us, so has the Cairns Plan been released?

**Ms Fleming**—No. The plan is still being finalised. The committee that is working through the plan—the committee that we are supporting—asked for a little bit more time. The government made a decision to provide some additional resources to that committee to assist it to deal with the issues. I suspect, under recent circumstances, that it could be delayed a little further.

**Senator IAN MACDONALD**—Yes. The cyclone is going to be blamed for a lot of things, I can tell, into the future! You told me last estimates—it was last year—that your office had been working with RDAs in Townsville and Cairns to assist, you said, Advance Australia, but I think you might have meant Advance Cairns, which is the lead agency in the development of the plan. In fact you said:

... we have provided \$30,000 to assist Advance Cairns—

you got it right there—

and the councils and regions to strengthen the development of that plan and bring the thoughts of the region together.

In October I said:

You told me at the last estimates that the Cairns plan was due to be released in October or November. Could you update that?

You then said that it would now be ready for January. I guess you would not want to hazard a guess after two bad attempts.

**Ms Fleming**—I would say that it is still in development.

**Senator IAN MACDONALD**—Do you think it will be available by the May estimates? Would you like to hazard a guess?

**Ms Fleming**—I think that the plan will be available as quickly as the parties can bring it together.

**Senator IAN MACDONALD**—I could have told you that, but I am just wondering when that is. Can you remind me of what it was about?

**Ms Fleming**—It is looking at plans that can assist to diversify the economic base of Cairns, in light of the higher than average unemployment rates that Cairns was experiencing at the time.

**Senator IAN MACDONALD**—It is a bit like shutting the gate after the horse has bolted. Thanks to this government and the Queensland government the once viable ship-building industry in Cairns has just about shut its doors. It was sent down to a ship-building industry in Adelaide or Victoria in a most disgraceful act of the Queensland government that I will never let be forgotten.

**CHAIR**—Is there a question there?

**Senator IAN MACDONALD**—You are not part of working on the plan, are you? You are just facilitating Advance Cairns and other stakeholders to draw the plan together.

**Ms Fleming**—That is correct. It is a locally produced plan and the Office of Northern Australia, through its Townsville office, is providing support, where it can, to the development of that plan.

**Senator IAN MACDONALD**—I could ask you if re-establishing the shipbuilding industry is part of the plan, but you could not answer that. I would be quite sure that Advance Cairns would like that to happen, but I would say the horse has really bolted.

I understand Minister Crean was in the Gulf Country recently making very positive noises about storage on the Gilbert and Flinders rivers. Are you aware of Minister Crean's comments in the last couple of months on that? They were not widely reported, but I heard from people that he was very keen about water harvesting and storage in the gulf rivers.

**Ms Fleming**—I am personally not familiar with comments that Minister Crean might have made in respect of that, but we have an officer from our Townsville office that participates in the Gilbert River working group. He is an observer on that working group that the Queensland government has set up, so we are familiar with that.

**Senator IAN MACDONALD**—On notice, can you let me know what your department knows or is doing in relation to the Gilbert River Green Hills dam proposal? Can you also, on

notice, find out if the minister has made some comments and, if so, where I would see those? If I cannot, you could perhaps get him to repeat them to me.

**Senator Sherry**—I am not sure that we could get him to repeat it, but we will find if we can get a transcript for you or copies of the media releases or clips. We will take that on notice.

**Senator IAN MACDONALD**—Perhaps, if he made a comment and had minders with him, they may have taken a transcript of it which he may have.

**Senator Sherry**—We will see.

**Senator IAN MACDONALD**—Either that or if he has a view that he is prepared to make public. I know Senator Adams may well be interested in this. I would like to get an update on the East Kimberley Project, which I think your office is doing, but before I do that—and bearing in mind that Senator Adams might want to ask some questions, being a very energetic Western Australian—has your staffing changed since October in either numbers—FTEs—or placement of those numbers?

**Senator Sherry**—There was an opening statement that included staffing numbers and there were some other questions afterwards. I do not think you were here, but we have covered departmental staffing.

**Senator IAN MACDONALD**—In the beginning of the department, but certainly not in the beginning of the Office of Northern Australia.

**Senator Sherry**—I am sorry; I misunderstood.

**Senator IAN MACDONALD**—It is only the Office of Northern Australia that I am interested in. It is only seven or five. Has it changed since October?

**Ms Fleming**—There has been an additional staff member placed in Queensland.

**Senator IAN MACDONALD**—How many are there and where are they located?

**Ms Beauchamp**—I think there are five positions in Townsville.

**Mr Hanney**—There is one in the Northern Territory. There is a part of a position in the top of Western Australia and the other positions are based here in Canberra.

**Senator IAN MACDONALD**—Where is the additional one?

**Mr Hanney**—It is based in Brisbane at the moment. We are looking at locations, in terms of where that person might be based.

**Senator IAN MACDONALD**—What are they doing in Brisbane?

**Mr Hanney**—They are working in the southern part of Queensland. We have the distance between where our Townsville staff are based at present and the rest of Queensland, so we are just trying to get broader coverage across Queensland. We are looking for a place in which we will locate that staff member.

**Senator IAN MACDONALD**—I am aware that this Office of Northern Australia is really an old branch office of the department of regional development or whatever it has been called over the years, and it has been renamed with some particular jobs allocated in the Townsville

office, but is this additional staffer just in the department's regional office or is it part of the Office of Northern Australia?

**Mr Hanney**—We see them as the same thing.

**Senator IAN MACDONALD**—Do you? That is interesting.

**Mr Hanney**—The staff of Regional Australia that are based in the Townsville office service the Office of Northern Australia, but they also work on broader Queensland projects.

**Senator IAN MACDONALD**—I am not sure if that is on message. You are not saying the Office of Northern Australia is now establishing a branch in southern Australia, are you?

**Mr Hanney**—No, I am not saying that.

**Ms Beauchamp**—The reason we have located an extra person in Brisbane is obviously to have the connections with the Queensland government around a range of issues, including Northern Australia priorities.

**Senator IAN MACDONALD**—Will the Office of Northern Australia have a role in the reconstruction following the regular cyclones that we get? There needs to be a lot of reconstruction work. Do you have a role or is that being done by the Canberra part of the department?

**Ms Beauchamp**—We will be drawing on officers in Townsville and Brisbane to assist with determining priorities for northern Australia and other parts of Queensland.

**Senator IAN MACDONALD**—Does the Office of Northern Australia have closer than normal connection with the northern regional development associations in Queensland and WA—more so than other parts of the department?

**Ms Fleming**—We are looking to build the linkages between the Office of Northern Australia and our officers with northern RDAs. I think the secretary mentioned that there is a pending RDA forum and at that forum we are looking at having a particular meeting of the northern RDAs so that we can articulate the Northern Australia Sustainable Futures Program and look at the linkages between that program and the work of northern RDAs. It is early days, but we are looking at strengthening those lateral east-west linkages.

**Senator IAN MACDONALD**—We want to finish in no more than 10 minutes. I noticed the funding is almost finished for the East Kimberley Project. Is the work coming to an end? Perhaps if Senator Adams has some questions then she might like to put them there. Can you just tell me where it is up to?

**Ms Fleming**—Five projects are now completed under the package. Thirteen projects are under construction. Seven projects have been tendered or had the contract awarded but have not yet commenced construction, and four projects have tenders still to be advertised. There are 29 projects in all that I recall.

**Senator IAN MACDONALD**—Was it approximately a \$198 million program?

**Ms Fleming**—It was \$195 million.



**Senator IAN MACDONALD**—Did I see somewhere that there is only \$6 million left? How much is left? You can tell me rather than have me guessing.

**Mr Hanney**—Tendered, but not started, is \$44 million and there is \$11 million of projects at planning stage. Payments made to date are \$132 million.

**Senator IAN MACDONALD**—I know where I saw that. I saw that in this booklet.

**Ms Fleming**—Perhaps I can pre-empt your question. The Premier of Western Australia wrote to the Prime Minister earlier this year and asked for some rephrasing of the East Kimberley funding to take account of the very large combination of projects that would be taken forward by John Holland, which included some of the educational precinct projects. The Prime Minister agreed to that. It does not appear in the additional estimates, but it will appear in the budget.

**Senator IAN MACDONALD**—You are telling me that if I can find it here it is not going to be accurate anyhow because it has been rephased or is about to be rephased?

**Ms Fleming**—Correct.

**Senator IAN MACDONALD**—My understanding was that the Commonwealth's contribution was for the social services part of the Ord River extension, whereas the Western Australian government was putting in about \$200 million to actually do the physical infrastructure work. You are saying the Western Australian Premier is asking the Commonwealth's soft services—if I can broadly call them that—to delay. For what purpose?

**Ms Fleming**—No. I am sorry. I have caused some confusion. The Western Australian government put in \$200 million for expansion of the Ord River scheme. You are correct; the Commonwealth funded a range of social and community infrastructure. The projects that have proceeded well are those where there was a large greenfield or vacant space. There were a couple of projects that have had delays. They include the educational precinct where the buildings are being heavily used. That was put into one contract. When the contract was developed with John Holland they provided advice that they could not complete the contract in the expected time period. Western Australia, which is managing those contracts under a national partnership on behalf of the Commonwealth, wrote to us to seek a variation and that was subsequently agreed to. I can take it on notice.

**Senator IAN MACDONALD**—Yes. On notice, can you give the committee a paragraph about the \$44 million of projects that are not yet tendered?

**Mr Hanney**—They are tendered, but have not yet started.

**Senator IAN MACDONALD**—Are there a smaller number that have not yet been tendered?

**Ms Fleming**—Yes.

**Mr Hanney**—There is \$11.7 million at the planning stage.

**Ms Fleming**—We are happy to take that on notice and provide some details.

**Senator IAN MACDONALD**—That would be good. That is all I have.

**CHAIR**—I thank Ms Beauchamp, the officers and the minister for appearing before us this evening. I would also like to place on record my appreciation and the committee's appreciation to Christine McDonald and the secretariat, and also to Hansard. I will ask people to reflect tonight on the disaster in New Zealand. Good night and travel safe. We stand adjourned.

**Committee adjourned at 10.53 pm**