



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

ESTIMATES

**(Additional Estimates)**

MONDAY, 14 FEBRUARY 2005

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**

**FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE**

**Monday, 14 February 2005**

**Members:** Senator Mason (*Chair*), Senator Murray (*Deputy Chair*), Senators Brandis, George Campbell, Forshaw and Heffernan

**Senators in attendance:** Senators Allison, Brandis, Carr, George Campbell, Chris Evans, Faulkner, Fifield, Forshaw, Knowles, Mason, Murray, Sherry and Webber

**Committee met at 9.08 a.m.**

**PARLIAMENT PORTFOLIO**

**In Attendance**

Senator the Hon. Paul Calvert, President of the Senate

**Department of the Senate**

Mr Harry Evans, Clerk of the Senate  
Ms Anne Lynch, Deputy Clerk of the Senate  
Mr Cleaver Elliott, Clerk Assistant (Procedure)  
Dr Rosemary Laing, Clerk Assistant (Table Office)  
Mr John Vander Wyk, Clerk Assistant (Committees)  
Ms Andrea Griffiths, Usher of the Black Rod  
Mr Joe d' Angelo, Chief Financial Officer

**Department of Parliamentary Services**

**Portfolio overview and major corporate issues**

Ms Hilary Penfold QC, Secretary  
Mr David Kenny, Deputy Secretary  
Mr John Walsh, Assistant Secretary, Corporate Group  
Ms Judy Konig, Chief Finance Officer  
Mr Chris Duffy, Director, People Management and Support

**Output 1: Information and Research Services and Resource Management Services**

Dr June Verrier, Assistant Secretary, Information and Research Services  
Ms Paulette Paterson, Acting Assistant Secretary, Library Resources and Media Services

**Output 2: Client and Technical Services**

Ms Val Barrett, Assistant Secretary, Information Technology and Communications Services Group  
Ms Nola Adcock, Acting Assistant Secretary, Client Support, Broadcasting and Hansard Group  
Mr Michael Pronin, Director, Projects, Information Technology and Communications Services Group

**Output 3: Building and Occupant Services**

Mr Peter Ward, Assistant Secretary, Security and Facilities Group  
Ms Maggie Barnes, Director, Facilities, Security and Facilities Group  
Mr Andrew Smith, Assistant Secretary, Building Management Group  
Mr John Nakkam, Director, Maintenance Services, Building Management Group  
Mr David Cossart, Director, Works Management, Building Management Group

**CHAIR**—I declare open this public hearing of the Senate Finance and Public Administration Legislation Committee. On 10 February 2005, the Senate referred to the committee for examination the following documents: particulars of proposed additional expenditure in respect of the year ending 30 June, Appropriation Bill (No. 3) 2004-2005; particulars of certain proposed additional expenditure in respect of the year ending 30 June 2005, Appropriation Bill (No. 4) 2004-2005; particulars of proposed additional expenditure in relation to the parliamentary departments in respect of the year ending 30 June 2005, Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005; statements of savings expected in annual appropriations made by act Nos 88, 89 and 90 of 2004; the final budget outcome 2003-04; consolidated financial statements for the year ended 30 June 2004; and issues from the Advance to the Minister for Finance as a final charge for the year ended 30 June 2004.

The committee is required to consider these documents insofar as they refer to the portfolios allocated to the committee by the Senate on 17 November 2004 and to report to the Senate on or before 15 March 2005. The committee may also examine the annual reports of departments and agencies at this time, even if no additional appropriations have been sought. The committee has set Friday, 1 April 2005 as the date for the submission of written answers to questions that are taken on notice. The hearing today will commence with the parliamentary departments, followed by the Prime Minister and Cabinet portfolio. Examination of the Finance and Administration portfolio, including the new Department of Human Services, and agencies will commence tomorrow, 15 February. I propose to proceed by opening with general questions and then calling on the outcomes and outputs in the order listed on the agenda.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I further remind officers that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. Evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

[9.12 a.m.]

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

**CHAIR**—I welcome this morning the President of the Senate, Senator Calvert, and officers from the Department of the Senate. Mr President, do you wish to make an opening statement?

**The PRESIDENT**—No, I do not. I think things will become evident as we go through the program.

**CHAIR**—In that case, I will pass to my colleagues.

**Senator FAULKNER**—I am happy to kick off and ask some general questions. Mr Evans, could you tell us how many under par you got on the golf day that we read about in the *Courier Mail* at great length?

**Mr Evans**—Notwithstanding my Scottish heritage, golf is a foolish game that I do not engage in.

**Senator FAULKNER**—Did you not attend?

**Mr Evans**—I did not attend.

**Senator FAULKNER**—The Department of the Senate got some bad publicity over the golf day—or I thought it did—about staff taking paid leave to participate. Was that fair or unfair?

**Mr Evans**—I did not think it was particularly fair, if you are talking about the golf day.

**Senator FAULKNER**—Perhaps you could outline to the committee what the situation was with the golf day so the record can be corrected.

**Mr Evans**—It is a long established practice that staff are given leave to participate in that event, which is a Public Service wide event. It is greatly morale boosting to the public sector and therefore it is quite justified for departments to grant leave to those officers who want to participate—which in the case of the Department of the Senate was an extremely small number of people, I believe.

**Senator FAULKNER**—But isn't it true that this golf day has been around for a while?

**Mr Evans**—Yes, it has. It has been around for a long time to my recollection. I have just been told that no Senate officers attended this year.

**Senator FAULKNER**—Not a one?

**Mr Evans**—Not a single one.

**Senator FAULKNER**—Isn't it true, in fact, that this golf day is attended by public servants from a range of departments?

**Mr Evans**—Certainly.

**Senator FAULKNER**—But it seemed to me that the Senate department copped the full blast of media ire about this. I wondered why that was the case.

**Mr Evans**—I do not know. It is one of those irrationalities of the media, I think, that no-one can explain.

**Senator FAULKNER**—But someone was silly enough to put out a notice about paid leave if officials attended?

**Mr Evans**—My colleague suggests that we said something about it in our staff bulletin. Probably because the staff bulletin goes around Parliament House, and there are press people in Parliament House, that is where the story came from.

**Senator FAULKNER**—But the Department of the Senate was unrepresented?

**Mr Evans**—That is correct. Nobody was available to play.

**Senator FAULKNER**—So we do not know who the winners were.

**Mr Evans**—No. I certainly do not.

**Senator FAULKNER**—Does this mean that I have to place a question on notice for all departments to find out?

**Mr Evans**—I think you possibly should.

**Senator FAULKNER**—I do not think I will be wasting my time.

**Senator CHRIS EVANS**—I think we have lost the confidence of senators who are golf fanatics.

**Mr Evans**—I have never worked out how the winner is determined in golf anyway.

**Senator FAULKNER**—Unfortunately, we cannot work out how the winner is determined in politics. But anyway that is another matter. The other thing that was criticised was the wine appreciation class. How did that go?

**Mr Evans**—I do not know how that went but that was done entirely in the officers' own time and at their own expense.

**Senator FAULKNER**—I am just pleased that we have connoisseurs amongst the Senate staff. I was pleased to read that. Needless to say, people like me were not invited, which is very wise. Perhaps some senators have more experience of these things. I might have been able to make a contribution. Fair enough.

Perhaps this is a question for you, Ms Griffiths. I preface my question by saying to you that, having recently moved offices as a new backbencher in the parliament, I acknowledge the terrific effort that Senate staff and other staff provide in supporting senators who are moving offices. It is a fantastic amount of support that we get. I would like to acknowledge that publicly. Given the material that comes through to senators' offices—I have been able to look at this from close quarters in my new position—milk jugs are not made in Australia, is that right?

**Ms Griffiths**—I do not know.

**Senator FAULKNER**—Are sugar bowls made in Australia?

**Ms Griffiths**—I do not know. My obligation is—

**Senator FAULKNER**—Are teapots made in Australia?

**Ms Griffiths**—I am unaware. Under the procurement guidelines I have to get best value for money for the taxpayer. That does not necessarily mean the cheapest but it does not necessarily mean that I buy Australian made goods either.

**Senator FAULKNER**—No, I appreciate that. Do you know where the teapots, the sugar bowls and the milk jugs are made?

**Ms Griffiths**—No.

**Senator FAULKNER**—You can see how much I use milk in my office; this jug is still in its cellophane package. They are all made in China.

**Ms Griffiths**—I could have guessed.



**Senator FAULKNER**—So we do not know whether you can procure Australian made teapots, milk jugs and—

**Ms Griffiths**—We probably can, but we can probably procure them from a cheaper source. The Australian made product might not necessarily be cheaper. I have to take that into account when we purchase anything.

**Senator FAULKNER**—What about the cutlery? Where does that come from?

**Ms Griffiths**—I do not know.

**Senator FAULKNER**—You would only be interested in knives, Senator Brandis!

**Senator BRANDIS**—It is good to see that economic nationalism is alive and well at the estimates so early in the morning.

**Ms Griffiths**—I do not know where they are made.

**Senator FAULKNER**—According to the package, it is made in Vietnam. I do not know whether cutlery is even made in Australia. I am not sure. Does anyone know whether that is the case?

**Ms Griffiths**—It is probably not.

**Senator FAULKNER**—A lot of this sort of paraphernalia appears to be sourced from overseas. Would that be a fair statement?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Are you satisfied that the procurement guidelines have been met in regard to all the material which is placed in senators' offices?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Has anyone checked to have a look at where it is coming from?

**Ms Griffiths**—I do not think so. I certainly can. I can do a comparison with Australian made goods, if you want.

**Senator FAULKNER**—There was, of course, an enormous amount of fuss when Parliament House was opened about the furnishings and so forth being Australian made, wasn't there?

**Ms Griffiths**—Yes, but a lot of the furnishings were not made in Australia.

**Senator FAULKNER**—That is true. There was a major debate about the Italian marble in the foyer. You would recall that.

**Ms Griffiths**—Yes.

**Senator FAULKNER**—I just wondered whether there are any policies in place to see if some of this sort of material was sourced from Australian suppliers.

**Ms Griffiths**—No. With the procurement guidelines, as I have said, it is value for money plus you take into account other criteria. In fact, that has now even led to us making changes with our paper purchases. Australian paper is not necessarily the cheapest and we have to make a decision about what the best value is. Some of the paper we have sourced is from overseas.

**Senator FAULKNER**—Is that a recent change?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—What paper is now coming from overseas?

**Ms Griffiths**—The recycled paper is coming from overseas. We can source that more cheaply. It is just the recycled paper.

**Senator FAULKNER**—How much recycled paper from overseas is being used?

**Ms Griffiths**—I would have to check. I will take that on notice, as I am not sure.

**Senator FAULKNER**—When was that change made?

**Ms Griffiths**—At the end of last year.

**Senator FAULKNER**—Is that as a result of one of your policies, Mr President?

**The PRESIDENT**—No, but I know that most of the copy paper has been sourced from Tasmania. Is that correct, Ms Griffiths?

**Senator FAULKNER**—You know, so why are you asking Ms Griffiths? Do you just want to be sure?

**The PRESIDENT**—I am just checking in case things have changed since then.

**Ms Griffiths**—It does not all come from Tasmania, but some of it does.

**Senator FAULKNER**—So you do not know that, in fact. You said something you thought you knew but—

**The PRESIDENT**—Well, I did have representation from paper manufacturers in Tasmania, who have approached all the government departments to see that as much Tasmanian copy paper as possible is being used in government departments—and, to a large extent, it is, but not totally.

**Senator FAULKNER**—So, are you perfectly satisfied with the way these procurement guidelines are being applied?

**The PRESIDENT**—I am not aware of any changes but I do know that when I was the whip and involved in the House Standing Committee that quite significant changes were made in the parliamentary dining room when changes were made to cutlery, crockery and the like, and that was one of the savings that ensured that the dining room was able to run more efficiently, for the benefit of members and senators.

**Senator FAULKNER**—Could you check for us in regard to the recycled paper.

**The PRESIDENT**—I will have a look at the procurement guidelines.

**Senator FAULKNER**—And perhaps, Ms Griffiths, you could find out what proportion that is of the paper that is being purchased.

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Could you check if that recycled paper is being used in regard to senators' printing entitlements, for example?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—We do not know broadly what proportion of those is on recycled paper?

**Ms Griffiths**—No. I will get that information for you, if I can. I have been advised that recycled paper for printing is used only if the senator requests it, otherwise ordinary paper is used.

**Senator FAULKNER**—Why is that policy in place—recycled paper used only if so requested?

**Ms Griffiths**—In the past recycled paper was more expensive but now the price parity is coming closer together. It was more expensive, so it was only on request from senators.

**Senator FAULKNER**—On that basis isn't there a slight disconnect between more expensive recycled paper from overseas and less expensive non-recycled paper sourced in Australia?

**Ms Griffiths**—Yes, but there is still a push from some senators to use only recycled—

**Senator FAULKNER**—I am not arguing for it; I am just trying to understand the thinking that is being applied. I suppose the requests, Mr Evans, in relation to senators' printing entitlement skyrocketed around the time of the election; did they?

**Mr Evans**—I think that would be a fairly reasonable description. There was a very large upsurge in the use of senators' printing entitlements in the election period.

**Senator FAULKNER**—Can you quantify what you mean by 'upsurge', please? I understand the usual dictionary definition of the word.

**Mr Evans**—Last year \$1.07 million or thereabouts was spent during the entire year, and so far this year we are up to \$717,000.

**Senator FAULKNER**—By 'this year' we are talking—

**Mr Evans**—That is only to the end of January.

**Senator FAULKNER**—This financial year?

**Mr Evans**—Yes—so far.

**Senator FAULKNER**—I see. Do you break that down into usage by individual senators? Obviously, you can but—

**Mr Evans**—We can but I do not have those figures in front of me at the moment.

**Senator FAULKNER**—Perhaps you could provide those on notice to us. Were there many instances, as often is the case at the time of an election, of concerns about this always difficult issue, the grey area of whether matters are acceptable—in other words, whether they pass the political test, the partisan test? Was this an issue in relation to the last election campaign, as it often is?

**Mr Evans**—Not a large issue. I think it is fair to say that there were a small number of cases where we asked for things to be changed because we thought they breached the guidelines.

**Senator FAULKNER**—How many were the small number of cases?

**Mr Evans**—I do not have that figure with me—half a dozen or so, I am told. We can get a more accurate figure if you would like a more accurate figure.

**Senator FAULKNER**—What happens in those cases? Do senators normally accept your judgment, Ms Griffiths? I think you are in the awful situation of having to be the chief censor, aren't you?

**Ms Griffiths**—Yes, and my deputy.

**Senator FAULKNER**—So what happens? Can you explain the process when, say, you think a senator may have crossed the line?

**Ms Griffiths**—We usually suggest another way of doing it. As opposed to deleting it, we will come up with a suggestion to put it in a way that would be acceptable. All of them have agreed with that.

**Senator FAULKNER**—Is there a 'court of appeal' at all?

**Ms Griffiths**—Yes. A senator could go to the Clerk or the President, but usually they are happy with what we have suggested.

**Senator FAULKNER**—So in this last period have any senators gone to the Clerk or the President about rulings from you or your deputy?

**Ms Griffiths**—No.

**Senator FAULKNER**—So all the half dozen or so cases that were identified as a breach or possible breach of the guidelines were all worked through with the senators concerned?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—I suppose, Mr Evans, you had better give us a report, if you could, about how we are travelling with the cost savings that were identified by Mr Podger in his much vaunted report.

**Mr Evans**—As a result of the rearrangement of funding, endorsed by the Senate Appropriations and Staffing Committee and by the Senate, any savings from the Podger amalgamation are coming from the Department of Parliamentary Services; so they are not our direct responsibility. As the Appropriations and Staffing Committee reported in its last report, the savings have not reached the level given in the Podger report—\$2 million as against \$5 million to \$10 million. I think the figure was something like that.

**Senator FAULKNER**—Are you able to identify any direct or indirect impact on the Department of the Senate itself as a result of these savings being hard to find?

**Mr Evans**—Apart from the money that was transferred from the Senate department's budget as a result of that rearrangement of funding, including the extra one-off \$1 million donation, which of course reduced the Senate department's budget and reserve of funds, savings made in the Department of Parliamentary Services will impact on the Senate department in terms of the services provided to the Senate department and to senators. A recent one which came to our notice was the printing of *Hansards*, which senators will be aware of.

**Senator FAULKNER**—Mr President, why did you make that decision about the printing of the *Hansards*?

**The PRESIDENT**—Prior to Christmas, a recommendation was made to us to change the situation with the *Hansards*. As you would know, *Hansards* are available on everybody's computers on a daily basis, and it was pointed out to us that quite significant savings could be achieved if we reduced the daily print *Hansards*. It was proposed to provide up to 10 for the chamber departments.

**Senator FAULKNER**—Up to 10 what? Up to 10 printed *Hansards*?

**The PRESIDENT**—Yes, 10 daily *Hansards*. It seems that the weekly printed *Hansards* were of little or no use. We intended that a letter go out to all members and senators advising them of that but, unfortunately, it did not hit the deck until we came back this year.

**Senator FORSHAW**—Is that the letter of 7 February?

**The PRESIDENT**—Yes. We have had discussions with the Secretary of the Department of Parliamentary Services and we are reviewing the situation. There are quite substantial savings to be made. We are currently exploring an opt-in situation, where those people who do want the daily printed *Hansards* could receive them and those who do not have use for them would not receive them. Initially, the saving that we could see was up to \$200,000, which is not insignificant. I think we should perhaps discuss this again when the Secretary of the Department of Parliamentary Services is here.

**Senator FAULKNER**—I am happy to leave it until then. Who made this recommendation to you?

**The PRESIDENT**—It came as a recommendation from the Secretary of the Department of Parliamentary Services.

**Senator FAULKNER**—If that is the case, we will raise it when she is at the table. Black Rod, are there any plans to change the grading or number of Senate staff—attendants, staff in the mail room and the like—who come under your authority as Black Rod?

**Ms Griffiths**—Yes. We are still going through a restructuring process that has resulted in two people in the mail area being excess to requirements. There is no position at level for them.

**Senator FAULKNER**—Are those positions being replaced by casuals?

**Ms Griffiths**—Yes. We have found that we—

**Senator FAULKNER**—So they are excess to permanent requirements—whatever that means.

**Ms Griffiths**—Excess to permanent requirements but we will staff them during sitting weeks. That was as a result of a restructuring, based on looking at work value, which downgraded the positions in the mail room.

**Senator FAULKNER**—Who undertook that?

**Ms Griffiths**—The Deputy Black Rod.

**Senator FAULKNER**—So two permanent staff are being replaced by casuals?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—This is a developing trend, isn't it?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Do you think the Black Rod will ever be casual, only required to attend whenever the Senate is sitting?

**Ms Griffiths**—No, I do not think so.

**Senator FAULKNER**—Just the staff?

**Ms Griffiths**—We have this constant battle in trying to make savings where we can, and we have to come up with efficiencies. The Deputy Black Rod was tasked with doing a restructure in this area, and this is what has resulted.

**Senator FAULKNER**—What are the savings?

**Ms Griffiths**—I have not quantified that; I can get that for you.

**Senator CHRIS EVANS**—Given the number of sitting days we have during the first half of this year, it is a bit hard for any of us to justify being full time!

**Ms Griffiths**—The downgraded positions will be filled on a permanent basis. They were originally APS levels 1 and 2 positions; they are now APS level 1 positions. The staff declared excess can have a choice of being excess and taking a voluntary redundancy or they can go down to that level, with a salary reduction.

**Senator FAULKNER**—This seems to be a growing trend—the replacing of permanent staff with casuals—in the Department of the Senate, unless I am missing something. Is that right?

**Ms Griffiths**—I do not know whether it is a growing trend. Certainly that has been the case as a result of the restructure in Black Rod's area. In the committee office we always have temporary positions to fill gaps when the workload is greatest with committees.

**Senator FAULKNER**—Are you saying that none of this work is of an ongoing nature in non-sitting weeks?

**Ms Griffiths**—Yes. None of it is work that cannot be covered by other staff who are permanently employed.

**Senator FAULKNER**—What does it mean for the two people who were filling the permanent positions?

**Ms Griffiths**—They have a choice of taking a voluntary redundancy or they can go down to the new level at salary reduction after a certain period of time.

**Senator FAULKNER**—Have we been able to quantify the savings?

**Ms Griffiths**—I have not got that figure here; I will get that for you.

**Senator FAULKNER**—But the savings were quantified before the decision was taken?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—What was it driven by? Was it driven by the need to find these sorts of savings?

**Ms Griffiths**—Yes, and to make more efficiencies. Some areas were not being delivered in an efficient way and it is also as a result of certain skills not being possessed by the incumbents.

**Mr Evans**—What we also have to remember is that these sorts of operations in the department have to be made as efficient as possible lest some future Mr Podger comes along and tells us that vast savings can be made by taking them away and putting them somewhere else.

**Senator FAULKNER**—We should await someone to deliver the savings that the current Mr Podger identified before we start worrying about any future Mr Podger, surely.

**Mr Evans**—The Mr Podgers of the world are inclined, if the first amalgamation has not achieved the savings, to predict that the solution is more amalgamation and more downsizing and rationalisation.

**Senator FAULKNER**—The thing about this is that if there is a concern about the work value issues or the skills of the particular people who are undertaking these responsibilities there is always a capacity to do something about dealing with or developing the level of those skills, isn't there?

**Ms Griffiths**—Yes, and staff were given that opportunity to train.

**Senator FAULKNER**—In this particular case, the incumbents took other options, did they?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Fair enough.

**CHAIR**—Senator Faulkner, you are not going to congratulate the Department of the Senate for giving you an office in such a choice location?

**Senator FAULKNER**—I think you are mentioning the fact that it is located next to yours, Senator Mason. I was going to ask the Department of the Senate to investigate the noises coming from your office but I was not going to it publicly!

**Senator CHRIS EVANS**—Senator Mason, are you on 'retirement corridor' too?

**Senator BRANDIS**—Mr Evans, last year did the Department of the Senate outlay any funds on external legal advice?

**Mr Evans**—Yes, that is certainly the case. It was basically advice for the department as opposed to advice for the Senate or senators.

**Senator BRANDIS**—Can you indicate to us how much those outlays were and on how many occasions external legal advice was sought?

**Mr Evans**—We will take that on notice.

**Senator BRANDIS**—When you address that on notice would you also indicate in a very brief way the issues to which the advice was directed and the external counsel firm from which the advice was sought, please.

**Mr Evans**—Yes, we will do that. You will find that the Australian Government Solicitor is the main source of advice for the department, as against advice for the Senate or senators. I do not think there was any external legal advice sought for the Senate or senators. But we will check that.

**Senator BRANDIS**—Thank you.

**Senator MURRAY**—I want to talk to you about parliamentary privilege. I have in front of me a client support postcard, issue No. 2, which is titled ‘Senators and members speeches’. I printed it off on 8 February. In the middle of that advice it says this:

It is important to remember that these draft speeches may not be covered by privilege and will not reflect corrections received from senators and members or the final quality assurance undertaken by Hansard editors.

Can you comment at all on that?

**Mr Evans**—That advice probably comes from the preparers of *Hansard*, which is the Department of Parliamentary Services. But the publication of senators’ proof transcripts of their speeches is a publication by the department to the senator for the purpose of allowing the senator to make corrections in the proof transcript. The publication of that by the senator to other people, beyond what is necessary for that process, is almost certainly not protected by parliamentary privilege. The publication of the final *Hansard*, including the electronic publication on the database, is. But there is a lack of protection for those proof transcripts that senators get for the purpose of correcting them.

**Senator MURRAY**—But that portal and those draft speeches are available for people other than the member or the senator affected, aren’t they?

**Mr Evans**—Yes, they are. In other words, they are published to other people.

**Senator MURRAY**—Surely, in law, that would make the department liable if it is not covered by privilege. You are doing the publishing.

**Mr Evans**—The argument would be whether the publication that has occurred is necessary for that process of allowing senators to correct their proof transcripts and necessary for other people involved with the proceedings to have access to those proof transcripts.

**Senator MURRAY**—I understand the practical need for it. I am really more concerned with the legal import of what has been said, because not only is it published but it is published widely. I am aware that uncorrected speeches are transmitted to journalists and others who want immediate access. I would think that it is a fairly wide publication.

**Mr Evans**—We are talking here about what used to be called the senators’ pinks.

**Senator MURRAY**—That is right.

**Mr Evans**—Yes. As I said, I think senators and other people in receipt of them have to be careful about publishing those uncorrected initial proofs because if it came to a court case about a particular publication we, the institution collectively, would be in the position of having to argue that the publication was necessary for the purpose of that process of correction or necessary for people involved in the proceedings to have access to them. We could not argue that widespread general publication of them was protected. You could not



argue that because there might be some tremendous mistake in the proof—a name substituted for another name. You could not really have those proofs, or pinks as they used to be called, given absolute protection for general publication. They have to fall short of that, but we have to be sure that the publication of them is no more than is necessary for the process.

**Senator MURRAY**—You are aware that many staff members access these for the senators and members and will often read and check for corrections themselves because their senators and members may be otherwise engaged or may have delegated that task to them.

**Mr Evans**—Yes, and I think that is fairly safe, because the staff members are acting as agents of the senator and advisers to the senator and that is a necessary part of checking those proofs. Staff members may need to have access to them for the purpose of performing their duties, so that is probably fairly safe.

**Senator MURRAY**—I am not sure it is. Regarding the staff member of the senator or member who might need to make a correction, I would agree with you. But of course these speeches are available for all staff members who can access the portal and for all members and senators. In other words, it is open for access by people who do not have a specific responsibility or delegated responsibility for the matter.

**Mr Evans**—We would have to check with DPS, but if we are talking about the pinks—the proof copy that senators get to correct—I am not sure that the publication of them is as general as you describe. Certainly, they get published beyond the individual senator, but, we hope, no more than is necessary for the internal processes of the institution.

**Senator MURRAY**—I raise this, Clerk, because I am fairly certain that most members and senators and their staff members are not alert to all the dangers or nuances of privilege and when it does or does not apply. I am just working on anecdotal experience—I do not know if the matter has been surveyed. With the increasing technology we have—the electronic availability, as opposed to the physical copy and all that sort of thing—I have wondered whether, at some time, the President's office or indeed the Senate itself might like to consider whether the Parliamentary Privileges Act needs to be adjusted for modern circumstances. As I understand it, that privileges act came in in the eighties, certainly before the modern technology and the greater distribution capacities that we now have. So my question is whether you share those concerns and whether there is any inclination to have a look at the privileges act with respect to insuring that protections, as originally envisaged, are maintained.

**Mr Evans**—As I said, as a matter of legislative policy, it would not be appropriate to give those proofs absolute privilege for general publication because there is too great a danger of some gross error being involved in them. You could put something in the act to protect the publication of them and to specify what range of publication is protected, but that would be a difficult exercise in legislative drafting.

**Senator BRANDIS**—Why, Mr Evans, would you have to do this when it is clear that the proof copies of *Hansard* are within the definitions of the official record?

**Mr Evans**—We are not talking about the proof copies or the printed copies.

**Senator BRANDIS**—I am sorry—the pinks or whatever you have described, the initial draft.

**Mr Evans**—What used to be called the pinks. But, as I said, you would not want to protect them for general publication.

**Senator BRANDIS**—Maybe, maybe not.

**Mr Evans**—The task would be to specify what areas of publication are protected. It could be done, but it would be—

**Senator BRANDIS**—There is only exposure, as you have said, in the case of error—isn't there?

**Mr Evans**—Basically, yes. You could give them absolute privilege for general publication and say that if there is a gross error of that sort—a name being mistaken or something—then you will redress that by the process of correction, but once the press has got hold of a senator's pink and reported that Mr John Jones is a well-known criminal when the senator actually said 'Mr Fred Smith' it is very difficult to apply a satisfactory redress. I just think it would not be appropriate to give those pinks absolute privilege for general publication.

**Senator MURRAY**—I am thinking about a 'Mr John Jones' kind of instance. A senator or member might have meant that Mr John Jones be named in the public interest and with the expectation of that being protected. The pinks then go out and on the basis of this broad approach might not be covered by privilege and then, later on, the speech itself becomes part of the official record and is protected by privilege. In both cases the names are constant because it was not an error or a mistake. The point surely is, therefore, that protection would need to apply in both instances because, if the publication, in a legal sense, from the pinks occurred before privilege was granted through the record, you have got a legal problem.

**Mr Evans**—As I said, under the current arrangements we have to make sure that the pinks do not go far and wide. You could legislate to give them protection, but I do not think that you would actually need to legislate. All you would need to do is have a resolution of both houses authorising the general publication of those particular documents. As I understand it, at the moment the resolutions of the two houses only authorise the publication of *Hansard* properly so-called, which goes up on the database and so on. So you could authorise the general publication of those pinks and give them absolute privilege, but I still think that it would be unwise and that it would give them a function that they were never meant to perform.

**Senator MURRAY**—Whether I am wise or not, the reality of the 24-hour cycle now means that it is likely to occur. Let me give you an example. A senator may deliver an adjournment speech, which on this basis might not be covered by privilege. That adjournment speech may be reported the next day in perhaps the electronic media or even the print media, based on the pinks. When would that speech get the protection of the official record—a day later or some days later?

**Mr Evans**—But if a journalist publishes it in a media story, the journalist is not relying on the publication of the pink; the journalist is relying on their report of it being a fair and accurate report of what was said in the course of the actual proceedings. So the journalist relies on the pink, I suppose, to remind them of what was said—as an aide-memoire to what

has actually occurred in the actual proceedings. In effect, everybody is relying on accurately reporting what actually occurred in the proceedings; they are not relying on the publication of the pinks as such.

**Senator BRANDIS**—They may have a copy of the senator's speech.

**Senator MURRAY**—But the journalist in Toowoomba reading that out on the ABC news would not have heard the speech, would not have been present in the parliament and might be operating entirely off the pinks.

**Mr Evans**—Yes, they might, but they have to hope that they are making a fair and accurate report of what actually occurred. Senator Brandis has raised another question: they might be relying on a copy of the senator's speech which the senator has provided to them. That raises difficulties in itself because senators have been known to put material in a speech, give it to people in advance and then not actually deliver the material in the speech.

**Senator BRANDIS**—Check against delivery.

**Mr Evans**—Yes. People who report the speech as given to them could be in trouble. So there is a range of documents in relation to which this problem arises.

**Senator MURRAY**—I think the issue of a senator's speech going out in advance of delivery is plainly outside the pale. You cannot try and capture that in privilege. The core of my concern is that it seems, from this advice and from your answers, that there is an unnecessary hiatus in privilege between the delivery of an intended item and it being part of the official record. We will use the name 'John Jones'—I hope there are no John Jones's out there. The senator may intend to name John Jones, and that may be reported in the pinks and the record may reflect 'John Jones', and yet, according to this, for the time that 'John Jones' is recorded on the pinks—if the reliance for publication is totally on the pinks—it may not be subject to privilege.

**Mr Evans**—If the press reports that 'Mr John Jones' was named as a notorious criminal and that is what actually happened in the proceedings then they are safe because they are making an accurate report of what actually occurred in the proceedings.

**Senator MURRAY**—By the way, I am less concerned with the journalists, who are protected by the almighty moguls, than I am about members, senators and their staff, who are entirely reliant on their own funds and their own family assets. They are the people who have to be protected by privilege.

**Mr Evans**—It may be that I am being very unfair to Hansard, because Hansard may now be able to say, 'Our pinks, or what used to be called the pinks, are now so accurate that we need not worry about giving their publication absolute privilege because the chance of error is not very great,' in which case you could certainly do that. But at the moment, people reporting the proceedings rely on reporting them accurately—what actually happened in the proceedings. If they rely totally on the pinks they may be led into trouble.

**Senator MURRAY**—That is another question.

**Mr Evans**—The difficulty would be not the publication of the pinks but the accuracy of their account of what occurred in the proceedings. If your staff member publishes a report that in the course of proceedings in the Senate you said that Mr John Jones is a notorious criminal,

and that is what you actually said, then they have nothing to worry about, whether or not they are relying on the pinks.

**Senator BRANDIS**—There seems to me to be something of a misconception underlying some of Senator Murray's questions. It is not the fact that something is published in *Hansard* that makes it absolutely privileged initially. Anything said in the course of parliamentary proceedings is absolutely privileged, and any accurate report, in any form, of what is actually said in the course of parliamentary proceedings is absolutely privileged, and then the official record is absolutely privileged. The only area of doubt would be if there were an informal report of what had actually been said which was in some respect discrepant from what had actually been said. Does that summarise it correctly?

**Mr Evans**—Yes, that is basically correct, except that a person making a selective report of what occurred in the proceedings has to rely on their report being fair and accurate.

**Senator BRANDIS**—Sure.

**Mr Evans**—Not only accurate.

**Senator BRANDIS**—But a senator could never get into trouble by, as it were, a slip of the tongue in the chamber because, even if it were a mistake, the fact that the statement was uttered in the course of parliamentary proceedings attracts absolute privilege.

**Mr Evans**—Yes. And a person making a fair and accurate report of that is protected, even though the statement made in the course of proceedings may have been mistaken.

**Senator BRANDIS**—That is right.

**Mr Evans**—And what we know as *Hansard* is absolutely protected in publishing that part of the speech or publishing the speech with that part in it.

**Senator BRANDIS**—Yes.

**Mr Evans**—So we are talking about a very narrow little area of the publication of these things that used to be called 'pinks'.

**Senator CHRIS EVANS**—I would like an understanding of how the select committee inquiries are budgeted for and funded. As I do not have the experience of some senators on the committee, I want to understand how you allocate funding for select committees, given that the nature of them and when they are called and those sorts of issues would be hard to predict. How do you fund the select committees? Is it out of the normal committee budget or is there a separate allocation?

**Mr Evans**—It is out of the normal committee budget. Some considerable number of years ago—more than a decade ago, I think—after we argued for some time with the then minister for finance about this problem of select committees being unpredictable, it was agreed that built into our budget would be, in effect, funding for, I think, four select committees for a year. The agreement then was that if there were further select committees we would not be seeking additional funds—in other words, we would have to manage within that—and we thought that that was sufficient for our purposes. In fact it has proved to be sufficient for the purpose. So if additional select committees are appointed they are simply funded from the existing budget.

**Senator CHRIS EVANS**—So you construct a budget for the committees for the year which anticipates the normal costs of the legislative and references committees and makes provision for four select committees for the year and the costs associated with maintaining them?

**Mr Evans**—Basically, that original agreement is built into the baseline of our budget. Our finance people would probably tell you that that occurred so long ago and that costs of committees have changed and the allocation of funds around the department have changed so much that we can no longer absolutely identify a certain amount of money which is for select committees. But, because it was built into the budget at that time and remains in the baseline as we go forward, the funding is there to cover select committees. If the Senate appointed 10 highly active select committees, we could be in trouble. But that has not happened in recent years.

**Senator CHRIS EVANS**—We have shown commendable restraint. Can you indicate for me your general method of working out what a committee costs when framing your budget for each year? What do you do? Do you add 10 per cent? Do you make allowances for experience and workload during the year? It is obviously a complex equation with all of those committees. I have been on the Senate Foreign Affairs, Defence and Trade References Committee inquiry into military justice, which has gone on for a long time and where we hired in some expert legal advice. It would have been more expensive, I suspect, than some of the other inquiries, which have been shorter and less expensive operations. How do you work all of that out?

**Mr Evans**—We do a budget for each committee and we try to project what each committee is going to cost. The committees themselves look at their budgets and they may say that they are about to do an inquiry and it is going to be fairly expensive because of the nature of the inquiry, and that is budgeted for. Other committees may have more modest inquiries that do not cost so much. It invariably happens that some committees embark on different inquiries and cost more than expected and some committees cost less than expected. We are simply able to manage that within the sum of money that we have. We can obviously move money from committee to committee and move money from anywhere to anywhere basically—

**Senator CHRIS EVANS**—But you have a global budget for the year for committees. Is that how it works?

**Mr Evans**—We have a global budget for the department. Except for administered items, where the money cannot be spent on anything else, basically we can move money around within the department.

**Senator CHRIS EVANS**—I am trying to understand this. Do you have a separate item or understanding inside the department of how much the committees' costs are going to be?

**Mr Evans**—Certainly, and that is reflected in our portfolio budget statement, which comes forward at the time of the budget. It shows how much is going into the committee office and how much is going into the Black Rod's office and so on. But we are able to make adjustments to meet the demands of committee work. Basically, the problem is not moving money about; it is finding people with the expertise to assist committees.

**Senator CHRIS EVANS**—So you have a line item in the budget each year which is for the committee office, which theoretically covers the costs of all committees, standing and select, and the staff costs, travel costs and all the other costs associated with the operation of those committees but you are telling me that on occasion you can move money in and out of that item, as it were, to meet extra demands on the Black Rod's office or other contingencies?

**Mr Evans**—Certainly.

**Senator CHRIS EVANS**—What has been the experience in general terms of the committee line item in recent years?

**Mr Evans**—It has been within budget, basically. In other words, we have not been moving money out of other offices into the committee office. But we do a fair bit of moving money around within the committee office. As I said, the problem of providing resources for committees is not money but people. Money is always a problem, but the more—

**Senator CHRIS EVANS**—Do you mean the recruitment of the appropriate staff is the difficulty you face?

**Mr Evans**—Exactly, and finding staff quickly and moving staff quickly in order to meet particular peak loads of committees.

**Senator CHRIS EVANS**—Has the casualisation effect that Senator Faulkner was referring to earlier been evident in the committees? Have you been doing more of bringing in specialist advice on contract?

**Mr Evans**—Some people are able to work on committee inquiries as and when they are needed, but it is not casualisation. Unfortunately, casualisation only succeeds with lower paid staff because, with higher paid staff, such as committee staff, basically you are paying for expertise. You have to find people with the expertise and you have to make positions ongoing—as they are now called—in order to retain expertise. You could not say that there has been casualisation of committee staff. Certainly there are some people we can draw on who are able to come in to the committee secretariats and help out temporarily with difficult or heavy workload inquiries.

**Senator CHRIS EVANS**—Can I get an indication of whether the committee budget for this financial year is currently running to expectations?

**Mr Evans**—Yes.

**Senator FIFIELD**—I have a quick question for the Black Rod. This follows a query from Senator Faulkner in relation to the activities of your office in clearing publications produced by senators. Can you give an estimate of how many hours a week the actual clearing would take—not by you alone but by you and your staff?

**Ms Griffiths**—It depends how many newsletters come in.

**Senator FIFIELD**—On average?

**Ms Griffiths**—It would take only five minutes to look quickly at the average newsletter. It would probably be less than an hour.

**Senator FIFIELD**—I know there are peaks and troughs, but over a typical month or a typical quarter would it be a couple of days a week?

**Ms Griffiths**—No. It would probably be an hour a week. We would spend no more than two hours on it, depending on how difficult they are.

**CHAIR**—There being no further questions, Mr Evans, we thank you very much for appearing before us this morning.

[10.12 a.m.]

### **Department of Parliamentary Services**

**The PRESIDENT**—Mr Chair, may I make a couple of comments regarding the current major works before we move into questions?

**CHAIR**—Please do.

**The PRESIDENT**—In regard to the current works around Parliament House, can I say publicly how much I realise there is disruption for people who work in and around the building. The department always endeavours to schedule works in the Parliamentary Zone outside of parliamentary sitting periods, but, as you can see, it is not always possible with the extensive works that are being carried out, such as the security enhancements around the building and the renovation of the health and recreation centre. It is unfortunate that it is not always possible to time these things to totally avoid parliamentary sittings. The Speaker and I very much appreciate the cooperation we have received from senators, members and all other occupants of Parliament House during the current works. I want to formally record that today.

I have to advise the committee that I have received very recent advice that the removal of the last white plastic barriers around the building which was scheduled for the end of March will not now occur until the end of May. The reason for that is that there is a delay in the shipment of certain materials from the United States. This equipment could have been air freighted but it would have cost about \$150,000, I think. We believed that additional expense was hard to justify. But I do make a commitment to the committee that the barriers will be removed from the front of Parliament House by the end of March; it is some of the other barriers in other parts of the building that may be affected by the delay in the material's arrival from the United States. I thank the committee for letting me put that on the record up front.

**Senator FAULKNER**—Following on from that statement, perhaps you, Mr President, or your officials could outline to the committee what equipment is coming from the US.

**The PRESIDENT**—It is to do with the retractable bollards that will be in front of Parliament House and also on the slip-roads at either side.

**Senator FAULKNER**—So you are saying that the actual bollards themselves are sourced in the US?

**The PRESIDENT**—They are, because the ones able to be sourced here were not up to the specifications that were needed. I understand that the ones that are coming from the United States exceed the specifications that are needed.

**Ms Penfold**—That is correct.

**Senator FAULKNER**—How many of these retractable bollards are there?

**Ms Penfold**—We might have to take the exact number on notice.

**Senator FAULKNER**—What is the cost of them?

**Ms Penfold**—It is \$2.264 million.

**Senator FAULKNER**—But we do not know how many we are getting for \$2.264 million?

**Ms Penfold**—I am sure we do know how many we are getting, but—

**Senator FAULKNER**—But you do not know the number for this committee?

**Ms Penfold**—I am not in a position to say. That is right.

**Senator FAULKNER**—None of the officials know and you do not know?

**Ms Penfold**—Not off the top of my head, no.

**Senator FAULKNER**—Are other bollards being put in place that are not retractable?

**Ms Penfold**—Yes, some of them are not retractable. I have a page here which describes lots of different sorts of bollards. We can table that rather than reading them out. Would it be of interest?

**Senator FAULKNER**—It does not sound like it, to be honest. It is 20 minutes past 10 on a Monday morning. A page of description of bollards is probably worth tabling at this stage. I was only asking about the number of the things. You have all the information in the world about bollards except how many we have.

**Ms Penfold**—There are 18 type A retractable bollards. There are 24 type B manual controlled and gas assisted retractable bollards. There are 14 oil rubbed retractable bollards. There are eight fixed bollards including footings. There are 70 fixed bollards of a different sort. Then there are another 86 oil rubbed fixed bollards for the forecourt.

**Senator FAULKNER**—That is a lot of bollards, isn't it?

**Ms Penfold**—It is. There are plenty of bollards for our buck, as it were.

**Senator FAULKNER**—And of those, 38 are retractable. Is that right?

**Ms Penfold**—I think there might be slightly more than that which are retractable.

**The PRESIDENT**—The bollards at the front of Parliament House obviously have to be retractable to allow for official functions and movement. For the information of the committee, the retractable bollards on the slip-roads on either side will not be activated until all senators and members have been contacted and spoken to about arrangements for accessing the Senate side and the House of Representatives side.

**Senator FAULKNER**—But it is the retractable bollards that are being sourced in the United States?

**The PRESIDENT**—Yes.

**Ms Penfold**—All of the bollards are being sourced in the United States—

**Senator FAULKNER**—All of them?

**Ms Penfold**—but some of them are retractable.

**Senator FAULKNER**—So we do not have non-retractable bollards in Australia?



**Ms Penfold**—They did not meet the specifications we were looking for. All of these bollards had to meet the same specifications in terms of what they would resist.

**Senator FAULKNER**—Fair enough. That was a struggle. What you are saying is the timing delay is a shipping issue. We could not justify—which is fair enough—the expenditure of \$150,000 to actually fly the things out.

**Ms Penfold**—I do not believe that would be justified.

**Senator FAULKNER**—Fair enough. So are they being shipped out?

**Ms Penfold**—Yes.

**Senator FAULKNER**—Just on this work that is going on around Parliament House at the moment, speed humps have been put in. Is that the correct terminology?

**Ms Penfold**—Yes.

**Mr Cossart**—Yes, they are speed humps. That is the common terminology.

**Senator FAULKNER**—Is there any security purpose for those speed humps at all?

**Mr Cossart**—No, they are not directly related to the security project. There were a number of issues regarding safety and also the reduction of speed down Parliament Drive.

**Senator FAULKNER**—So has speeding around the parliament been a problem?

**Mr Cossart**—That has been an issue for a number of years. But we are putting them in now mainly for safety reasons. Now we are putting the wall around the building areas, maintenance and gardeners will be restricted in how they go about getting up the grass ramps to do their jobs. By having the speed humps at the various corners—which is where their access will be—they will be able to safely cross the roads and go up the grass ramps.

**Senator FAULKNER**—So are there four speed humps or eight? How much did they cost?

**Ms Penfold**—There are two on each corner, so eight.

**Mr Cossart**—The cost was \$132,000.

**Senator FAULKNER**—For the eight?

**Ms Penfold**—For all eight; not each.

**Mr Cossart**—Yes, for all of them.

**Senator CHRIS EVANS**—Why are there two on each corner? I thought the drive was going to one way.

**Ms Penfold**—There is one on either side of each corner, which gives the maintenance vehicles places to cross from wherever they happen to be.

**Senator FAULKNER**—Is Parliament Drive going to be a one-way drive?

**Ms Penfold**—We are still looking at that proposal. We would certainly like to do that because it would make a whole lot of other elements of this security project much easier to implement. But we have not come up with a final proposal and we have not yet got approval for it.

**Senator FAULKNER**—Do the speed humps go right across Parliament Drive?

**Ms Penfold**—Yes.

**Senator FAULKNER**—I see.

**Senator FORSHAW**—At the moment with two-way traffic do they apply to cars going both ways?

**Ms Penfold**—Yes. If you were to drive right round Parliament Drive on one side of the road you would cross all eight of them.

**Senator FAULKNER**—That is right, because they go right across the road.

**Ms Penfold**—Yes, that is what I am saying.

**Senator FAULKNER**—They are before and after—

**Ms Penfold**—each corner.

**Senator FAULKNER**—They are on both sides of each corner, basically.

**Ms Penfold**—Yes.

**Senator FAULKNER**—Why is so much of the grass dead around there?

**Ms Penfold**—Because we have not been watering it.

**Senator FAULKNER**—Is that the only reason? There is a lot of other grass around Canberra that does not appear to be watered but it does not seem to have died off so quickly.

**Ms Penfold**—There is a combination of issues. We have not been watering it and it does not survive in the way that perhaps ordinary grass survives, not so much because of the nature of the grass but because of the surface it is laid on.

**Senator FAULKNER**—So do we have extraordinary grass?

**Ms Penfold**—No. What we have is grass laid on a very sandy surface, so it dries out quite quickly if we do not water it. You are quite right: it dries out much more quickly than the grass out on nature strips, median strips and so on, which does not get any more water, perhaps.

**Senator FAULKNER**—Will this grass have to be replaced?

**Ms Penfold**—It will in due course but in fact it was always going to be replaced when the drought broke, because it has a lot of problems at the moment. I am not much of a turf expert but I think summer grass gets into it. I am sorry, it is winter grass; summer grass is different.

**Senator FAULKNER**—Because it was going to be replaced, basically you have let it die?

**Ms Penfold**—Because it was going to be replaced we decided that that was one of the ways that we could find our water savings to comply with the ACT water savings targets, given that we need to keep the top grass green because of its role in protecting the waterproof membrane. The internal courtyards seemed, I suppose, more worthy of preservation, given that they were otherwise in a good state, whereas this external grass in any case needed to be replaced.

**Senator FAULKNER**—So is all the grass at Parliament House going to be replaced?

**Ms Penfold**—No, the grass around those two side areas that is dying off at the moment.

**Senator FAULKNER**—Only that grass? I am just trying to understand. You said that the grass that has died off has to be replaced, partly because it had died off, but it was going to go anyway. I was wondering whether the other grass was going to go anyway.

**Ms Penfold**—No, not to my knowledge. We are—

**Senator FAULKNER**—It is a different type of grass, is it, that has just been—

**Ms Penfold**—Yes. There are different types of grass all over this building and we are constantly experimenting more with other different types of grass that may provide better greenery for less water and less maintenance.

**Senator FAULKNER**—I think you have to identify that what has been done with the dead grass is an experimental failure, it would appear to me. It looks very dead.

**Ms Penfold**—It depends on what we were trying to achieve.

**Senator FAULKNER**—I do not know what you are trying to achieve.

**Ms Penfold**—We were trying to save water, and we have done that.

**Senator FAULKNER**—So when is the dead grass going to be replaced?

**Ms Penfold**—Not until the drought breaks in Canberra, to the point where we can again expect to be able to water it to adequate levels.

**Senator FAULKNER**—You are just going to have a covering of dead grass right around Parliament House until the drought breaks?

**Ms Penfold**—On either side of Parliament House. It is still green at the front and it is still green at the back. As I have said, the ramp parts of the grass that are part of the building roof are still green, because they are the ones getting the water.

**Senator FAULKNER**—I see. You have to water that grass for some other reason, have you—to keep some membrane intact?

**Ms Penfold**—There is a waterproof membrane underneath it which is part of the roof of the building. I understand—there are people who can give you more technical chapter and verse if you want it—that if that dries out it will presumably shrink and we will be at risk of the building leaking.

**Senator FAULKNER**—In a drought?

**Ms Penfold**—It rained quite heavily here just the other night; you probably were not here on whichever night it was.

**Senator FAULKNER**—No, I was pleased that I was not here that night.

**Ms Penfold**—From time to time it rains quite heavily, even during this drought.

**Senator FAULKNER**—So how many square metres of dead grass do we now have around Parliament House?

**Ms Penfold**—It is 3.2 hectares.

**Senator FAULKNER**—It is 3.2 hectares of dead grass. And how many hectares of live grass are there?

**Mr Smith**—The 3.2 hectares of dead grass represent about 20 per cent of the turf around the building.

**Senator FAULKNER**—If the drought does not break in Canberra are you going to kill off some more grass to save water?

**Mr Smith**—It depends on the ACT government's changes to the restrictions. Currently we are on level 3 restrictions in Canberra. The rainfall and water use patterns to date indicate that Canberra will get through with level 3 restrictions during this summer period. But if there is no winter rain it could move to level 4 restrictions next summer. If that were the case then we would have to make further cutbacks in our water use.

**Senator FAULKNER**—How do we describe the grass that covers some of the buildings here at Parliament House, the grass on the slopes?

**Mr Smith**—It is turf that is grown on the roof. It is grown on a sand layer which protects the waterproofing membrane. The reason we water it is, as the secretary said, to make sure that there is a grass cover so that we do not get erosion from wind and rain which would expose the membrane. If the membrane is exposed for any reason, there is a good chance that that membrane will deteriorate very rapidly—tear or get punctured. That would lead to water leaks inside the building.

**Senator FAULKNER**—So even in the most severe of drought conditions the grass on the roof of Parliament House would need to be kept pretty green.

**Mr Smith**—Certainly, under level 3 restrictions which we are currently under, yes. Under level 4 restrictions we would also maintain that. If we got to level 5 restrictions, which in Canberra would mean a total ban on water use outside the domestic house, we would have to reconsider what we did, but our efforts would be to maintain that at all times.

**Senator FAULKNER**—You are in charge of all the trees around the building, aren't you?

**Mr Smith**—Yes.

**Senator FAULKNER**—Were you in charge of the Christmas tree that was removed?

**Mr Smith**—No. That is one tree that I do not have responsibility for.

**Senator FAULKNER**—Right. So who does?

**Ms Penfold**—This department has never had responsibility for that Christmas tree. It was the NCA's Christmas tree.

**Senator FAULKNER**—How long has that Christmas tree been in front of Parliament House?

**Ms Penfold**—I do not know.

**Senator FAULKNER**—What role did your department have when the decision was made to remove it?

**Ms Penfold**—The sum total of our role was that when the NCA decided, as I understand it, that they could no longer afford to run the Christmas tree, as it were, they approached us and invited us to take the Christmas tree as a gift.

**Senator FAULKNER**—Just stop there for a moment. Who is 'us'?

**Ms Penfold**—DPS.

**Senator FAULKNER**—They gave you a Christmas gift of a Christmas tree.

**Ms Penfold**—They offered us a Christmas gift of a Christmas tree.

**Senator FAULKNER**—That was very nice of them.

**Ms Penfold**—It was very nice of them, but they did admit that putting up the Christmas tree and taking down the Christmas tree—and I do not know if they even assessed the storage costs—would cost us about \$50,000 a year.

**CHAIR**—I have a question on water conservation as well.

**Senator FAULKNER**—I do not think this tree required much water. So you deal with that and we will come back to the Christmas tree.

**CHAIR**—All right, just quickly. I have noticed recently, disconcertingly so, that when I have a shower in my office there is not a lot of water coming out of the shower and I have to run around trying to get wet. Mr Smith, is that because of water conservation?

**Senator CHRIS EVANS**—Most senators have a larger frame than you. That is what the problem is. You should put on weight like the rest us.

**CHAIR**—I do not know what the problem is.

**Mr Smith**—As we have done maintenance in the suites we have been replacing some of the shower heads with AAA rated shower heads.

**CHAIR**—What does that mean?

**Mr Smith**—AAA is a water efficiency rating. It means that the shower uses about six litres of water per minute rather than 12 litres of water per minute.

**Senator FIFIELD**—It means your shower takes twice as long, so the same amount of water is used.

**CHAIR**—I cannot be seen to be complaining, Mr Smith, so I will move on.

**Senator FAULKNER**—That was a very interesting diversion into some of your personal habits, but I will get back to the more important issue of the missing Christmas tree. So you were offered this Christmas tree by the NCA.

**Ms Penfold**—Yes.

**Senator FAULKNER**—The offer went to the Department of Parliamentary Services.

**Ms Penfold**—Yes.

**Senator FAULKNER**—You do not know how long the Christmas tree has been in front of Parliament House, but it is many years, isn't it?

**Ms Penfold**—Quite probably. I am usually so frantic at Christmas that I do not have time to contemplate it. Since 1997, I am told.

**Senator FAULKNER**—So what happened then?

**Ms Penfold**—I said no, thank you.

**Senator FAULKNER**—Who was consulted? Did you consult anyone or did you just make a unilateral decision to say no? It seems to have upset people like Mrs Bronwyn Bishop, for example. She is outraged. She said:

This was an iconic symbol and I am outraged it has been taken away—  
to quote her directly.

**Ms Penfold**—My recollection is that this was a decision that I felt able to make entirely unilaterally.

**Senator FAULKNER**—Senator Lightfoot said, ‘The tree was becoming a tradition and I will give whatever support I can to having it restored next year.’ He said he was very sorry and upset that someone somewhere had taken that decision. At least we have been able to identify who that someone somewhere was.

**Ms Penfold**—In fairness, the tree could have been offered to just about anyone. Anyone could have accepted the \$50,000 a year liability, but certainly I do not resile from the fact that I rejected the offer.

**Senator FAULKNER**—Where had the tree been placed since 1997?

**Ms Penfold**—On Federation Mall. Federation Mall is not part of my responsibility.

**The PRESIDENT**—I think this is a matter for the NCA rather than this parliament, because they are responsible.

**Senator FAULKNER**—It is partly a matter for the NCA and I am just trying to establish who is responsible. I was going to ask the Department of Prime Minister and Cabinet—and if we have enough time I probably will ask them about it, too—but now we know that the offer was made to DPS and it was rejected. Were you consulted, Mr President?

**The PRESIDENT**—No.

**Senator FAULKNER**—So you do not know anything about it.

**The PRESIDENT**—Only what I read in the papers.

**Senator FAULKNER**—So you would have read the concerns of all your colleagues—

**The PRESIDENT**—But once again I repeat: it is a matter for the NCA. It was not a matter for the parliament—

**Senator FAULKNER**—That is not right—it was offered.

**The PRESIDENT**—although it was offered to DPS and the secretary took the appropriate action.

**Senator FAULKNER**—Did you know it was offered?

**The PRESIDENT**—No, I did not.

**Senator FAULKNER**—No! There are quite a number of things you do not seem to know.

**The PRESIDENT**—I do know that I have complete faith in the secretary of the department in handling the day-to-day running of this place.

**Senator FAULKNER**—I am not suggesting that you do not, but you did not know about it. You were not briefed on it. Anyway, I have nothing more to ask about the Christmas tree.

**CHAIR**—So there are no further questions on the Christmas tree.

**Senator FORSHAW**—Can I ask a couple of questions in regard to the works going on outside around the building and the increased security and so on. It has been something that has concerned me for a while, and maybe I should have raised it earlier—and it may have been raised earlier in other hearings. We have security personnel stationed outside the building. I assume that is for 24 hours a day, is it?

**Ms Penfold**—Yes.

**Senator FORSHAW**—We also have the Comcar drivers, either in their cars or occasionally they will be standing outside if they are just parked outside the building waiting. What shelter do they have in the event of inclement weather or very hot weather in summer? You see them standing out there in the hot sun, struggling to get under a tree to keep cool. Late at night, particularly in winter months, I have seen security guards standing outside on the footpath. I think to myself as I am driven past, ‘I would hate to be standing out there in the freezing cold.’ Is there anything available for them?

**Ms Penfold**—There are no particular roofed shelters that I am aware of that they use. They do have a range of appropriate protective clothing.

**Senator FORSHAW**—That is right.

**Ms Penfold**—My understanding is that—and I have come to this understanding because I asked a very similar question myself not so long ago when it was going to be 37 degrees one day—especially the ones who stand around do quite short stints outside and then they are relieved. They chop and change, so they might be outside for half an hour at a time, but they certainly would not be—

**Senator FORSHAW**—Are you talking about security personnel?

**Ms Penfold**—Yes: the AFP personnel, who are the ones stationed outside the building.

**Senator FORSHAW**—Has this been raised in the past with the department or with you, Mr President, as an issue of workplace health and safety?

**Ms Penfold**—It has come up in the course of dealings with the police union and, in particular, I think the AFP have also had issues like that. Given that the AFP people are, in effect, a contracted-out service, those sorts of industrial matters tend not to come to us.

**Senator FORSHAW**—It may or may not be a suitable suggestion, but has it ever been considered that security personnel be given some sort of ‘observation post’. You know what I mean—you see these posts outside embassy buildings, where the security personnel have access to cameras and have visibility from all four sides. Has that ever been contemplated in these new security arrangements?

**Ms Penfold**—I am not aware that it has been seen as a significant problem. From the other perspective, there is a view that it is useful for these people to be visible and to be moving around, not to be hidden away in a guard box.

**Senator FORSHAW**—I am not suggesting that they be hidden away. I am not saying that this should be done. I am just thinking about what exists in other precincts or buildings.

**Ms Penfold**—It is certainly something we can take on board.

**Senator FORSHAW**—It just seems to me that we are spending a lot of money on putting a wall around this building, but we still have security people who are there for a specific purpose standing around in some pretty difficult weather at times.

**Ms Penfold**—I have just been told, incidentally, that at some point last year, or the year before, it snowed. At that stage apparently we did open the little guard boxes on the four corners of Parliament Drive. As I said, in general, there is an interest in having those people moving.

**Senator FAULKNER**—They are praying for snow! As you know, this was discussed at some length at one of our previous estimates hearings. We were dealing with the *Hansards* under the Department of the Senate, and the President indicated that he would prefer us to deal it under the Department of Parliamentary Services. Who made the decision to cease the publication of the proof daily *Hansards*? I gather it was your decision, Mr President?

**The PRESIDENT**—Yes. In December last year the Presiding Officers agreed that the printing of the daily *Hansards* should cease, except for a small number of copies, and that recipients of the copies would be advised that proof *Hansards* could easily be printed off on demand from the electronic version.

**Senator FAULKNER**—That decision was made in December last year. When were members and senators informed of that?

**The PRESIDENT**—I understand that, unfortunately, it was not until about February this year. It was not our intention for that to happen, it just did.

**Senator FAULKNER**—Why did that happen?

**Ms Penfold**—I have to take responsibility for that. We did not do well in communicating what was going to happen. All I can say is that we stuffed it up.

**Senator FAULKNER**—So the decision was made in December last year, and there was a stuff-up and no-one was told until February this year. Who was consulted?

**Ms Penfold**—There was no consultation outside the department.

**Senator FAULKNER**—Who was consulted inside the department?

**Ms Penfold**—Inside the department?

**Senator FAULKNER**—You said there was no consultation outside the department, the department here being the Department of Parliamentary Services.

**Ms Penfold**—That is right.

**Senator FAULKNER**—Who was consulted inside the department?

**Ms Penfold**—Inside the department the work was done by the Client Support, Broadcasting and Hansard Group and me.

**Senator FAULKNER**—Effectively, then, no-one was consulted. Is that fair?

**Ms Penfold**—That is a fair way of putting it.

**Senator FAULKNER**—So no-one was consulted. I might come as a shock to some people, but this is one thing that I do think has an impact on the capacity of members and



senators to undertake their parliamentary duties and responsibilities in the chamber. I do not know about others sitting around this table, but I regularly use the proof daily *Hansards* in the chamber—not as regularly since Senator Evans has become Leader of the Opposition in the Senate. I would say that I use them on a daily basis in the chamber. Did anyone think of that?

**Ms Penfold**—We believed that the people who did use them on a daily basis would be able to print them readily—and we did not put up this proposal until we had sorted out the technical side of it so that they could be printed very easily from the Senators' and Members' Services Portal—and those who did not regularly use them would not miss the regular delivery of large chunks of paper which we later in the week or the month had to remove from the building.

**Senator FAULKNER**—This is a classic case where lack of consultation has an impact. When you are on your feet or about to get to your feet in the chamber, the capacity for you to use the members and senators portal—is that what you said it is; whatever that is?

**Ms Penfold**—It is the Senators' and Members' Services Portal.

**Senator FAULKNER**—What hope in Hades have you got of using that when you are about to get to your feet in the chamber? Zero.

**Ms Penfold**—I would have thought that you would have an opportunity to get that printed routinely at the beginning of the day if you are one of the people you regularly uses it, rather than waiting until—

**Senator FAULKNER**—So the idea was that people who use the daily proof *Hansards* would run it off on their own computers at the beginning of the day?

**Ms Penfold**—That is right.

**Senator FORSHAW**—You would use twice as much paper, would you not, per issue?

**Ms Penfold**—Not necessarily.

**Senator FORSHAW**—Well, it is not double sided, for a start.

**Ms Penfold**—I understand you all have double-sided capacity—printers that print double sided. We are looking at making duplex printing the default.

**Senator FORSHAW**—We had a day last week where we could not print anything in this place.

**Ms Penfold**—I would be happy to investigate that.

**Senator FAULKNER**—I think it is fair to say, is it not, that this is basically a complete foul-up?

**Ms Penfold**—I would agree with you that we have not covered ourselves in glory in terms of how we have implemented it.

**Senator FAULKNER**—Mr President, how did you let that one happen?

**The PRESIDENT**—We originally decided that 10 or a dozen proof copies in the chamber would cover the needs of those people who, like you, wanted to have a proof *Hansard* when they are on their feet and those people who wanted to consult the *Hansard* could print it off. The savings identified were quite significant. For instance, how often do you consult your

weekly *Hansard*? Just by omitting the weekly *Hansard*—the cardboard copy one—it was going to save us something like half a million dollars.

**Senator FAULKNER**—We are not talking about the weekly *Hansard*; we are talking about the daily proof *Hansard*. We have not got to the weekly *Hansard* yet.

**Ms Penfold**—The proof savings was about a quarter of a million dollars.

**Senator FAULKNER**—Do you feel embarrassed, Mr President, that no members or senators were consulted about this decision that was made in December and not announced until February?

**The PRESIDENT**—The understanding that we had last year was that a letter was going out to all members and senators letting them know what had happened and then we would have assessed the feedback. Of course, we are getting some feedback—

**Senator FAULKNER**—Would it not have been better to have checked the feedback before it happened and actually consulted a few people around the traps?

**The PRESIDENT**—I thought the advice that we got was quite good. As I said, three quarters of a million dollars in savings for what effectively become doorstops in most cases was, I thought, a good move. But, on reflection, I think we have to revisit the situation of the proof daily *Hansards*. We are going to consult with members and senators to find out who wants to opt in and receive them. I still believe that probably only half will require them. If that is the case, we will still make some good savings.

**Senator FORSHAW**—Is that a guess or did you actually have some basis for saying that ‘only half’ of the senators might require them?

**The PRESIDENT**—That is just a feeling I have had—

**Senator FAULKNER**—That is a guess, because no-one has been consulted.

**The PRESIDENT**—They will be and they are going to be. If the letter had gone out in December last year, like the Speaker and I thought, we would have been able to react to this matter sooner.

**Senator FAULKNER**—Why did it not go out?

**The PRESIDENT**—I think the secretary has already explained that.

**Senator FAULKNER**—Did you know it had not gone out?

**The PRESIDENT**—No, I did not.

**Senator FAULKNER**—There are a lot of things you do not seem to know about that are happening around the place. Did you get much of a reaction from people after they did find out that the daily proof *Hansards* would no longer be available?

**The PRESIDENT**—I have had two or three inquiries at my office so far.

**Ms Penfold**—We had a couple of requests, mainly from staff in the House of Representatives, to restore them.

**Senator FORSHAW**—You said that \$250,000 is the saving for the daily proof *Hansard*. Is that a net saving or was that just the saving as a result of not printing them?

**Ms Penfold**—I am not quite sure what you mean by ‘net saving’.

**Senator FORSHAW**—I mean: did you factor in the cost involved in senators’ offices having to print them off?

**Ms Penfold**—We recognised that there would be a small amount of cost transfer.

**Senator FORSHAW**—I do not know what it would cost to have them printed off in the office. We print a lot of stuff off on paper in our office, and I think all senators would. We print a lot of material off in our offices anyway, and to print another 150 pages—or whatever it is—of the *Hansard* each day is another cost. You said you save \$250,000, but did you actually work out what the alternative cost would be if every senator’s office printed them?

**Ms Penfold**—We did not work out what the alternative cost would be, and, as I said, we knew that there would be a certain amount of cost shifting. I imagine that what you said is right: if every senator had printed every proof *Hansard*, then almost certainly the total cost would have been higher. But we did not expect that there would be anything like all proof *Hansards* being printed by all senators and members. When the letter was delivered around the parliament we actually got quite positive reactions from some senators and members. It seems that there are some people who are happy to use the electronic version and only print what they need.

**Senator FAULKNER**—Did you say the Parliamentary Library would get one copy of the proof *Hansard*?

**Ms Penfold**—Yes, they will be getting one copy.

**Senator FAULKNER**—Is that enough?

**Ms Penfold**—That is enough for their archives.

**Senator FAULKNER**—It is just for archiving? People are not expected to fight over it?

**Ms Penfold**—People in the library?

**Senator FAULKNER**—Yes.

**Ms Penfold**—People in the library also have electronic access.

**Senator FAULKNER**—I know.

**Ms Penfold**—No, I did not expect people in the library to be fighting over it. I expected that they would print out the bits they needed when they needed them.

**Senator FAULKNER**—Was there any consultation with the library about that?

**Ms Penfold**—No.

**Senator KNOWLES**—Can I just ask you about the status of the nurses station. It has concerned me over the years that this issue has waxed and waned. People have wanted to give the nurses station the chop altogether, cut their hours down or cut the facilities they offer. While I will be riding off into the sunset soon, I think it would be a great shame if the nurses station and the services that they offer are diminished in any way, shape or form. Are you able to inform the committee as to the actual status of and the plans for the nurses station in the future?

**The PRESIDENT**—I do not have any plans for the nurses station, but I do know that there has not been a lot of use of the nurses station. I have no plans—and neither does the department, I think—to diminish the services. If you recall, we went through a major review of the nurses station last year at the request of Joint House.

**Senator KNOWLES**—I was not on the Joint House Committee.

**The PRESIDENT**—Concerns were raised at Joint House and we looked at the situation to provide the best service we could with what was available. There were some efficiencies that could be made in that area and I think they were made. We looked at providing the best possible service to not only senators and members but also people within the building and visitors to the building. We thought we had it pretty right. If you have some concerns about it, I would be more than happy to hear them.

**Senator KNOWLES**—Are the preventative health measures—cholesterol and triglycerides testing—still being undertaken at the nurses station on a routine basis?

**The PRESIDENT**—I am not aware of any changes to those procedures.

**Senator KNOWLES**—Does anyone know?

**The PRESIDENT**—I know that in the manual some changes were made as far as giving inoculations and things like that are concerned, but I am not sure about cholesterol testing.

**Ms Penfold**—A range of changes were made in, I think, October 2003, after fairly broad consultation within the parliament, which limited what the nurses centre staff could do in a range of ways, consistent with a report from Health Services Australia. I do not have the material in front of me, but my feeling is that things like cholesterol testing and so on had to be done and reported back to the patient's doctor, and that the nurses centre staff were not running those sorts of things on a regular basis. From time to time, they do run preventative medicine programs like the flu immunisation program.

**Senator KNOWLES**—But the preventative health measures were conducted at any time. I think senators and members could go there at any time and staff could make an appointment and pay a nominal fee. What concerns me is that a number of those issues are being raised by people. I have not actually tested it myself to see whether the system is still in operation, but it concerns me that the nurses were brought in particularly to service people in this building who work excessively long hours and quite often, at certain times, cannot get access to their own practitioners. It was done under strict protocols. It was not just, 'Pop in here for a cholesterol test after your meat pie at Aussies'; it was, 'Make sure you've fasted and done all the right things.' A lot of people found it particularly beneficial. I just do not know whether all of those procedures are still being undertaken. If they are not, why not? In a building this size, which is the size of a small town, we should be doing everything that we possibly can for our staff—not just our staff but the staff in the building—as well as for the senators and members.

**The PRESIDENT**—I received a letter from Senator Watson late last year, and we made some inquiries about certain areas of preventative medicine, such as testing for cholesterol and triglycerides, and we were told that the nurses station can only do that on request from the person's GP.

**Senator KNOWLES**—If that is the case, what has changed, because that was never the case?

**The PRESIDENT**—What has changed is that the nurses station now has to adhere to the whatever it is called.

**Ms Penfold**—There was a review, as I understand it, in 2003 which finished up with a new set of guidelines for what the nurses centre could and could not do. Nothing has changed since then.

**Senator KNOWLES**—That is what I am asking: what has changed and what is the status now? If those sorts of preventative health measures are not being undertaken, I would like to know why. It cost a minimal amount. There was a machine there that was calibrated on a regular basis. It was not some mickey mouse machine that you would just go down and buy at Coles; it was a calibrated machine. It was reliable and it took all of probably 20 minutes in total. If we are not looking after the occupants of this building in total and not just senators and members, we are living in the Dark Ages rather than this century.

**Ms Penfold**—I would be happy to dig out all of the papers from the 2003 review and get them to you to explain where we are up to at the moment.

**The PRESIDENT**—As I said earlier, the major problem was that, when we did this review, Health Services Australia indicated that there were procedures and practices being carried out that the parliament did not have the wherewithal to be doing. That was the problem.

**Senator KNOWLES**—But I do not understand that. They had the wherewithal to do it before. And, quite frankly and to put it pretty bluntly, who in the world is Health Services Australia to decide what a building of this size, with the number of occupants it has, really needs and should have? When there was talk of staff not being able to access it, as you know, I looped the loop a few times on that issue. Our staff have difficulty accessing their medical practitioners for quite often weeks at a time, so to go and talk to someone in the nurses station is quite helpful.

**The PRESIDENT**—One of the results of that review was a relationship between a GP in the Canberra area and the nurses station for referral purposes. There again, I still think there was a matter of liability involved. But I am sure that the secretary can get all of the information and reply to you on a more detailed basis. We have been down this track once before with Senator Watson.

**Senator KNOWLES**—One of the proposals was to have a referral written to a GP in town, but you can whistle Dixie if you think you are going to get in to see a GP in Canberra on a day's notice.

**The PRESIDENT**—I think that arrangement does exist.

**Ms Penfold**—I think there is an arrangement with a GP in Manuka.

**Senator KNOWLES**—I would love to see it work. People just cannot get in to see doctors here. That is part of the problem. They say they cannot get in to see a doctor without a three- or four-day wait. In that time they might have flown from here to Timbuktu and back again. They just cannot get access. I would be interested to know because I really do think this is a

very serious issue for the occupants of this building. You cannot have the parliament continually diminishing the facilities that are offered, particularly in preventative health care, in this day and age. Everyone is saying that you have to look after your health and do things better, and we are taking away facilities. I just do not think that is wise. But I am open to being convinced that those services have not been taken away.

**The PRESIDENT**—We are also ensuring that the facilities available in the gymnasium and pool area are okay. That is also an important part of preventative medicine.

**Senator KNOWLES**—Without wishing to track over that little issue, I am astounded that the gymnasium is still not completed at the end of a long parliamentary recess.

**Ms Penfold**—That is a major project.

**Senator KNOWLES**—I have no doubt that it is a major project. There was an original design fault. But to think that that, along with all of the work outside, still has not been finished—

**CHAIR**—Senator Knowles, we are going to traverse the gymnasium issue a little later on.

**Senator KNOWLES**—Are you?

**CHAIR**—Absolutely. I am a user of the gymnasium. We will hit that after the morning tea break.

**Senator KNOWLES**—Can someone come back to me on the nurses station?

**Ms Penfold**—Yes.

**CHAIR**—Thank you.

#### **Proceedings suspended from 11.04 a.m. to 11.24 a.m.**

**CHAIR**—I call the committee to order. The committee was examining the Department of Parliamentary Services. We will continue with general questions. Senator Faulkner has just reminded me about the gymnasium. When is that work due to be completed, Mr President?

**The PRESIDENT**—My information is that it could, unfortunately, move now to late July or August because of the uncovering of a latent condition in the change rooms, which I am sure the Secretary can inform you about. I think the steel framing is starting to rust.

**CHAIR**—Ms Penfold, you did say to Senator Knowles that there were some major works. Why is that?

**Ms Penfold**—I may bring in the experts on this matter, too, in due course, but the main job involves stripping down the swimming pool and retiling it. That developed partly, at least, because we found evidence of what I believe is called ‘concrete cancer’, which is rusting in the concrete. In order to, on one hand sort out how far that had gone and, on the other hand, fix whatever we could, we had to pull all the tiles off the swimming pool, replace the waterproof membrane and then retiling. In conjunction with that, we have taken the opportunity to do a whole lot of other, more minor, refurbishment and renovation work.

**CHAIR**—What is that? Mr President said yesterday that the works could be finished by August. When did they commence, Ms Penfold?

**Ms Penfold**—They commenced in December.

**CHAIR**—That is eight months—over nine months.

**Ms Penfold**—All up, yes.

**CHAIR**—Yes. It is a long time for us gym users.

**Ms Penfold**—Lucky you, Senator. I appreciate that.

**CHAIR**—It is only a gym; we are not building the Taj Mahal.

**Ms Penfold**—It is not only a gym; it is a swimming pool. The swimming pool is a large part of the work. I will go through the list of what we are doing: replacing the waterproof membrane, as I have explained; upgrading the pool lighting system; replacing all the tiles to the swimming pool and all the floor tiles in the centre; replacing the spa and upgrading the associated equipment there; upgrading the swimming pool balancing tank and some associated hydraulic pipework; upgrading the air flows to the squash courts; upgrading the disabled access to the swimming pool and spa; upgrading the change rooms, including the disabled change room; creating tearoom facilities for recreation centre staff; upgrading the manager's office space and reception area; upgrading the gym equipment storage space, and some repairs and refurbishment on external doors and windows.

**CHAIR**—Before all those works were carried out, were there complaints by gym users that the gym was inadequate? Because I never heard that, Ms Penfold—

**Ms Penfold**—No, I do not believe that the project is to do with complaints that the gym was inadequate. The project is to do with fixing problems in the building fabric and particular bits of the building. The big problems needed to be addressed before they got worse, to the point where we might have had to simply demolish the swimming pool and start again.

**CHAIR**—The swimming pool was the catalyst, was it?

**Ms Penfold**—The swimming pool was the catalyst, as I understand it. It was just a matter of taking the opportunity to do a number of these other things all in one go. You can understand why we might do all of it in one period of eight months, rather than closing the pool for two or three months a year. There are also the OH&S aspects that I mentioned. My understanding is that, in terms of OH&S standards, once we were doing a major refurbishment upgrade we were obliged to bring the facility into compliance with current OH&S standards—things such as tiles that do not meet the current non-slip requirements and so on. So, once we started, there were a lot of things we had to do.

**CHAIR**—They had to comply with those requirements?

**Ms Penfold**—Yes.

**CHAIR**—I only mention it, because there is a bit of talk that it has taken so long and people think as it is just a gym, it cannot take that long. But now I am better acquainted with that. I knew the swimming pool was the primary issue, but obviously there are several others.

**The PRESIDENT**—When the former Speaker and I were originally approached by the department I took the same view as the one I took when I was told about the cost of the scoria at the forecourt. But, as in the case of the scoria, I found when we had a look at it we could see that the work had to be done. Unfortunately, some of the work in this place has not lasted as long as it should have. This has been found on investigation of the framework in the

change rooms. If it is not done now, we will have the same problem that would have happened out the front of the building: it would cost us many hundreds of thousands dollars more. I agree that it is most inconvenient for members and senators and patrons of the gymnasium and the swimming pool. We hope that all this can be completed as soon as possible.

**CHAIR**—Ms Penfold, as you conceded, because there appeared to gym users to be no problems—to be quite frank, that is how it appeared—most people are not aware of those difficulties and the fact that they had to be fixed or would get worse.

**Ms Penfold**—My staff probably will not thank me for this but it would probably be possible to organise a quick tour of the works if there are people who are particularly keen to see the magnitude of it. Is that likely to be of interest?

**CHAIR**—I would be delighted. We can do it as a committee. I know Senator Faulkner would love to come.

**Senator FAULKNER**—It would be a first.

**CHAIR**—We might organise that. I would certainly attend, either in an informal capacity or a formal one. Thank you.

**Senator FAULKNER**—I want to ask some questions about the Parliamentary Library. Are they best dealt with under general questions? I am happy with whatever Ms Penfold would prefer. Would you like to deal with them as general questions?

**CHAIR**—Yes.

**Senator FAULKNER**—It could be anything I said, couldn't it?

**CHAIR**—I was listening, Senator!

**The PRESIDENT**—We are very agreeable.

**Senator FAULKNER**—Where is the appointment of the Parliamentary Librarian up to, please?

**Ms Penfold**—The appointment is awaiting the bill.

**Senator FAULKNER**—Really?

**The PRESIDENT**—Yes. We tried to get the bill introduced before Christmas and the managers of government business could not accommodate that. We are hopeful that we will have that introduced in the next sitting fortnight. If we can get the agreement—and I am pretty sure we can—we will bring it in as a non-controversial Thursday bill.

**Senator FAULKNER**—Has any pre-planning been done for the establishment of an appointment committee or anything like that? Or can't that be done until the bill is passed?

**Ms Penfold**—There has been some thought given to who would be on that committee. The President might want to talk about that. Obviously, I have been doing some work on things like remuneration and the other bits and pieces that would be needed for an appointment process.

**Senator FAULKNER**—So can you help us out with the appointment committee, Mr President?



**The PRESIDENT**—I am just trying to get my advisor to remind me of the decision we made, because it was before Christmas, if you recall. There were two members of the library committee.

**Ms Penfold**—The non-parliamentarians, I believe, were going to be me, the Deputy Public Service Commissioner and the Director of the National Library. Then there was some political representation. But I cannot remember the details of where that was going to come from.

**The PRESIDENT**—We will give you an update very shortly. The members of the Library Committee were Mr Adams, Senator Tierney, the Secretary of DPS, the National Librarian and Ms Lynne Tacy of the Public Service Commission. Nothing has changed. As you will recall, the other matter, the introduction of the amendments to the Parliamentary Services Act, will include a reference to the Security Management Board and that is still entrenched. The position of the Security Management Board within the parliament, as you will recall, was the wish of the Appropriations and Staffing Committee. So we will have the statutory position of Parliamentary Librarian and the entrenchment of the Security Management Board—and, as I have said, we hope to have that introduced into the Senate in March, the next sitting period.

**Senator FAULKNER**—Who is going to chair the appointment committee?

**The PRESIDENT**—I presume that the secretary would.

**Ms Penfold**—I do not know if I was going to.

**The PRESIDENT**—I am sorry; it was Ms Tacy.

**Senator FAULKNER**—How long is it now since we have had a Parliamentary Librarian? It is well in excess of a decade.

**The PRESIDENT**—Yes, I would think so.

**Senator FAULKNER**—I know so. I wonder whether anyone could be precise.

**The PRESIDENT**—1990.

**Senator FAULKNER**—Fifteen years.

**The PRESIDENT**—Fifteen years, yes. We have had a few acting ones.

**Senator FAULKNER**—Who is the Acting Parliamentary Librarian now?

**Ms Penfold**—There is no Acting Parliamentary Librarian at the moment because there is no position of Parliamentary Librarian.

**Senator FAULKNER**—Why is there no position of Parliamentary Librarian?

**Ms Penfold**—Because the position that used to exist, the most recent position of Parliamentary Librarian, was the head of the Department of the Parliamentary Library, which no longer exists.

**The PRESIDENT**—The position was abolished in 1999.

**Ms Penfold**—That position was abolished in 1999, but then there was the head of the Department of the Parliamentary Library under the Parliamentary Services Act.

**Senator FAULKNER**—Effectively it became an Acting Parliamentary Librarian; isn't that right?

**Ms Penfold**—There was a person acting in the position of Secretary of the Department of the Parliamentary Library, yes.

**Senator FAULKNER**—Yes, sorry; acting in that position.

**Ms Penfold**—Yes, but that position had disappeared.

**Senator FAULKNER**—That was Mr Templeton.

**Ms Penfold**—Yes.

**Senator FAULKNER**—Who was head of DPRS and Acting Head of the Department of the Parliamentary Library—

**Ms Penfold**—Yes.

**Senator FAULKNER**—for, again, a significant number of years—eight or nine, I think from memory.

**Ms Penfold**—I believe so.

**Senator FAULKNER**—Who is running the Parliamentary Library?

**Ms Penfold**—What was the Department of the Parliamentary Library consisted of two what we call ‘groups’—I suppose ‘branches’ in an old-fashioned public service department. One of those groups is headed by an assistant secretary and the other one—which is a rather smaller group since the corporate services part of it moved into our centralised corporate services group—is headed by a person acting as an assistant secretary.

**Senator FAULKNER**—So there is not a person running the Parliamentary Library?

**Ms Penfold**—No.

**Senator FAULKNER**—That has been the situation for how long?

**Ms Penfold**—Since the Department of Parliamentary Services was created on 1 February last year; those two groups became part of a larger department.

**Senator FAULKNER**—Then who is the advocate for the interests of the Parliamentary Library?

**Ms Penfold**—In what context?

**Senator FAULKNER**—In terms of the affairs of your Department of Parliamentary Services.

**Ms Penfold**—Within the Department of Parliamentary Services, the assistant secretary and the acting assistant secretary act as the advocates of the interests of the Library.

**Senator FAULKNER**—Who are those people.

**Ms Penfold**—The assistant secretary is Dr June Verrier and the acting assistant secretary is Ms Roslynn Membrey.

**Senator FAULKNER**—They are long-term members of the library staff, aren’t they?

**Ms Penfold**—They are.

**Senator FAULKNER**—How long has that situation been in existence?

**Ms Penfold**—Since the department was created, so a year and two weeks.

**Senator FAULKNER**—What has happened with Mr Podger's recommendations about the Parliamentary Library?

**Ms Penfold**—Mr Podger's recommendations, and indeed those recommendations as glossed by the two houses, will be implemented by the amendments to the Parliamentary Service Act that the President has just mentioned. The bill was introduced in June last year and, we hope, will be introduced again soon.

**Senator FAULKNER**—Is it right to say, then, Mr President, that the amalgamation of the departments has gone ahead but the recommendations that Mr Podger made in relation to the Parliamentary Library have not been acted upon?

**The PRESIDENT**—They have not been acted upon for all sorts of reasons—the main reason being that we have had an election, as you would realise, and unfortunately we could not get the proposed legislation into the parliament last year. It is the Speaker's and my intention that at the first opportunity we will appoint a professional head to the library. We have got everything set up. The bill has been drafted. As I said, in the next sitting period we would hope that the matter would be attended to. In the meantime, I have to say that the professional advice of the library has been, as always, very efficient and very, very good. It is a credit to their professionalism that the services are still being provided in such an efficient manner.

**Senator FAULKNER**—So the status of the recommendations is agreed to in principle but not acted upon.

**The PRESIDENT**—They are not acted upon at the moment purely and simply because of getting the Parliamentary Service Amendment Bill into the chamber.

**Senator FAULKNER**—How does the amalgamation of the departments occur without the legislation?

**Ms Penfold**—The amalgamation of the departments occurred as a result of a parliamentary resolution—a resolution of each house passed in August 2003. That is what is required under the Parliamentary Service Act.

**Senator FAULKNER**—The existing Parliamentary Service Act?

**Ms Penfold**—Yes.

**Senator FAULKNER**—I am trying to understand the status of Mr Podger's recommendations about the library. How many were there, four or five?

**Ms Penfold**—Something like that.

**Senator FAULKNER**—What is their status?

**Ms Penfold**—They are the subject of the Parliamentary Service Amendment Bill, which, as the President has said, has been introduced once and, we hope, will be introduced again shortly.

**Senator FAULKNER**—Is it fair to say, Mr President, that they are agreed in principle?

**The PRESIDENT**—Not all of Mr Podger's recommendations on the Parliamentary Library were accepted. You would be aware, as a member of the Appropriations and Staffing Committee, that we felt that a statutory position of Parliamentary Librarian should be created. The two houses of parliament later endorsed that. The appropriate legislation will be reintroduced—

**Senator FAULKNER**—Yes, but how did the parliament endorse that statutory position?

**Ms Penfold**—I think that was part of the parliamentary resolutions—

**Senator FAULKNER**—Exactly.

**Ms Penfold**—that created the department.

**Senator FAULKNER**—Let us just wind the clock back a little. I do not understand why it does not have the same status as, let us say, your position. I am not suggesting for one moment that the Department of Parliamentary Services has not been established and the secretary should not be in place and so forth, but why does the same resolution not give some authority to the Parliamentary Library or provide the capacity to establish an independent Parliamentary Librarian?

**Ms Penfold**—There are two reasons. One is that the resolution amalgamating the three departments into one feeds into a specific provision of the Parliamentary Service Act, which in effect says that that is how you create or abolish a department. There is nothing equivalent in that act that would pick up a resolution about having a Parliamentary Librarian. As to the other reason, my recollection is that the resolution—I do not have it in front of me—while satisfying the legal requirements to establish the new department, merely encouraged the Presiding Officers to pursue these other matters of the statutory position of librarian and so on.

**Senator FAULKNER**—So has the position of Parliamentary Librarian been advertised?

**Ms Penfold**—No, Senator.

**Senator FAULKNER**—Why couldn't that have been advertised at the same time as the position that you successfully applied for was advertised?

**The PRESIDENT**—Until we have the position created I do not believe we can advertise the position.

**Senator FAULKNER**—There are two issues here: one is the resolution and one is the legislation. I am wondering why the resolution does not allow you to go full steam ahead on the Parliamentary Librarian position when it allows you to go full steam ahead in relation to the Department of Parliamentary Services.

**Ms Penfold**—It is because the resolution has a legal effect by feeding into the provisions of the Parliamentary Service Act in abolishing a department, creating a new department and creating, therefore, the position of secretary of that new department. If the Presiding Officers had decided originally not to bother with a statutory position of Parliamentary Librarian, then, yes, I could have gone ahead, created a position within the department, advertised it and filled it. If we had never concerned ourselves—if we had never gone down the track of having a statutory Parliamentary Librarian—yes, it could have been done in the same way as any other

SES position in the department. But that would not have provided the Parliamentary Librarian with the degree of independence that I think the parliamentary resolution was looking for.

**Senator FAULKNER**—One of Podger's recommendations was that the independence of the Parliamentary Library be granted by charter from the Presiding Officers. Mr President, can you tell us where the charter is up to?

**The PRESIDENT**—We did not adopt all of Podger's recommendations. One suggestion was that we use our best endeavours within the new department. You would recall—

**Senator FAULKNER**—Who made that suggestion?

**The PRESIDENT**—That was Podger's suggestion—that we use our best endeavours to protect the independence of the Parliamentary Library. You would know that the Library Committee is of that view, and so are other senators and members, and that is why we are setting up a statutory position of Parliamentary Librarian. I understand that there are some amendments that were discussed at approps and staffing that will ensure that the Security Management Board and that the Library Committee will ensure that we have the independence of the Parliamentary Library that was recommended by Mr Podger. Unfortunately, as I said earlier, the election, Christmas and the amount of government business intervened. We have a selection panel ready to select the person involved but we need to get this amendment through as soon as possible so that we can proceed.

**Senator FAULKNER**—So on what basis can you establish a selection panel? What authority do you have to do that if there is no authority to appoint a Parliamentary Librarian?

**The PRESIDENT**—The head of the department has the authority. As the secretary said before, she could have appointed somebody within her own authority, but we are trying to reflect the wishes of senators and also—

**Senator FAULKNER**—To conform with the resolutions of the parliament, she could not have done that.

**The PRESIDENT**—We have made the decision to set up a statutory position of a librarian. In doing that, we want to ensure that we maintain the independence of the library.

**Senator FAULKNER**—That is all well and good and, as you know, I have argued very strongly for that, including all the discussions we have had about these matters with Mr Podger. Let us try to deal with this in a logical way. Mr Podger recommended the establishment of a charter to ensure the independence of the Parliamentary Librarian. Has a charter been drafted?

**The PRESIDENT**—No.

**Ms Penfold**—As far as I am concerned, the charter is, if you like, effected by the provisions in the bill that set up the functions of the Parliamentary Librarian and provide for the protections and the independence of the Parliamentary Librarian in terms of the requirements for looking after client confidentiality and providing services on an equal basis to all senators, members and so on.

**Senator FAULKNER**—Mr Podger recommended that the independence of the Parliamentary Librarian be guaranteed by a charter from the Presiding Officers. Mr President,

are you now saying that that is definitely not going to happen and that that recommendation will not be agreed to, will not be supported, will not be carried through and will be ignored?

**The PRESIDENT**—It is not a question of it being ignored. We believe that this is the best way to go. If you recall, the bill was introduced in June last year. It has not been dealt with because of the prorogation of the parliament and intervening business. Once that bill is introduced and dealt with, I believe the intention of Mr Podger and all the other concerns of politicians and others will be catered for.

**Senator FAULKNER**—But you have no intention of adhering to that recommendation of Podger?

**The PRESIDENT**—We do not believe that there is any need to do that.

**Senator FAULKNER**—You are not going to do it? You are not going to adhere to that one?

**The PRESIDENT**—No.

**Senator FAULKNER**—Let us go to the next one, recommendation 5.3, which says:

The independence of the Parliamentary Library be reinforced by strengthening the current terms of reference for the joint Library Committee.

What has happened on that one?

**The PRESIDENT**—This proposed legislation will mention the Library Committee. It means that the Library Committee will be permanently entrenched as part of the independence of the library. Up until now, the Library Committee has had no status other than an advisory one, and that will continue to be the case.

**Senator FAULKNER**—Has any work been done in relation to strengthening the terms of reference for the Library Committee? Has any preparatory work been done on that?

**The PRESIDENT**—It may have been, but I am not aware of it. I have just been told that some work has been done on that.

**Senator FAULKNER**—What has been done?

**Ms Penfold**—My understanding is that some new terms of reference have been drafted.

**Senator FAULKNER**—Who drafted them?

**Ms Penfold**—They were not drafted within the department; I think they were drafted within one of the Presiding Officer's offices.

**Senator FAULKNER**—Which Presiding Officer's office?

**Ms Penfold**—Probably the Speaker's office.

**Senator FAULKNER**—When were they drafted?

**Ms Penfold**—Certainly last year, but off the top of my head I cannot tell you more closely.

**Senator FAULKNER**—And you, Mr President, do not know anything about it?

**The PRESIDENT**—I have not seen the proposed terms yet.

**Ms Penfold**—I think the plan is to take them up with the Library Committee.

**Senator FAULKNER**—You know the plan, but Mr President does not know the plan.

**Ms Penfold**—I have heard something.

**Senator FAULKNER**—What is going on here?

**The PRESIDENT**—As I said earlier, what we have to do is get the position in place and ensure that the Library Committee is allowed to play its role. The best way to do that is to get the legislation through the parliament.

**Senator FAULKNER**—So recommendation 5.2 of Mr Podger is not going to be adhered to and I would say ignored. Recommendation 5.3 goes to strengthening the terms of reference to the Joint Library Committee. Some work has been done in the Speaker's office that you do not know anything about. Can we have a copy, please, of these proposed strengthened terms of reference for the Library Committee?

**The PRESIDENT**—I have not seen them. If they do exist I will have a look at them and if you wish them to be provided I will do that.

**Senator FAULKNER**—Ms Penfold knows they exist because she has just told the committee about them. Ms Penfold, what I am asking for—

**The PRESIDENT**—They have not been agreed between the Presiding Officers yet, so—

**Ms Penfold**—This was email traffic with drafts attached.

**Senator FAULKNER**—I suspect that you are well out of the loop, Mr President, to be honest, from what I have heard today.

**The PRESIDENT**—I am quite happy about how we are travelling. The way I want to get this through is to get the position in place then the other matter will follow.

**Senator FAULKNER**—What matter will follow?

**The PRESIDENT**—The independence of the library, the Library Committee's position and where it plays, and the security management board. You are well aware of all of these facts because you have been part of it.

**Senator FAULKNER**—But don't you understand that the agreement to establish the joint Department of Parliamentary Services was on the basis that the independence of the Parliamentary Library and the establishment of a statutory position would occur, and that part of this would occur as a result of the recommendations that Mr Podger made? As you know, I have said previously that I did not think they were very strong, but I thought those recommendations would be agreed to. So far, we know that one has been ignored. The second one that we are dealing with now is in relation to the strengthening of the terms of reference—and you are not even in the loop about it—and it does not sound like that recommendation is going to happen either. My question is: are the terms of reference of the Library Committee going to be strengthened in accordance with Mr Podger's recommendation?

**The PRESIDENT**—They have not been agreed to by the Presiding Officers yet. When they are—

**Senator FAULKNER**—Is it your plan to strengthen the terms of reference of the Library Committee?

**The PRESIDENT**—They will be strengthened, but—

**Senator FAULKNER**—How?

**The PRESIDENT**—By resolution of the committee.

**Senator FAULKNER**—Fair dinkum!

**The PRESIDENT**—They will be. They were put to both chambers and that is part of the resolution.

**Senator FAULKNER**—Has any work been done in either the Parliamentary Library or your department, Ms Penfold, to work up some proposed draft terms of reference?

**Ms Penfold**—I think there was some very preliminary work done in the Parliamentary Library on draft terms of reference quite a long time ago, probably before the new department was created. Apart from that, as far as I can see, given that it is to do with the library committees of each of the houses, it is not directly the role of my department to be working up that material. We worked up the bill—

**Senator FAULKNER**—But you are a member of the Library Committee. When does it meet, by the way? Does it ever meet?

**Ms Penfold**—I think there is a meeting in the next sitting period.

**Senator FAULKNER**—It meets once a session, does it?

**Ms Penfold**—I think there are six to eight meetings scheduled this year.

**Senator FAULKNER**—That is recommendation 5.3. If anyone can work out what is happening on that one—

**The PRESIDENT**—Well—

**Senator FAULKNER**—You can't work it out, Mr President, which makes it extremely difficult for the rest of us.

**The PRESIDENT**—There will be a joint committee of the library, set up like any other joint committee of the parliament: by resolution of both houses—as simple as that.

**Senator FAULKNER**—We are here about its terms of reference and the strengthening of terms of reference, which is one of Mr Podger's recommendations. That is what I am talking about. You must know that.

**The PRESIDENT**—Up until now there has not been a joint committee of the library in the same way as other joint committees. It will be set up as a committee by a resolution of both houses.

**Senator FAULKNER**—Is that resolution going to include its terms of reference?

**The PRESIDENT**—Of course.

**Senator FAULKNER**—So it is going to include its terms of reference.

**The PRESIDENT**—Yes.



**Senator FAULKNER**—Will those terms of reference be strengthened from the current terms of reference of the Library Committee?

**The PRESIDENT**—I am not aware what the current terms of reference of the Library Committee are.

**Senator FAULKNER**—That is obvious.

**The PRESIDENT**—They will be the appropriate terms of reference to reflect the recommendations.

**Senator FAULKNER**—What recommendations? Whose recommendations?

**The PRESIDENT**—The recommendations of making the library more independent and having a statutory librarian. The joint committee on the library will be there in an advisory role, as it has been in the past, but at least now it will have a more significant role because it will be set up by resolution of both houses.

**Senator FAULKNER**—That is clear, I do not think. Recommendation 5.4 of Mr Podger was:

The resources and services to be provided to the Library in the amalgamated department be specified in an annual agreement between the Departmental Secretary and the Parliamentary Librarian, approved by the Presiding Officers following consideration by the joint Library Committee.

Where are we up to with—

**The PRESIDENT**—That is in the bill. The resources agreement will be in the bill.

**Ms Penfold**—The resources agreement is provided for in the bill.

**Senator FAULKNER**—The agreement would be in the bill. Did you say the ‘resources’ agreement? I am talking here about a ‘resources and services’ agreement.

**Ms Penfold**—I think ‘resources’ covers all of the things that are intended by that resolution.

**Senator FAULKNER**—So you mean there is no longer a ‘resources and services’ agreement?

**Ms Penfold**—We could put ‘resources and services agreement’ at the top of it if that made a difference, yes. But I do not believe it makes a difference to what will be in it. To the extent that the rest of the department is providing services to the library, those are resources.

**Senator FAULKNER**—Didn’t the Presiding Officers, both of them, in their statements to the Senate and the House in August 2003 refer to a ‘resources and services’ agreement? Let us be clear: that is an agreement to be made between the Parliamentary Librarian and you as Secretary of the Department of Parliamentary Services. That is right, is it not?

**Ms Penfold**—Yes.

**Senator FAULKNER**—The President said in the Senate and the Speaker said in the House of Representatives that that would be a ‘resources and services’ agreement.

**Ms Penfold**—I accept that.

**Senator FAULKNER**—I do not want it to be redefined down now to a ‘resources’ agreement, because what does that mean?

**Ms Penfold**—Frankly, I think it means exactly the same thing as a ‘resources and services’ agreement.

**Senator FAULKNER**—Does it? Is the draft of the agreement available?

**Ms Penfold**—No, there is no draft of an agreement available.

**Senator FAULKNER**—So work has not commenced on that?

**Ms Penfold**—Nothing beyond a bit of thinking has been done on that one.

**Senator FAULKNER**—Who has done the thinking?

**Ms Penfold**—Mainly me.

**Senator FAULKNER**—Could you let us know what the current thinking is?

**Ms Penfold**—In a sense, we are doing this work across the department to work out how much money we have got—and this is a much bigger issue, as you know—and where it is most effectively allocated. In the course of that a position will need to be reached about how much of that is available for funding the library, in exactly the same way that we look at how much is available for funding building maintenance, Hansard or whatever.

As the agreement says, and I think the recommendations suggest, that is an agreement that ought to be negotiated between me and the Parliamentary Librarian on the basis that each of us has a role in working out how much control and how much flexibility there is in that agreement. The resource agreement could be very strict and very definite, and specify amounts, whether it is money, staff, services from the rest of the department or whatever—and perhaps this is where we need to negotiate. The Parliamentary Librarian needs to have a view about whether the library is better off with a fixed resource agreement and no access to other departmental funds or a more flexible resource agreement that enables more shifting of funds or other resources, depending on needs across the department.

**Senator FAULKNER**—Wasn’t the agreement intended to be one of the ways in which the independence of the Parliamentary Library could be assured?

**Ms Penfold**—I understand so.

**Senator FAULKNER**—That would be uppermost in the mind of anyone drafting such an agreement?

**Ms Penfold**—That it would be necessary to ensure that—

**Senator FAULKNER**—That is the intention of it, isn’t it? That was Mr Podger’s intention—

**Ms Penfold**—Yes.

**Senator FAULKNER**—when he made the recommendation.

**Ms Penfold**—I can only assume so.

**Senator FAULKNER**—I think it is a perfectly reasonable assumption. It is certainly my assumption that that was the spirit of the recommendations that he made.

**Ms Penfold**—That is true, but I do not believe he ever contemplated the Parliamentary Library running as a completely separate and unintegrated part of a department. How you structure the resource agreement depends on how much integration you think there needs to be. That is something that I need to consider, but it is also something that the Parliamentary Librarian needs to consider, because there are trade-offs in each direction.

**Senator FAULKNER**—We have moved a very long way away from Mr Podger's recommendations, haven't we?

**Ms Penfold**—I do not believe we have moved very far at all from Mr Podger's recommendations as filtered through the resolutions of the two houses, because Mr Podger's recommendations and the resolutions of the two houses are not entirely consistent. You could not do all of them.

**Senator FAULKNER**—There is no charter.

**Ms Penfold**—The charter is part of the legislation. It is a legislative charter rather than a charter from the Presiding Officers. To the extent that it is not from the Presiding Officers it is different, but, by being in legislation, I would have thought it is more entrenched.

**Senator FAULKNER**—No-one reading the *Hansard* of this exchange will be any the wiser as to what has happened with the terms of reference of the Joint Library Committee, and I can assure you I am not. It would beggar belief that anybody could be. That does not look as if it is happening, the resources and services agreement appears to have changed its nature, and so on. I do not want to delay the committee too long on this, but I just flag that I have, and I suspect other committee members will have, an ongoing interest. It is very disappointing that a lot of these questions have not been able to be answered. I am hoping that we will be able to get some answers at future meetings of this committee or in other forums.

**The PRESIDENT**—A joint library committee will be created, which currently does not formally exist. That is a matter for the chambers, not the DPS, to create by resolution, and that resolution will be discussed by the existing library committee. As you would know, Senator, that is the two library committees meeting together. The new committee will be an advisory committee with explicit duties, or whatever you like. Since 1912 the biggest stumbling block to the amalgamation of the five departments into three has been the independence of the library. You and I both know that. We believe that, by creating the position of a statutory librarian, along with the advisory committee, the joint library committee, we will be continuing to ensure that the library does have that independent role.

**Senator FAULKNER**—Mr Chair, that editorialising and confidence appears to me not to be justified by the answers to questions that we have received, particularly from the President himself. Anyway, we will keep a watching brief on it. But this is important and it is urgent, so I am flagging an interest in following it through at this and other fora, and I assume other committee members will be interested in doing the same.

**Senator CHRIS EVANS**—Will any restructuring or other changes occur in the library, and under whose direction would that occur?

**Ms Penfold**—I am not aware of any formal restructuring or other changes at the moment. I imagine that the assistant secretaries in charge of the two branches representing what was the

library are thinking, as we all are, about how they will manage the next round of budget cuts that will apply from next year. We are living with the current ones and we will have a further cut next year.

**Senator CHRIS EVANS**—What will be the impact of that on the library?

**Ms Penfold**—I cannot tell you what the impact will be. I suspect the impact will be roughly the same as it is everywhere—namely, that we all have to tighten our belts.

**Senator CHRIS EVANS**—I meant in monetary terms.

**Ms Penfold**—Basically another \$1.3 million beyond what we have had to deal with this year.

**Senator CHRIS EVANS**—To come out of the library budget?

**Ms Penfold**—No, not to come out of the library budget; to come out of the whole department's budget. What we did with the cuts this year, the cuts that my department started with, was applied them across the parts of the three former departments on a pro rata basis, having regard to their previous budgets, which meant that the library did rather better than the rest of the department than it would have done under a non-amalgamated structure.

**Senator CHRIS EVANS**—Why is that?

**Ms Penfold**—Because before the amalgamation each of the three joint departments had an equal share of the cuts, which was roughly \$1.2 million each. Now, because the library is much smaller and has a much smaller budget than either of the other two departments, that \$1.2 million in the library budget would have had a much bigger impact than it would have in, say, the Joint House budget. Once we put the three departments together, put the cuts together and applied them pro rata according to budgets, the library took a smaller share of the cuts.

**Senator CHRIS EVANS**—Will that happen this year?

**Ms Penfold**—I am not sure how we will do it this year.

**Senator CHRIS EVANS**—I mean in this current financial year.

**Ms Penfold**—For this current financial year, that is the way we will work it.

**Senator CHRIS EVANS**—What was the cut to the library budget in this financial year?

**Ms Penfold**—I am told it is \$382,000.

**Senator CHRIS EVANS**—So the library budget was cut by \$382,000 this year and it will take a pro rata share of a \$1.3 million cut in the next financial year?

**Ms Penfold**—That would be the rough starting point. There are a variety of things that might be dealt with slightly differently next year when we start working on our budget for next year, partly because some parts of the department have large fixed costs that cannot readily be cut pro rata—indeed, the library is one of those groups that has large fixed costs. We did a bit of supplementing for fixed costs last year and I think we may have to do something more substantial this year.

We are also looking at some potential savings from doing a bit more in the way of fleet management in terms of a variety of our purchases: for instance, computers, printers and a lot of that sort of stuff. I hesitate to mention it but we have just in fact started the centralised

buying of paper, which is saving us a few thousand dollars. That sort of fleet management approach may involve some re-jigging of budgets. It may involve central control of what is bought and the taking of money out of the decentralised budgets as things are used. The pro rata cuts at this stage would be the starting point but they would not necessarily be the end point.

The other thing I should mention in this context, because this is going to be another thing that really puts our budget under pressure, is that we are currently negotiating a new certified agreement. I do not think there is any way that we will finish up with a certified agreement with less than four per cent increases, starting from 1 July or thereabouts this year. That means that we are adding another four per cent to a salary budget that is about \$55 million at the moment, so in effect we have to find another \$2 million in savings next year to fund that. So there is the \$1.3 million in cuts that I have already mentioned plus another \$2 million to fund those increases.

**Senator FAULKNER**—Did you see late last year the Crikey report under the headline ‘Howard’s plan to neuter the Parliamentary Library’? That piece on the Crikey web site begins:

Crikey hears that the Howard Government is engineering a crisis for the new Department of Parliamentary Services over a \$4 million budget cut next year which, for a small department, means lots of jobs are likely to go.

And on it goes. You probably saw that at the time.

**Ms Penfold**—I think I did see it at the time.

**Senator FAULKNER**—How many jobs are likely to go? Can you tell us that?

**Ms Penfold**—No, I cannot really tell you that. Whether jobs go or whether savings are found elsewhere is something that we will be working through step by step. That was perhaps a bit too cute. When you have more than half your budget in salary costs you cannot really expect to find big savings without losing staff.

**Senator FAULKNER**—The parliamentary departments have copped a great deal of pain. They are in the unique situation of being asked to fund security measures out of their budgets. Other departments’ budgets are supplemented for it. Isn’t it about time, Mr President, that someone took up the cudgels and actually argued the case that perhaps this operation has been cut to the bone?

**The PRESIDENT**—The department is going to live within its means this year. As far as I am aware, we are not asking for extra funding.

**Ms Penfold**—No, we are not at the moment. At the moment things are looking quite good. I should qualify that by saying—

**Senator FAULKNER**—It might be looking quite good from where you are sitting; it is looking pretty ordinary from where I am sitting, I can tell you.

**Ms Penfold**—In terms of how our spending is running, it is not looking too bad, subject to two qualifications: one is that we are still spending massively more than we have budgeted for, and that we have been funded for, on security—in particular, security staffing; and the other is that this financial year is likely to be a very light year in expenditure terms anyway,

given that we had the long election break for the first half of the financial year and we are having, I believe, relative short parliamentary sittings this half of the financial year.

That we are generally living within our means in the short term is not necessarily a long-term comfort, but it suggests that some of the things we have already done which do not involve any staff cuts, as such—they have in some areas involved not filling jobs as quickly as they might once have been filled and a whole lot of other things, like limiting our use of consultants and our use of Hyatt biscuits and so on—

**Senator FAULKNER**—What was that?

**Senator CHRIS EVANS**—Hyatt biscuits.

**Ms Penfold**—We do not have as many Hyatt biscuits in the department as the departments used to have.

**Senator FAULKNER**—I am sure you will get a big tick from the secretary of the department—

**Senator CHRIS EVANS**—But we are replacing librarians with bollards. That seems to be the tenor of your comments.

**Senator FAULKNER**—No. We are replacing biscuits with bollards.

**Ms Penfold**—In fact, they come out of completely separate funding.

**Senator CHRIS EVANS**—I take what you say—that clearly, given the fact that the parliament has not sat much and will not sit much, there is some reduction in the call on your services. That makes some sense. I am not sure I approve of the rationale behind that. But the reality is that, under the government's decisions, the parliament will not be sitting much this year. You have already indicated that you thought you were up for \$2 million-plus in extra staff costs as a result of the certified agreement. You are taking about \$400,000 or so, give or take, in a planned budget cut, being the share of the \$1.3 million that the library will have to bear.

**Ms Penfold**—As I was saying earlier, given that the library's budget is relatively small, I imagine that the pro rata effect on it would be rather less than \$400,000.

**Senator CHRIS EVANS**—I am happy to be corrected, but tell me—

**Ms Penfold**—Perhaps a couple of hundred thousand, yes.

**Senator CHRIS EVANS**—But it seems to me that you are already looking for \$2.2 million, \$2.3 million before you start in savings, and you have said that things were looking relatively good. I would have thought you would be having a few headaches about that confronting you.

**Ms Penfold**—As far as the certified agreement is concerned, we do have to find that money, but effectively we have to find it by finding productivity improvements of some sort. In a sense, there is no point in asking anyone else for help on that anymore than there is any other department. What I am saying to you really is that at the moment, given the way the budgets are running, we simply could not make a case to the department of finance or the government that we are in desperate straits.

**Senator CHRIS EVANS**—You said earlier that a lot of the cost driver was security staffing costs. Can you give me a sense of that?

**Ms Penfold**—With the security budget—and the problems are largely in staffing and supply costs—we are at the moment running at a potential deficit, I suppose, on a full-year basis of about \$2.7 million.

**Senator CHRIS EVANS**—You have a deficit for this financial year of \$2.7 million across the department caused by security costs?

**Ms Penfold**—No, across the security budget. The security budget is a bit more complicated than the others are because, as you would know, at the beginning of this financial year we acquired security funding from the chamber departments. For the moment, we have kept that quarantined within the department and not attempted to spread those problems across the rest of the department. What we quarantined in there was what we got from the chamber departments, and what we got from the chamber departments was what they had in their budgets less the remaining Podger cuts. So by that point it was their budget minus this year, in effect, \$1.1 million and next year \$2.4 million and also not accounting for the extra money that they had been spending on security that had not been in their budget. They had a notional budget but it was costing, as I understand it, about \$1.7 million a year more. We got the notional figure less the cuts.

**Senator CHRIS EVANS**—Thank you for that. That has been explained to me before. It is a bit like accrual accounting: I know it makes sense but I do not understand it. That is not a critique of your delivery of it, just an admission of my failings. What I want to understand is: what is driving the seemingly huge deficit? You are saying it is security staffing costs. What does that mean in laymen's terms? It is obviously not the bollards.

**Ms Penfold**—It means the amount we are spending on our contract with the AFP for the external security of the building and the amount we are spending on the cost of our security staff—namely, the parliamentary security service, who are the officers in white shirts who you see around the building, plus the administrative staff in the security area.

**Senator CHRIS EVANS**—Why is that being driven to such a high level?

**Ms Penfold**—Because, by comparison with what was being spent on it last year, we have in our budget at the moment \$2.8 million less. If you start from what the chamber departments were spending on security last year, \$1.7 million of that was coming out of other parts of the chamber departments, and we did not get that when the money was transferred to us. So we are already \$1.7 million behind what it was costing the chamber departments. What we did get was the \$1.1 million cut that remained with the chamber departments for this year. So there was \$1.7 million off to start with and another \$1.1 million comes to \$2.8 million, so we are \$2.8 million behind last year's spend. At the moment, we are looking at being \$2.7 million behind. We have made up \$100,000 somewhere along the way.

**Senator CHRIS EVANS**—I understand that argument. Coming at it from the other end, what is the increase in your spending on security this year compared to last? I accept it is coming out of different pots.

**Ms Penfold**—It is cut. The spending has reduced at the moment, I suppose, by about \$100,000. That is the spending, but the funding was reduced by a lot more than that.

**Senator CHRIS EVANS**—So you are actually spending \$100,000 less on security this year than you were last year?

**Ms Penfold**—Roughly, yes. That is the way it is looking at the moment.

**Senator CHRIS EVANS**—How have you made that saving? I would have thought all these new security arrangements were actually driving up the cost of the security services.

**Ms Penfold**—Which new security arrangements are you thinking about?

**Senator CHRIS EVANS**—The fact that one cannot get into the building for traffic lights and bollards and all the other—

**Ms Penfold**—That project is completely separately funded. That is the \$11.7 million capital injection.

**Senator CHRIS EVANS**—I understand that. I was talking about the general heightened security concern around the building. But you are telling me we have actually spent less on security staffing than in the previous financial year. It just seems counterintuitive. That is all.

**Ms Penfold**—We have been doing some work to try and run it more efficiently. We have done some work on the rostering arrangements. We have got one change to rostering arrangements which I think is going to come into operation later this month which we expect will save us a couple of hundred thousand a year. Apart from that, given that we are talking about \$100,000 at the moment in the context of about \$20 million—and that is on the basis of a projection for five months—I do not know that it is possible to say, ‘That is the money we saved.’ We are just trying to be a bit more careful.

**Senator CHRIS EVANS**—So what you are really telling me is that the budgetary problem is by virtue of the arrangements for funding, but there has not been a serious or significant increase in the cost of providing the security?

**Ms Penfold**—No. We are trying to tighten that up but, on the other hand, we have not found any major savings yet.

**Senator CHRIS EVANS**—Thank you.

**CHAIR**—There being no further questions, that completes the examination of the parliamentary departments. I remind you that the committee has set 1 April 2005 as the date for the submission of written answers to questions that are taken on notice. I thank the President, Ms Penfold and officers for their attendance here this morning.

The committee, when we resume, will commence with the Office of the Official Secretary to the Governor-General. That will be followed by the examination of the Public Service Commissioner. There is a slight change of ordering but we have been in correspondence with Ms Briggs. Then the committee will commence its examination of the Department of the Prime Minister and Cabinet.

**Proceedings suspended from 12.30 p.m. to 1.34 p.m.**



**PRIME MINISTER AND CABINET PORTFOLIO****In Attendance**

Senator Hill, Minister for Defence

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

Mr Andrew Metcalfe, Deputy Secretary

**International policy advice and coordination****Output Group 3**

Mr Ian Kemish, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality

**Support services for government operations****Output Group 4**

Ms Barbara Belcher, First Assistant Secretary, Government Division

Mr David Macgill, Assistant Secretary, Parliamentary and Government Branch

Mr Paul O'Neill, Assistant Secretary, Awards and National Symbols Branch

Mr Greg Williams, First Assistant Secretary, People, Resources and Communications Division

Mr Chris Taylor, Assistant Secretary, Government Communications Unit

Ms Judy Costello, Assistant Secretary, People and Resource Management Branch

**Australian National Audit Office**

Mr Patrick Barrett, Auditor-General

Mr Oliver Winder, Deputy Auditor-General

Mr Michael Watson, Group Executive Director, Assurance Audit

Mr Ian Goodwin, Group Executive Director, Assurance Audit

Mr John Meert, Group Executive Director, Performance Audit

Mr Warren Cochrane, Group Executive Director, Performance Audit

Mr John Hawley, Executive Director, Corporate Management Branch

Mr Brian Boyd, Executive Director, Performance Audit Services Group

**Australian Public Service Commission**

Ms Lynelle Briggs, Public Service Commissioner

Ms Lynne Tacy, Deputy Public Service Commissioner

Mr Jeff Lamond, Merit Protection Commissioner

Mr Mike Jones, Group Manager, Corporate

**Office of National Assessments**

Mr Peter Varghese, Director-General

Mr Derryl Triffett, Assistant Director-General, Corporate Services

Ms Laura Rennie, Accountant, Corporate Services

**Office of the Commonwealth Ombudsman**

Mr Ron Brent, Deputy Ombudsman

Ms Natalie Humphry, Contract Manager

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

Mr Ian Carnell, Inspector-General

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

Mr Malcolm Hazell, Official Secretary to the Governor-General

Mr Martin Studdert, Deputy Official Secretary

Ms Amanda O'Rourke, Director, Honours Secretariat

Mr Gary Bullivant, Corporate Manager

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

**CHAIR**—Welcome. For the record, the committee acknowledges receipt of a letter from the office, dated 19 January 2005, stating its intention not to prepare a portfolio additional estimates statement as no additional appropriations are being sought. Mr Hazell, do you wish to make an opening statement?

**Mr Hazell**—No, thank you.

**Senator FAULKNER**—How involved is the office now with the organisational details of the visit of Prince Charles to Australia?

**Mr Hazell**—That is mainly the province of the Department of the Prime Minister and Cabinet. As one of the areas where the Prince of Wales will visit, albeit for a very short time, we have been associated with it from just that point of view, but not a lot.

**Senator FAULKNER**—What role is the Office of the Governor-General playing in the Prince's visit? Is it just the visit to Yarralumla?

**Mr Hazell**—It is expected that while the Prince of Wales is in Canberra—and I think that is for a period of only 15 to 16 hours or so—he will stay at Government House. In accordance with the normal traditions, the Governor-General will host a dinner for the Prince of Wales. I think that is the beginning and the end of our formal involvement.

**Senator FAULKNER**—When is that dinner going to be held?

**Mr Hazell**—From memory, the date is Friday, 4 March, if that is the Friday.

**Senator FAULKNER**—Is that a substantial do? How many guests are we talking about?

**Mr Hazell**—At this point in time, I do not know. It would be a usual dinner, I would think. The table holds only 50, so it would be somewhat fewer than that.

**Senator FAULKNER**—For what dates is the Prince of Wales staying at Yarralumla?

**Mr Hazell**—Just that night.

**Senator FAULKNER**—That is the limit of the involvement of your office?

**Mr Hazell**—Yes.

**Senator FAULKNER**—When was your office informed of the Prince of Wales' impending nuptials?

**Mr Hazell**—As it was night-time in Australia, I was informed about half an hour after the announcement was made in London.

**Senator FAULKNER**—So it would have been easier for you to listen to the BBC World Service, Sky News or something—you would have got earlier notification.

**Mr Hazell**—I was told in a conversation from London at that time—not that I would have expected to have been told sooner, but that is when I was told.

**Senator FAULKNER**—I was not dealing with expectations. Who informed you from London? Was it the Palace?

**Mr Hazell**—It was my counterpart at Buckingham Palace.

**Senator FAULKNER**—Was that the first official notification to Australia that you are aware of or had the Prime Minister's department or others been notified separately?

**Mr Hazell**—I cannot speak for others, but it certainly was the first time that I or my office was notified.

**Senator FAULKNER**—Was that an official notification or would you say it was more a courtesy?

**Mr Hazell**—I do not know that I would draw too much of a distinction. It was certainly a courtesy and it was certainly an official notification in a phone call that I had, as I said, with Buckingham Palace. They followed that up by providing me with the text of a statement which, as it turned out, was already available on the wires.

**Senator FAULKNER**—It was not really a courtesy, I suppose, because we now know that Australia was informed of this event half an hour after the world media was informed. Is that right?

**Mr Hazell**—I have no idea when the world media was informed.

**Senator FAULKNER**—After the announcement was made public by Buckingham Palace.

**Mr Hazell**—Probably, yes.

**Senator FAULKNER**—Probably? Definitely, given the evidence that you have provided.

**Mr Hazell**—No, I am talking about my involvement. As I said before, I cannot speak for other areas of government; I am not sure whether they were involved or not. But from my point of view, I had a phone call at that time.

**Senator FAULKNER**—Yes, but you are the Official Secretary to the Governor-General, aren't you?

**Mr Hazell**—I am.

**Senator FAULKNER**—So the Governor-General of Australia was not separately informed, apart from the official notification to you, was he?

**Mr Hazell**—No, he was not.

**Senator FAULKNER**—It was not as if the Prince of Wales got on the dog and bone and informed him of this happy event.

**Mr Hazell**—But, as I said before, is there some expectation that that would have happened? There was no expectation on our part.

**Senator FAULKNER**—I have no expectations about the behaviour of these people at all.

**Mr Hazell**—Quite.

**Senator FAULKNER**—My job is to ask questions. I make no judgment, which is probably just as well. So you were officially informed half an hour after the press announcement. Is the office of the Governor-General responsible for determining issues such as wedding gifts on these happy occasions?

**Mr Hazell**—Not usually. Again, that is very largely a matter within the Department of the Prime Minister and Cabinet.

**Senator FAULKNER**—So as a result of the notification to your office by Buckingham Palace of the impending wedding of the Prince of Wales and Mrs Parker Bowles you informed the Governor-General, did you?

**Mr Hazell**—Yes, I did.

**Senator FAULKNER**—What sort of time delay was involved in getting the message across to the Governor-General after you had been informed officially?

**Mr Hazell**—The Governor-General was out of Canberra speaking at a function. I raised it with him as soon as I reasonably could. I expect, from memory, that there was about a half-hour delay.

**Senator FAULKNER**—Fair enough. Will any other activity take place as a result of this impending marriage or is that it as far as the office of the Governor-General is concerned? You are not going to busy yourself with a wedding present, obviously.

**Mr Hazell**—I have not really turned my mind to it and nor have I seen any cause to turn my mind to anything else. The announcement has been made. The Prince of Wales will visit shortly. I expect that there will be mention made of it in that context. As you would know from the press, the Governor-General sent a message of congratulations to the Prince of Wales, and I think that is—

**Senator FAULKNER**—I have not seen that. When did that go off?

**Mr Hazell**—That went off the very next morning.

**Senator FAULKNER**—Fair enough. Are we expecting Australia to be represented? Is the Governor-General going to be invited to this wedding?

**Mr Hazell**—I have no idea at this point in time.

**Senator FAULKNER**—This would affect your planning, wouldn't it?

**Mr Hazell**—We are always very flexible in our office. But I honestly do not know what arrangements will be put in place.

**Senator FAULKNER**—So we do not know whether the Governor-General is going to be invited to the celebration of the marriage or not.

**Mr Hazell**—No, not at this point in time.

**Senator FAULKNER**—And no efforts have been made—

**Mr Hazell**—My understanding from reading what is in the press is that it is to be a largely private affair. Again, as I said to you before, I—rightly or wrongly—have no real expectations at this point in time.

**Senator FAULKNER**—You will probably have to fight the Prime Minister out of the queue anyway. You have no expectations—it is probably just as well, really, I suspect, if that is the case. Was the Governor-General represented at the wedding of Crown Prince Frederik of Denmark to an Australian?

**Mr Hazell**—The Governor-General and Mrs Jeffery went to the wedding.

**Senator FAULKNER**—So they went to that wedding but at this stage no invitations have been issued; we just do not know what is happening with—

**Mr Hazell**—That is correct.

**Senator FAULKNER**—When are invitations to royal weddings issued?

**Mr Hazell**—I have absolutely no idea.

**Senator FAULKNER**—I thought it would be contemporaneous with the announcement.

**Mr Hazell**—I honestly cannot comment on that; I have no idea.

**Senator FAULKNER**—Okay. Was the Governor-General's office involved in the provision of a gift for the Crown Prince of Denmark and Princess Mary of Denmark?

**Mr Hazell**—There was an official gift sent by the Australian government which was selected and announced by the Prime Minister.

**Senator FAULKNER**—Was your office involved in that at all?

**Mr Hazell**—We were advised as to what the gift was going to be, yes, and the Governor-General handed over the memento while we were there.

**Senator FAULKNER**—So the Governor-General's job is basically to hand over the gift as opposed to purchasing it or being involved in deciding what it might be or its appropriateness or otherwise.

**Mr Hazell**—On that occasion that was the vehicle that was chosen.

**Senator FAULKNER**—The Governor-General is the vehicle, you mean?

**Mr Hazell**—The Governor-General handed over the present that was announced by the government.

**Senator FAULKNER**—So he is the messenger, basically; he gives the thing over. He is not involved in determining what it is or anything; his job is just to pass it over to the lucky recipients. You are saying to me that the Office of the Official Secretary to the Governor-General does not have any role in determining what is an appropriate gift or otherwise.

**Mr Hazell**—That is right—from the government and people of Australia. Those are decisions that are made by the government.

**Senator FAULKNER**—That is what I am trying to establish. So your office has no role in that.

**Mr Hazell**—In that process, no.

**Senator FAULKNER**—So at this stage you do not know whether there will be a gift.

**Mr Hazell**—To the Prince of Wales?

**Senator FAULKNER**—To the Prince of Wales and Mrs Parker Bowles.

**Mr Hazell**—No, I do not.

**Senator FAULKNER**—You do not know whether the Governor-General will be invited to the wedding.

**Mr Hazell**—No, I do not.

**Senator FAULKNER**—Or the Governor-General's representative. And you were informed of the marriage some time after Fleet Street heard about it. That is all I have on that particular matter.

**Mr Hazell**—Senator Faulkner said that that was all he would add. Can I just add that I had no expectation of it being otherwise. I think that process was entirely normal.

**Senator FAULKNER**—That is what worries me. I was worried that it was normal. The Governor-General, of course, as is the custom, announced the Australia Day 2005 honours, Mr Hazell.

**Mr Hazell**—As he does with every honours list, yes.

**Senator FAULKNER**—Of course; that is as is the custom. I want to raise this mainly with the honours and symbols branch of the Department of the Prime Minister and Cabinet. I want to preface my questions by indicating that I pass no comment, and certainly no critical comment, about the worthiness of any of the recipients of these honours and awards—no criticism whatsoever. In fact, I do not suggest that any of them are not very worthy of the awards that have been made; I am not in a position to comment. I do, however, want to ask about the issue of political balance in the awards. There was some press reportage—it was not speculation—of what was described as 'coalition friends' dominating in those honours and awards. As I looked at the awards I noticed a significant number of former coalition members of parliament. Did you notice the same trend, Mr Hazell?

**Mr Hazell**—All I really want to say on that—and I know that you will appreciate that I will not go into the details of the nomination process—is that for people to be successful they must be nominated by somebody. Clearly, we do not ask what their political backgrounds are. It is a matter of statistical record that, of those who we know their public positions and background, much the same number of people from the major political parties get awards—and that has been a consistent trend. That has in any event been in toto a very small number of the successful nominations.

**Senator FAULKNER**—I accept the latter point. As you have provided that evidence, I accept the other point you make about them being balanced between the parties. My concern is that in the Australia Day 2005 honours that did not appear to be the case. That might be the exception and not the rule and I am happy to accept that. I do not consider any of the people necessarily unworthy of an award. I can run through this, if you like.

**Mr Hazell**—The point that you have just made is the right one: none of the people who received awards should not have received them. That is the basis. The Council for the Order of Australia, as you know, is a body that is independent of government. It considers a vast number of nominations that are put to it and then makes decisions about them, and those decisions are subsequently announced. As you say, the outcome was that none of those who

were awarded awards should not have been. That is the bottom line. The council has done and continues to do its job very well as a body that is independent of government.

**Senator FAULKNER**—I am not suggesting any of them were unworthy recipients.

**Mr Hazell**—That is right.

**Senator FAULKNER**—I said that and I stand by that. But I wonder whether there were any efforts made to deal with this perception. It may not be an issue but it is obviously a perception because it has been reported in the media. You would accept that when you have this sort of commentary you have an issue on your hands. That is because in this particular case you had the Hon. Tim Fischer, the Hon. Jeff Kennett, Mr Lynton Crosby, the Hon. Bruce Chamberlain, Mrs Downer, Emeritus Professor Harry Edwards, Mr Gary Nehl, the Hon. Warwick Parer, Mrs Sheldon and Mr Gary Sturgess. They are from just the first few pages of this. I do not suggest that any of these recipients are unworthy at all. I prefaced my remarks by saying that; I stand by it. But what I worry about is whether there are any efforts made at any level to ensure that the sort of perception that was afoot after the 2005 Australia Day Awards does not occur. In other words, does anyone bother checking some of this to try and ensure that no criticism in relation to political balance can be made prior to any round of awards? It would seem to me that that would be a very sensible thing to do. But does it happen?

**Mr Hazell**—The important thing is that each of these cases is considered on its merits. If the council decides that an award should be made, then it is made. The instances that you correctly identified—perhaps no more than a dozen or so out of a total honours list of about 600—occupied some further media attention. But, from our point of view, we go to a lot of effort to try to encourage the media through quite detailed analyses and statements that there are many more very worthy people who receive honours from all walks of life. We encourage the media to continue to report those stories, as much as they themselves choose to report stories about, for example, former or current politicians.

**Senator FAULKNER**—You are right, of course, there are only a dozen names, but the point here, which I am sure you appreciate, is that I have not mentioned any former Labor or Australian Democrats members of parliament or prominent party members, because there were not any.

**Mr Hazell**—But I can recall that Mr Gary Gray was on the last list, as you would know.

**Senator FAULKNER**—Yes, I know. I can recall that too.

**Mr Hazell**—That is right. Let us see it in its context, and that is what I am trying to say to you: I would like to put it in that context.

**Senator FAULKNER**—I do not think I am taking it out of its context. I am merely saying that, on this occasion, the awards were exposed to public criticism and commentary about them favouring one side of politics. It is not my statement; it is a matter of record. Anyone who has a cursory knowledge of the reportage in the Australian media would know that that is the case. I do not know if that is fair to the people who received awards or previous recipients; it may be unfair criticism. It happens to be accurate to the extent that, on this occasion, that was the pattern for whatever circumstance or happenstance that might be. I do not know. But

it is a fact that the awards were so characterised in the media, and you know why they were characterised that way, as do I. My question is: does anyone go to the trouble of trying to ensure that the awards are not exposed to that sort of criticism? I think the answer to the question is no, nobody does bother about it.

**Mr Hazell**—I would not say that at all. I would say, as I said previously, is that the bottom line is that the Council for the Order of Australia treats each individual case on its merits, and the merits of the cases clearly warranted an award. It probably remains for the likes of people like you, in a prominent public position, and me to service the council to make sure that some of those rather skewed comments by the media can be acknowledged, and we do something about them. Clearly, I cannot tell the media what to write; they choose their own stories. But my point, as I said earlier, is that we need to make sure that this is seen in the total context of the honours system, which I believe has an enviable reputation for being impartial and good, as I think you yourself acknowledged, Senator Faulkner.

**Senator FAULKNER**—Yes. If that is the case, efforts will be made to ensure that this is the exception, not the rule.

**Mr Hazell**—The efforts that are always made are to make sure that each case is considered on its merits.

**Senator BRANDIS**—Mr Hazell, I just want to tease out this observation you made, unless it be missed, that you are satisfied that over time there has been a rough political balance between the recipients of awards on either side of politics. Is that the position?

**Mr Hazell**—It is very difficult for us to know, and in fact I think it would be improper for us in some ways to regard as a characteristic an attachment or affinity to one political party or another, because the Australian honours system looks at a whole range of things. My view is that on a statistical comparison, from where we sit, the whole thing evens itself out very well.

**Senator FAULKNER**—So someone has made such a statistical comparison, have they?

**Mr Hazell**—No.

**Senator BRANDIS**—Is it an impressionistic judgment?

**Mr Hazell**—I am talking about my judgment and my assessment.

**Senator FAULKNER**—So it is not statistical. Either statistics have been kept or they have not—and they have not, so it is hardly a statistical judgment.

**Senator BRANDIS**—That is not quite fair to you, Mr Hazell. It is not just a statistical judgment. You have formed an impression based on your broad and long familiarity with these awards, have you?

**Mr Hazell**—That is correct. You are quite right. We try to make sure that there is as wide a cross-section of people represented as possible, and I think we have achieved that.

**Senator FAULKNER**—How long have you been the official secretary to the Governor-General?

**Mr Hazell**—I have been the official secretary for two years, but I have had an active association with various honours matters for a considerably longer time.



**Senator BRANDIS**—So, on the basis of that experience, without having subjected this to a statistical analysis, your impression, based on that long familiarity, is that there is evenness and balance between awardees from both sides of politics. Is that right?

**Mr Hazell**—Absolutely.

**Senator BRANDIS**—Senator Faulkner’s choice of the word ‘pattern’ rather struck me. Would it be, by and large, true to say—and this is a generalisation of course—that, when it comes in particular to people whose award’s basis is political service, they tend to receive those awards within the period of a few years after they have retired, but not so long after that they are gone and forgotten? The process of somebody having it in mind to nominate them and then them being processed through your system is something which happens to people who have retired from political careers roughly two or three years after their retirement. Would that be a fair generalisation?

**Mr Hazell**—I think in broad measure that is correct.

**Senator BRANDIS**—I am not familiar with all of the names that Senator Faulkner mentioned, but I know Mrs Sheldon retired in 2001, former Senator Parer retired in 2000, Mr Crosby retired as federal director of the Liberal Party about two or three years ago and Mr Fischer retired about three years ago. It just strikes me that perhaps this is a random event—the names that Senator Faulkner mentioned are all people who fit into that broad timeframe as people who are former members of parliament or served the high levels in politics and who, were they to be awarded, might expect to get their awards roughly about now. Would you go along with that?

**Mr Hazell**—I think that is a reasonable statement.

**Senator BRANDIS**—Again, I am just guessing here, but might we look at the 1997-98 period, which was a couple of years after the end of the long period of Labor government, when a number of distinguished former Labor figures retired from public life, and expect to see that there was, for cyclical reasons, if you like, a bit of a spike in Labor awardees at that time?

**Mr Hazell**—Quite possibly.

**CHAIR**—It does ultimately come down to the fact that people must be nominated.

**Mr Hazell**—That is absolutely right.

**CHAIR**—That is a key question, isn’t it?

**Mr Hazell**—They must be nominated—and we make that quite prominent. A good deal of effort goes into encouraging people to nominate, because otherwise they cannot be considered by the council.

**CHAIR**—There could be worthy recipients who have yet to be nominated.

**Senator FAULKNER**—There are some worthy recipients who have been nominated, Chair. I can assure you that I have nominated some worthy recipients myself.

**CHAIR**—I am sure that is right.

**Senator FAULKNER**—I have done that even in recent times. I have nothing further. I think it is worth your while, and of those responsible in Prime Minister and Cabinet, to take note of the very negative press coverage and keep an eye on this in the future. I think now that this has occurred, plenty of people will be doing that.

**Mr Hazell**—You are quite correct, in that we are always conscious of what the reactions to the various honours lists are. Those things are monitored quite carefully, because I think the bottom line is that we want to make sure that the integrity of the Australian honours system is preserved and enhanced.

**Senator MURRAY**—I had intended to raise this issue as well. I think Senator Faulkner has got his finger right on the button when he draws your attention to perception. As you know, perception in these matters is often more powerful than reality. One of the many press articles that I picked up relative to this was on Crikey on 4 February headed at item 9 ‘Donations and dodgy gongs’. It was pointing to a connection between activity and getting honours. Frankly, with some of the work these people have to do they do deserve medals, but I will leave that aside. There are fields of endeavour which you could isolate—sport, arts, politics, public service, community activity and so on—and you could kind of, broadly speaking, categorise people. Is there any attempt in view of that developing perception and negative commentary, to anticipate possible reactions of the media to the announcement by categorising people and providing a better presentation and analysis for the media to follow up on?

**Mr Hazell**—We do not predetermine outcomes—we can’t.

**Senator MURRAY**—But once you have got—

**Mr Hazell**—Once we have got an outcome, an analysis is made in terms of which categories, as you point out—but I would have to say also on that that the people do not necessarily fit into one category; they fit across the board, especially a number of people who have given public service. Some of those would go across the board. It is very hard to say they fit into one category or another. In many cases they go across the board. I think it is true to say, to underline the point that I made earlier and you yourself referred to about perceptions, we try to get the facts across as best we can to avoid some of the fairly loose statements that have been made in the media, but that is not always possible. You cannot guarantee that. We do not issue pre-digested press statements or anything like that. We do give the media quite detailed statements that include figures that we believe they might be interested in so that they themselves can follow up on the good news stories. But, as I said earlier, you are right about it being unfortunate that perceptions are created. We can do our best by promoting the facts of the case and the facts as the council saw them and those facts on which their decisions were made in relation to each individual.

**Senator MURRAY**—Frankly, I think you can do more to anticipate, based on current experience. You now would be able to anticipate better, but that is up to you. I want to draw your attention to another thing which I came across which startled me. I doubt you would have the statistics and you might not even have the corporate memory. I sit on the Regional Partnerships inquiry and something fascinating emerged from the statistics there. Although the outcomes—in other words, the percentages approved—from applications from Labor

constituencies and from applications from coalition constituencies are about the same, there was a massive difference between applications. I forget the exact figures, it was kind of like three or four times as many from the coalition constituencies as Labor constituencies. In respect of honours, do you think it is possible that those on that side of politics feel they have less chance to put forward their nominees and to have them accepted and therefore do not put as many forward? Have you done any assessment to see whether or not there is an imbalance in applications coming through, for instance, from members of parliament?

**Mr Hazell**—On the latter point, not directly as such. Senator Murray, I think what you are alluding to is in a way a bit of a chicken and egg problem. The issue for a long time—and I think it remains—is that, as I said earlier, for people to receive an award they must be nominated. Anything that we can do or you can do to encourage those quality nominations to come forward I think we should do, because that promotes good citizens getting the recognition that they deserve. If there is a view in the community that they will not be successful, that would concern me, because we have done a lot and the government has done a lot to promote the need for good quality nominations to be made. But if that is the continuing case, then I think that is a matter of some concern.

This is a question that might best be directed to the Department of the Prime Minister and Cabinet, because they have a closer role in this than I, but I know that they have sought to redress some of those imbalances in previous years by officers of their department visiting regional centres right around Australia to promote the honours system. I know that we take phone calls as well on a lot of things. But from our point of view it is important that everybody out there in Australia knows that anybody can nominate anybody else for an award. It is a question of making sure that they can back up their statement with good quality statements to help the council make up its mind.

**Senator MURRAY**—Do you have statistics for numbers of rejections versus numbers of approvals? You have said 600 awards were made. How many applications would have been made?

**Mr Hazell**—Yes, we do have the statistics and I can tell you that the success rate is roughly about 60 per cent.

**Senator MURRAY**—So you are more rather than less likely to be accepted?

**Mr Hazell**—Yes.

**CHAIR**—As there are no further questions for the Office of the Official Secretary to the Governor-General, I thank Mr Hazell and officers very much. The committee will now examine the Australian Public Service Commission. Before Ms Briggs arrives at the table, I point out that, following examination of the Australian Public Service Commission, the committee will commence its examination of the Department of the Prime Minister and Cabinet. That will be followed by the Inspector General of Intelligence and Security.

[2.14 p.m.]

### Australian Public Service Commission

**CHAIR**—Welcome. On behalf of the committee, Ms Briggs, can I congratulate you on your recent appointment as the Public Service Commissioner. Ms Briggs, do you have an opening statement?

**Ms Briggs**—I do not, other than to say that I appreciate the committee's movement around of the scheduling today. Thank you very much for that.

**Senator CARR**—I begin by welcoming you to the committee and congratulating you on your appointment. Could I begin by asking you about the last *State of the service report*, which was published in November last year. Could you confirm for me the numbers of Indigenous people employed in the Australian Public Service? Are the figures on page 144 of that report accurate? There is 'Representation of EEO groups' and then for 'Indigenous Australians' it says that, in 2004, 2.3 per cent of the Public Service were Indigenous.

**Ms Briggs**—Yes, that is correct.

**Senator CARR**—And going back through to 1999, it was 2.7 per cent.

**Ms Briggs**—That is correct.

**Senator CARR**—In 1995, it was 2.5 per cent.

**Ms Briggs**—Yes.

**Senator CARR**—Would it be fair to say that we have got the lowest number of Indigenous people employed in the Australian Public Service in 10 years?

**Ms Briggs**—Yes, that is what the statistics say.

**Senator CARR**—Can you give me an indication of why you think that is?

**Ms Briggs**—In the main, it relates to the significant change that has occurred in the Public Service around the removal of lower level positions at ASO1 and ASO2 levels

**Senator CARR**—Can you tell me what the most up-to-date figure is for the number of people at the senior executive service level?

**Ms Briggs**—It has been pointed out that I need to be very clear about my words here: it is not the lowest number ever; it is the lowest proportion.

**Senator CARR**—They are the figures. It is the lowest percentage figure there.

**Ms Briggs**—On 30 June 2004, the number of Indigenous employees in the SES was 24.

**Senator CARR**—And the number in 2003?

**Ms Briggs**—Twenty-seven.

**Senator CARR**—So, on the most recently available figures, the number of SES officials who are Indigenous has fallen?

**Ms Briggs**—Yes, as recorded in the *State of the service report*. That is correct.

**Senator CARR**—Are there any figures more recent than 30 June?

**Ms Briggs**—I do not have any more recently updated figures than those for the SES breakdown. I will just check with my colleagues. That is the most recent complete set of data.

**Senator CARR**—I had a discussion with the Secretary of the Department of the Prime Minister and Cabinet at a recent Senate hearing and he was advising me that the number for the senior executive service has gone up. Maybe I misunderstood him, but I got the impression that he was telling me that there had been an increase. Are there any other figures that you are aware of that would produce that result?

**Ms Briggs**—There are no published figures that I am aware of, but it may well be possible that the secretary has been talking to other secretaries and keeping an informal look at that. It depends on the particular point in time. The data I have given you is at 30 June each year.

**Senator CARR**—I take it that is the most recently available data. I want to reinforce that point.

**Ms Briggs**—That is the most authoritative data that we hold, yes.

**Senator CARR**—It is possible that there are more recent figures.

**Ms Briggs**—Yes. As people join and leave the Public Service, that is quite possible.

**Senator CARR**—Are we able to get any indication of the changes within the senior executive service, the SES, since the abolition of ATSIIC?

**Ms Briggs**—I am not sure that I have figures for the senior executive service, no. Ms Tacy, however, can assist you.

**Ms Tacy**—We do have some figures to 31 December 2004 relating just to ex-ATSIIC employees, not more widely. In that period, 1 July to 31 December 2004—that is, going ahead from the data that is in the *State of the service report* to 31 December—there were 19 ongoing ex-ATSIIC non-Indigenous employees who separated and 10 who were Indigenous. Of those, no ongoing Indigenous SES employees separated during the period up to 31 December. We know that there have been two since.

**Senator CARR**—So it has actually gone down there as well?

**Ms Tacy**—That is of the ones who were ex-ATSIIC, as Ms Briggs said before. We do not have the figures for engagements and for all departments as yet.

**Ms Briggs**—Let us clarify that. The figures that Ms Tacy has given were for all employees of ATSIIC, as opposed to the SES, as far as I understand it, and no Indigenous SES separated during the period between 1 July and 31 December.

**Senator CARR**—So the figure of 24 may still be current?

**Ms Tacy**—As I said, we are aware of two that have separated in January 2005.

**Senator CARR**—After 31 December.

**Ms Tacy**—However, we do not have the figures yet for engagements in other agencies, so we could not give an updated figure on the 24.

**Senator CARR**—How many SES officers are there across the Public Service?

**Ms Briggs**—There are of the order of 1,830.

**Senator CARR**—Of which, from the last complete figures we have, 24 were Indigenous.

**Ms Briggs**—That is right.

**Senator CARR**—I am finding it hard to reconcile that figure with the one that I was given by the secretary at the Senate Select Committee on the Administration of Aboriginal Affairs.

**Ms Briggs**—To help you a bit with that, as I understand it 24 is the actual number of Indigenous SES officers.

**Senator CARR**—That is across all branches of the service?

**Ms Briggs**—Yes. Of Indigenous employees full stop, 0.8 per cent are SES officers. If you were to look at that number, 24, compared with the whole number of SES employees, you would see that 1.3 per cent of the SES are Indigenous officers. Does that help you?

**Senator CARR**—Yes, it does. Thank you very much.

**Ms Briggs**—Good.

**Senator CARR**—If we look at the total number of Indigenous people, you say that there is an absolute decline in both percentage terms and numerical terms. Is that the case? Is that the thrust of your report?

**Ms Briggs**—Yes.

**Senator CARR**—So it is in both: absolute and percentage terms. Is that right?

**Ms Briggs**—Yes.

**Senator CARR**—If I look at the number of separations, on page 152 of your report, I see that it appears to have doubled since 1994. It is now 4.9 per cent. Back in the mid-nineties it was 2.5 per cent. It has jumped around a bit in the last 10 years, but 4.9 per cent is a historically high point. Why has that occurred?

**Ms Tacy**—There seem to be a number of reasons for separations. It is an issue that we have been exploring with the Indigenous Employees Network. We have a number of measures in place to try and tackle that growing separation rate which is of concern to us.

**Senator CARR**—Yes, but you need to give me more information than that. Why is it happening?

**Ms Tacy**—That is an issue that we are currently exploring with the Indigenous Employees Network.

**Senator CARR**—Do I take it that you do not know yet?

**Ms Tacy**—There seem to be a number of factors, some to do with the changing profile, some to do with the spread. I do not think that we are in a position to provide a definitive answer on that as yet.

**Senator CARR**—It is not just a case of the lower classifications; all classifications are declining except one. Isn't that the case?

**Ms Tacy**—Are you looking at just 2003 and 2004?

**Senator CARR**—I am looking at the table on page 152.

**Ms Tacy**—If you look over time you see that it is a different picture. It is a mixed picture.

**Ms Briggs**—Between the last two years the one that is primarily stable is executive level staff. But the point you make between 2004 and 2003 is quite right, Senator.

**Senator CARR**—I am just making the point that it is not just a case of the reclassifications within the Australian Public Service based on skill. If we were to take out the situation of the trainees, which is where the dramatic changes occurred, it is producing a pattern. Even with the senior executive service, there is a reduction from 27 to 24. There is something else going on within the Australian Public Service in regard to Indigenous employment.

**Ms Briggs**—I should clarify my last answer. The other group that has shown a growth is the APS3 and 4, and that you could say directly reflects in part some of the movement of the AS1s and 2s.

**Senator CARR**—Sure. But that is still only 3.1 to 3.1—that is stable—and it has gone from 3.2 in 1995. You will not find much salvation in those figures, I would have thought, for those overall trends. I am concerned, though, about the trainee section, if you take it to that. Why has there been such a decline in trainees?

**Ms Briggs**—This is a development right across the Public Service, where there are very few people brought in at the base level any more. It used to be, when people as old as me joined the Public Service, that the most common and primary form of entry to the Public Service. These days it is not. These days the average entrant to the Public Service is aged 32 with a university degree and comes in at APS3 and 4.

**Senator CARR**—Is that an issue you are looking at?

**Ms Briggs**—It is an issue that we have reviewed. Yes, in broad terms we are. The nature of the Public Service has changed quite significantly. We now find that 60 per cent of new entrants to the Public Service these days are graduates. We have just started a project which looks at recruitment and retention arrangements for graduates in the work force.

**Senator CARR**—Why do you think that Indigenous employees have a shorter length of service?

**Ms Briggs**—We know that for Indigenous people the predominant cultures of some work forces are not necessarily the cultures they have been brought up in, and they need additional supports within the work force to enable them to sit comfortably in the Public Service. That would be one thing, Senator.

**Senator CARR**—And the satisfaction rates? I notice in the survey satisfaction rates. There seems to be the perception of less support for Indigenous employees.

**Ms Briggs**—That is true, yes.

**Senator CARR**—Why do you think that is?

**Ms Briggs**—I would think that this would be a cultural issue around how much a workplace is willing to accommodate them and so on. But I want to make the point that the representation of Indigenous people in the Public Service remains well above that in private sector employment, so our record is still well above the national average.

**Senator CARR**—But it is nowhere near what we should be doing.

**Ms Briggs**—We can always do better, yes.

**Senator CARR**—In terms of the reports of agencies using targeted recruitment strategies, I notice only 53 per cent of agencies are doing that. Is that satisfactory?

**Ms Briggs**—Some of this is horses for courses. We would want agencies that have a large client service focus to be ones with particularly significant numbers of Indigenous employees. Centrelink, for example, would be one of those. Others that tend to have less interaction with Indigenous peoples may well have less. We take that as a given. So the tax office has tried, for example, to implement some strategies there but it is not a terribly attractive employer for Indigenous people—or so they tell me.

**Senator CARR**—But what powers do you have to enforce any of these strategies?

**Ms Briggs**—My role is not as a power of enforcement. I am reporting on some of the arrangements. But we have instituted some measures around Indigenous employees and I am happy to take you through those if you wish.

**Senator CARR**—What I am trying to get to is the converse of that: what do you do with agencies that do not have any strategies? I notice in your report that 28 per cent do not. That is eight medium agencies and one large agency. What do you do about those?

**Ms Briggs**—In discussions with secretaries the nature of the employment split in the Public Service is raised. That does come up from time to time as to appropriate strategies around that. At our own level, one of the things that we are going to do next year is run a graduate Indigenous strategy for the Public Service as a whole which is specifically designed to get at some of these issues.

**Senator CARR**—Can you name those agencies that do not have specific strategies for the retention of Indigenous employees?

**Ms Briggs**—Can I take that on notice? We would have to go back to the supporting material that agencies gave us in surveys for the *State of the service report*. I will see if I can get that for you but I would need to take that on notice.

**Senator CARR**—If you are going to take it on notice I will obviously get it later. But are you looking at other measures, such as special leave for Indigenous employees, as types of actions to actually change the cultural milieu of the Public Service?

**Ms Briggs**—We are frequently involved in discussions at the group manager level around what to do there. Quite a number of CA arrangements do in fact have cultural leave and so on as part of them as I understand it.

**Senator CARR**—Are there any agencies that do not have any Indigenous employees at all?

**Ms Briggs**—We will take that on notice. I would have to say yes. You can take it as given that not all APS agencies would have Indigenous employees.

**Senator CARR**—I would not mind getting a list of those if I could, please.

**Ms Briggs**—I will see what I can do for you.



**Senator CARR**—Thank you. From your discussions with the agencies do you think that you are able to draw any conclusions about the effectiveness of any of the strategies that are being pursued?

**Ms Briggs**—In terms of longer term engagement?

**Senator CARR**—Yes.

**Ms Briggs**—I would have to say, having been in the job for three months, I do not think that I am equipped to give a longer term view on that. However, the *State of the service report*, in listing the strategies that are used, highlights the things that agencies are doing. As well as that, in discussions with Indigenous networks that we have had since I have been APS Commissioner we have highlighted those arrangements and we are in the process of trying to work through the ones that are more commonly used and successful as we go forward.

**Ms Tacy**—Could I return to the previous question, as we can answer it now. You asked about agencies that had no Indigenous employees. Page 150 of the *State of the service report* says:

Twenty-one APS agencies reported that none of their ongoing employees identified as Indigenous. These agencies were small except for one large (Finance) and three medium agencies ...

**Senator CARR**—So the department of finance has no Indigenous employees at all.

**Ms Tacy**—None ongoing; that is right.

**Senator CARR**—And the other 20 are small agencies. So they have less than 50 people?

**Ms Tacy**—They have less than 100 people. They are not small small.

**Senator CARR**—Can I have a list of those that have more than 50 people? I understand there might be some tiny organisations—it makes sense—but I would have thought 100 people is not a small agency.

**Ms Tacy**—We will provide that to you.

**Senator CARR**—The reason I am pursuing this question of the relationship between these strategies, the numbers of employees and the separation rates is that your reference on page 157 to a number of the strategies in place being out of date suggests to me that we may well have agencies that are only paying lip-service to the employment of Indigenous people.

**Ms Briggs**—That is not the impression I have from the engagements I have had on these issues when I have met with secretaries. I think all secretaries are concerned to at least retain the number of Indigenous employees they have and, if possible, increase them.

**Senator CARR**—That might be the case, but if you have these historically high levels of departure, historically low levels of engagement and so many agencies not employing Indigenous people there is clearly a systemic problem there. So I ask you specifically: have you noticed any correlation between the high number of agencies which have low numbers of Indigenous people and perceptions of Indigenous people about poor employment within the Public Service?

**Ms Briggs**—I am advised that the number of Indigenous employees surveyed is not large enough to enable us to do that kind of statistical correlation.

**Senator CARR**—This is pretty important, given the changes that are now occurring with the Australian Public Service with the abolition of ATSIC. What you seem to be saying to me is that there is very little you can do about this situation.

**Ms Briggs**—To the contrary. I take the view that there are things we can do about these arrangements. We have put an Indigenous employment strategy in place in the commission. The nature of that strategy is that we are working to partner with other Public Service agencies to develop initiatives to improve Indigenous recruitment and retention and are looking at alternative pathways to employment. That includes service-wide initiatives as well as some pilot programs we are running. We are also developing strategies to encourage Indigenous employees to remain in the APS and, in particular, we are developing a series of development programs for Indigenous employees. We already have one operating for APS3s and APS4s. We have developed one for, I think, executive level 1 staff, and that is to be run for the first time shortly. We are also planning to develop a program for APS5 and APS6 levels. At the same time I am thinking through new arrangements for the senior executive service and am considering not so much training for Indigenous SES officers but what training needs the SES as a whole might have around Indigenous issues per se. I will be discussing, amongst other things, with some senior SES people later this week how we take that initiative forward.

The other thing we are doing is providing a range of best practice guidance to employers on Indigenous employment initiatives—research papers, issues guides and so on. We have a steering committee at deputy secretary level, which is to meet next month. I am the chair of that. That is to work through arrangements for the Indigenous Employment Strategy. As well as that, we have a couple of networks that I think are very important in terms of supportive environments for Indigenous people in the workplace. In this sense there are employee networks throughout the country where APS employees get together and discuss issues and things that affect them in particular in the workplace. But they also provide us with information around successful strategies or otherwise.

As well as that, in November this year, shortly after I commenced here, we established a national forum of network chairs. A person from each state meets with me and makes suggestions around policy directions and so on. I would have to say that these are early days yet but I am taking this matter very seriously. I would hope that, over the course of the next three years, we can see greater retention of Indigenous employees.

**Senator CARR**—I appreciate that you have been in the job for only two months. However, this is an issue that has been raised in the last couple of reports. As I read it, you have three pilot groups, a network, a best practice guide and whole-of-service guidelines. Is that the sum total of the commission's work given this is a problem that the commissioner has identified?

**Ms Briggs**—No. I will just run through some of the other things we are doing, if you are interested. A national traineeship pilot program has been conducted in Canberra in partnership with the Ngannawal Aboriginal Corporation. That is between the commission and several APS agencies for Indigenous APS1 trainees. We have an Indigenous Exchange Program in Western Australia which is to provide interdepartmental placements of Indigenous employees. The idea there is that it is as important for Indigenous employees to move around different

parts of the Public Service and work across a range of areas as it is for others. This program gives them the opportunity to do that.

A longitudinal study is being jointly conducted between us and Centrelink in South Australia and Western Australia to track a group of Indigenous trainees as they embark on their careers. I think this gets to one of the issues you raised previously about understanding the circumstances of Indigenous people, the issues facing them and where they move to and so on. We have training for Indigenous coordination centres. I would just explain that this is a work in progress. We have been working with the OIPC—the Office of Indigenous Policy Coordination—and a number of other agencies associated with the ATSI changes about training within the ICCs. That training is being trialled in a couple of states on 6 and 7 March, in a couple of weeks' time. We will roll out that program once we take the lessons from the trial for the ICCs across the country.

**Senator CARR**—I hope it works. I must say to you that in the recent hearings I get a sense that the problem is much more profound than the reports indicate. I am wondering what the level of despair is amongst Indigenous people in this country that would lead to these sorts of figures. That is not measured in any official report.

**Ms Briggs**—We have not measured—

**Senator CARR**—The misery index?

**Ms Briggs**—No, we have not done that.

**Senator CARR**—More generally, the head of the Public Service is advising anyone that listens that, come 30 June when the Senate majority changes, it will not just be business as usual—

**Ms Briggs**—Can you excuse me for a minute: I probably should come back on that last point and point out that the *State of the service* report, at least up until 30 June, measured the level of job satisfaction of Indigenous employees as 68 per cent, compared with 74 per cent for non-Indigenous employees. At that stage, while that is a lesser level of satisfaction, it is not markedly so. So I would not want you to take away from this committee that it is significantly less for Indigenous employees.

**Senator CARR**—But, since you have gone back to it, over the last couple of years it has gone from about three per cent up to 4.9 per cent. That would be a fair measure, too, because they will not be filling in the satisfaction survey, will they—they are leaving.

**Ms Briggs**—Yes, they are leaving. They are voting with their feet. One of the things we are trying to do is survey Indigenous employees as they leave—that is something that I could have added to my earlier remarks—to get a feel for the reasons for their departure. That survey work is proceeding now, but we are also surveying current Indigenous staff to determine why they are staying in the Public Service. So we are trying to work at this quite systematically.

**Senator CARR**—Can I ask you about the changes that are occurring in the Australian Public Service. You list a series of challenges facing the Public Service. You have stated publicly that people no longer see themselves as career public servants. In your judgment, what sort of implication does that have for the Australian Public Service?

**Ms Briggs**—The nature of the work force is changing quite significantly. We are seeing people, when they enter the work force, assuming that they will work with many different employers in many different kinds of jobs. What is interesting is that, amongst our graduates, as we have tracked them over the past 10 years or so, we have actually seen an increased rate of retention—those staying for over five years—than we had in the first five years, from 1993-94 to 1998-99. So our rate of retention is increasing. You would have to say that you cannot necessarily say that the nature of public service employment may change as significantly as people like me might have expected with the different work force patterns of the younger age group. It may be that in a place like Canberra the Public Service remains a primary form of employment and people expect to be employed within the Public Service. Where we see higher rates of turnover—or where we are experiencing some of that at the moment—is in Sydney, in New South Wales, where the labour market is particularly tight for some of the skills we possess.

**Senator CARR**—What are you doing to try to cater for the two types of people that you are referring to: those who do not see it as a lifetime career and people such as you—I understand you have been with the Public Service for about 25 years?

**Ms Briggs**—Yes.

**Senator CARR**—How are you going to cope with these new developments?

**Ms Briggs**—The point is a really good one. What I am doing in terms of my role as commissioner is focusing on the nuts and bolts training that people will need in the Public Service. It is my intention, over the course of the next couple of years, to review our entire range of training programs to ensure that at each particular level, where somebody is a program provider or a regulator or a service provider or so on, that they have through our training programs the range of skills that will enable them to do that job well and professionally. As well as that, given this question about rapid turnover, we think it is important that people are in effect schooled in the skills of being a public servant: what is the role of a public servant in relation to a minister, the parliament, and so on? So we are looking at our range of programs to ensure that people can get the professional skills they need to be good public servants. So I think my answer is: let us recognise that if we do have rapid turnover we will need to continue to invest substantially in learning and development.

**Senator CARR**—Come the 30th of July this year when the numbers in the Senate change, what effect do you think that will have on the Australian Public Service?

**Ms Briggs**—Do you mean in terms of the work force? I cannot imagine it would have any direct—

**Senator CARR**—In terms of the work you do, will it change the way you respond to ministerial officers? Will it change the sort of policy framework in which you work?

**Ms Briggs**—It may mean we are not spending as much time as before in Senate committees, other than perhaps estimate committees, to be frank with you. But I am not sure it will change fundamentally the nature of the business that we do.

**Senator CARR**—It is just that Dr Shergold says that there will be a significant difference in the way in which the Public Service does business.

**Ms Briggs**—So what is he saying?

**Senator CARR**—In the *Financial Review* in November last year, he said:

If it's no-excuse government, then it's no-excuse public service right now. I think it will change the work of public servants and impose very strong disciplines ...

Do you agree with that proposition?

**Ms Briggs**—I am not sure I understand the meaning of it, so I do not think I am in a position to say one thing or the other.

**Senator CARR**—He is saying that one of the key objectives, very much in line with what the Prime Minister has had, is to ensure that what policies are brought forward that require legislative change are well informed and that they should be long term and should be strategic.

**Ms Briggs**—I would certainly agree with that, and I would hope that that is what the Public Service is doing now.

**Senator CARR**—He is saying it is going to change now. That is the whole point.

**Ms Briggs**—I would hope that it continues to deliver strategic longer term advice to government.

**Senator CARR**—He says:

One thing that can happen when you don't have control of the Senate is that, in effect, you end up with 'shopping-list' legislation in the hope that some of the items will gain sufficient support to come forward.

Presumably that will change, won't it, now that public servants will have to be more specific in terms of the legislative demands they make?

**Ms Briggs**—I think when a government has control of the Senate it is more than likely to be able to get its legislation through without making compromises along the way. But I think the Prime Minister has also indicated publicly that he is not intending to in any way act beyond the expectations of the Australian public in terms of good policy and good legislation.

**Senator CARR**—He also says that the Public Service will be playing more of a traditional gatekeeper's role in testing, filtering and deflecting ideas and pressures from outside interest groups. Do you think that is true?

**Ms Briggs**—There is no doubt that the Public Service plays a key role in terms of stakeholder relationships, so I would say yes.

**Senator CARR**—He says it could increase the pressure on the Public Service to deliver or cop the blame. Do you think that would be fair?

**Ms Briggs**—I am not sure that that is worth a comment. What is your actual question?

**Senator CARR**—My question is: do you think that is a fair way in which the Public Service should be treated? Do you see that there might be any dangers in a no excuses Public Service?

**Senator BRANDIS**—I think I should raise a point of order. Is it proper for a senator to ask a Public Service witness to make comments of the kind which directly required them to

respond to that last question about whether the public servant concerned thinks a particular possible course of conduct is fair or not? Ordinarily such comment, as I understand it, has been ruled out of order.

**ACTING CHAIR (Senator Murray)**—My experience of the officials who answer questions is that they are both very experienced and quite wise in their responses. I thought I heard Ms Briggs say that she did not think it was a question she was able to answer. Ms Briggs, I do not think you said you ‘were not competent to answer’ but ‘you were not able to answer’, which I thought was an adequate response.

**Senator BRANDIS**—It might be better practice to rule out of order questions which are out of order, rather than embarrass witnesses by forcing them to evade answers to questions which were admitted by you.

**ACTING CHAIR**—It is better practice for the chair to use his own judgment and not be led by members of the committee in terms of their judgment, so I will chair it as I see fit. When you chair, you will do as you see fit. But I thought the witness answered very adequately a question which was legitimately put.

**Senator CHRIS EVANS**—From my experience at cross-examining Ms Briggs at Senate estimates, she is not easily led.

**Ms Briggs**—Thank you. I take that as a compliment.

**Senator CHRIS EVANS**—It was meant as a compliment.

**ACTING CHAIR**—On Valentine’s Day too!

**Ms Briggs**—I will expect the roses in the mail!

**Senator CARR**—Ms Briggs, let me take you into less troubled waters than a question of what Dr Shergold thinks of the Public Service. With regard to the ageing of the Public Service, you said that yet again this continues to be a major challenge, with 39 per cent of the entire Public Service now at 45 years and eligible for retirement in 10 years. What is the Public Service recommending happen in terms of trying to cope with that quite dramatic change?

**Ms Tacy**—The secretary has agreed to a number of recommendations as part of a management advisory committee report on organisation renewal. Through the commission we are supporting better work force planning by agencies because, as you will see in the report, while the profile is ageing overall across the service, there are quite different profiles from one agency to another. While some agencies have quite an ageing profile, others have one which is much less so. We feel that it is important, and we have been working with agencies and running quite a few training programs around how you go about work force planning and then supporting that by recruitment, learning and development and so on, if you are losing significant cohorts of people around the same time.

**Senator CARR**—Absolutely. Are you saying that 43 per cent of the SES and 27 per cent of the executive level service are likely to retire in the next five years? They are the same sorts of figures that you have used in previous reports.

**Ms Tacy**—We continue to age.

**Senator CARR**—Indeed. I am interested to know what progress has been made in addressing that issue?

**Ms Briggs**—One of the changes is that people are in fact staying in the Public Service to a greater extent after they are aged 55, and that is something that we encourage because it means that we retain rather than lose our expertise potentially for the next five to 10 years. That is one thing. Another thing that agencies have been actively doing is to look at superannuation arrangements, and I am sure that has contributed to that greater longevity. One of reasons we are running the graduate review work that I referred to earlier—the recruitment and retention of the graduate work force—is to enable us to deal with this issue more generally. One of the contributing factors to the ageing of the work force is not only the ageing at the top end but also the ageing at the lower end, with a higher age level of recruitment into the Public Service per se. Twenty years ago the common age of entry was at 18 or 20; now when we are talking of at 32 it is a very different picture. What you would see with a 32-year-old appointee is that, typically, they have job experience in one, two or many other areas of endeavour. As well as that, they have graduate qualifications. What we are seeing is that the different nature of recruitment is very much firming up our base. That is not to say that we are not worried about it, and there are some evident shortages that secretaries are identifying, and have been identified in this report, around skill sets, particularly accounting, financial management, HR and so on.

**Ms Tacy**—Could I just add that through the *State of the service report* we do look at the experience of agencies applying approaches to work force planning and we have registered an increase since we have been actively encouraging it over the last couple of years. Plus we are also supporting that, more recently, by making our database of Public Service employees available through an internet interface to both encourage and support agencies as they are doing their own work force planning and profile planning.

**Senator CARR**—I am going to have to put a number of follow-up questions on notice, but can I ask you about code of conduct breaches. The number of code of conduct breaches investigations has increased from 936 to 1,083. Why is that? Why has there been an increase?

**Ms Briggs**—I am advised that the data between years is not directly comparable. Last year we asked about numbers of instances of concerns about the code of conduct. This time we took it to numbers of employees involved in these instances. You may have had an instance where there were two or five people involved. That is really the issue. It is not directly comparable data.

**Senator CARR**—What you can do is tell me why it is that 29 per cent of breaches come from one agency—that is, Centrelink.

**Ms Briggs**—It reflects the size of the agency. Three agencies—Centrelink, the ATO and Defence—have about half of the Public Service employees. But, even with that representation, you would say that that is above their general proportional representation. I do not have the reason for that.

**Ms Tacy**—There are other factors around agency approaches to when they formalise an investigation and how they might record a code. Centrelink does have a different approach in that respect to some others. We also know there is a higher rate for those agencies that really

need to enforce very strong privacy procedures across their organisation, where their employees are dealing with citizen information and they really have to reinforce that. Sometimes you will see a higher application of code of conduct breaches.

**Senator CARR**—Centrelink is also the agency with the second highest decline in the number of Indigenous employees. I am wondering if there are any particular management issues in regard to Centrelink that might be emerging from a number of these indices throughout your report.

**Ms Briggs**—I am not aware of that. In fact, from my discussions with Centrelink they are undertaking a number of initiatives directly aimed at providing services to Indigenous communities, and they involve employing Indigenous staff located in those communities. So I am not aware of a particular issue there and my staff are saying they are not.

**Senator CARR**—With 32 per cent of investigations in Centrelink, is there not a systemic problem?

**Ms Briggs**—I think Ms Tacy's point about the nature of the activities in Centrelink is an important one. Centrelink is very careful about the way people's personal information is managed and it would have greater dealings with that than most other agencies, I would say.

**Senator CARR**—Such as the Child Support Agency or DIMIA? There were 20 breaches investigated per 1,000 employees. They had high rates of breaches recorded as well. Were many of those proven?

**Ms Briggs**—I am not sure. Can I take that on notice?

**Senator CARR**—Yes. You can tell the committee how many of those breaches were proved. I would like to know whether or not the commission has any concerns about the patterns that are emerging. I notice that at page 216 you have a table there that says that 348 officers were investigated for breaches of the element that says, 'Commonwealth resources will be used properly,' and that 81 per cent were found in breach. What was the value of the resources lost that produced those sorts of statistics?

**Ms Briggs**—I honestly do not think we could answer that question. But I am more than happy to take the other ones that you have had on notice.

**Ms Tacy**—I should add that this covers a range of different aspects and I understand that under this one you would get not just monetary things at question; it is also the one that covers improper use of the internet and email and so on.

**Senator CARR**—So there may be no money involved at all?

**Ms Tacy**—It will vary from case to case.

**Senator CARR**—I just want to try and get some assessment of the scale of the problem. What is misuse of the internet?

**Ms Tacy**—Storage of pornographic material, for example, or access or forwarding on.

**Senator CARR**—Or using materials for private purposes. So these figures do not tell us very much, then.

**Ms Tacy**—They cover a range of—



**Senator CARR**—Eighty-one per cent were found to be in breach of a misuse of Commonwealth resources. How meaningful is that figure?

**Ms Tacy**—These figures are based on the different elements of the code of conduct in the legislation. So, as an agency takes action in respect to an employee, it relates to a particular element of the code and that is why the data is collected that way.

**Senator CARR**—That concludes my questions. I will put the rest on notice.

**Ms Briggs**—I want to add a bit to an answer if I may. Over the course of the next few months we will be developing a good practice guide on dealing with misconduct and that may well get to some of the issues that you have been talking about.

**ACTING CHAIR**—On that remark you just made, the *State of the service report* of November said that you would be producing that good practice guide. Is that what you are referring to?

**Ms Briggs**—Yes.

**ACTING CHAIR**—When did you say that is going to be released?

**Ms Briggs**—We are aiming for the middle of the year—June.

**ACTING CHAIR**—Shall I be cheeky and ask whether it will be this year, 2005?

**Ms Briggs**—Yes, it will be.

**ACTING CHAIR**—Not the middle of next year? Okay. Thank you for that. I have a few questions to ask. Firstly, though, I wanted to thank you for your response to my questions about departmental and agency contracts. That was appreciated. You are also one of only three out of 11 agencies which fall under this committee who have answered the June 2004 questions on government advertising. I thank you for that. But in relation to those questions—and I am aware you have not been in the job that long—was the Australian Public Service Commission required to run its answers to that question through PM&C or did you just answer it directly?

**Mr Jones**—We just answered directly.

**ACTING CHAIR**—I want to ask you specifically about this committee's references committee report into the members of parliament staff. My memory says that was in late 2003. There has been no government response yet, or certainly none that I have been advised of. I understand the answers to that are being coordinated through PM&C. Is that correct?

**Ms Briggs**—Yes, it is.

**ACTING CHAIR**—Have you been asked by PM&C to provide advice to them with respect to that report?

**Ms Tacy**—I understand that that is being coordinated through PM&C and we have provided some input.

**ACTING CHAIR**—I raise the question because the recent furore about Mr Hallett's email and his action with respect to Tumbi Creek is in that same area of concern as to how an adviser interacts on executive matters. I assume you have done no further work since your input to PM&C.

**Ms Tacy**—Not with respect to that inquiry, no.

**ACTING CHAIR**—Those are the only questions I had for you immediately. Are there any other questions from the committee for this agency? Senator Faulkner, do you have questions for the agency?

**Senator FAULKNER**—No.

**ACTING CHAIR**—I thank the officers for their attendance.

[3.17 p.m.]

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

**ACTING CHAIR**—The committee welcomes the minister and officers from the Department of the Prime Minister and Cabinet. Minister, do you or Mr Metcalfe wish to say anything before we commence questioning?

**Senator Hill**—No.

**Senator CHRIS EVANS**—I will start with some general questions about the tsunami response, just to give us an understanding of the process. I know that the department has been heavily involved in it and that several officers sacrificed their holidays to be involved. Parliament is appreciative of their efforts. I want to get an understanding of how that unfolded, the department's response and the process. How did the department and the government become aware of the earthquake and then the tsunami? What was the first policy response? How did we get to where we are now? I would like to track it through a bit if I could.

**Mr Metcalfe**—Mr Kemish, who is the new head of International Division, was closely involved with this work, and I will ask him to fill in some of the detail. From my own perspective, I learnt of the earthquake and the resultant tsunami through media reporting on Boxing Day. Then in conversations that afternoon with the Prime Minister's office I indicated that we would obviously work with other agencies in determining the extent of what was then clearly a very significant issue. It was only subsequently, of course, that the full extent of the tragedy unfolded. That evening there was an interdepartmental emergency task force convened, which Mr Kemish and I were briefed on and one of our assistant secretaries attended. At that stage I was in contact with both the secretary and the Prime Minister's office throughout the evening of Boxing Day. The Prime Minister made it clear at the outset that our response should be comprehensive and quite generous, and that was the advice that we carried into the meeting of agencies on that first evening. From recollection that meeting was chaired by the Acting Secretary of the Department of Foreign Affairs and Trade and it involved the range of agencies as is usual in this type of circumstance. The following day there were further meetings. Dr Shergold attended, representing the department. Essentially, the government's coordination mechanism was through the interdepartmental emergency task force using well-established procedures of coordination and briefing to the Prime Minister and other ministers.

**Senator CHRIS EVANS**—Can I just interrupt you there. I notice that these days we are using the words 'task force'. We used to use 'interdepartmental committees'. Are they the same beast, or is this more politically correct language these days?

**Mr Metcalfe**—If we were to have a discussion, this particular interdepartmental coordination mechanism—and there are various ways of describing them—

**Senator CHRIS EVANS**—I knew there would be a difference. I just want to be clear about what it means.

**Mr Metcalfe**—is actually a standing means of responding to overseas issues. When there is any matter that requires a coordinated response by Australian government agencies, the thing called the interdepartmental emergency task force is convened, chaired by the Department of Foreign Affairs and Trade and involving the agencies that will usually have a role to play. In this particular case, apart from Prime Minister and Cabinet, clearly the Department of Defence—

**Senator CHRIS EVANS**—So ‘task force’ implies an emergency overseas, while the committee is more related to policy.

**Mr Metcalfe**—No. There are other task forces which may be less focused on the immediate and urgent and more looking at longer term policy issues. There are some task forces that are very much focused on the operational and immediate. This particular task force is a mechanism that has been used on a number of occasions. It is a standing arrangement whereby relevant departments come together to respond to emergency requirements overseas.

**Senator CHRIS EVANS**—So the membership was the same sort of membership as applied at the Bali tragedy. Is that right?

**Mr Metcalfe**—That is probably the best analogy and, indeed, the way that this particular task force operated drew heavily on the experience that we had gained in Bali. This particular task force is chaired by the Acting Secretary of the Department of Foreign Affairs and Trade and attended at a very senior level by a range of agencies. Attendees include the Chief of the Defence Force—or the vice chief—the relevant national manager in the Australian Federal Police, usually the head or deputy head of AusAID, and the list goes on. From a PM&C perspective, Dr Shergold attended those meetings through the first week or so, through to the new year. He and I jointly attended a number supported by other staff, and subsequently either I or Mr Kemish have attended those meetings.

Where I think we were in the chronology was that within the first 24 hours there was obviously all possible information being gathered because of the multistranded issues that were associated with that—concern for the safety and welfare of Australians abroad, which very quickly moved into work particularly in Thailand; the consular response more broadly, assisting Australians who may have been affected; and consideration of the humanitarian concerns in the various countries concerned. It is obviously a matter of record as to the decisions taken by the government to very quickly provide humanitarian assistance, firstly through the Royal Australian Air Force and the Australian Defence Force and then, more broadly, through a range of agencies.

**Senator CHRIS EVANS**—I assume that you, like everybody else, did not realise the extent of the disaster in the first little while. It seemed to me that our understanding of the extent of the disaster and the toll that it had taken expanded over a number of days. Did that change the structure of the response?

**Mr Metcalfe**—I think it underlined the scale of the response that would be required. Like the rest of the world, we were getting more information as the hours went by as to just the sheer scale of devastation and how it affected such a number of countries. The Department of Foreign Affairs and Trade obviously very quickly initiated consular response arrangements and fielded many tens of thousands of phone calls in relation to concerns about Australians who may or may not have been in the affected areas. They were supported by other agencies in scaling up their consular operations centre to deal with those tens of thousands of phone calls. Over a period of time we were able to get a better fix on the number of Australians who were directly affected—some of whom, tragically, were killed—and also the sheer scale of the humanitarian disaster not only in Indonesia but also in Thailand, Sri Lanka, India and indeed countries in Africa.

**Senator CHRIS EVANS**—Apart from the task force, were any other mechanisms established?

**Mr Metcalfe**—The key coordination mechanism between departments was the task force. There were a couple of subsidiary groupings of officials working on particular matters—for example, broadly speaking, colleagues in the social welfare agencies were focusing on issues that may have more directly impacted on Australian nationals, such as guidelines and protocols for assisting Australians to return home or to respond to relatives' needs if a partner or close family member had been killed or otherwise affected by the tsunami. Again, those processes were based upon what we did in Bali and learned as a result of the Bali incident.

**Senator CHRIS EVANS**—Did that grouping have a formal title as well?

**Mr Metcalfe**—I think there probably was a name. If you would like, I can probably have that brought to me at the table.

**Senator CHRIS EVANS**—If you would not mind, could you take that on notice. That group was largely those interested in the social welfare aspects of Australians overseas?

**Mr Metcalfe**—We would regard that as a particular subcommittee. Over time there were more specific discussions around particular issues. For example, the development of the overall package of assistance to Indonesia and indeed the eventual decision to commit \$1 billion into a relief and reconstruction fund was work done at a very senior level between PM&C, Treasury, AusAID and the Department of Foreign Affairs and Trade. Through this whole process the Prime Minister, the Minister for Defence, the Minister for Foreign Affairs, the Minister for Justice and Customs and the Attorney were very closely involved in decision making on these issues.

**Senator CHRIS EVANS**—Was a cabinet subcommittee formed, or was it the national security subcommittee? Was there a formal mechanism to look at it?

**Mr Metcalfe**—There were consultations between ministers but there were no meetings of cabinet as such until later in the month.

**Senator CHRIS EVANS**—It just seems that there was a coordination task there and three or four ministers at least were centrally involved. There was not actually a subcommittee of cabinet established; you just reported to the ministers?

**Mr Metcalfe**—Existing processes were used. There was no formal subcommittee. The national security committee and the cabinet, of course, have been involved in decision making on particular matters, as is appropriate. But, through the period of crisis, Senator Hill, the Prime Minister, Mr Downer, the Treasurer and others were working very closely together with officials and key partners overseas to develop Australia's response.

**Senator CHRIS EVANS**—Is it fair to say that the model that you used was largely based on the Bali experiences?

**Mr Metcalfe**—I think that is the best analogy you could draw. After Bali we had a very close look at how that had gone, what lessons there were to be learned, what was good and what could be improved.

**Senator CHRIS EVANS**—Was that done in a formal way?

**Mr Metcalfe**—It was done in the sense of a formal report and consideration by government.

**Senator CHRIS EVANS**—Had the recommendations of that been considered and/or adopted prior to the Boxing Day tsunami?

**Mr Metcalfe**—Yes.

**Senator CHRIS EVANS**—I know that some of these things might be in-confidence in the sense of being cabinet decisions or whatever, but can I get a sense of the sorts of things that had been finetuned, if you like, since the Bali incident or maybe an example?

**Mr Metcalfe**—I will ask Mr Kemish to expand on that to the extent that he can. He was head of the Consular Division of the Department of Foreign Affairs and Trade during the Bali crisis and is now the head of the International Division, so he has seen the issue from the perspectives of both agencies.

**ACTING CHAIR**—You have been promoted, Mr Kemish?

**Mr Kemish**—I have been transferred. Describing it in simple broad terms, a real focus of the post Bali review work was the development of systems across agencies to ensure that resources—particularly staffing resources—were able to be deployed quickly and in a coordinated way to the scene of the disaster. That was the main emphasis of the review.

**Senator CHRIS EVANS**—Most of those staff deployed would not have been Commonwealth employees, I suspect.

**Mr Kemish**—Overall, if you include the staff deployed to Aceh and other parts of Sumatra as part of the overall relief operation, it includes many officials from state agencies and indeed from the private sector. Indeed, the deployment of medical teams across the region included a real mix of Commonwealth, state and corporate officials and representatives. In that very initial response, the deployment of the consular response in particular, the focus in fact would have been on Commonwealth officials—employees in particular of the Department of Foreign Affairs and Trade but also of other agencies, including Defence, Centrelink and so on.

**Mr Metcalfe**—Just following up from the earlier point that I left to come back to you on, the subcommittee on social policy issues that I was referring to was called the Tsunami

Domestic Recovery Task Force and was chaired by the Department of Family and Community Services and had a range of agencies on it, including Centrelink, the AFP and DFAT. It also included a representative of the Red Cross and a state government representative. One of the other two subsidiary committees that I think for the record should be mentioned is the Australian Health Disaster Policy Committee, which is chaired by a deputy secretary in the Department of Health and Ageing. That is a Commonwealth-state body that works very closely in coordinating our national effort. There was a similar type of process involving Emergency Management Australia. They were having at least daily—and probably more often—discussions with state and territory emergency services counterparts. Indeed, the linkage between needs requirements being identified in the field by AusAID and the solutions to those particular problems being met through Emergency Management Australia working under the Overseas Disaster Recovery Plan with state and territory agencies is another example of how, since Bali, we have exercised and rehearsed and refined those arrangements. They work very effectively.

**Senator CHRIS EVANS**—Following the review of the Bali response, what would we describe the arrangements put in place as? Are they protocols?

**Mr Kemish**—There are standing arrangements to guide the government's coordination of its response. In the main and in the broad, those standing arrangements are as they were for Bali, and before that for September 11 and for other crisis responses. As a conscious thing, officials work as quickly as they can after a response to review the arrangements at a detailed level. I do not recall exactly all the detail of the review work post Bali. But it was more around the edges and designed to ensure that on one level the next response is deployed quickly and in a coordinated way and at another level that in the circumstances the best service can be provided to Australians and others who are victims of the crisis in question.

**Senator CHRIS EVANS**—It is obviously a sad fact that the more practice you get at these things the better organised you are. Those are the formal mechanisms. Who takes the decision to activate those procedures? Is that the call of the Prime Minister?

**Mr Kemish**—The activation of the crisis centre in the Department of Foreign Affairs and Trade and the calling of meetings of the interdepartmental emergency task force is a decision authorised at senior executive level in the Department of Foreign Affairs and Trade, by either the secretary of that department or one of the deputy secretaries.

**Senator CHRIS EVANS**—Is that what happened on this occasion?

**Mr Kemish**—I believe so, yes.

**Mr Metcalfe**—That is my recollection and that indeed is part of the standing arrangements. Quite often the first you hear of these tragedies is through media reports or diplomatic reporting. DFAT is authorised—indeed, it is expected—to simply get on and start preparing our response. As I have said, I recall hearing about the tragedy on the afternoon of Boxing Day, when I heard that there had been an earthquake somewhere off Sumatra. By the time I made some phone calls and had spoken with the Prime Minister's office and the secretary of our department, I rang the relevant deputy secretary in the Department of Foreign Affairs and Trade, who at that stage was just commencing the meeting of the IDETF, and a

senior officer of our department was present at that meeting. The processes had very quickly kicked off automatically.

**Senator CHRIS EVANS**—This is not meant as a criticism of anyone but clearly finding people on Boxing Day, including ministers, might be a little harder than normal; they might be having a post Christmas lunch snooze. It is a much more difficult time of the year to act, I suspect.

**Mr Metcalfe**—I think that as part of those standing arrangements it is a sad but true fact of life that agencies are required to be available around the clock around the year. We were not astonished—I certainly knew it would happen that way—but the level of commitment, the contactability of agencies and the level of energy were just fantastic. Notwithstanding the fact that for many people it was a difficult time of year, with family commitments and whatever, we were able to play our small part in a much bigger response effort.

**Mr Kemish**—What Mr Metcalfe has just described is a good example of the detail that underlay my earlier comment. It is precisely at that sort of level where agencies over time have boosted even further their ability to reach for staff, and reach for greater numbers of staff, including at quiet times of the year. It certainly helped DFAT as a key agency and other agencies, including PM&C.

**Senator CHRIS EVANS**—What did it mean for your own office? Did you call a lot of people back in?

**Mr Metcalfe**—PM&C's role is one of coordination. As you know, we are a relatively small department. Our role is to assist in coordination and in briefings of key ministers, particularly the Prime Minister. A relatively small number of PM&C officers were directly involved over the first few days. In particular, the secretary took on a highly energetic role in leading the overall government coordination effort and in working very closely with the Prime Minister. Over time, I would say that we had probably 10 or 15 officers directly involved. Some of them had been planning to be on leave and some of them were planning to work through.

**Senator CHRIS EVANS**—Thanks for that. I am sure that all members of parliament accept the difficulties that people were working under. The speed of the response certainly was impressive. I now take you to the things that then flowed from that. Obviously, a range of government decisions were announced following the initial response—the decision to commit Australian troops to Aceh, the initial aid response and then the greater aid package. Were they cabinet decisions? Were they decisions made by the relevant minister? How did that work? You had the initial disaster response mechanisms that fell into place but obviously after that I think there were a couple of announcements about aid before the major announcement was made in early January. Maybe Senator Hill will take the question—it is probably one more for us to ask him relating to Defence; obviously the decision to send military to Aceh is something that we will ask him about then. Was it a series of decisions by cabinet or just the Prime Minister's authority? How did it work?

**Mr Metcalfe**—Essentially the Prime Minister was being briefed on these issues and discussing them with senior colleagues. So the decision has been made not in the sense of a formal cabinet meeting in the cabinet room in Canberra but through close consultation between relevant ministers based on advice from officials. Subsequently, government has

dealt with a number of those issues or longer term issues in what you might regard as the usual means of cabinet process. But because of the very time of year that you described, the response had to be quick and had to be effective. So it was dealt with by the Prime Minister, in consultation with senior colleagues.

**Senator CHRIS EVANS**—So with the initial aid package that was done in that way, did the foreign affairs minister and the Prime Minister tick off on this \$25 million or \$35 million?

**Mr Metcalfe**—Yes, that is my recollection.

**Senator Hill**—I agreed to the deployment of troops in each instance, obviously after taking the advice of either the chief or the acting chief during that period and, as has been said, they had been attending the coordinating meetings. Where necessary, I discussed it with the PM and if I was satisfied with the advice then I agreed to the deployment. That happened on a number of different occasions during this period as we grew the force contribution.

**Senator CHRIS EVANS**—You announced the C130s and then there was a range of subsequent announcements, wasn't there?

**Senator Hill**—The first deployment was pretty obvious, but there was some preliminary work that we did. Our defence attache and his staff in Indonesia were very helpful, as was Ambassador Ritchie. They very quickly formed the view that assistance would be welcome. Then I had General Cosgrove phone General Sutarto, who confirmed that. I then telephoned Minister Sudarsono to ensure that the civilian authority was properly in line with the TNI's aspiration. He indicated that any assistance that we could give would be appreciated. He talked a bit about Aceh and I told him that in the first instance we proposed to send C130s with aid. From then on it grew.

**Senator CHRIS EVANS**—Is it fair to say that the first deployment was not actually specifically at the request of the Indonesians then? Was it a suggestion from us as to what we could send quickly?

**Senator Hill**—I have heard that it was suggested both ways. Our people in Jakarta were excellent and they immediately made contact. Who telephoned who first, I am not sure, but they were in very early communication with the relevant Indonesian authorities and all of that worked extraordinarily well. After that, as the days were going by, we were obviously assessing the areas of need in which the ADF could fill a gap. With the original C130s, we sent in the first medical teams and we also took in the United Nations assessment team. We fairly quickly decided that they could use our helicopters. We agreed to a deployment of four Iroquois helicopters. Then the engineering need was becoming obvious and so that led to the ultimate deployment of *Kanimbla* with 150 engineers and a further two Sea King helicopters. During this time we were establishing bases to sustain the force and Indonesia was very good in relation to Medan and Malaysia was very helpful in relation to Butterworth. It really worked very well and I think it was a great credit to Defence—not just those out front but those behind who played a very significant part. As I have said before—but as the issues have been raised I will mention it again—I thought the whole of the Public Service performed superbly in this instance. The fact that senior public servants did not wait to be called in I think is really of great credit to them.



**Senator CHRIS EVANS**—Was there at any stage concern about the deployment of military personnel to Aceh? Obviously, given the history of the region, it was more sensitive than most regions in Indonesia. Was that a subject of a high-level discussion with the Indonesians?

**Senator Hill**—It was not a problem from our perspective except that we wanted to ensure that it was not a problem at the other end. But, very quickly, the Indonesians had agreed not only to deployment into Aceh but directly into Banda Aceh when that best suited the operation. I was quite impressed with that, too. I thought the Indonesians would have greater difficulty making that decision than they did.

**Senator CHRIS EVANS**—I guess that would have been my starting point as well, so I was surprised how quickly that seemed to happen—given the history and the sensitivities, I was quite surprised.

**Senator Hill**—It was an unusual deployment in that we were relying on TNI for our force protection. We made an early decision that we would not be providing our own protection. That has worked well. We also very sensibly made it clear to the Indonesian commander in Banda Aceh from day one that we would be working to his guidance—that they would set the priorities. That has worked very well too. The relationship between the Indonesian forces and agencies and individuals with Australians during this period has been very good.

**Senator CHRIS EVANS**—To get back to the development of the response: the initial decision on aid was taken by the Prime Minister and the foreign affairs minister. Did the task force make recommendations on that or were you dealing pretty much with the emergency responses?

**Mr Metcalfe**—Those issues were discussed in the task force. Certainly the initial tranches of humanitarian assistance were essentially within the remit of the Minister for Foreign Affairs and Trade, who was discussing these issues with the Prime Minister. The development of the \$1 billion package which was announced by the Prime Minister when he was in Jakarta on 6 January—as I said earlier—was the subject of work at a very high level between Foreign Affairs, PM&C, AusAID and the Treasury and discussions the Prime Minister had with the relevant ministers.

**Senator CHRIS EVANS**—I will come to matters of detail now. Essentially the task force dealt with the emergency response—the humanitarian response and Australians who might have been affected. Did you deal with the initial aid response issues as well or was that dealt with separately by the minister? Did you discuss the sort of aid?

**Mr Metcalfe**—I personally was not in the meetings in the first couple of days, but the sense I had was that we had a view from the Prime Minister that our response should be swift and generous. There were initial announcements of humanitarian assistance—essentially from within existing AusAID budgets. I would have to check the records to check the extent that that was discussed within the task force, but it was certainly something that was part of the work that was being done between agencies.

**Proceedings suspended from 3.48 p.m. to 4.06 p.m.**

**Senator CHRIS EVANS**—Before the break, we were talking about the tsunami task force and its response. Is the task force still in operation or has it been disbanded?

**Mr Metcalfe**—The task force has now essentially wound up. Other coordination mechanisms have been put in place, but I think we are now at the stage of even saying that perhaps that level of coordination no longer needs to occur as the fundamental issues have been dealt with and the key direction has been set. To the extent that further coordination is necessary, DFAT and PM&C will work with other agencies, but essentially we have moved through the emergency phase and, indeed, beyond that into more mainstreaming of the issues.

**Senator CHRIS EVANS**—Can you take me through the process for the Australia-Indonesia partnership for reconstruction and development? Did PM&C have a major role in this, advising other task forces et cetera?

**Mr Metcalfe**—It certainly did. As I said, it was a piece of work that was done at a very senior level. Essentially, it involved PM&C, DFAT, AusAID and the Treasury working on this issue and providing advice to ministers so that the Prime Minister was able to announce that initiative when he was in Jakarta on 6 January.

**Senator CHRIS EVANS**—Was this part of the task force function, or was it done separately from the task force?

**Mr Metcalfe**—It was essentially something that sat to one side of the task force. The task force, chaired by DFAT, worked on the coordination of civilian and military forces, humanitarian relief, consular assistance and so on. The particular initiative relating to the billion dollars involved a smaller group of agencies at a very senior level.

**Senator CHRIS EVANS**—Can you tell me who they were or who chaired that?

**Mr Kemish**—It was chaired by Dr Shergold. It took place largely in the Department of Foreign Affairs and Trade. It was a meeting at head of agency level, including the Acting Secretary of the Department of Foreign Affairs and Trade, the CDF, I believe the Secretary of Defence, the Secretary of the Treasury and the Director-General of AusAID. There may be others—and I will check—but they were the core participants.

**Senator CHRIS EVANS**—Did that have a separate title?

**Mr Kemish**—It was simply a small number of meetings of those very senior officials to discuss this initiative.

**Senator CHRIS EVANS**—Was there a cabinet decision before the tick off on that package?

**Mr Kemish**—As Mr Metcalfe was saying before, it was not then the subject of a formal cabinet process; however, each of the agencies represented in that group—most particularly the agencies answering to the Prime Minister and the foreign minister—were consulting closely with their ministerial overseers. The Prime Minister and key ministers—including, obviously, the foreign minister, the defence minister and the Treasurer, importantly—consulted very closely on the issue.

**Senator CHRIS EVANS**—I would assume that they did not announce the \$1 billion without consulting. I guess I am trying to get the formal mechanism. So this was not a cabinet decision?

**Mr Metcalfe**—There was no cabinet decision recorded at that time; however, in a subsequent meeting of cabinet, there was discussion of the implementation of the matter. But I would not go any further into cabinet business than that.

**Senator CHRIS EVANS**—I understand that. It was a decision of government. I am not criticising; I am just trying to understand.

**Mr Metcalfe**—It was clearly decision of the government at the most senior level. If it is convenient, I can provide a little more detail on the earlier tranches of humanitarian relief, which may be of interest. I am advised that an initial commitment of \$10 million in humanitarian assistance was announced on 27 December—the day after the tsunami struck. A further \$25 million was announced by the foreign minister on 31 December and a further \$25 million on 29 December—making a total of \$60 million being announced before the \$1 billion package was announced on 6 January.

Of that \$60 million, \$43 million was committed bilaterally to countries hardest hit—\$33 million to Indonesia, \$10 million to Sri Lanka and the Maldives. There was \$17 million to assist with emergency relief efforts across the region—\$5 million to assist relief efforts in other affected countries, \$5 million to the Australian Red Cross, and \$7 million to other non-government organisations. That, of course, is only part of the assistance that the Australian government has provided. There has been the defence humanitarian relief effort that Minister Hill described earlier and there have been a range of initiatives, such as sending scientific experts to the Maldives to assist them on issues to do with fisheries and coral reefs. So there was \$60 million committed very quickly in direct tsunami relief, the \$1 billion long-term package, and a whole range of in kind contributions made from a whole range of agencies.

**Senator CHRIS EVANS**—Who is administering the Australia-Indonesia Partnership for Reconstruction and Development from our end? What is the lead department?

**Mr Metcalfe**—The lead department is the Department of Foreign Affairs and Trade. But, underneath the key ministerial oversight, there is oversight by officials in a committee to be chaired by the Secretary of the Department of Foreign Affairs and Trade and involving Dr Shergold and one or two other agency heads.

**Senator CHRIS EVANS**—What is PM&C's ongoing involvement in it?

**Mr Metcalfe**—Essentially, we have a strong interest in the success of the package and therefore are represented on that particular secretary's committee. The initiative ultimately involves a joint commission, which is presided over by the Prime Minister and the Indonesian President. So our role will obviously be in supporting the Prime Minister in relation to those activities.

**Senator CHRIS EVANS**—But the day-to-day management of the body will be with Department of Foreign Affairs and Trade?

**Mr Metcalfe**—Yes, with the Department of Foreign Affairs and Trade.

**Senator CHRIS EVANS**—So if I want to ask questions about the ongoing policy work, other partnership work et cetera, would I be best to direct those questions to the Department of Foreign Affairs and Trade?

**Mr Metcalfe**—That is correct.

**Senator CHRIS EVANS**—I will tell them you said that when they try to refer me back to you.

**Mr Metcalfe**—I am sure they will be happy to talk to you about it.

**Senator CHRIS EVANS**—You heard that, did you not, Senator Hill? Just nod.

**Senator Hill**—I will just nod.

**Senator CHRIS EVANS**—I will leave the tsunami matters there. Thank you.

**Senator FAULKNER**—Mr Metcalfe, can you let us know when to your knowledge the Prime Minister became aware of the marriage between the Prince of Wales and Mrs Parker Bowles?

**Mr Metcalfe**—I do not have any information as to when the Prime Minister became aware. I will check and see if there is any information in the department.

**Senator FAULKNER**—Can you let us know when the department became aware? That you would know.

**Mr Metcalfe**—I am advised that we were contacted sometime soon after the official public announcement with advice that the announcement had occurred.

**Senator FAULKNER**—Who contacted the department?

**Mr Metcalfe**—I understand that it was an official from Clarence House.

**Senator FAULKNER**—What does ‘soon after’ mean?

**Mr Metcalfe**—I think there was email contact within a few hours of the public announcement.

**Senator FAULKNER**—It was an email contact?

**Mr Metcalfe**—That is what I understand from the official who received that contact.

**Senator FAULKNER**—Is there any reason why a copy of that email cannot be provided for the committee?

**Mr Metcalfe**—I will have to check. Obviously, we would want to check with the originator. I will take that on notice if I can.

**Senator FAULKNER**—I am sure they would be very pleased. Anyway, you learned—

**Mr Metcalfe**—I have not seen the email. I would obviously want to satisfy myself that there was nothing—

**Senator FAULKNER**—So the truth is that this contact was made after the public announcement?

**Mr Metcalfe**—I think that, out of courtesy, they made sure that we were aware of the official announcement.

**Senator FAULKNER**—Some would say that, out of courtesy, one would do it before the public announcement.

**Mr Metcalfe**—That is a matter for the person who initiates the contact.

**Senator FAULKNER**—Do you know what the normal form is in these things?

**Mr Metcalfe**—I am not aware of the last time we were contacted in relation to an impending royal marriage.

**Senator FAULKNER**—A number of the Prince of Wales' siblings have been married. Some still are.

**Mr Metcalfe**—Yes. If you want me to check I can do that, but I do not have any knowledge of what may have happened in the past.

**Senator FAULKNER**—Is the department normally informed of these things?

**Mr Metcalfe**—I have said that we were informed. I think the question you are asking is whether we get prior notice or not. I would have to check as to what the arrangements have been in the past.

**Senator FAULKNER**—I was informed by the office of the Governor-General a little earlier that the issue of any wedding present provided by Australia would be a matter for the Department of Prime Minister and Cabinet. Can you please inform the committee what your plans are in this regard?

**Mr Metcalfe**—That matter is still under consideration.

**Senator FAULKNER**—Who is considering it?

**Mr Metcalfe**—The Ceremonial and Hospitality branch has responsibility for these issues. As I have said, that matter is under consideration. No doubt a decision will be made in good time.

**Senator FAULKNER**—What does 'under consideration' mean?

**Mr Metcalfe**—I think it is simply an issue that is currently being addressed and has not received any finality.

**Senator FAULKNER**—Who would make the decision—the Prime Minister, I suppose?

**Mr Leverett**—Ultimately, the decision will be made by the Prime Minister. 'Under consideration' means that I have asked staff in my own area to begin looking at what has been done in the past and what some appropriate options might be. There are no set procedures or guidelines in these sorts of processes, in the sense that there is not a list of 10 things that you tick off to go through to get an end result. We would always consult with the Prime Minister's office, our relevant embassy or high commission, our own people and other relevant people. Through that process we would come to a recommendation or several recommendations to put to the Prime Minister for an ultimate decision.

**Senator FAULKNER**—What is the budget for this, Mr Leverett?

**Mr Leverett**—We do not have a budget for it.

**Senator FAULKNER**—In your preplanning for the 10 possible gifts—

**Mr Leverett**—There are no 10 possible gifts.

**Senator FAULKNER**—What are we looking at?

**Mr Leverett**—Looking back historically, gifts to members of the royal family on the occasions of weddings have ranged from a matter of hundreds of dollars to some thousands of dollars. We are not being driven by cost—sorry, let me rephrase that: we are very driven by cost, but we want something relevant.

**Senator FAULKNER**—You are not driven by cost when it comes to a present to the Prince of Wales?

**Mr Leverett**—We are driven by cost, but the choice will be made on the basis of what is relevant and then within reasonable cost limits.

**Senator FAULKNER**—What about invitations?

**Senator CHRIS EVANS**—What did he get last time?

**Senator FAULKNER**—If you would like to know, you could ask that question, Senator Evans. Do you want to know?

**Senator CHRIS EVANS**—I did not want to interrupt you, but I wondered what we got him last time.

**Mr Leverett**—I cannot answer that precisely. I believe it was silverware of some sort, but I can take that on notice and let you know.

**Senator CHRIS EVANS**—Yes. What did we get him last time and how much did it cost?

**Mr Leverett**—Yes, we can that on notice.

**CHAIR**—You are your showing usual tact, Senator Evans.

**Senator FAULKNER**—Does anyone know what happens to these wedding presents? They must get a significant number of presents. I wonder where they are stored.

**Mr Leverett**—We try to give something that is useful, relevant and wanted.

**Senator CHRIS EVANS**—Something old, something blue!

**Senator FAULKNER**—Do we know whether Australia is going to have representation at this wedding?

**Mr Leverett**—I have no knowledge of that. The arrangements have not been conveyed to my part of the department, and I would not expect them to be.

**Senator FAULKNER**—Doesn't the department organise that? How does it work, Mr Metcalfe?

**Mr Metcalfe**—Certainly the issue of representation is a matter that clearly depends on the size and scale of the particular event. Ultimately, the issue of whether the Australian government is invited to provide a representative, and who that representative might be, will be determined in consultation with the Prime Minister's office.

**Senator FAULKNER**—And at this stage?

**Mr Metcalfe**—We have not turned our mind to that or certainly I do not think the department has turned its mind to that issue.

**Senator FAULKNER**—A present was provided on the occasion of the wedding of the Crown Prince of Denmark to Princess Mary. Is that right?

**Mr Leverett**—That is partly right. A present was provided to the royal couple, not just to the Princess Mary, the crown princess.

**Senator FAULKNER**—I did not suggest that it was only provided to her. No-one would be that churlish; I am sure you would give it to the couple—even I know that.

**Mr Metcalfe**—We were not suggesting that; we just wanted to make sure the record was quite accurate.

**Senator FAULKNER**—What was the present?

**Mr Leverett**—It was six eucalyptus trees—two varieties—and three Huon pine trees. There were three each of three different varieties of Australian trees.

**Senator FAULKNER**—Where have they been planted?

**Mr Leverett**—They have been planted in the gardens of Fredensborg Palace in Copenhagen.

**Senator FAULKNER**—Would the cost have involved the shipment and so forth?

**Mr Leverett**—Yes.

**Senator FAULKNER**—So what was the cost of that gift?

**Mr Leverett**—I would need to confirm that, but it was in the order of \$1,500 or \$1,600.

**Senator FAULKNER**—Obviously this wedding was a unique circumstance, as the bride was an Australian citizen. Does this sort of circumstance make a difference?

**Mr Leverett**—It did on this occasion. We would not normally give presents for other royal families if there were no Australians invited to the particular wedding.

**Senator FAULKNER**—So normally these gifts are limited to the British royal family?

**Mr Leverett**—That is correct.

**Senator FAULKNER**—Would you mind keeping us updated on what, if any, gift is being provided and what the cost of that might be?

**Mr Leverett**—For Prince Charles?

**Senator FAULKNER**—And Mrs Parker-Bowles. You made the point that you would not just give the gift to Prince Charles.

**Mr Leverett**—That is true.

**Senator FAULKNER**—That is right, isn't it, or have I missed something?

**Mr Leverett**—No, you are right.

**Mr Metcalfe**—We will provide advice to the committee in due course.

**Senator FAULKNER**—Could you also let the committee know if anyone will be attending the wedding.

**Mr Metcalfe**—We can.

**Senator FAULKNER**—There was no advance knowledge given to the department. You were informed some hours by email after the public announcement.

**Mr Metcalfe**—That is correct.

**Senator FAULKNER**—And that is what you would expect?

**Mr Leverett**—I was advised in the context of the planning for the visit by the Prince of Wales. I have been liaising with his staff on a visit that will occur at the end of February and it was in that context that I received an email. I cannot be precise, but an hour or two after we became aware of the public announcement from Australian news sources I received an email confirming the advice.

**Mr Metcalfe**—I am not sure if you are really interested but we are speaking of course about knowledge within the Department of Prime Minister and Cabinet.

**Senator FAULKNER**—Yes.

**Mr Metcalfe**—Whether or not the Australian High Commissioner in London was contacted or there was some other contact—

**Senator FAULKNER**—We can check that with the Department of Foreign Affairs and Trade at a later stage.

**Mr Metcalfe**—You can.

**Senator FAULKNER**—I have asked similar questions, you may be aware, to the Office of the Official Secretary to the Governor-General, who like you was informed after the event. But we can check about the Australian High Commissioner.

**Mr Metcalfe**—As far as we are aware we received no prior notice.

**Senator FAULKNER**—What relevance does this have to the visit by the Prince of Wales to Australia, given that was the context that you were informed of these impending nuptials?

**Mr Leverett**—Our understanding is that the announcement has no impact on the impending visit.

**Mr Metcalfe**—None to the extent that it changes the program.

**Senator FAULKNER**—You have just qualified ‘none’ to ‘none to the extent that it changes the program’.

**Mr Metcalfe**—I suppose I was just saying that probably women’s magazines may focus more on that aspect of the visit than they would have if that particular fact had not been present. But, as far as our responsibilities are concerned in coordinating the visit, the program will not change.

**Senator FAULKNER**—Let us move to the visit. Did any Australian invite the Prince of Wales to undertake this visit?



**Mr Leverett**—On this occasion Clarence House officials made it known that the Prince of Wales, who has not been to Australia for quite some years, would like to make another visit. That was discussed at the appropriate levels and it was made clear that a visit would be welcome.

**Senator FAULKNER**—When you say ‘Clarence House officials made it known’ how did they make this known? They told somebody, did they?

**Mr Leverett**—I do not know whether it was a phone call or an email. It was before my time. But it was probably through the Australian high commission. They would have spoken to the high commissioner, who would have conveyed the message back to Canberra.

**Senator FAULKNER**—So the Prince of Wales was not invited to Australia; he invited to himself on this visit. Is that correct?

**Mr Metcalfe**—I think that is not absolutely correct.

**Senator FAULKNER**—That is what we have just been told. I just want to—

**Mr Metcalfe**—With a visit of this nature, it is over 10 years since the Prince was last here. He made it known that if we were prepared to invite him he would be pleased to come.

**Senator FAULKNER**—That is what I mean by inviting yourself. That is what he did: he invited himself.

**Mr Metcalfe**—Well—

**Senator FAULKNER**—It is fine. I just want to get it clear.

**Mr Metcalfe**—He was invited after making it known that he would be happy to come.

**Senator FAULKNER**—That is what I meant by inviting yourself. Anyway, if there is a distinction that is fine. What that distinction is is entirely unclear to me. When was that made—

**Mr Metcalfe**—With any visit of a foreign dignitary, it is not fair to say that they invite themselves. There are discussions between the governments concerned and an invitation is usually provided if there is an ability for the visit to take place. I think it is an unfair characterisation to say ‘he invited himself’.

**Senator FAULKNER**—In this case there was not a discussion between governments; there was a discussion between Clarence House and some Australian authorities because Clarence House made it clear that the Prince wanted to visit Australia. That is what you just told us.

**Mr Metcalfe**—It is 11 years since the Prince was last here. He was educated in Australia. He said that if it was acceptable to us he would like to come back.

**Senator FAULKNER**—I know all of that, but that does not alter the fact that Clarence House contacted Australian officials and said that the Prince of Wales wanted to visit Australia, does it?

**Mr Metcalfe**—It is fair to say that this particular process was initiated by Clarence House.

**Senator FAULKNER**—Exactly. Whether the Prince was educated in Australia or however long it has been since—

**Mr Metcalfe**—But initiating a conversation does not mean ‘he invited himself’. He made it known that he would like to come, and an invitation was extended.

**Senator FAULKNER**—When did Clarence House make it known that he wanted to come, and who did they make it known to?

**Mr Leverett**—I cannot be precise about that. It was, I would think, in the second half of last year, and I assume it was through the Australian high commission, but we can check that for you.

**Senator FAULKNER**—When did the planning start on this from the point of view of the Department of the Prime Minister and Cabinet?

**Mr Leverett**—November of last year.

**Senator FAULKNER**—When was the public announcement made?

**Mr Leverett**—A few weeks ago.

**Senator FAULKNER**—Why the delay?

**Mr Leverett**—That was at the request of Clarence House.

**Mr Kemish**—Can I just add that there is always a gap between initial consultations between governments over high-level visits and between parties about high-level visits on the one hand and announcements on the other.

**Senator FAULKNER**—The decision was made for this visit to go ahead in November last year. Is that right?

**Mr Leverett**—No. You asked when the planning started. It took longer to get agreement that there would be a visit and for the detail of that visit to emerge.

**Senator FAULKNER**—Fair enough. The planning started in November last year. When was the agreement reached about the visit?

**Mr Leverett**—There was a reconnaissance visit by a team from Clarence House in January, and at the conclusion of that reconnaissance visit agreement was reached on a visit.

**Senator FAULKNER**—Who is footing the bill for the Australian end of this trip?

**Mr Leverett**—The Australian government is paying, as we have in the past.

**Senator FAULKNER**—What is the budget?

**Mr Leverett**—We do not have a budget yet.

**Senator FAULKNER**—The planning started in November, so I would have thought you would have a bit of an idea.

**Mr Leverett**—I do not like to give figures that may ultimately prove to be not correct. But I can say that we have decided that we should proceed on the basis of what was done when the Prince visited in 1994 and to, as close as we possibly can, replicate those arrangements that were in place in 1994.

**Senator FAULKNER**—What are those arrangements?

**Mr Leverett**—In 1994 the Australian government paid for a first-class cabin on a Qantas flight to bring the Prince and his party to Australia and we paid most of the in-country costs.

**Senator FAULKNER**—How big is the party?

**Mr Leverett**—It will be around 16 or 17 people.

**Senator FAULKNER**—So that is 16 return first-class Qantas air tickets.

**Mr Leverett**—One way. The Prince is going to other countries.

**Senator FAULKNER**—Because he is going to New Zealand et cetera?

**Mr Leverett**—Correct.

**Senator FAULKNER**—So one way from London—

**Mr Leverett**—London-Perth.

**Senator FAULKNER**—for 16 persons—

**Mr Leverett**—Correct.

**Senator FAULKNER**—and most of the in-country costs. What does that involve, just in the broad?

**Mr Leverett**—Accommodation, ground transport, flights within Australia.

**Senator FAULKNER**—Who determines the itinerary?

**Mr Leverett**—That was done in accordance with the usual practice, which is when it is known that the visit is possible we contact all states and territories and indicate to them that there is a possible visit and seek their suggestions for what they might want to include in a program if they are included in the visit. That was done. That was then narrowed down, essentially by the Clarence House end, and through a process of negotiation and discussion we got down to the states and territories that are currently included.

**Senator FAULKNER**—Were all states and territories keen to have the Prince of Wales visit on this occasion?

**Mr Leverett**—All submitted program options, so I assume they were keen.

**Senator FAULKNER**—Is it Clarence House that decides which states and territories will be visited?

**Mr Leverett**—No, not entirely. It certainly indicates what it would prefer or not prefer, and we also have views on that. It is a joint decision.

**Senator FAULKNER**—Who makes that at the departmental level? What level of the department is making these decisions?

**Mr Leverett**—It is mostly me and my area. Depending on the decision and the issue, I would refer that upward either to senior officers or even to the Prime Minister's office.

**Senator FAULKNER**—On this occasion I think there have been a couple of complaints from states because the official party is not going there.

**Mr Leverett**—I am aware of one. I am not aware of a couple.

**Senator FAULKNER**—Which is the one?

**Mr Leverett**—Tasmania.

**Senator FAULKNER**—Are there no others?

**Mr Leverett**—There were certainly some media reports in Tasmania.

**Mr Kemish**—To be clear on that, I think Mr Leverett is referring to publicity in the Tasmanian media in relation to that matter. In fact, the Tasmanian government has made it clear that it does not have the position of the Tasmanian media in relation to that issue.

**Senator FAULKNER**—Will the Prime Minister be hosting a function for the Prince of Wales?

**Mr Leverett**—No.

**Senator FAULKNER**—Is that what occurred during the last visit of the Prince of Wales—no prime ministerial function?

**Mr Leverett**—I would have to consult the program, but I do not think that is the case.

**Senator FAULKNER**—You do not think one occurred last time?

**Mr Leverett**—No. I think what is happening this time is not what happened last time. I would have to consult the 1994 program to be sure, but I do not think that what we are doing this time is the same as last time.

**Senator FAULKNER**—If you can let us know when the information is available in relation to those issues that you have taken on notice, we would appreciate it. I have no other questions in relation to the visit of the Prince of Wales. I do have other general questions, but I thought someone else might want to ask a question.

**Senator MURRAY**—I want to ask you about the questions put to agencies throughout the government—a number of which are certainly under this committee—which, we are advised, are being coordinated by PM&C. I am referring to the questions on notice to each department and agency in each portfolio referring to advertising or public information projects being undertaken or expected to be undertaken by the department or agency in the course of 2004. I am advised that this committee has received answers from the APSC, the Ombudsman and the Governor-General's office, but outstanding still are answers from PM&C, ONA, IGIS, ANAO, DOFA, AEC, CGC, ComSuper and CSS/PSS. What has happened to those questions and the answers?

**Mr Williams**—Those questions, as you indicated, were asked across portfolios. Within this portfolio, in common with questions of this nature, a view is taken as to whether responses should be coordinated. In this case a decision was taken that PM&C would coordinate the preparation of the responses and departments were advised. Responses have come into PM&C from a range of agencies. GCU is the unit within PM&C that has been undertaking that work. GCU is currently reviewing those answers and they will go through the clearance process and departments will be advised when that clearance process has been completed. I am not entirely sure why the APSC, the Ombudsman and the Office of the Official Secretary to the Governor-General have provided answers, because I am fairly sure without checking the records that they would have been asked to coordinate their responses through the department.

**Senator MURRAY**—In questioning today at least the APSC were under the impression that that they had not been asked. As it was, they gave a nil return. That is hardly here or there but that was the evidence.

Mr Chairman, we are discussing questions to the committee which have not been answered since June last year. Although the motion initiated by Senator Harradine, I think, gave extra allowance, in view of the election period, for answers by 31 January, eight months later we are waiting for answers. It strikes me as very unusual. I have been on this committee for nine years. I do not remember another occasion when we have had to wait eight months for an answer. I would ask you as chair to indicate the seriousness with which the committee views any delays of that length in answering estimates questions.

**CHAIR**—We have discussed it before, Mr Metcalfe. All I can do is echo Senator Murray's comments. We treat it very seriously; that is a long time.

**Mr Metcalfe**—We understand that.

**Senator MURRAY**—Having put that on the record and noting that the chair confirms the seriousness with which we regard delays of this kind, can you indicate to the committee how much longer it is going to be before we get answers?

**Mr Williams**—I cannot indicate a time frame because, as I have said, the GCU is looking at responses and they will need to be cleared before they can be submitted to the committee.

**Senator MURRAY**—With the indulgence of the chair I will read the question again, just to remind us of what it was. The question states: 'Please provide a list of all advertising or public information projects currently being undertaken or expected to be undertaken by the department or agency in the course of 2004 where the cost of the project is estimated or contracted to be \$100,000 or more, indicating (a) the purpose and nature of the project; (b) the intended recipients of the information to be communicated by the project; (c) who authorised or is to authorise the project; (d) the manner in which the project is to be carried out; (e) who is to carry out the project; (f) whether the project is to be carried out under a contract; (g) whether such contract was let by tender; (h) and the estimated or contracted cost of the project.' You are saying to this committee that you do not know when that question will be answered because the material is not yet ready, is not cleared or is not what?

**Mr Williams**—The GCU has been asked to review the answers provided. When those answers have been reviewed and any suggestions for change have been made they will be cleared in the normal way.

**Senator FAULKNER**—So when did the original draft answers go to the Prime Minister's office?

**Mr Williams**—I do not think I have that date with me.

**Senator FAULKNER**—I am sure we can find that out.

**Mr Williams**—I can take that on notice.

**Senator FAULKNER**—I think we can do better than that can't we, Mr Williams? It is so long ago you cannot remember?

**Mr Williams**—As I said, Senator, I do not have that.

**Senator FAULKNER**—Was it last year?

**Mr Williams**—Yes, it was last year.

**Senator FAULKNER**—Was it before the last election, which was in October?

**Mr Williams**—Rather than mislead the committee, I would rather get some advice on that.

**Senator FAULKNER**—Couldn't that just be established by a call back to the department? That is the sort of information that ought to be readily available. I do not think that is an appropriate question to take on notice: after all, it might take eight months to answer if it is taken on notice.

**Mr Williams**—I can certainly have that information sourced.

**Senator FAULKNER**—That would be good; I am sure someone can ring in with that information, and Senator Murray could come back to it. We will be able to see for how long it has been sitting in the Prime Minister's office, for starters.

**Senator MURRAY**—Is the officer of the GCU who is handling this matter available? Are they in the audience?

**Mr Williams**—The Assistant Secretary of the GCU is in the audience, yes. I do not know whether he has that material.

**Mr Taylor**—I do not have that answer here, but I will make a phone call now and get back to you.

**Senator MURRAY**—I cannot do much more than express utter frustration over this. Rather than the Senate getting extremely irritated and trying to take such action as it can on this matter, it would assist if we were given some estimate of how much further time is necessary to conduct this process. Mr Williams has given us an open-ended reply. That could mean a reasonable period of a week or so—then, I am not going to get overexcited, having waited eight months—or it could mean a year, in which case I would be extremely excited.

**Mr Taylor**—I do not believe it would be very long at all. One of the issues surrounding this was the convoluted nature of the responses that came in from the departments and the different interpretations that were put on some of the terms within the question in terms of how wide or narrow was the term 'advertising', or 'communication projects' et cetera. It was really quite a significant coordination job going backwards and forwards to departments and getting information in a consistent format so that it was presented in a consistent format. My view is that it is not far away. But it certainly will not be months—I would say weeks. I will have to make a call on the question about when it went to the Prime Minister's office, and I will let you know.

**Senator MURRAY**—Could I ask you on notice: in the event of it turning out not to be weeks—which in my mind is less than a month; that is what I interpret weeks to be—please advise the committee of your estimate of the time it should take.

**Mr Taylor**—I will do that.

**Senator FAULKNER**—Would I be correct, Mr Metcalfe, in saying that there has been a bit of nifty footwork down there at the Department of the Prime Minister and Cabinet and

somebody has changed the definition of ‘consultants and consultancies’ for the purposes of the way these matters are recorded in annual reports?

**Mr Metcalfe**—I will ask Ms Belcher to assist you in that regard.

**Ms Belcher**—I do not think it is nifty footwork.

**Senator FAULKNER**—I was trying to be as reasonable as I could. I was going to say ‘dodgy’ footwork but then I changed it to ‘nifty’ so that it would not be unfair.

**Ms Belcher**—At an earlier estimates hearing we were asked about the definition and we said at the time that there was some confusion in departments about what was a consultancy and what was a contractual arrangement. So we consulted the JCPAA and provided them with a draft of what we thought might be a clarification of the annual report requirements. The committee considered that and agreed, and we included the new guidance on what a consultancy is in the annual report requirements for the last annual report round.

**Senator FAULKNER**—Just because it went to the JCPAA does not mean that they did not get suckered. Am I correct now in understanding that the requirements that apply are this:

... if a consultancy contract is let in May 2004, and the contract expires in September 2004 and expenditure under the contract is \$10,000 per month, the annual report for the 2003-04 financial year should record one consultancy contract and \$20,000 expenditure in relation to that contract. The annual report for the 2004-05 financial year should record only \$30,000 expenditure—the letting of the consultancy contract should not be included again in the number of consultancy contracts let during the 2004-05 financial year.

I think that is a very accurate reflection of what is in your requirements, isn’t it?

**Ms Belcher**—Yes. That does not make up the actual requirements; it is guidance provided by the Department of Finance and Administration that goes with our annual report.

**Senator FAULKNER**—All right. So now let us put that into English, Ms Belcher. This means that government agencies are now only required to record the number of consultancies let in the relevant financial year, 1 July to 30 June. Isn’t it true that in past annual reports all the ongoing consultancies, including those let in previous financial years, were recorded? Of course, this means that you will see in the annual reports a significant drop in the number of consultancies, but it is not the case at all. It is just a new reporting mechanism; isn’t that right?

**Mr Macgill**—The purpose of the requirements now for the reporting of consultancies is to make sure that we do not double-count the number of consultancies that are let and we do not double-count expenditure on consultancies in any one year. So the paragraph that you just read out is trying to explain to departments that if you let a contract for a consultancy service in one financial year and you spend, say, \$20,000 out of a budgeted \$100,000 in that financial year, then in that year’s annual report you would indicate that you had let one contract and spent \$20,000. In the following year’s annual report you would not indicate that you had let any contract in relation to that particular consultancy service but that you had spent \$80,000.

**Senator FAULKNER**—Let us get to the issue of the value of the consultancies in a moment. I am just dealing at the moment with how the number of consultancies is recorded. It is true, isn’t it, that all government agencies are now required to record only the number of consultancies let in the relevant financial year for the annual report?

**Mr Macgill**—Yes, as opposed to the number of consultancy contracts that were in existence in that financial year.

**Senator FAULKNER**—Or that might be ongoing or whatever else?

**Mr Macgill**—Yes, exactly.

**Senator FAULKNER**—So it absolutely minimises the number of consultancies—that is right. It is also true, isn't it, that, in past annual reports, all ongoing consultancies including those that were let in the previous financial years were recorded?

**Mr Macgill**—I am not sure if that was what was being recorded.

**Senator FAULKNER**—I am.

**Mr Macgill**—There seems to have been some confusion about the requirements to record the number of contracts that were let, the actual expenditure and the nature of the contract itself.

**Senator FAULKNER**—We will get to the expenditure. I am just talking now about the recording of them. If they were not let in that financial year, they are not there even if they are ongoing—is that the truth of it?

**Mr Macgill**—The expenditure is recorded but not—

**Senator FAULKNER**—In my view that is a massive cover-up. But that is my view and obviously it is not shared even by JCPAA.

**Mr Metcalfe**—It is hardly a cover-up if—

**Senator FAULKNER**—I am just giving my view. It has also been agreed to apparently by some parliamentary committee here. But that is fine. Let us go to the value of the consultancy. It does not mean that, just because the JCPAA has agreed, they have got it right.

**Mr Metcalfe**—It is hardly a cover-up if the Joint Committee of Public Accounts and Audit has been consulted. The only reason we are having this discussion is because you have pointed to some guidelines which are publicly available. What Mr Macgill has said is that each time a consultancy is let it will be recorded and reported.

**Senator FAULKNER**—Of course, it seems perfectly reasonable on paper until you realise that these recording requirements are changed. Unless someone points it out as I am doing, nobody knows.

**Mr Macgill**—But it would be misleading to represent the contract that was in existence last year as having been let this year. You would be double-counting that particular contract.

**Senator FAULKNER**—It would be misleading to say that it was let in two or three consecutive years, but it would not be misleading to record the fact that it was ongoing.

**Mr Macgill**—I cannot recall the actual requirement that existed before the—

**Senator FAULKNER**—I can.

**Mr Macgill**—I thought that the requirement was to record the number of contracts let during the year, not the number that were in existence during the year.



**Senator FAULKNER**—You raised the issue of the value of consultancies. Isn't it true that, in terms of the value of consultancies, the new reporting arrangements require agencies to record the cost of the consultancy expenditure in the relevant financial year, between 1 July and 30 June—that is correct, isn't it?

**Mr Macgill**—That is correct.

**Senator FAULKNER**—It is also true, isn't it, that previously the total value of the consultancy had to be recorded. That was the previous requirement, wasn't it?

**Mr Macgill**—I think that is right.

**Senator FAULKNER**—Exactly. That is, expenditure in previous financial years and anticipated expenditure had to be recorded. I stand by the comments that I made before. If we are interested in transparency—and I am—these are outrageous changes and they have caused a massive impact in relation to how all consultancies are recorded in annual reports. I have even seen one dopey journalist report at one point that there had obviously been a reduction in the number of consultancies. I do not blame the journalist on this occasion, by the way. These are very significant changes in the way these values are being recorded in annual reports. It is a reasonable enough thing for someone to jump to such a conclusion. But the truth is that these changes in reporting requirements, whether they were agreed to by the JCPAA or not, means that there is now a massive lack of transparency in annual reports, courtesy of these guidelines.

**Mr Macgill**—The paragraph after the paragraph that you read states:

Further, more detailed, information on consultancy services is also required, either as an appendix to the report, or on request or through the Internet, as set out in Attachment C to these Requirements. This additional information requires departments to list each consultancy contract let to the value of \$10,000 or more and the total value of each of those contracts over the life of each contract. In other words, this additional information is not concerned with expenditure in the reporting year ...

**Senator FAULKNER**—How many requests have been made to your department relevant to that provision?

**Mr Macgill**—I do not understand the question.

**Senator FAULKNER**—I am following on from the comments that you continue to read. I am asking how many requests have been made.

**Mr Macgill**—There are two sections of reporting. There is a separate part of the annual report, for example—

**Senator FAULKNER**—I know that.

**Mr Macgill**—that records the total value of the contracts that are let in that particular year. Whether the expenditure is for the following year—

**Senator FAULKNER**—I know that the annual reports are now required to record only the number of the consultancies let in the financial year, and that was not the case previously. I do not want to repeat it again, but I have also dealt with the value of consultancies. That is a massive change.

**Mr Macgill**—PM&C's annual report has two sections. One section sets out how much was spent on consultancy services in the financial year. Another section, which is on page 149 onwards, lists each contract worth more than \$10,000 and the total value of that contract, regardless of when the expenditure will be incurred.

**Senator FAULKNER**—There is a change in the definition of 'consultancy' for the purposes of annual reports, as I have outlined to you, in two major areas. As I say, I do not care whether it is agreed to by the JCPAA, Uncle Tom Cobbly or anybody else. It means a very significant reduction in transparency in this place.

**Senator Hill**—If you know all the consultancies that have been let and if you know the actual expenditure for all consultancies in any one year, I would have thought that you have got pretty good information.

**Senator FAULKNER**—I have explained to you—I am not going to go through it again—the significant difference in two major areas: firstly, the recording of consultancies and secondly, the value of those consultancies. If you check the department's new requirements for departments in annual reports you will find very significant changes, so much so that some people think, erroneously, that there is a reduction in consultancies, when there is not at all. It is just that you cannot find them, as you used to be able to.

**Mr Metcalfe**—Senator, I think we have established a number of things. We have established that this annex to the annual report guidelines is in fact prepared by the Department of Finance and Administration, in consultation with PM&C. We have established that the changes were cleared with the relevant parliamentary committee. At page 137 we have pointed to the PM&C annual report in terms of consultancy and at appendix 4—

**Senator FAULKNER**—Why is it published under the Department of the Prime Minister and Cabinet? I have a copy here: 'Requirements for annual reports, departments, executive agencies and FMA Act bodies', published under the name of Department of the Prime Minister and Cabinet, June 2004, off the web at [www.pmc.gov.au/publications/cfm](http://www.pmc.gov.au/publications/cfm).

**Mr Metcalfe**—I think Mr Macgill said at the outset that in fact the annex to those guidelines was prepared by Finance, in consultation with us, because it goes to more detailed requirements in relation to matters to be listed in the appendices. I am not saying that it is not part of a document that we have prepared. I am saying that the detailed accounting requirements are provided by the department of finance and it has been the subject of consultation with the parliamentary committee.

**Senator FAULKNER**—I am just saying that the number and the value of consultancies is not accessible, as it was, since the publication of these requirements for agencies.

**Mr Metcalfe**—That is a matter of your opinion.

**Senator FAULKNER**—It is; it is also a fact.

**Mr Metcalfe**—If you were to look at the contents page of our annual report and for the word 'consultants' you will see 'Use of Consultants and Service Contractors' listed in the contents page as appearing at page 137, and no fewer than five lines below that, in 'Appendixes', you will see 'Appendix 4—Consultancy Services'. I think, as Mr Macgill has explained, the combination of those two different matters provides the information that has

been sought, as indeed the requirement that we gazette our contracts in the *Commonwealth Gazette* continues. So there is a lot of information in a readily available form.

**Senator FAULKNER**—They are not available in the same form as they previously have been in the two major areas I have pointed out. These are the requirements for annual reports. I have no idea whether they have been drafted by the Department of Finance and Administration or anybody else. All I know is that your department requests agencies to comply with them. You are right to say that they are approved by the joint committee of public accounts. God only knows why they did it, but I would imagine none of this would have been pointed out to them.

**Mr Metcalfe**—I think what we have established is that there was a view that change was necessary because there was confusion. There has been a transparent process in effecting that change. If you accept your argument, then you would never change anything because you would want it to stay the same.

**Senator FAULKNER**—I am sorry, but I have not mounted an argument that you would never change anything. I have merely mounted an argument that in relation to the recording of these consultancies in the first instance, and whether they were let in a financial year, that is a massive change. Secondly, in relation to the value, that is a massive change. For the rest of it—there is no point in knocking down straw men—I have never mounted an argument at this time or any other time that I would never accept any change. I am just saying that this change means a lack of transparency, and we have already seen people being misled and misunderstanding what these new requirements mean both in the recording of consultancies and values.

**Mr Metcalfe**—I think we will just have to disagree on that, because I think there has been a transparent process of change. There is no information that was available that is no longer available, and you can have a look at the PM&C annual report as an example of that.

**Senator CARR**—What is the total consultancy of the department in the last annual report?

**Mr Macgill**—It is \$12.956 million. It is on page 137.

**Senator CARR**—What was it the previous year?

**Mr Macgill**—It was \$9.59 million.

**Senator CARR**—How do you account for the increase?

**Mr Williams**—The major element of the increase was the OSW undertaking a major information campaign in 2003-04. You will see from that page that their expenditure on consultants went from \$4.7 million to \$11.4 million year on year.

**Senator CARR**—On page 149 of your annual report you say that there is a policy of \$2,000 or more contracts being displayed. Why have you displayed only consultancies over \$10,000?

**Mr Macgill**—That is part of the annual report requirements. I cannot explain exactly why there is a difference between the two levels, but I think it has something to do with the requirements of the JCPAA.

**Senator CARR**—Do you now have a final list of all the consultancies issued over \$10,000?

**Mr Macgill**—In the 2003-04 financial year?

**Senator CARR**—Yes.

**Mr Macgill**—That is set out on pages 149 to 155. Something like \$18 million of the \$19 million-odd would be OSW's total of expenditure.

**Senator CARR**—So it is actually \$19 million.

**Mr Williams**—There are the two issues. The issue on page 137 is expenditure against consultancies in the year 2003-04. That was the \$12.956 million. The items in appendix 4 at page 149 of the annual report are a list of consultancies actually let in 2003-04.

**Senator CARR**—So that is where you get the \$19 million?

**Mr Williams**—That is right.

**Senator CARR**—So we have a \$7 million difference.

**Mr Metcalfe**—That goes to Senator Faulkner's point. Some of that expenditure would not have been in that financial year. It was the total value which may extend into future years.

**Mr Williams**—That is why it is important to have the two elements. One is what you spend in a particular year and one is the total of the contracts you might let in a particular year, which might go on for a number of years into the future.

**Senator CARR**—So in fact what we have then is an increase of the number of consultants from 46 in 2002-03 at a value of \$9.2 million to 58 with a value of \$19.5 million. Is that correct?

**Mr Macgill**—I am not sure where you got the first figure from.

**Senator CARR**—Reading the previous annual report.

**Mr Macgill**—I cannot answer whether it is correct because I do not have the previous annual report.

**Senator FAULKNER**—They have different reporting requirements.

**Senator CARR**—That is the point that Senator Faulkner has been making. When I read through your previous annual reports I see that in 1997-98 there were 122 consultants at a value of \$3.4 million, in 1998-99 there were 79 at \$3 million, in 1999-2000 there were 116 at \$11.4 million, in 2000-01 there were 50 at \$2.8 million, in 2001-02 there were 101 at \$5.7 million, in 2002-03 there were 46 at \$9.2 million and in 2003-04 there were 58 at \$19.5 million. It seems to me that firstly there has been quite a dramatic increase in the level of consultancies in this department and secondly that, as Senator Faulkner has indicated, the change in the reporting requirements do have an effect on the presentational manner in which these consultancies are made public.

**Mr Williams**—I have a copy of the 2002-03 report. I have only just got it so I will qualify my response. The reporting in there appears to be similar to that in the 2003-04 report because at page 111, table 8, we set out the expenditure on consultancy in 2002-03, 2001-02 and

2000-01. Appendix 4 at page 121 sets out contracts let during 2002-03 with a value of \$10,000 or more. So on the face of it the reporting between the two years has not changed.

**Senator CARR**—We had \$9.2 million last year and \$19.5 million this year.

**Mr Williams**—They are consultancies let, not expenditure.

**Senator CARR**—Whether they are let or not, the value of them is \$19.5 million. What I am interested to know, given the critical role this department plays in the work of government, is how it is that you have managed to double your consultancies in one year.

**Mr Williams**—The major contribution to the \$19 million was OSW. Of the \$19.6 million of contracts let in 2003-04, \$18.183 million were let by OSW. I would suggest that a very large element of that \$18.18 million was the major information campaign that was run on the elimination of violence against women. That would have accounted for the overwhelming bulk of the increase. Indeed, if you take the OSW element out there would have been a reduction in the use of consultants year on year.

**Senator CARR**—Of course, if you take lots of things out you will get a reduction.

**Mr Williams**—I know. I appreciate that. But it is important to note that those figures have been impacted. Similarly, for the 2003-04 figure for moneys spend against consultants, OSW's contribution was \$11.4 million out of a total of \$12.9 million.

**Senator CARR**—Over three years you have gone from \$3 million to \$19 million in consultancies. That is a remarkable ramp-up in anyone's language.

**Mr Williams**—I have not got the annual reports in front of me so I cannot comment.

**Senator CARR**—I want to get this clear in my own mind. There are three designations for the methods by which consultancies are handed out: direct engagement, public tender and select tender. Can you explain to me what the differences between those are?

**Mr Williams**—Direct engagement is where the department does not go through a tendering process. It is a single select of a supplier to provide services. A select tender is where the department will identify a small number of potential suppliers and go through a competitive tendering process for the selection of a supplier, and a public tender is where we would advertise a request for tender asking interested parties to respond.

**Senator CARR**—My breakdown of the classifications in the last year is that something like only nine of the total of 58 went to full tenders, and the rest were about half and half direct engagements and select tenders. Why are so few going to full tender?

**Mr Williams**—I have difficulty in answering on behalf of the various elements in the department that go out to tender situations, but certainly in areas where I have been involved the select tender process is probably a more effective process in many procurement decisions because you, in a sense, know what the market is and you approach the market to respond; whereas a public tender process can be an expensive process for both the tenderer and the department if there is no, as it were, winnowing of the process.

**Senator CARR**—I have not done a breakdown of the amount of money that is allocated on a full tender basis, but if I were a consultant and I was seeing that such a very large

percentage of tenders were being let in either a select or a direct engagement model I might be a bit concerned that there was not an open and transparent process.

**Mr Metcalfe**—Just looking through appendix 4, I see, as Mr Williams said, that the lion's share of consultancies would have been let by the Office of the Status of Women, which is no longer within the department. There is a very brief explanation as to whether or not consultancies were by direct engagement, a limited tender or a public tender. So there is some advice there. From recollection, I think that under the new arrangements there will be a more significant requirement for public tendering as a result of the FTA arrangements. I suspect that some of the issues you have raised may change as a result of that.

**Senator CARR**—I take it that the reason for the select tender—a very select tender if you are picking one person—is pre-eminent expertise. Is that the claim?

**Mr Williams**—Sometimes there is only a sole supplier in the market. That is the comment made—

**Mr Metcalfe**—For example, I see that another government agency—the Australian Bureau of Statistics—was awarded a contract of almost \$3.7 million to conduct a survey on violence against women. Presumably, that was because it is the pre-eminent statistical surveying organisation in Australia.

**Senator CARR**—But when it comes to researching bushfires, for instance, we do have quite an expertise in regard to bushfires in this country and academics at our universities would, I am sure, be interested to know the pre-eminent expertise of one particular academic. I just say that there is often a question raised about the use of these sorts of tenders, particularly when you have very high percentage—

**Mr Metcalfe**—I see that in the example you give the nomination was agreed by COAG members, so state and territory governments would have had input into that process, I assume.

**Senator CHRIS EVANS**—Has the department provided—or sought—any legal advice for the Prime Minister on the question of an apology to Ms Rau for her detention for 10 months in Australian prisons and detention facilities?

**Mr Metcalfe**—I am advised that the answer is no.

**Senator CHRIS EVANS**—So the Prime Minister's position on the question of an apology to Ms Rau was not based on some legal advice that he might incur some liability on behalf of the Commonwealth.

**Mr Metcalfe**—I am saying that the department has sought no advice. Whether other advice was received, I do not know. But, indeed, this issue is not new in the sense of whether or not certain statements should be made. It has been an issue in the past and so reliance may have been made upon advice received on earlier occasions.

**Senator FAULKNER**—But the department is not aware of advices being sought from other agencies.

**Mr Metcalfe**—I have no knowledge of it.

**Senator FAULKNER**—You are not aware of it.

**Mr Metcalfe**—No.

**Senator CHRIS EVANS**—You would know, wouldn't you, if the Prime Minister's office had requested advice; that would come through your department, wouldn't it?

**Mr Metcalfe**—It is obviously open to the Prime Minister's office to seek advice from a number of sources. I can say that the department is not aware of any such advice being provided.

**Senator CHRIS EVANS**—You have said that people might be relying on previous experience. Has the department sought such advice in other such cases?

**Mr Metcalfe**—Not that I am aware of.

**Senator CHRIS EVANS**—So your suggestion that they might be relying on previous advice was just a general observation, was it?

**Mr Metcalfe**—It was a general observation.

**Senator CHRIS EVANS**—It was not based on any information.

**Mr Metcalfe**—That is absolutely correct.

**Senator CHRIS EVANS**—What we are clear on though is that you have not provided any legal advice to the Prime Minister on this issue.

**Mr Metcalfe**—That is correct.

**CHAIR**—Are there any general questions? Senator Murray.

**Senator MURRAY**—Minister, just briefly on this issue of debt relief, I understand that any government would want to examine issues on a case-by-case basis; that seems obvious to me. But on the issue of debt relief for Third World countries, just clarify this for me: the government does not have a blanket opposition to that, do they? They continue to retain a view that you look at these matters as they arise and with respect to specific proposals. Surely that is the way it is still done.

**Senator Hill**—That is as I understand it. But, speaking in general terms, we do not necessarily think it is the best way to alleviate poverty. We think there may well be better ways, such as opening up markets.

**Senator MURRAY**—I have understood that from the media commentary of the Prime Minister's remarks. I just want to be sure that there is no policy of no debt relief in any circumstances. There is no such policy, is there?

**Senator Hill**—As I understand it, there are instances where we have given debt relief.

**Senator MURRAY**—That is what I thought. Can you recall any? In my memory, debt relief has been accorded to some Third World countries.

**Senator Hill**—I think we agreed in or arising out of the Paris Club deliberations recently—this is in relation to the tsunami—

**Mr Kemish**—That is right.

**Senator Hill**—to accept the view that there should be some debt relief.

**Mr Metcalfe**—As the minister has said, the proposition was put that what we are about is the most effective way of providing assistance to the individuals directly affected by a

disaster. So generalised debt relief, which is a highly non-specific type of policy measure, may not be the best way of achieving humanitarian assistance to people affected by disasters. That said, when the matter was considered in the Paris Club, the Australian government put that view and made clear the enormous support we were providing for victims of the disaster. But, ultimately, we were part of a group of creditor nations that agreed to provide essentially a moratorium on debt payments or interest payments while further work is done by the international financial institutions.

**Senator MURRAY**—Explain to me just how work is done in this area. I am aware that the debt relief issue has been a big topic, certainly in the last couple of decades, but it seems to have been heightened recently with Chancellor Brown's interest in the matter, for instance, and that of some European governments. How does the Australian government approach things? Do you develop a policy document that is put to cabinet? What is the process that occurs?

**Mr Metcalfe**—The policy agencies responsible for this issue are the Treasury and the Department of Foreign Affairs and Trade. From recollection, the Australian representative to the Paris Club discussions is an assistant secretary in the Department of Foreign Affairs and Trade. The Australian position on these issues is effectively a matter that those agencies deal with. But on a particular matter such as the one we have just seen, clearly there is ministerial consideration as to the Australian approach on the issue.

The key point I made is that we were about ensuring that people did not use the vehicle of debt relief as the only form of providing a response to a humanitarian disaster. Some countries believe that it is an effective way of providing assistance. We were sceptical about that, but we were concerned to ensure that there was a genuine international response to the disaster. That clearly has been the case, at both a government level and a private level. But we were certainly concerned that that targeted humanitarian assistance should be the principal focus of effort and that debt relief, which, in our view, is far less specific in its application, should not be seen as a means of—putting it bluntly—avoiding other ways of responding.

**Senator MURRAY**—The real issue, of course, is trying to do something about serious poverty in big parts of the world. Debt relief is just one of the policy levers you can use. I must say on the record that I absolutely agree with the Prime Minister and the government that the sooner the Europeans, and indeed the Americans, lower their trade barriers to food imports the better it will be for the Third World. That is an entirely proper response. But, if you have that approach to developing an attitude on debt relief, is the Australian government paying serious attention now to developing a broader approach to its view on poverty and what contribution Australia can make to addressing the issue of poverty, which, once again, has had a great deal of international interest in the last few years?

**Mr Metcalfe**—I think that the broader issue of what I would probably describe as development assistance is an issue that you may wish to pursue with the Department of Foreign Affairs and Trade and with AusAID. But, certainly, we are focused on our development assistance projects around the world. The government has undertaken a number of quite specific measures either in providing aid or in other forms of intervention.



**Senator MURRAY**—If I may interrupt you, Mr Metcalfe, that was not the purpose of my question. Without demeaning them in any way, those are lower order issues. What we are talking about here is whether heads of governments around the world are speaking to each other directly and are being spoken to directly with a view to tackling major issues, of which poverty is very topical. I wondered how that is being addressed, rather than the other stuff which I know is going on.

**Mr Kemish**—As you know, Senator, no doubt including from media coverage, the Prime Minister took a strategic opportunity at the World Economic Forum in Davos to discuss the broad approach to these issues with senior representatives from a range of countries. A lot of profile was given in the media to his point that you have just mentioned: that there needs to be strong progress on the Doha Round for there to be very substantial, positive benefit to the developing world. That point was made as part of a broad, high-level discussion about the various mechanisms available to the developed world, and to the global community in general, in addressing what is an important issue.

**Senator MURRAY**—Is the upshot of that that we are likely to see a position paper or a discussion paper emerge from the government in this area or will it continue to be dealt with on a consultative and exploratory basis, which is my feeling at present?

**Mr Metcalfe**—It is a matter for government as to whether it might all be brought together in one way like that, Senator, but I think that if you were to look at a combination—

**Senator MURRAY**—But you have not been tasked in that way. That is my question.

**Mr Metcalfe**—We have not current tasking to do such a thing. But I ask you to look at the totality of trade policy, particularly trade liberalisation and the issues that Mr Kemish has just mentioned in terms of broader economic objectives and quite specific and targeted work that Australia has been involved with—for example, the work in the Pacific, most notably in the Solomon Islands and now in Papua New Guinea—which is having a direct and practical effect. I think that the government's response on this is multilayered. Whether or not it should be brought together in one document is an issue that the government would need to consider.

**Senator MURRAY**—Mr Chairman, I have other general questions but that is all I had on that particular area.

**Senator FAULKNER**—In relation to the marriage of the Prince of Wales to Mrs Parker Bowles, has there been any check at the departmental level as to whether there are any legislative implications at all? In other words, are there any constitutional issues that the department might be examining?

**Mr Metcalfe**—The advice I have is that we have not undertaken any of that work but we would not expect that there would be any issues that we would need to address.

**Senator FAULKNER**—If there were, where would that work be generated? Would it be undertaken in the Department of the Prime Minister and Cabinet or more tasked to the Attorney-General's Department?

**Mr Metcalfe**—I think it would be an issue that PM&C and the Attorney-General's Department would provide advice on but, as I have said, it is not an issue that we have yet

addressed. It could be an area of some work but, as I have said, we are not expecting that there will be any significant issues.

**Senator FAULKNER**—There is no suggestion that such a marriage requires some sort of passage of legislation in any of the Commonwealth parliaments?

**Mr Metcalfe**—Not to my knowledge, and indeed from reading some material over the weekend that I do not expect that it will be seen as an issue in the United Kingdom.

**Senator FAULKNER**—I asked some questions a little earlier of the Department of Parliamentary Services about an issue that cropped up prior to Christmas—a Christmas tree—which caused grave concern among coalition parliamentarians, and that was fair enough. Is that something where there was a role for in the Department of the Prime Minister and Cabinet? Are you aware of the issue?

**Mr Metcalfe**—I am aware of the issue—the tree that used to be erected in Federation Mall but found itself in Civic this year.

**Senator FAULKNER**—That is the one. Did the department have any role in relation to that at all?

**Ms Belcher**—No, apart from noticing that it was not there anymore. It was only listening to the evidence this morning that made me fully aware of the issues and I was able to confirm that the NCA did not approach us about it.

**Senator FAULKNER**—Yes. I wondered whether, in fact, this department had been approached to see if it would fund the tree.

**Ms Belcher**—No.

**Senator FAULKNER**—In this area of general questions, I also want to ask about the Order of Australia. I put some questions about this to the Office of the Official Secretary to the Governor-General. A general concern was identified in the media of a perception of lack of political balance in the Australia Day 2005 honours. Did you hear that evidence being given?

**Mr Metcalfe**—I heard part of that evidence; in fact, I was in the room at the time.

**Senator FAULKNER**—Given the shared responsibility of the Department of the Prime Minister and Cabinet and the office of the Governor-General in these areas, I wonder whether, first of all, the department could indicate whether it is aware or became aware of the negative media commentary about the supposed political bias in the Australia Day honours this year.

**Mr Metcalfe**—I certainly was aware of the media reporting.

**Senator FAULKNER**—Perhaps Mr O'Neill could inform the committee whether that has had any impact or effect—whether any action has been taken as a result of that.

**Mr O'Neill**—Yes, I was aware of the media in the city dailies as well. There has been no action taken at all in response to that.

**Mr Metcalfe**—As the Official Secretary to the Governor-General said earlier, the Council of the Order of Australia considers nominations, and I think the official secretary undertook to provide some information about application rates and that sort of thing. But, essentially, we

need a nomination in order to consider whether an award should be given in any particular situation. That is a matter for the council in its deliberations. The council is an independent body consisting of a number of community representatives and ex officio representatives, including me, as well as a representative from each state and territory.

**Senator FAULKNER**—Is that exclusively the case though? Haven't there been occasions when the council itself might generate some activity about the issuing of an award to a particularly appropriate Australian? We have heard this evidence, but I do not know that it is entirely exclusively accurate, is it?

**Mr Metcalfe**—I think it is accurate to say that we need a nomination. On the issue of where a nomination is generated from, in the overwhelming number of cases nominations come from members of the public; but certainly the council can encourage a nomination to occur or whatever. So, with all of these things, we need a nomination to consider it. Concerning where exactly that particular process commences from, it could be a member of parliament who believes that recognition should be achieved; indeed, that does occur from time to time.

**Senator FAULKNER**—But it is true to say that the council itself generates such nominations.

**Mr Metcalfe**—In a very small number of cases, in my experience.

**Senator FAULKNER**—But it does do it.

**Mr Metcalfe**—It can.

**Senator FAULKNER**—And it has done it.

**Mr Metcalfe**—Yes.

**Senator FAULKNER**—Then has there been no reaction at all at any level, either at the council or departmentally, to the negative publicity about the perceived political imbalance in the awards this last Australia Day?

**Mr Metcalfe**—I think there is a number of levels of response to that. On earlier occasions, Mr O'Neil has told us about the promotional activity undertaken by his branch, which is attempting to publicise the existence of the award system and encourage nominations. Certainly we have had an ongoing concern about ensuring appropriate recognition of all sectors of the community. Indeed, there are certain organisations, such as the various women's organisations, that are keen to promote awards in particular areas and that is to be applauded.

Of course, in terms of a perception of political nominations, that is not something that the department or, I think, Government House, would properly seek to comment upon other than to say that we would hope that the honours system is well understood by members of parliament and we continue to encourage nominations to come forward.

**Senator FAULKNER**—So if allegations of political bias are made, and they have been made in this case mainly, if not exclusively, by the media—because I do not know of any cases of parliamentarians being critical—this leads to a 'no reaction', does it, at the council?

**Mr Metcalfe**—It has on this particular occasion. It would ultimately be a matter for discussion between ourselves and Government House and the chair of the council as to

whether we ever needed to make a comment to the media that the council endeavours to completely free itself of political bias; rather, the number of nominations coming through or the number of awards coming through in any particular Australia Day list or Queen's Birthday list is a reflection of the nominations that the council has to consider. The ultimate way of ensuring balance in these issues requires nominations to occur. I do note for the record that each state and territory government has a representative on the council. There was also some commentary earlier in the hearing about the fact that perhaps these things can be cyclical. I have not studied what has happened over many years but these things do have a way of balancing themselves out over time.

**Senator FAULKNER**—I do not think anybody has studied it particularly. I do not think statistics or the like have been kept. In my view, this is limited to the considerable—as far as I am aware, anyway—negative media coverage for the Australia Day 2005 awards. That is what I am referring to.

**Mr Metcalfe**—I do not know if I would characterise it as 'considerable', but I am aware that there was some coverage of this issue.

**Senator FAULKNER**—Let us not use the word 'considerable'. The negative media coverage of the Australia Day 2005 honours is what I am referring to. You have said that no-one has given—

**Mr Metcalfe**—I am not trying to be argumentative; I am just saying that whether or not it is an appropriate thing for either the council or the secretariat to the council to respond to that will have to be judged on its merits on any particular occasion. On this particular occasion, it was obviously seen that it would not assist the public understanding of these issues to get into some sort of public discourse with the media but rather to hope that the more informed elements of the media and the public are aware that over time there has been a long and proud tradition of recognising high achievement across all sectors of the Australian community, including members of major political parties.

**Senator FAULKNER**—I am hoping that the fact that it has received some public notoriety and even the fact that it has been mentioned in committees like this might mean that those who have responsibilities for these decisions keep a weather eye on this issue of political balance. It is pretty important. I do not want to go into it now but I could, if you like. I could start quoting some of the press commentary—it is not very pretty, whether Senator Hill liked the adjective that I used before or not. It is not very pretty.

**Senator Hill**—I do not think there is any bias in the committee and I have obviously been looking at it for a long time. There have been years that I might have questioned particular determinations of the committee but as—

**Senator FAULKNER**—But you do not serve on the committee, do you?

**Senator Hill**—No.

**Senator FAULKNER**—You do not know anything about the committee because it is completely confidential, so if there were bias you would not know.

**Senator Hill**—I am an interested witness, as I gather Senator Faulkner is. The more significant criticism I hear on an ongoing basis is that the highest awards, almost without

exception, go to those in a limited number of high profile professions. I think that that has been more of an ongoing public concern than any suggestion of political bias.

**Senator FAULKNER**—You may have misheard me but I am not alleging bias. I do not think you have heard me say that.

**Mr Metcalfe**—That is absolutely the case.

**Senator FAULKNER**—And I did not say it when the Office of the Official Secretary to the Governor-General was at the table, however, if this pattern continues, others less reasonable than me certainly will.

**Senator Hill**—I think that is a sort of a threat. Did you get the threat?

**Senator FAULKNER**—I was assuming you could find someone less reasonable than me.

**Senator BRANDIS**—Assuming that it is pattern.

**Mr Metcalfe**—As a member of the council I certainly would not be threatened by anyone. But what I can say is that over time these things do balance themselves up. But I can only continue to appeal to the fact that at the end of the day the council needs nominations to consider.

**Senator FAULKNER**—We had a private discussion with a number of senators around this table about nominations we have made for Australian honours. Across all the parties around this table we have been remarkably unsuccessful in convincing people like you, Mr Metcalfe, that people who we think warrant an award should have one. Our suggestions do not seem to find favour with people like you. But I will keep struggling away and see how I go.

**Mr Metcalfe**—I am alarmed to hear that. If you want to talk to me—

**Senator FAULKNER**—Other senators can speak for themselves but it is an experience not limited to me.

**Mr Metcalfe**—Without going into the inner workings of the council, one of the privileges of serving on the council is that you have the opportunity to get some insight into some of the extraordinary stories and some of the extraordinary work of many Australians. I can only encourage the recognition of more people through that.

**Senator BRANDIS**—I will state a proposition and invite you to comment on it. Just following on that same line of questioning, it strikes me that—going to Senator Hill's criticism that the awards are too much the province of people of public notoriety—when it comes to public office holders I would have thought that the occasion over time for political bias is less rather than more because there is a kind of tariff, really, isn't there? Former Prime Ministers are worth an AC and former cabinet ministers are worth an AO—we have Neil Blewett AO and John Moore AO to pluck two examples out of the air.

**CHAIR**—Dr Blewett is an AC, I think.

**Senator BRANDIS**—He has done better than Mr Moore. There are gradations of seniority reflected in a somewhat informal tariff, aren't there? All High Court judges and all state chief justices are ACs. All state governors are ACs. Those are not political office holders, I know. But when one speaks of former Prime Ministers, Deputy Prime Ministers, cabinet ministers

and junior ministers there is a degree of structure to this in the sense that the magnificence of the award reflects the seniority of the office. Wouldn't you agree?

**Mr Metcalfe**—Essentially, the various levels within the award ultimately recognise the level of service, whether it is internationally recognised and whether it has made a very big impact on the nation or a local community. You have characterised it in one way and that probably reflects what has occurred over time.

**Senator BRANDIS**—If that be so, my point is that even in an informal way that would be a guarantee against political bias because the occupant of the office, once nominated, would presumptively expect to be awarded at that level and the political party that the person represents would have absolutely nothing to do with it.

**CHAIR**—As long as the same political party does not keep winning.

**Senator BRANDIS**—That might be the problem, Senator Mason. When you have one political party that occupies those offices for a disproportionate period of time—

**Senator Hill**—We had 13 years in the abyss.

**Senator BRANDIS**—Yes. The Labor Party had 13 years in government and I bet that, during that period, there were more awards of a political character—and appropriately so—to the Labor side than there were to the coalition side, and at the other end of the political cycle perhaps the reverse is true. That reflects nothing other than the fact that levels of award go with the dignity of the office held, wouldn't you say?

**Mr Metcalfe**—I think the award itself as well as the level does reflect the type of work that the individual has done.

**Senator FAULKNER**—You have put some flimsy cases, but that takes the cake.

**Senator BRANDIS**—I got the answers that—

**Senator FAULKNER**—I am sure you got the answer you wanted.

**Senator BRANDIS**—The answer was precisely as I suggested—that there is a sort of informal level of acknowledgment, as there should be, as to the seniority of the office. We would not expect Mr Whitlam, for example, to have anything less magnificent than an AC, Senator Faulkner.

**Mr Metcalfe**—Mr Chair, I should only just note for the record that none of this conversation will in any way influence any work I do in the future.

**CHAIR**—Of course, Mr Metcalfe.

**Senator CARR**—Mr Metcalfe, has the security work at the Prime Minister and Cabinet building been completed?

**Mr Metcalfe**—I will ask Mr Williams to take these questions.

**Ms Williams**—It has been completed, yes.

**Senator CARR**—Was it completed on time and on budget?

**Ms Williams**—I might have to ask my colleague to join me at the table to answer that specific question.

**Ms Costello**—Yes, the security work was. The final perimeter security took two months longer than we had anticipated, due to delivery of parts and some retrofitting of some safety gear we did on it; but it was completed on budget.

**Senator CARR**—How much was the budget?

**Ms Costello**—The final cost of the perimeter work was \$653,000.

**Senator CARR**—The 2003-04 annual report refers to replacement carpets at the Lodge; what did they cost?

**Ms Costello**—There was a replacement of carpets in the staff area. The carpets in the staff area had been down for some 20 years and it was replaced at a cost of \$2,607.

**Senator CARR**—The drawing room?

**Ms Costello**—I am not sure of what your question is.

**Senator CARR**—How much did it cost to replace the carpets in the drawing room and morning room?

**Ms Costello**—I am not sure; I will just check.

**Senator CARR**—It is in the annual report, so I am not making this up. This is hardly a deep leak or anything.

**Ms Costello**—I am sorry; we have previously answered those questions, so I did not bring the latest update on that. As previously answered, the total cost of the carpets was \$16,170.

**Senator CARR**—Has any more maintenance work been planned at the Lodge since the annual report was published?

**Ms Costello**—Any work conducted between—

**Senator CARR**—Yes, now and then.

**Ms Costello**—Between July—

**Senator CARR**—Yes.

**Ms Costello**—We did some painting. Areas that had not been painted for over 10 years were painted; they were some upstairs and hallways areas.

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

**Ms Costello**—The total cost there was \$10,188 inclusive of GST.

**Senator CARR**—Were any other maintenance works undertaken at the Lodge?

**Ms Costello**—There was some replacement of oven and extractor fans due to failure and they were no longer in a safe condition.

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

**Ms Costello**—They were installed in Prime Minister Fraser's term of office and were replaced in 2004 at a cost of \$12,342.

**Senator FAULKNER**—Of course Prime Minister Fraser lived in the Lodge, didn't he?

**Ms Costello**—Yes.

**Senator CARR**—So they have not had much use.

**Ms Costello**—And the fan in the range hood was replaced at a cost of \$1,553.

**Senator CARR**—But the oven was worth \$12,000?

**Ms Costello**—Yes, the oven and associated equipment.

**Senator FAULKNER**—Speaking about these matters, have there been any significant staff changes at the Lodge in recent times?

**Ms Costello**—In what way—in numbers?

**Senator FAULKNER**—In any way.

**Ms Costello**—The numbers have been consistent. There are recruitment actions under way.

**Senator FAULKNER**—What are the recruitment actions for, please?

**Ms Costello**—For house staff. As you know, the gardening is an outsourced arrangement.

**Senator FAULKNER**—House staff—what designations?

**Ms Costello**—We have gone for the house attendants and have advertised for that.

**Senator FAULKNER**—House attendants?

**Ms Costello**—Yes; that is the phrase that is used.

**Senator FAULKNER**—And how many of those?

**Ms Costello**—At any time there are two house attendants.

**Senator FAULKNER**—So are they being replaced?

**Ms Costello**—We are currently recruiting. We do not know what the outcome or the final numbers will be. We have gone out generally and from that we can identify people that we can use as casual staff for functions.

**Senator FAULKNER**—But are there existing house attendants, Ms Costello?

**Ms Costello**—There are.

**Senator FAULKNER**—How many of them are there?

**Ms Costello**—There are two positions.

**Senator FAULKNER**—And they are going to be replaced?

**Ms Costello**—No. What can happen, though, is that one may apply for a higher position. ‘House attendant’ covers a range of positions, so we are not sure if a junior person might apply for a more senior position. I am unsure what filling action or numbers would take place.

**Senator FAULKNER**—So what is a house attendant?

**Ms Costello**—It is a person who works within the house, maintaining the house.

**Senator FAULKNER**—What functions and duties does a house attendant have?

**Ms Costello**—You would normally describe it as a housekeeper type, cleaning—

**Senator FAULKNER**—Sure. So there are two of those.

**Ms Costello**—Yes.



**Senator FAULKNER**—Are there any other positions?

**Ms Costello**—You mean are there generally people employed there? Yes.

**Senator FAULKNER**—No, any other recent changes of personnel.

**Ms Costello**—No.

**Senator CARR**—Have there been any changes of furniture?

**Ms Costello**—As part of the finalisation of the refurbishment of the reception rooms, yes, there has been some furniture purchased.

**Senator CARR**—Can you indicate what that is?

**Ms Costello**—There were six chairs, a number of side tables, and ottomans.

**Senator CARR**—Ottomans?

**Ms Costello**—Yes.

**Senator CARR**—What are the six chairs?

**Ms Costello**—I have a total price which includes the chairs, the side tables, the ottomans, the manufacture and upholstery and the design fees. The total cost of that is \$25,400.

**Senator CARR**—For six chairs, a side table and an ottoman?

**Ms Costello**—A number of side tables and ottomans.

**Senator CARR**—You have to explain to me what an ottoman is.

**Ms Costello**—You would normally call it an upholstered footstool.

**Senator FAULKNER**—You do not understand, Ms Costello; Senator Carr has never been invited to the Lodge and is never likely to be. You have to help him out.

**Senator CARR**—So what is this ottoman?

**Senator FAULKNER**—I was once invited to the Lodge and I have never been invited back. I have to admit that.

**Senator CARR**—We went out to the tent there that year—do you remember that?

**Senator FAULKNER**—I meant inside the house.

**CHAIR**—Can you help us, Ms Costello?

**Senator CARR**—It is a serious question.

**Ms Costello**—It is an upholstered footstool.

**Senator CARR**—And the design fees for a footstool?

**Ms Costello**—The design fees are ongoing as part of that refurbishment, so they include sourcing fabrics and it cannot be attributed to any one item.

**Senator CARR**—Right. Where are the side tables for?

**Ms Costello**—They are for the reception rooms. There are two main reception rooms and the side tables are for both rooms.

**Senator CARR**—In Kirribilli House, have there been any maintenance works undertaken?

**Ms Costello**—There have been in the staff areas. The staff areas, apart from the kitchen, were not previously air-conditioned and we air-conditioned those, which is a number of rooms.

**Senator CARR**—What was the cost of that?

**Ms Costello**—The total cost of that was \$12,870.

**Senator CARR**—Are those the only changes to Kirribilli?

**Ms Costello**—We also replaced the exterior locks.

**Senator FAULKNER**—Why was that done?

**Ms Costello**—Because the sea salt in the air had corroded them. It was a replacement of existing locks.

**Senator CARR**—And what was the cost?

**Ms Costello**—\$1,015.

**Senator CARR**—Is that the only security change that was made?

**Ms Costello**—Yes. That was just a replacement of locks.

**Senator CARR**—Were there any other costs?

**Ms Costello**—There was recarpeting of the staff areas at a cost of \$2,457.

**Senator CARR**—No other work?

**Ms Costello**—Finally, there was work on the sewerage system. It is an old system and there was quite a bit of work done down the side.

**Senator CARR**—Plumbing?

**Ms Costello**—Yes.

**Senator CARR**—How much was the plumbing?

**Ms Costello**—\$30,540.

**Senator CARR**—Are they the only changes?

**Ms Costello**—When you said security, there was work on a new guardhouse, but that was not part of our expenditure. The security for Kirribilli is the responsibility of the Attorney-General's Department.

**Senator CARR**—I see. You cannot help me with that cost.

**Ms Costello**—No.

**Senator CARR**—Those are the only changes?

**Ms Costello**—Yes.

**Senator CARR**—Do you cover the Governor-General's residence as well?

**Ms Costello**—No, I do not. That is the office of the Governor-General.

**Senator CARR**—Thank you. Senator Faulkner, were there any matters you wanted to raise?

**Senator FAULKNER**—I am pleased to say that I do not ask questions about these matters any more, Senator Carr.

**Senator CARR**—About plumbing? Plumbing is not your responsibility?

**Senator FAULKNER**—No, I am leaving that to you.

**Senator Hill**—You seem to have pretty much got it right.

**Senator CARR**—That is right—plugging leaks.

**Senator Hill**—What about the staircase?

**Senator CARR**—Is there are staircase problem?

**Senator Hill**—And the wine cellar.

**Senator CARR**—Have you bought any more lounge suites?

**Senator FAULKNER**—I did not think the questioning was done with the same panache that I would have done it with, Senator, but nevertheless—

**Senator CARR**—No, but I will work on it.

**Senator Hill**—He certainly took his time.

**CHAIR**—Senator Murray has the call.

**Senator MURRAY**—There are just two topics I want to cover and then I am finished with my general questions. One is how we are going with the government response to the Senate Finance and Public Administration References Committee report into staff of members of parliament in late 2003. The evidence we had earlier from the APS outfit was that they had put in their views into PM&C who are now collating the response. The reason I think this needs a hurry-up is that these issues have been raised again recently with the instance of Mr Hallet and his email. That is again on the topic of how an adviser acts where there is an executive decision or where he is the intermediary either between the minister and the bureaucracy or between the minister and whoever is spending the money. It is very much an issue raised in that report. A very brief question: when are we likely to get a government response?

**Ms Belcher**—There has already been action to implement some of the recommendations. But you are quite right: the response is outstanding. We will see if we can get that response to you. There has been some development of the training of staff, which is still evolving, following a needs analysis conducted by the Department of Finance and Administration. But I will see if that response can be sped up so you can see it soon.

**Senator MURRAY**—I will be clear with you as to my motive: I sit on this committee's inquiry into the Regional Partnerships program and issues to do with that. That government response would be of assistance because plainly that inquiry is going to refer to the report. A government response would be useful.

**Ms Belcher**—Certainly.

**Senator MURRAY**—The other issue I wished to cover briefly was the Uhrig report response. Is that you again, Ms Belcher?

**Ms Belcher**—Yes. I hope to be able to help.

**Senator MURRAY**—There was an absolutely delicious article in the *Canberra Times* by Paddy Gourley, a former senior public servant who missed his vocation. He quoted from Jonathon Swift and Frank Moorehouse. But he had remarked that Uhrig's main recommendations are cockeyed. Later on, he said:

Ultimately, the reports numerous shortcomings are the government's fault. It picked the reviewer and now it will have to be done again, whoever wins the forthcoming election.

There was a piece by Brian O'Callaghan, a partner in corporate and commercial law within the government service's group of Clayton Utz, which said that:

The corporate governance arrangements and structure of more than 170 statutory authorities and similar portfolio entities will be extensively reviewed as a result of the government's response.

I recognise the government rejected the Inspector-General of Regulation idea of Mr Uhrig. What is happening with respect to the Uhrig recommendations? Is there a brand new review of authorities and their corporate governance aspects or what?

**Ms Belcher**—Yes. In a number of agencies it is already being examined against the principles that were set out in the Uhrig report. That is something that is being conducted within the Department of Finance and Administration but also within the individual departments that the agencies belong to. So there is an extensive review process underway.

**Senator MURRAY**—What will be the reporting of that process? Will it appear in your annual report, will a report be tabled for parliament or will there be a statement by the secretary? How is it going to work?

**Ms Belcher**—I doubt that there will be a consolidated report on it because it is going to be a progressive exercise. Some reviews, as I said, are already underway. Some are scheduled for the coming year—or even years, possibly. I would expect that in some cases the results would become apparent because the governance arrangements of some bodies will be changed. I can look at the issue of whether it would be possible to report as progress is made.

**Senator MURRAY**—I am just wondering how the parliament will be informed. Either they will have to pick it up in each of the individual agencies, and there are 170 of them, or there will be some kind of wrap up when the review is done and a reporting as to the main effects of the review.

**Ms Belcher**—I see what you mean: unless there is legislative change, the parliament will not necessarily know. Is that something that we could take up with the Department of Finance and Administration and perhaps get back to you about?

**Senator MURRAY**—You can let the committee know.

**Ms Belcher**—Yes.

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

[6.09 p.m.]

**CHAIR**—As there are no questions on output group 1, Economic policy advice and coordination, output 1.1, Economic and industry policy, or output group 2, Social policy advice and coordination, we will move to output group 3, International policy advice and

coordination. That includes output 3.1, International policy, and output 3.2, National security policy.

**Senator CHRIS EVANS**—I will start by asking a few questions about the development of the maritime identification zone and the Prime Minister's announcement on 15 December last year about that. Can somebody tell me about the development of that maritime security policy and take me through the process?

**Mr Metcalfe**—Yes. Last year you may recall that the government undertook a review of maritime security more generally. From what I recall, some announcements were made midyear in relation to strengthening maritime security. It was around the same time but not on the same day as the commencement into operation of the Maritime Transport Security Act, which was a major piece of legislation which commenced on 1 July last year and which required security plans to be introduced for ports and for ships operating to and from Australia, and that in itself represented a very significant advance in security planning in this area. But, notwithstanding the commencement of that act, the government thought it was timely to further review maritime security arrangements, and that led to a number of initiatives taking place and a package of measures being developed.

One of the issues that was highlighted through that review process was the fact that our maritime security arrangements and their applicability particularly to offshore installations, such as the oil and gas facilities in the North West Shelf, the Timor Sea and Bass Strait, needed close examination because, by their very nature, the security responsibility is shared between the Australian government, the relevant state and territory governments and industry. The government decided that a more detailed focus should occur in relation to offshore maritime security. It was agreed that a task force should be established within the Department of the Prime Minister and Cabinet, headed by a very senior public servant and involving secondees from the Royal Australian Navy and the Australia Customs Service. Also, a policy officer from the National Security Division was involved in that work. That task force worked as a discrete group of people.

**Senator CHRIS EVANS**—What was it called?

**Mr Metcalfe**—It was called the maritime security task force, from memory. I will correct that if that is not right. It was headed by Mr Rob Tonkin, who was a former deputy secretary in the Department of Defence and a former chief executive of the ACT Chief Minister's Department. Essentially, that task force worked as a discrete group but also worked with the range of relevant agencies that have an interest in maritime security, particularly the Department of Transport and Regional Services and obviously the Australian Defence Force, Customs, the Department of Foreign Affairs and Trade, and so on. It also consulted extensively with state and territory governments at both the premier's department and police levels, as well as other transport agencies. It consulted extensively with industry, particularly the industry involved in our offshore platforms. The head of the task force and I think two colleagues visited the United Kingdom and the United States to have consultations and particularly to observe measures in place for security of offshore facilities.

It goes without saying that the importance of this issue is significant when you have a look at the economic value of the facilities themselves and the fact that as high-value assets clearly

they need to be part of overall security planning. That whole process had been based upon very close work with relevant agencies such as ASIO so that the threat environment was well understood and factored in. The task force reported to government, from memory, very late last year. Everything has sort of run together a bit at the moment, but my recollection is that it was a report to cabinet late last year and the government agreed on a package of measures which is now in the process of being implemented.

One of the most significant aspects of that was a decision that the parliament should be invited to extend the maritime safety arrangements regulated under the Maritime Transport Security Act to offshore installations and that that should commence, I think, in September 2005. It was also thought that we should obtain even better cooperation and coordination with Coastwatch, which is essentially an agency within the Customs Service which undertakes our coastal surveillance and surveillance of adjacent seas on behalf of a whole range of clients—Quarantine, Immigration, Customs, police—and that we should also ensure that the defence contribution to that surveillance activity should work. We have adopted a very elegant solution in that, as you are probably aware, for some years now the head of Coastwatch has been a seconded two-star rear admiral from the Royal Australian Navy and a decision has now been made to essentially double-hat that officer and provide a military command known as a joint offshore protection command.

There are a range of other initiatives, including ensuring that we have the best possible awareness of what is happening in the seas adjacent to Australia through the establishment of a system of identifying vessels that may be in the vicinity, particularly those vessels which are bound for Australia. This was very much about ensuring that Australian interests, Australian vessels and vessels coming to Australia were subject to our overall security surveillance. So there are a range of activities agreed by government late last year which are now in the process of being implemented.

**Senator CHRIS EVANS**—My specific question, though, went to the maritime identification zone. I gather that that extends 1,000 nautical miles from the Australian coast. Is that correct?

**Mr Metcalfe**—That is correct. Essentially, it is a system of identifying vessels bound for Australia. It would be our normal intention, and this is very similar to many other countries, that we are identifying vessels entering that area which are proposing to enter Australian ports so that we can obtain from them comprehensive information as to who is on the ship, the identity of the ship itself, the cargo and its intended port of arrival. Also within that overall security system we would identify all vessels other than day recreation boats.

**Senator CHRIS EVANS**—Can you explain to me the legal basis for our having jurisdiction over vessels located within that 1,000-mile zone? What is the legal basis for this?

**Mr Metcalfe**—The jurisdiction is essentially a cooperative identification system. I think the important word here is 'identification'. We are asking Coastwatch and the offshore protection command to achieve an awareness of vessels as they approach Australia. Of course, there are certain legal rights and obligations as those vessels progressively enter the exclusive economic zone, the contiguous zone and the territorial sea. Perhaps this is an opportunity to correct a misapprehension that may have occurred in some reporting. In no

way was this seen to be, intended to be or able to be any extension of Australian sovereignty or purported extension of Australian sovereignty. This is very much ensuring that, in a cooperative way with vessels, we know who is coming our way so that we can prepare for them appropriately. It is very similar to other means of identification systems that are being put in place by other countries as maritime security is generally upgraded.

**Senator CHRIS EVANS**—I understand the drivers. You talk about cooperation and you also mention that officers on the task force visited the UK and the USA. What communications or cooperative arrangements were put in place by those nations who might have thought that the 1,000-mile zone moved into their territorial waters?

**Mr Metcalfe**—Certainly our posts in the relevant countries have been involved in discussions.

**Senator CHRIS EVANS**—Prior to the announcement?

**Mr Metcalfe**—There were to be discussions at around the time of the announcement.

**Senator CHRIS EVANS**—It was a very specific question: were there discussions prior to the announcement?

**Mr Metcalfe**—I would not like to be categorical in responding as to whether they occurred at the time, immediately before or soon after. But, if you would like, I could—

**Senator CHRIS EVANS**—I think I would, because my next set of questions go to the reactions of some of our neighbours. I do not think it is any secret to you or anyone else that there was some concern expressed by Indonesia and New Zealand et cetera. I would like to know when we told them about extending our maritime identification zone, so some precision in your answer I think would be appreciated.

**Mr Metcalfe**—I do not have that precision available to me. Either I can take it on notice or you could ask the Department of Foreign Affairs precisely when that occurred. But essentially—to perhaps anticipate your next question—because of the misunderstanding or misreporting of the so-called zone, we have made it very clear to regional neighbours that this is in no way any intention to purport to extend Australian sovereignty. This is a cooperative identification system focusing in on vessels bound for Australian ports. It is very similar to mechanisms put in place by other countries. It could have been expressed differently. We could have simply said that, if a vessel is 96 hours from Australia, it should let us know who it is; that would have achieved the same objective. But we thought it was important that the shipowners have some certainty as to when we have an interest. We are not interested in vessels that are doing anything other than coming towards Australia. There were discussions around the time with our colleagues in New Zealand and in Indonesia to provide reassurance on this point, and I think there is reassurance on that point.

**Senator CHRIS EVANS**—I am sure we are paddling madly to overcome the concerns expressed, as we did with earlier announcements about the missile shield and other things that seemed not to be discussed with the neighbours before they were made. Is the responsibility for the task force yours, or is it Foreign Affairs?

**Mr Metcalfe**—Now is the time for me to correct the name of the task force. The correct name was the government's task force on offshore maritime security. The task force reported

to the secretary through me. But, as with all of these matters, it was an issue that involved a series of departments. We were clearly sensitive to issues relating to maritime boundaries and the views of our neighbours, thus the misreporting in the Australian media that some sort of zone was being established has been the subject of discussion. I think everyone clearly understands that we are about an identification system and we are interested in vessels that are coming towards Australia and Australian ports for reasons of Australian national security. This in no way goes to attempting to regulate vessel movements within other countries.

**Senator CHRIS EVANS**—Are we at cross-purposes here? You keep referring to misreporting as though the only problem or issue here is some sort of reporting. As I understand it, from reading the Prime Minister's press release, we suddenly say that 1,000 nautical miles from Australia's coastline we are going to have a maritime identification zone.

**Mr Metcalfe**—I would have to go back and check the reporting, but I think the misunderstandings appear to generate from the fact that everyone focused on 1,000 nautical miles from Australia's coastline and drew a map as to what foreign countries that took in. No-one read the next line in the Prime Minister's press release, which said 'vessels proposing to enter Australian ports'. We are interested in vessels proposing to enter Australian ports.

**Senator CHRIS EVANS**—How do you know that? You sweep through the 1,000 nautical mile zone, and you are only interested in the vessels that rang you before to say they are coming to Australian ports.

**Mr Metcalfe**—We are interested in a cooperative arrangement. Essentially what we are saying to ship owners and operators is, 'We'd like information from your vessels as they come towards Australia.' That is so we know what is coming so that we can plan the appropriate response.

**Senator CHRIS EVANS**—I thought the whole idea was to deal with those that did not tell you they were coming or why they were coming or what they might be carrying.

**Mr Metcalfe**—This system is only part of a comprehensive response. A range of agencies, including Coastwatch, Customs and Defence, are working together to ensure that we have an overall awareness of what is happening. To the extent that we can possibly relate to voluntary compliance, that allows us to eliminate people who are not of concern so we can focus on matters that may be of concern.

**Senator CHRIS EVANS**—Of course the other great attribute in this would be the cooperation of our near neighbours, wouldn't it?

**Mr Metcalfe**—Yes.

**Senator CHRIS EVANS**—I thought most of our arrangements and such things were based on that cooperation. Cooperation with Indonesian authorities in, for instance, dealing with people smugglers has been one of the keys to the government's response.

**Mr Metcalfe**—Absolutely, and that is why it is disappointing that some elements of the media reporting appeared to provoke questions focused very much on the first line and not the second. Of course, we have good cooperation with our neighbours in relation to these issues, and we want to build on that.



**Senator CHRIS EVANS**—But you have told me that you, PM&C, are responsible for this. You have told me that you sent a task force off to talk to the English and the Americans. What did you do to talk to the countries that fall within the new 1,000-mile nautical mile range, like New Zealand, Papua New Guinea and Indonesia? Can you detail for me the consultations you had with them?

**Mr Metcalfe**—Essentially, those briefings and consultations were the responsibility of the department of foreign affairs, and I do not have the detail with me as to precisely when briefings occurred, but I do know that they were around the time of the announcement.

**Senator CHRIS EVANS**—I realise I am in Canberra, but in Western Australia this is called a handball.

**Mr Metcalfe**—I am very happy to take it on notice, or you can ask the department of foreign affairs. What I am saying is that we did not have extensive consultations with those countries beforehand because essentially it was not seen as something that was necessary. What we thought was necessary was a briefing so that they would understand exactly what I have just described. Exactly when those briefings occurred and who or what part of the system in a particular country was briefed are not matters that I have information about.

**Senator CHRIS EVANS**—We will take that up with foreign affairs. That is fair enough. You say you left it to them, but quite frankly you also told me that you were the man in charge. PM&C were running the show.

**Mr Metcalfe**—I am not ducking responsibility.

**Senator CHRIS EVANS**—Are you telling me that you actually announced a 1,000 nautical mile zone that took in the territorial waters of other countries and you did not ask foreign affairs whether they had spoken to anyone affected by it?

**Mr Metcalfe**—You are attempting to verbal me.

**Senator CHRIS EVANS**—No, I am attempting to get you to take some responsibility, rather than handball it, and explain to me why we did not consult with those people inside the zone.

**Mr Metcalfe**—I think I have been quite clear: (1) I am not ducking responsibility, and (2) I am saying that the task of briefing foreign governments was assigned, as it usually is, to the department of foreign affairs. That briefing was to take place around the time of the announcement.

**Senator CHRIS EVANS**—Are you satisfied that that took place?

**Mr Metcalfe**—I am satisfied that briefings did take place. The question as to whether they took place at the right time is ultimately an issue that we need to be—

**Senator CHRIS EVANS**—I accept that that might have been the case on 15 December. I do not expect that that has been your position since the 16th, 17th and 18th as each of those governments came out and complained about our position. Surely you have satisfied yourself since as to what briefings occurred and whether they were satisfactory and you have a view about that.

**Mr Metcalfe**—I think that what we can say is that they are now satisfied, and they have been satisfied for some time, as to the fact that we have established this particular system. Of course we will do that cooperatively. In the case of New Zealand, when it became apparent that further briefing or clarification was required because of some of the media reporting, I was personally involved in discussions with the high commissioner here and with colleagues in the New Zealand Prime Minister's department. Contact with the Indonesian government was primarily undertaken by the department of foreign affairs. The one thing I cannot tell you is precisely when that took place.

**Senator CHRIS EVANS**—Who was responsible for briefing PNG?

**Mr Metcalfe**—It would have been the post in Port Moresby. The department of foreign affairs—

**Senator CHRIS EVANS**—So that I am clear, what you are saying is the distinction between the treatment in New Zealand and in Indonesia—that New Zealand was your responsibility and Indonesia was—

**Mr Metcalfe**—No, what I am saying is that immediately after the announcement there was concern being raised—in the two places where I am aware that the concern was being raised—probably by Australian journalists going around and asking questions. I think that the New Zealand—

**Senator CHRIS EVANS**—I would not exhibit too strong paranoia about the media, Mr Metcalfe; that is usually reserved for politicians.

**Mr Metcalfe**—I am not the only one who has exhibited that paranoia. I know that Mr Goff, the New Zealand foreign minister, was asked for his response and in very measured terms he indicated the New Zealand position on the matter. I provided some advice during the course of that day, from recollection, in both Canberra and New Zealand, because I was contacted by those people and we thought it was appropriate to provide more clarification. I cannot answer in respect of conversations that took place with other governments, including Indonesia, but I do know that at senior levels, including ministerial level, it has been made absolutely clear that Australia wants to work very cooperatively on this issue and that we are about establishing a system that is relevant to the security of Australian ports, and that is the focus. In no way was it intended, should have been interpreted or could reasonably have been interpreted if you read the Prime Minister's press release that this was anything other than dealing with vessels bound for Australia.

**Senator CHRIS EVANS**—I think the last bit is a question of opinion and I take issue with it, but obviously we have to agree to disagree.

**CHAIR**—We can continue that later.

**Senator CHRIS EVANS**—Yes, we can continue that later, Mr Chairman.

**CHAIR**—The committee will now break for dinner. After the dinner break the committee will commence its examination of the Inspector-General of Intelligence and Security, followed by its examination of the Office of National Assessments. When we have finished with those two organisations we will resume with output 3 of the Department of the Prime Minister and Cabinet. Is that correct?

**Senator CHRIS EVANS**—I think that was agreed earlier.

**Mr Metcalfe**—As on previous occasions, the committee has been very cooperative. Can I take it that officers who are involved in outputs 1 and 2 therefore are no longer required this evening? It could be quite late before we get through the rest of 3 and 4.

**Senator CHRIS EVANS**—I think we have been through 1 and 2 on that basis; we realised we were running out of time. I apologise to the officers. We had questions for them but we knew we would not get to the end of the program if we asked questions on everything.

**CHAIR**—For administrative purposes, the Ombudsman is no longer required. Senator Carr is going to put his questions on notice. The Ombudsman need not remain. We will recommence with the Inspector-General of Intelligence and Security.

**Proceedings suspended from 6.33 p.m. to 7.49 p.m.**

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

**CHAIR**—Welcome.

**Senator CHRIS EVANS**—Mr Carnell, perhaps I could start with an easy one and ask you about your resourcing issues. What are the current staffing levels of your office?

**Senator Hill**—The witness has a couple of things he wants to say. Would you like to do that first?

**Senator CHRIS EVANS**—I have one question about resourcing and then I was going to get into what he was probably expecting me to want to talk to him about.

**Senator Hill**—I do not think this is what you were expecting.

**Mr Carnell**—I do not think I have prepared notes on the second topic—

**CHAIR**—Mr Carnell, I was negligent. I should have invited you to make an opening statement and I did not. I apologise.

**Mr Carnell**—When I last appeared before the committee it was suggested that I make a short opening statement, and I have prepared a short one which touches on three things. The first is resources, which Senator Evans will be pleased to hear. The additional estimates provide my office with funding for two new positions, so that will take my staffing to six, as well as an amount for IT capital. The two new positions are required because, firstly, there is growth in the activity of the agency and for us to keep up the inspection program we need more resourcing there. There is also an impact from some of the Flood review recommendations. Implementing those will mean some additional work for my office. Up until now, my office has received IT funding free of charge from DSD and PM&C, but I am pleased that Finance have seen the argument that it ought to be transparent and on my books and that I should not be in a mendicant position to agencies, one of which I oversight. The IT money is timely because some of the office IT is reaching the end of its useful life and we need to replace it, and we have a project under way to do that.

The second area I want to comment on is current work, to give you a feel for it. In the 2003-04 annual report I mentioned that there were nine matters outstanding at the end of that period, 30 June 2004. Seven have been completed and in the other two instances I have completed my examination of them and I will shortly be writing to the complainants. Since

that date I have also received 20 new matters, and 14 of those have been finalised. Obviously, that leaves six outstanding. Of those new matters, about half are to do with ASIO and security checks for visa applicants. I think ASIO themselves would say that the growth in the volume of that sort of work is posing them a challenge, and they have made reference to that in their publicly available annual report. In their 2003-04 annual report, you will see that there is some decline in the proportions they have put through within the time frames. I have spoken to the relevant managers in ASIO and have had them walk me through the process. I have had a quick look at the systems they use, and I am satisfied that they are focused on improving that. In these additional estimates it is also the case, I understand, that they are getting \$9.6 million over four years to enhance their immigration related activities, so one would hope that that sort of money and that sort of focus will lead to an improvement. I will continue to monitor it, and on some of the cases I am still waiting to hear from ASIO about the exact circumstances.

The third area I will comment on is the question of warrants under the ASIO Act. I reported in our 2003-04 annual report that the first questioning warrants were ones from which no concerns arose, that the questioning was done in a professional and appropriate manner, that the facilities were appropriate and there was due consideration to things such as the subjects' physical comfort, religious needs and existing commitments being properly taken into account. That has been the case. There have been some warrants executed since I made that report, but I am happy to say that all have been along the same sorts of lines—in other words, conducted professionally. I note too that the PJC on ASIO, ASIS and DSD have announced they are undertaking a review of those provisions, and submissions are due by 24 March 2005. Obviously, I will be making a submission to the committee and no doubt will be asked by them to appear for questioning to assist them further. Having touched on those three matters, I will leave it there.

**CHAIR**—Mr Carnell, thank you very much for your opening statement. I will call on Senator Evans to commence the questioning.

**Senator CHRIS EVANS**—Mr Carnell, you have covered the main resources in your opening statement. I just want to pick up briefly on the impact that the Flood recommendations have had on your office. Can you give us a summary of what the main impact of the Flood recommendations, accepted by the government, will be on you and your workload?

**Mr Carnell**—Yes. Three recommendations of Flood will impact on me, although one is really recognising in legislation what is currently done in practice—that is, that the Defence Imagery and Geospatial Organisation come within my jurisdiction. The other two are the ones that do have an impact. One of them is that I should have an own motion capacity to conduct inquiries into the activities of ONA and DIO. Currently the act only allows me to conduct an inquiry at the request of the relevant minister. That is different from my jurisdiction with ASIO, ASIS and DSD, where an inquiry can be triggered by a request by the minister, own motion or a complaint. ONA and DIO have had that limitation to just a request by the minister, so I will get that.

**Senator CHRIS EVANS**—Do you know briefly what was the history of that?

**Mr Carnell**—I am not very familiar with it, but I understand that, initially, the major concerns were about the collection of intelligence and the sort of impact that might have on Australians and their civil liberties, rather than the assessment side, which was seen as much less likely to have an impact. Putting it in blunt terms, I think the concern that underpins that recommendation by Flood is that we should avoid improper influences on assessments by those agencies and that either political or policy interference is not what we need with intelligence assessments. So I see it, broadly, as my responsibility to try to guard against that. That also touches on the third recommendation of Flood, which is that I should conduct a periodic review of the ONA's statutory independence. That is something that I am still giving thought to, but a central part of it would be some sort of process of confidential interviews with staff in those agencies to see if they consider there have been attempts to improperly influence them.

**Senator CHRIS EVANS**—As you might have guessed, the main issue that I want to talk to you about tonight is your inquiry into the matters arising from Lieutenant Colonel Collins' redress of grievance and the subsequent issues that flow from that. From my point of view, the best way to start that is to ask you for a chronology of how you became involved. I understand that it was at the request of the minister, but perhaps you could start at the beginning, if you like, of your involvement with that issue.

**Mr Carnell**—On 15 April I received a letter from the CDF that attached Captain Toohey's report and some related papers. I looked at those papers and papers that were in my office, and I wrote to the Minister for Defence about the view I had of those papers. Then on 6 May he made a formal request to me to conduct an inquiry into the particular incident where the ADF intelligence officers attached to the INTERFET force in Dili lost access to a particular database.

**Senator CHRIS EVANS**—Can I just stop you there. The CDF wrote to you on 15 April. Was that following the *Bulletin* articles? Was that the cause of the CDF writing to you? Why did the CDF write to you? What did he express?

**Mr Carnell**—I cannot remember the date of the *Bulletin* articles et cetera—

**Senator CHRIS EVANS**—It was 14 April—

**Mr Carnell**—but there was no indication that they prompted him to write. He really sent it to me for appropriate consideration. I took the view that he cannot make a request of me. As I said, I can only conduct a formal inquiry using my powers if I am requested to by, in this case, the Minister for Defence. But I did think it was open to me as an administrative action to look at the papers, particularly also to look at the inquiry done by my predecessor, and advise the minister on whether I thought there was either anything in that that ought to be reopened or anything new that might warrant me conducting inquiries. So I effectively did that scrutiny of the papers as an administrative action and wrote to Senator Hill.

**Senator CHRIS EVANS**—When did you write to Senator Hill?

**Mr Carnell**—It was on 3 May.

**Senator CHRIS EVANS**—So you got this letter from the CDF which, I think quite rightly, you said was not within your powers to formally respond to. But you took it upon yourself

then to acquaint yourself with the papers, and that included Colonel Collins' redress of grievance and Mr Blick's earlier report on the matter. Were there any other relevant papers that you had at the time?

**Mr Carnell**—I had in the office, too, papers to do with an inquiry that my predecessor had oversighted, which was into the Merv Jenkins matter. That was also touched on in some of Lieutenant Colonel Collins' comments. I also looked at the DIO product about East Timor. I made sure that I looked at all of the material—that is, not just formal assessments but any material in the relevant period that referred to East Timor. I should say too that I had the Toohey report and access to all of the interviews that he had done. I tried to look at every piece of paper that could reasonably be made available to me.

**Senator CHRIS EVANS**—When you wrote to Minister Hill on 3 May, what were you seeking?

**Mr Carnell**—The minister actually released that letter into the public domain attached to a press release on 9 December 2004.

**Senator CHRIS EVANS**—He released your letter?

**Mr Carnell**—Yes, my letter dated 3 May.

**Senator CHRIS EVANS**—I am not sure that I have that here.

**Mr Carnell**—I have it here with me. If we are going to discuss it in detail it would be helpful if the secretary could take a copy.

**Senator CHRIS EVANS**—Yes.

**Mr Carnell**—As I said, my predecessor had looked at three issues. Lieutenant Colonel Collins was critical of some aspects of the inquiry that my predecessor had done. He also touched on some other matters. He made allegations of malicious actions by the then Director of DIO. So, as I said earlier, I looked at whether there was any basis on which to reopen any aspect of my predecessor's inquiry or any new matter which comes within my legislative jurisdiction which I ought to be tasked to look at. The letter runs over all of those issues and gives my conclusion as to whether or not I did see something that needed to be looked into. In the event, there was only the one issue and that was this incident in December 1999.

**Senator CHRIS EVANS**—We will come to the letter in a second. That must obviously have been difficult for you in a sense, because you were really seeking to review an investigation done by your predecessor.

**Mr Carnell**—Generally, I think once an inquiry is completed the then inspector-general and subsequent inspector-generals are *functus officio*, but where a manifest error of fact or an error of law is apparent it is possible to reopen the matter. In this case, I played it safe and made sure that I got a new tasking from the Minister for Defence so there would not be any argument about whether or not I had the capacity to reopen that earlier aspect. Legally, it is a new tasking that I was given.

**Senator CHRIS EVANS**—The minister acceded to your request?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—Was there any difference in what he asked you to do compared with what you had asked to be tasked with?

**Mr Carnell**—No.

**Senator CHRIS EVANS**—So you were happy that you were then appropriately tasked to follow up the matters that had been referred to you by the CDF in a way that you thought was appropriate?

**Mr Carnell**—Yes. I did clarify that it was a question of how and why the loss of access occurred, but I was able to launch into the inquiry straightaway.

**Senator CHRIS EVANS**—I think that was on about 14 April.

**Mr Carnell**—It was on 6 May that the minister tasked me.

**Senator CHRIS EVANS**—I think Senator Hill put out a press release confirming that the CDF had referred Collins' redress to you, but I suspect he was also unaware at the time that the CDF could not do that. I do not think anything hinges on that—we got there in the end and you were given what you thought was the appropriate task. I did have a copy of this document. Because of the nature of the document they do not unclassify it. There are lines across it so I assumed I got it inappropriately rather than officially.

**Senator FAULKNER**—I think General Cosgrove's rank is not quite accurate in the letter, is it?

**Mr Carnell**—Oh dear!

**Senator FAULKNER**—As long as he has not noticed, Mr Carnell, I would not worry.

**Mr Carnell**—No, he has not reprimanded me.

**Senator CHRIS EVANS**—So how did you set about the task, Mr Carnell?

**Mr Carnell**—The initial interest was, I thought, to be comprehensive. There were three people who had had some involvement with the events who ought to be interviewed. I interviewed them during May. Two of those people were interstate so I had to travel to see them.

**Senator CHRIS EVANS**—Are these people who had been interviewed by Mr Blick?

**Mr Carnell**—No, and that was the issue of being comprehensive.

**Senator CHRIS EVANS**—So did you reinterview the people Mr Blick had interviewed?

**Mr Carnell**—I would have to check on who he interviewed. Let me just give you the three steps that I took in my process. I did those three interviews, and I then thought the best thing I could do was to get some IT forensic work done, because the three interviews made the situation less clear. So there was then a process of getting some IT forensic work done, and I needed some expert assistance with that and was able to get help from some officers of the Defence Security Authority. They were people who had had no involvement with any of these matters or people before, and I was grateful for their expert assistance. That work is naturally pretty time consuming. It is all there but it can take a long time to weed it out.

**Senator CHRIS EVANS**—Was this a search of emails and correspondence?

**Mr Carnell**—More a search of the servers and the communications links. I thought that if we were to maintain the hypothesis that it was a result of technical failures then that would be evident somewhere in the system. That work commenced on 1 June and ran through until late August. At that point it was clear that in fact there were deliberate transactions in the system that had deprived that group of users of access.

**Senator CHRIS EVANS**—You came to that conclusion quite early in the piece, then.

**Mr Carnell**—It took nearly three months to comb through, but, given the differing accounts that I had, I thought the best thing to do was to get some factual material such as it was. Then, with that having become clear, I moved to a set of formal interviews using the powers in section 18 of my act, which states that where the people are formally summonsed they are obliged to answer the questions. I interviewed about 15 people, I think.

**Senator FAULKNER**—Did that involve a reinterviewing of any of the previously identified three?

**Mr Carnell**—Two of the three.

**Senator CHRIS EVANS**—I am not sure that I was clear about your answer to the earlier question, Mr Carnell. Just before we get too far down the track, I would like to go back to it. You said you interviewed these three people in your initial interview stage, prior to using the powers of your act. I asked you whether you interviewed the other protagonists that Mr Blick had interviewed at that stage.

**Mr Carnell**—I would have to check.

**Senator CHRIS EVANS**—But your focus was really on the three additional people whom Mr Blick had not identified at the time. Is that a fair characterisation?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—Just so that I can be clear: how did you come to be aware of these three people?

**Mr Carnell**—It was evident from the papers of my predecessor's inquiry that they had not been interviewed.

**Senator CHRIS EVANS**—That they had not been interviewed?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—But they were referred to in the papers that Mr Blick had as being potentially involved.

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—I am not trying to put words in your mouth, so if you are not happy with the words I use please correct me. I am just trying to understand where these three people emerged from, how it was that they came to your attention. As far as I know, they were not mentioned in the *Bulletin* articles or the Toohey report. I do not recall that they were named in that, but if I am wrong about that please tell me.

**Mr Carnell**—No. One person had retired, another person was employed outside the Commonwealth Public Service and the other person was still employed by the



Commonwealth but was not in DIO. But they were people who were mentioned in some of the emails and other documents that my predecessor had collected.

**Senator CHRIS EVANS**—But as far as you knew they had not been interviewed by Mr Blick in his original investigation.

**Mr Carnell**—No.

**Senator CHRIS EVANS**—So you basically started with them being what you thought might be a fruitful line of inquiry.

**Mr Carnell**—Yes. I thought that perhaps the three of them would confirm the earlier balance of probabilities or judgment, if you like. They did not; they made it more confusing. That is why I thought I would leave interviews at that point and move to what factual information might be available out of the IT systems.

**Senator CHRIS EVANS**—Thanks for clarifying that. I interrupted you when you were getting to your section 18 powers. You decided to interview about 15 people, you said.

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—And they were all under oath?

**Mr Carnell**—Yes, oath or affirmation, depending on their choice.

**Senator CHRIS EVANS**—Were they legally represented? Was that open to them?

**Mr Carnell**—None of them asked for it.

**Senator CHRIS EVANS**—But it was an option that was open to them?

**Mr Carnell**—If they had requested it, I would have considered it.

**Senator FAULKNER**—Some would have been interviewed, one assumes, by Mr Blick in his previous investigation, or was that not relevant?

**Mr Carnell**—Many of them perhaps not. I was intent on being comprehensive.

**Senator CHRIS EVANS**—Was Mr Lewincamp one of the 15?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—So he is an obvious example who was interviewed by Mr Blick and was interviewed by you?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—I do not mean to pick on him but he is the obvious one and one of the main players. So there were some who had been interviewed by you both. Did Mr Blick use the section 18 powers when he did his interviews or did he just make inquiries?

**Mr Carnell**—The latter—he made inquiries.

**Senator CHRIS EVANS**—So you got the 15 people and interviewed them under section 18. What happened then?

**Mr Carnell**—For the sake of completeness, I should say that as well as looking at the network—in other words, the servers and communications links—we did also do some searches for emails et cetera. After the interviews, I prepared a draft report. I sent that, as I am

required to do by section 21 of the IGIS Act, to the director of DIO. The act obliges me to send draft reports to heads of agency and in this instance he was the head of the agency.

**Senator CHRIS EVANS**—That was Mr Lewincamp at the time?

**Mr Carnell**—Yes. I also thought as a matter of fairness I should send the draft report to another person—and I did that—allowing them the opportunity to give me any comments on it.

**Senator CHRIS EVANS**—Is that because you thought they might be implicated by your report?

**Mr Carnell**—Yes. As a matter of fairness I thought they should have that opportunity.

**Senator CHRIS EVANS**—So this was one of the participants. This was not an agency head; this was someone who you thought might have an adverse finding against them. Is that it? Choose your own words; I am not trying to verbal you.

**Mr Carnell**—Yes.

**Senator FAULKNER**—I am sorry to interrupt, but there is an interesting element here in relation to the application of section 21 of the act if an agency head is, shall we say, a key player or a more direct party to the investigation. I do not mean to be specific about this instance but this possibly raises something that was not necessarily thought through fully in terms of process. Would that be right?

**Mr Carnell**—It has probably not arisen in the previous history of my act. But you are right: it is not ideal. I have not had the time to sit down and look at this in a policy sense.

**Senator FAULKNER**—I wonder if perhaps this is an issue that might be worth while giving some thought to when you have perhaps fewer live inquiries or other activities on your plate—if you get to that situation. But it is perhaps an unforeseen and interesting element of the act. Would you consider that? Is that a possibility?

**Mr Carnell**—Yes. It is something I want to think through. In relation to the three Defence agencies under my jurisdiction, you could readily write into the act a role for either the secretary of the department and/or the deputy secretary. With the other three agencies, though—ASIO, ASIS and ONA—I need to think through how, if the agency head themselves is a person of interest, we avoid them wearing two hats.

**Senator FAULKNER**—It is not necessarily a conflict but it is a complexity, at least.

**Mr Carnell**—I agree with you that it is not desirable. I need to give it some thought.

**Senator CHRIS EVANS**—So you sent your draft report to these two: the head of DIO, Mr Lewincamp; and another party, who you thought might be affected by your draft report.

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—What actions did you then take? Did they both respond to your draft report?

**Mr Carnell**—The second person did not. We had some interactions with Mr Lewincamp where he wanted access to some additional parts of the transcripts of the interviews I had done. I was not prepared to give him access in full to them but I did review what I had

attached to the report and I asked him to specify the sorts of issues that he thought were pertinent, and he did. I then gave him everything that was relevant to those interests. He also made some more detailed submissions to me and then I was able to finalise my report.

**Senator CHRIS EVANS**—Did you amend the report in any significant way?

**Mr Carnell**—Yes, I did do some refinement.

**Senator CHRIS EVANS**—I would like the answer to the question. I am sure you would refine any draft report. I guess I am asking: did the interaction with Mr Lewincamp alter any of the substance of the report? You talked about the attachments or the record of interviews. I am not quite sure of the words you used, but I want to be clear. Did you amend the report after feedback from Mr Lewincamp?

**Mr Carnell**—Yes. He made some valid points and I took them into account. If you are sitting there concerned that I rolled over and was softer on him, no, I was not.

**Senator CHRIS EVANS**—I was going to put it a bit more delicately than that, but I suppose that answers the next question. Senator Faulkner raised a key point. I am not trying to prejudge any of this, but it is an unusual situation when the person being affected by the report is also the director. He is a key party and he is reviewing your report, so it is an unusual situation. I just want to get a sense of how you felt about that. You made some amendments in relation to his feedback and you thought that was still a proper and balanced judgment?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—Can you clarify for me what you did with the attachments? Did you say there were some sorts of record of interview changes?

**Mr Carnell**—Yes. I produced a covering report with quite a number of attachments, which are all classified. I attempted to produce a report which, with some minor deletions for privacy reasons, would be capable of being released into the public domain at the right time, if the minister so chooses.

**Senator CHRIS EVANS**—That is good. That removes one of the minister's legs to one of my later questions!

**Mr Carnell**—I carefully did not put anything of security sensitivity in this report. I hope I was able to successfully produce something that makes sense without treading on security issues.

**Senator CHRIS EVANS**—Yes, I understand.

**Mr Carnell**—But all the attachments are classified in various ways, and that includes the extracts from the transcripts of evidence.

**Senator CHRIS EVANS**—So you had that feedback from Mr Lewincamp and not from the other party. You amended the report. Did you then send it to the minister?

**Mr Carnell**—At that point—again, under my act, section 17(9)—I had to give the minister the opportunity to discuss a proposed report, so I asked him whether he wished to avail himself of that opportunity and he indicated that he did. We had a meeting and discussed it.

**Senator CHRIS EVANS**—When was that?

**Mr Carnell**—On 29 November 2004. The next day I delivered the report to him as a final. Anticipating your next question, there were no changes as a result of the discussion with the minister.

**Senator CHRIS EVANS**—So on 30 November the minister was given your final report?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—Have you had any further involvement with this matter since that time?

**Mr Carnell**—Only in the sense that I have been briefed on steps being taken to follow through on the recommendations, not that I have any responsibilities in that regard. I think that as a matter of ensuring that I am satisfied that action is being taken Defence have done that.

**Senator CHRIS EVANS**—So someone from the Department of Defence has briefed you on their implementation?

**Mr Carnell**—Yes—the steps that they are taking.

**Senator CHRIS EVANS**—Would that be based on a decision by the minister and an instruction issued to Defence as to how to proceed or was that something that Defence did themselves?

**Mr Carnell**—I am not aware of what discussions took place.

**Senator CHRIS EVANS**—I am conscious that the minister is not here in his capacity as Minister for Defence. I am just trying to understand and maybe the minister will do us the courtesy of telling us about this: I am trying to ascertain whether you, Minister, have to implement the report or you just refer it on to Defence for implementation. I am conscious you are not here in that capacity tonight.

**Senator Hill**—My recollection is that IGIS recommended that further actions be taken. You can tell me if my recollection is wrong. I then determined with the secretary of my department a methodology to implement that recommendation. I am pretty sure that IGIS did not set out the detail on how it should be implemented.

**Mr Carnell**—No, not the detail.

**Senator CHRIS EVANS**—Mr Carnell, did you recommend a course of action to the minister as part of your report?

**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—Did that involve taking action against current or former department officers?

**Senator Hill**—I think I said in my public statement that there were legal and administrative issues to be pursued and I certainly accepted that advice and ensured a process to pursue those issues, but I believed that providing further detail on that aspect at that moment would infringe the rights of individuals.

**Senator CHRIS EVANS**—Yes, I understand that that was in your press statement at the time. I am not sure if that is still your position.

**Senator Hill**—The position is that the secretary of my department has been progressing these matters. They have not reached the stage of an outcome in terms of that being delivered to me, but I understand that is not expected to take much longer.

**Senator CHRIS EVANS**—Mr Carnell, effectively your involvement in the matter ended when you reported to the minister. Is that correct?

**Mr Carnell**—Yes, that is the way my legislation works.

**Senator CHRIS EVANS**—But you made a very clear finding that, in fact, contrary to Mr Blick's report's findings and the public statements of the secretary of the department and Chief of the Defence Force, the intelligence link to our troops in East Timor had in fact been deliberately turned off. Is that right?

**Mr Carnell**—Yes. There is no doubt as a question of fact that the access was deliberately denied.

**Senator CHRIS EVANS**—Were you able to ascertain the reason why that access was denied?

**Mr Carnell**—I was able to ascertain who did the transactions and who gave that person a direction to do it. That person's reasons I canvass in the report. I also canvass the question of whether they themselves had received direction from others. But I did not feel that there was a case for saying that they had received clear direction to do it. It is in that difficult area, essentially, of balance of probability judgments. Particularly with the elapse of time, it is not possible to reach that same very high level of certainty that one has about it being deliberately cut off.

**Senator CHRIS EVANS**—This is the meeting between Mr Lewincamp and three others. I gather the argument is about whether an instruction was or was not given. Is that the grey area?

**Mr Carnell**—I think it would be much more satisfying if you were able to read the report.

**Senator CHRIS EVANS**—I agree with you, Mr Carnell, but the minister is traditionally very slow to provide me with such interesting information.

**Senator Hill**—I would like to have this matter concluded as quickly as possible.

**Senator CHRIS EVANS**—I am sure Colonel Collins would as well, since his redress is about five years old.

**Senator Hill**—It has dragged on for a long time.

**Senator CHRIS EVANS**—I know it has.

**Senator FAULKNER**—Is it your plan, Minister Hill, to make IGIS's report public without the attachments, given the way the report has been written and framed, as we have heard from Mr Carnell?

**Senator Hill**—I certainly want a report made public. I have not yet addressed the issue as to whether I agree that it should be released in full in the terms provided by IGIS. I would obviously be very influenced by IGIS in these matters, but I would not want to make that decision until the appropriate time, which is after I get a report back from the secretary.

**Senator CHRIS EVANS**—Mr Carnell, I am trying to get an understanding of how you came to such a very different conclusion from Mr Blick. I presume that when the CDF and the secretary of the department made strong statements about this matter in the past they were relying on Mr Blick's report. I am not trying to misrepresent them, but clearly there has been a position held by the Department of Defence in the face of Colonel Collins's concerns for some five years that he was wrong in his assertion. But your report makes it very clear that in fact he was right in his primary assertion that the intelligence link to the forces in East Timor was deliberately turned off. I suppose I am trying to understand how it is that it took so long for us to establish that, given that quite a few people must have known that.

**Mr Carnell**—I think what was critical to my conclusions was really that IT forensics work where you can see in the logs of the server the transactions that are clearly deliberate.

**Senator CHRIS EVANS**—I want to make this clear: I am not trying to put Mr Blick in the frame, but do you have an understanding as to why these critical witnesses were not spoken to on the first occasion?

**Mr Carnell**—No, I have not. That is not something I have probed.

**Senator CHRIS EVANS**—Do you have an understanding of why these witnesses did not come forward and correct the record?

**Mr Carnell**—No. I really could not speak for them. As I said, one person is retired and the other is working outside the Commonwealth. They were not necessarily people who played a central role. Two of the three were really confirming that there was nothing apparent to them as to there being a technical fault at that particular time. This was a system which was prone to technical failure, but in this instance they were telling me that they could not see any problem elsewhere in the network, as had occurred on other occasions, which would mean that this was a technical fault. So we had to go back effectively into the network within DIO to look for the answers there. That is what I mean: their evidence to me made the thing more unclear as to whether it had been a technical fault or deliberate.

**Senator CHRIS EVANS**—But were there persons employed at DIO at that time who knew that the network was turned off deliberately? Someone had to turn it off, so there must be one person who knew it was turned off deliberately. In your estimation, was it one or more than one?

**Mr Carnell**—You would really need to have access to my report to see the chain of events. I should say that I did not inquire in a direct sense into why they had not come forward, because my terms of reference were how and why the loss of access occurred. It is also a situation where it was not unreasonable for some of the witnesses to tell me that they could not remember, given the lapse of time. Had I been much more proximate to the incident, I would not have accepted in some instances readily that they could not remember or only had the vaguest recollection of matters, but that lapse of time meant that some could reasonably claim that about some things.

**Senator CHRIS EVANS**—But, nevertheless, you reached the conclusion that the intelligence had been deliberately disconnected and therefore that something of a cover-up had—

**Senator Hill**—That that system had been.

**Senator CHRIS EVANS**—The only conclusion that could be drawn was that some form of cover-up has occurred since the end of 1999 inside DIO about this matter.

**Senator Hill**—The trouble with pushing down this path is that you are on ground that I think is inappropriate to be explored until other formal processes have taken place.

**Senator CHRIS EVANS**—That is right—

**Senator Hill**—So you are, in effect, now going to finding guilt.

**Senator CHRIS EVANS**—No, I am coming from quite the opposite direction.

**Senator Hill**—My efforts to preserve natural justice during the process is, I think, fundamentally a better way to go about it. It should not be long before all relevant information can be on the table and you can go your hardest on it, but I think the witness has been quite generous on detail whilst there are still processes in train.

**Senator CHRIS EVANS**—I accept that, Minister, and I accept that Mr Carnell is being as cooperative as he can be within the constraints he faces. But, just so that you are clear, I come from it from the question of natural justice for Colonel Collins and the fact that he has waited for four to five years for Defence to admit that he was right and that they have denied the central fact for five years and that resulted basically in the destruction of his career. I think that is a serious matter, and so I do start from natural justice principles, but part of that consideration is Colonel Collins.

**Senator Hill**—I agree with part of what you say, but I have thought throughout that the challenge is to try to maintain fair play for all concerned.

**Senator CHRIS EVANS**—I accept that. I am not necessarily disagreeing with you, although what I do find with some of these military justice matters is—and we have discussed this on many occasions—that the wheels of justice turn very slowly inside the defence department. You say ‘very soon’ or ‘in the near future’—phrases that have been given to me on previous occasions—and I think anyone with any knowledge of this matter knows that nothing has happened quickly in the past. So I do want to push a bit because I want to get this resolved. I think as you have indicated, but I do not want us to have to wait for the historians to be writing about it. As I say, I am conscious that the time to ask you these questions is in the Defence estimates, and I am sure we will give you a run around the track then. Have you got any firm idea about when we would expect this to be concluded and for you to be able to release what information you can to the public?

**Senator Hill**—The secretary will be appearing before that inquiry on Wednesday. As he is managing this process, he is probably the person to ask, but when I spoke to him recently the answer was that it was making good progress and he expected it to be completed soon. I think it is fair to say he is as anxious as anybody else that the matter be concluded.

**Senator CHRIS EVANS**—Mr Carnell, did you inquire into the circumstances surrounding the reconnection of the intelligence link? We talked about it being deliberately turned off, but it seemed that part of the argument about the original explanation was that it was turned off or had failed due to technical reasons, but it just so happened then that there was a discussion

about intelligence and the use of the information and things were resolved. Did you inquire into that aspect of the matter?

**Mr Carnell**—Yes, that was all part of the set of events I looked at.

**Senator CHRIS EVANS**—What conclusion did you reach about the reconnection of the intelligence flow?

**Mr Carnell**—I think I have to stop there. I really think you need to see the outline of my report.

**Senator CHRIS EVANS**—Okay. I accept that might take you into difficult territory. Can you confirm for me when the intelligence flow was reconnected? Was it on the same terms?

**Mr Carnell**—I should just clarify that this is not a cut in access to all intelligence; this is the loss of access to a particular database. There were other means by which particular intelligence products and warnings got to them. Having made that clarification, the actual period that the access was denied was about 26 hours.

**Senator CHRIS EVANS**—Was it reconnected on the decision of the Director of DIO?

**Mr Carnell**—Again, I think it is a question of seeing the report. I have really gone as far as I think I can at this point. This is consistent with the long-standing practice of my predecessor—that it is for ministers to put reports into the public domain. We do include matters in our annual report to parliament, but I have a strict set of secrecy provisions and it is an act, the structure of which, as you touched on earlier, is that I report to the minister and the minister takes it from there.

**Senator CHRIS EVANS**—I accept that, Mr Carnell. I try to be sensitive to these things, but obviously this is a very unusual situation where we have two reports from IGIS which are conflicting in their conclusions, where we have had a long-running failure to resolve a grievance from a senior officer and where other events have turned upon that key allegation. And of course there is the fact that the *Bulletin* magazine et al have covered this in great detail. There has been nothing terribly secretive about this issue. There might be about your report but nothing else.

**Senator Hill**—Not much.

**Senator CHRIS EVANS**—We are in a bit of a false world, pretending that any of this is terribly secret, but I do appreciate the limitations. You took a decision not to go to the complaints about the Mervyn Jenkins affair. Are you able to tell us why you made that decision, given that it was another serious matter raised in the Collins grievance?

**Mr Carnell**—There was nothing of probative value that would warrant it being reopened.

**Senator CHRIS EVANS**—Did you check the papers on the Jenkins affair in the same way that you did in the DIO case?

**Mr Carnell**—I read everything that was in the files in my office. The senior person in my office was also involved in that inquiry, so I was also able to talk to him, check his memory of certain things and discuss the file.

**Senator CHRIS EVANS**—So essentially you found nothing new that would allow you or prompt you to reopen IGIS inquiries into the Mervyn Jenkins matter?



**Mr Carnell**—Yes.

**Senator CHRIS EVANS**—That is probably as far as we can take it with you, Mr Carnell. Thank you very much for your cooperation tonight.

**Senator FAULKNER**—Before you leave, would you be able to give us a very brief status report on what you have on your plate at the moment—which, as I think you would be aware, is what we have traditionally done with your predecessors—without going into the detail of it?

**Mr Carnell**—Yes, I did touch on it at the start. In this financial year I have received 20 new matters and 18 of those are preliminary inquiries. They have got to that stage only. I should say that things fall into three categories for us. There are some matters that we deal with just administratively. That includes issues where people who are troubled lay blame for their troubles on the security agencies but there is nothing in it. There are things for which we do a preliminary inquiry under the act—in other words, to get some advice from the agency—and there are matters for full inquiry.

**Senator FAULKNER**—I appreciate that. I suppose the issue is whether there are any ongoing full inquiries at the moment.

**Mr Carnell**—The only two that are not complete are ones that I carried over from last financial year. I have completed my examination of those and I will be writing to the complainants shortly. There are two matters of that sort. I had nine outstanding matters at the start of the financial year and seven have been completed, and there are the two for which I have done my examination and need to write to the complainants. Since then, there have been 20 new matters. Two of the 20 are full inquiries.

**Senator FAULKNER**—Are you able to identify the two matters?

**Mr Carnell**—You are aware of one of them. I cannot really identify the other matter, but let me say that it was a matter in which I did not find any question of illegality or impropriety. Of the 20 matters almost half are complaints about the timeliness of ASIO's security clearances in relation to visas. I said earlier that ASIO are acknowledging in their publicly available annual reports that the great increase in volume is giving them a challenge in that regard. They got some additional money in estimates. I had the managers walk me through the process. I am satisfied that they are focused on fixing it. Obviously, I will monitor it. Some of those cases are still outstanding and I will deal with them. That is certainly the most live issue for me.

A couple of the other matters are to do with security vetting, where people have been troubled by a requirement that there be at least 10 years of checkable background for them. In those couple of instances I was not critical of the agencies for the decision they made, but I think they need to be more sensitive to the fact that they were telling people this after they had been through a significant amount of process—in other words, the person had invested time and energy and was naturally pretty disappointed at the end. If they can make that requirement very plain up front and, where necessary, filter people out of the process early, I think it would be better.

**Senator FAULKNER**—Is the one that I am aware of close to conclusion?

**Mr Carnell**—I wrote to you, and that completed it from my point of view. I also sent the report to the Attorney.

**Senator FAULKNER**—But I do not understand why that is not finalised in that sense. Why do you describe that as an ongoing? Are we at cross-purposes here?

**Mr Carnell**—Of the 20 matters that I have received in this financial year, 14 have been finalised. I only have six outstanding.

**Senator FAULKNER**—But that is not one of them?

**Mr Carnell**—No, it is not outstanding. Sorry, I have obviously confused you on the numbers.

**Senator FAULKNER**—I thought you were saying that that was a matter that had not been finalised.

**Mr Carnell**—No.

**Senator FAULKNER**—It got lost in the play there. I was wondering what you knew that I did not know.

**Mr Carnell**—Nothing further came up.

**CHAIR**—Thank you for your attendance.

[8.52 p.m.]

#### **Office of National Assessments**

**CHAIR**—Welcome. Do you have an opening statement?

**Mr Varghese**—No.

**Senator FAULKNER**—As a general question, in its annual report No. 2 in September 2004, this committee made a recommendation that no doubt you would be aware of:

... that the ONA, in consultation with the Prime Minister, consider producing a declassified annual report on its activities and performance for tabling in the Parliament.

Has there been any activity at ONA as a result of that recommendation?

**Mr Varghese**—I think the same issue has also been raised by the PJC. It is also receiving consideration in that context. Ultimately, this is a matter for ministers to decide, but I make the observation that it would be very difficult to produce a meaningful, unclassified version of ONA's annual report, given the material and subject matter covered in it, both in terms of the activities of the office and the report that we do regarding the performance of the foreign intelligence community.

**Senator FAULKNER**—So I will take that as a no—nothing has happened as a result of that recommendation. Is that right?

**Mr Varghese**—The recommendation has certainly been considered within ONA and will receive further consideration by the government.

**Senator FAULKNER**—Have you briefed the government on your response to it?

**Mr Varghese**—That will be considered in that broader context of the PJC request as well, and we are certainly in discussions with other agencies on it.

**Senator FAULKNER**—I would like to ask you about civilian deaths, civilian casualties in the Iraq war. Can you indicate just in general terms to the committee what the situation is in relation to that issue?

**Mr Varghese**—ONA do not have an assessment of the numbers of civilian deaths in Iraq. We do not have access to any sources of information that would shed any particular light on that. There are a number of assessments around, including those by non-government organisations. We are obviously aware of those, but we do not have any independent information which would provide anything approaching an accurate number or a number that is based on a particularly well-grounded source of information.

**Senator FAULKNER**—Does this mean that no-one has been undertaking this work that you are aware of?

**Mr Varghese**—Do you mean no-one in ONA?

**Senator FAULKNER**—I am not saying specifically anyone in ONA, but you are not aware of any agency or organisation from whom you might ordinarily source your reports that has undertaken any of this sort of activity. Are you saying that no agency has actually been involved in trying to establish what these figures might be?

**Mr Varghese**—That is correct, to the best of my knowledge.

**Senator FAULKNER**—Is it an issue that ONA has raised at any stage? Have you made any attempts to see if you could establish what the situation is or is it just considered not important enough to even worry about?

**Mr Varghese**—We draw on whatever sources are available to us when we put our material together and, as I explained, we do not have a reputable source that would give us a firm number.

**Senator FAULKNER**—Isn't the government of the United States of America, and its agencies, one of the sources that you draw on?

**Mr Varghese**—It is. We do not have a number from it.

**Senator FAULKNER**—But wouldn't that be a reputable source?

**Mr Varghese**—I would characterise it as such.

**Senator FAULKNER**—Fair enough. Are we aware of any work that the US government or any of its agencies might be undertaking in trying to establish these figures?

**Mr Varghese**—No, I am not. As I said, they have not shared a number with us.

**Senator FAULKNER**—Do you have reason to believe that they have a number to share with you?

**Mr Varghese**—No, I do not. The Department of Defense in the United States does release numbers in terms of United States defence personnel, but no number has been released in relation to civilian casualties.

**Senator FAULKNER**—What about a number for Iraqi police and military casualties?

**Mr Varghese**—I do not have a number for those. I would have to check to see whether we had any further information on that.

**Senator FAULKNER**—Are you aware of any request from the Australian government to try to establish what the level of civilian casualties is in Iraq?

**Mr Varghese**—No.

**Senator FAULKNER**—Has the matter been raised with you, apart from me raising it with you at this estimates committee?

**Mr Varghese**—It has not been raised with us in the sense of tasking ONA.

**Senator FAULKNER**—No tasking of ONA?

**Mr Varghese**—No.

**Senator FAULKNER**—So in what sense has it been raised with you?

**Mr Varghese**—The matter would have been discussed within ONA and more broadly at the time that the British Medical Association publication the *Lancet* had a figure of 100,000.

**Senator FAULKNER**—Who raised that with you?

**Mr Varghese**—It was discussed in the office.

**Senator FAULKNER**—In the office? Within ONA?

**Mr Varghese**—Correct.

**Senator FAULKNER**—The *Lancet*'s suggestion is an input, isn't it?

**Mr Varghese**—I refer to that earlier.

**Senator FAULKNER**—What was the outcome of the discussion in the office?

**Mr Varghese**—Our sense was that the methodology for it was not particularly transparent. Our guess, and it would be no more than a guess, was that the number may have been exaggerated. We do not have anything to compare it against.

**Senator FAULKNER**—So was it just a casual discussion or was it more formal than that? What does the level of civilian deaths being discussed in the office mean? Is it like you and me having a cup of tea and just mentioning it or is it something a little more substantial and serious?

**Senator BRANDIS**—Tearoom gossip, Senator Faulkner.

**Senator FAULKNER**—You and I, Senator Brandis, would know what that refers to.

**Senator BRANDIS**—I am just wondering where you are leading, that is all.

**Senator FAULKNER**—Mr Varghese might not necessarily recall that particular incident from the 'children overboard' inquiry. I am sure he would not want to be reminded of it. But it is a serious question.

**Mr Varghese**—I take all your questions seriously.

**Senator FAULKNER**—Thank you. Many do not, but I am pleased that you do. But what does it mean: 'discussed in the office'?

**Mr Varghese**—It means that in the course of doing our work and analysing issues we discuss various aspects of it and when that report came out and it received quite a bit of

publicity, as you will recall, we discussed it within the office in terms of whether we understood the methodology of the report and whether it was a credible number.

**Senator FAULKNER**—What sort of staff resources went into this discussion? You were involved.

**Mr Varghese**—The people dealing with Iraq number around half-a-dozen, I suppose, one way or the other, if you take into account the strategic area, the geographic area and other functional areas.

**Senator FAULKNER**—So half-a-dozen people would have applied their minds to this issue.

**Mr Varghese**—They would have discussed it. I am giving you a common language usage of the word ‘discussion’, as in a group of people sitting around a table discussing something.

**Senator FAULKNER**—But initiated from within ONA.

**Mr Varghese**—Yes, as part and parcel of what we normally do.

**Senator BRANDIS**—Was the methodology apparent on the face of the article in the *Lancet*?

**Mr Varghese**—No, it was not.

**Senator FAULKNER**—Was there an outcome of the discussion?

**Mr Varghese**—The outcome of the discussion was that we did not understand the methodological basis for the 100,000 figure but our sense was that it might be an exaggerated figure.

**Senator FAULKNER**—Were there any other discussions within ONA about civilian casualties or did you just happen to have this discussion because the *Lancet* came up with the figure of 100,000?

**Mr Varghese**—That was the trigger for the discussion.

**Senator FAULKNER**—Is that the only discussion that has taken place, to your knowledge?

**Mr Varghese**—It is certainly the only discussion I recall about a number in terms of civilian casualties.

**Senator FAULKNER**—What other elements apart from numbers might have been discussed?

**Mr Varghese**—Obviously we track the rates of attacks by the insurgency in Iraq and the casualty figures that are published by the United States.

**Senator FAULKNER**—So you track the casualty figures that are published by the United States. Do you aggregate those figures?

**Mr Varghese**—We normally put them in a graph to see what the trend lines are.

**Senator FAULKNER**—What does the graph show at the moment?

**Mr Varghese**—The graph shows that the number of attacks are increasing.

**Senator FAULKNER**—What does that mean for the number of casualties? You said you also graph the casualties.

**Mr Varghese**—Correct, and they are both on the increase. I am talking about defence casualties; I am not talking about civilian casualties.

**Senator FAULKNER**—You track defence casualties—is that just American and other allied troops?

**Mr Varghese**—Correct.

**Senator FAULKNER**—Or is that Iraqi military and police casualties as well? Because they are obviously very substantial.

**Mr Varghese**—The numbers that are most readily available are US numbers about their own casualties.

**Senator FAULKNER**—So you track US casualties?

**Mr Varghese**—Correct.

**Senator FAULKNER**—Do you track any other casualty figures that might be provided?

**Mr Varghese**—Where we have information we would draw on it, but the one consistent source of information is the Pentagon figures.

**Senator FAULKNER**—Yes, I appreciate that. The Pentagon figures, you are saying, relate to US casualties and you track that. I understand that. Those figures of course are publicly available.

**Mr Varghese**—That is right.

**Senator FAULKNER**—So you track those publicly available figures, and that is fine. I would expect that you would. I am now asking you whether you track other figures—for example, do you track the casualty figures of Iraqi military and/or police casualties?

**Mr Varghese**—Where we have information that would enable us to make some judgments about trends, we do. All I am saying to you is that the one source of full information on casualty numbers comes from the Pentagon and to that extent we are able to track it on a graph. The other information is much less complete and is therefore much more difficult to draw trend lines from.

**Senator FAULKNER**—Is that the only casualty graph that exists—the American military personnel casualty graph?

**Mr Varghese**—It is the one that we use most frequently, yes.

**Senator FAULKNER**—It is the one you use most frequently. Is it the only one that exists or are there other attempts to quantify or graph casualties in other categories?

**Mr Varghese**—We seem to be going around in circles here. In order to put something on a graph you need a consistent source of information. The one consistent source of information that we have is the figures from the US Department of Defense. We do not have a consistent source of information from other sources relating to other casualties.

**Senator CHRIS EVANS**—Maybe I can help you two going around in a circle. It seems to me, Mr Varghese, you are saying that the only reliable source you have is the US defence department figures, but that they do not actually count how many Iraqi military and police are killed. That seems to me an incredible proposition, but that seems to be the import of what you are saying—the US defence department does not actually keep a death toll of the Iraqi military who they are there supporting.

**Mr Varghese**—The US figures relate to US casualties.

**Senator CHRIS EVANS**—Yes. I am asking you the question: does the US keep a tally of Iraqi military and police casualties and fatalities?

**Mr Varghese**—I would have to take advice on that, but I do not think so.

**Senator CHRIS EVANS**—I find that staggering. Perhaps you could take that on notice because, as I say, I am quite staggered, given that the Australian government, for a start, has invested a lot of resources and personnel into helping train those personnel to take on the security function in Iraq. I thought one of the things we would have been keen to monitor is their success and how well that is going, and one of the measures of that is obviously whether they are living to carry on a function.

**Mr Varghese**—I am happy to take that on advice.

**Senator FAULKNER**—In relation to civilian casualties now: apart from the internal discussion about the *Lancet* figures, to your knowledge has there been any work that ONA has engaged in in relation to civilian casualties?

**Mr Varghese**—No.

**Senator FAULKNER**—That is it?

**Mr Varghese**—That is it.

**Senator FAULKNER**—So no-one from the Australian government has requested a briefing about the number of civilian casualties?

**Mr Varghese**—I have not been requested. I cannot speak for the rest of the Australian government.

**Senator FAULKNER**—No-one from the government has requested ONA to brief them on the number of civilian casualties?

**Mr Varghese**—That is correct.

**Senator FAULKNER**—No department or agency has asked ONA to so brief?

**Mr Varghese**—That is correct.

**Senator FAULKNER**—And ONA cannot assist this committee and say, as a result of this Iraqi conflict—this war—what the number of civilian casualties is?

**Mr Varghese**—I cannot give you a number, no.

**Senator FAULKNER**—You cannot even hazard a guess?

**Mr Varghese**—I would not want to hazard a guess; that is the whole point.

**Senator FAULKNER**—You have no idea and no-one has made any—

**Mr Varghese**—I cannot give you a reliable number.

**Senator FAULKNER**—Can you give me an unreliable number?

**Mr Varghese**—No, I will not give you an unreliable number.

**Senator FAULKNER**—You will not give us any. I asked, ‘Can you give me an unreliable number?’ I just want to know what you might have that—

**Mr Varghese**—I do not have a number.

**Senator FAULKNER**—You have indicated that you do not think the *Lancet* number is reliable. I think you are telling us that you received no tasking in relation to this at all. That is right, isn’t it?

**Mr Varghese**—That is correct.

**Senator FAULKNER**—From government or any agency or department. Are you aware of any other figures apart from those that have been produced by the *Lancet*, whether you consider them reliable or unreliable?

**Mr Varghese**—On civilian casualties? No.

**Senator FAULKNER**—Yes, on civilian casualties.

**Mr Varghese**—No.

**Senator FAULKNER**—They are the only ones that you are aware of.

**Mr Varghese**—That is correct.

**Senator ALLISON**—On that point, it is my understanding that it was either UNICEF, the Red Cross or one of those NGOs that also made a report on the number of civilians killed or injured in Afghanistan. Did you also discuss that—

**Mr Varghese**—In Afghanistan, Senator?

**Senator ALLISON**—I am sorry, in Iraq.

**Mr Varghese**—I am not aware of the number from the Red Cross but I am happy to look into it for you.

**Senator ALLISON**—You are not aware of the number?

**Mr Varghese**—From the Red Cross, no.

**Senator ALLISON**—So it was only the *Lancet* that was discussed?

**Mr Varghese**—That is correct.

**CHAIR**—There being no further questions, thank you, Mr Varghese and Mr Triffett.

[9.25 p.m.]

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

**CHAIR**—The committee is examining the Department of the Prime Minister and Cabinet on output group 3.1, International policy advice and coordination.

**Senator FAULKNER**—Could someone in the International Division of the Department of the Prime Minister and Cabinet assist the committee by telling us how many civilian deaths



there have been during the Iraq war, which Australia is involved in? Mr Metcalfe or Mr Kemish might help me; I did not get much assistance from ONA.

**Mr Metcalfe**—I cannot add anything to what Mr Varghese said earlier on that issue.

**Senator FAULKNER**—Has the International Division been involved in trying to establish this in any way?

**Mr Kemish**—No, not to my knowledge.

**Senator FAULKNER**—Has the issue ever been raised with the International Division?

**Mr Kemish**—I do not believe so, but I do not know beyond the last two months. I believe it is a question that might be asked of the Department of Foreign Affairs and Trade.

**Senator FAULKNER**—I probably will ask them similar questions, but I am quite shocked that the Office of National Assessments made no effort to establish this, given their charter and responsibilities. Given the Prime Minister's role here, I thought that someone in the International Division of PM&C might know, from a whole of government perspective, what the situation is.

**Mr Metcalfe**—Certainly Mr Kemish and I—and I have also checked with senior colleagues from National Security Division—have no recollection of the issue having been raised or discussed, and thus my recollection accords with Mr Varghese's. I would not want to be categorical in saying that at some stage in some place the issue has been considered or discussed; it is just that we have no knowledge available to us this evening as to whether or not it has been raised or considered.

**Senator FAULKNER**—It has been raised and discussed, but do you mean within the Australian government?

**Mr Metcalfe**—Yes, that is correct—within official circles in Australia.

**Senator CHRIS EVANS**—Is it just that someone does not want the answer?

**Mr Metcalfe**—I am not trying to be unhelpful; I am trying to honestly—

**Senator CHRIS EVANS**—I am being provocative and deliberately so. It seems to me that this is quite an important question. It has been raised in a public debate. We entered into military action. One would have thought we would be interested in the consequences of being involved in military action, but I almost get the sense that it is a question you do not want the answer to, so no-one asks it.

**Mr Metcalfe**—I certainly have no sense whatsoever that it is a question that people are not asking because they do not want to ask it. We have heard the Director-General of the Office of National Assessments indicate that any such figure would probably be extremely difficult to obtain with any degree of accuracy. This evening and on the information we have available, as far as we are concerned it is not an issue that has been the subject of any detailed discussion, but that is not to say that is not the case; it is just that we do not have that information here now.

**Senator CHRIS EVANS**—How many people died in the tsunami disaster?

**Mr Metcalfe**—I have seen various estimates.

**Senator CHRIS EVANS**—What is your estimate?

**Mr Metcalfe**—The latest media report I saw over the weekend indicated 250,000.

**Senator CHRIS EVANS**—Do you rely on the media for that information?

**Mr Metcalfe**—No, I do not. But I have not seen an official report. I have seen reports that vary from 150,000 to 250,000. That is an indication that a huge number of people died.

**Senator Hill**—Nobody will ever know.

**Mr Metcalfe**—As the minister says, it is quite likely that we will never know what the final tally is because whole towns and villages were simply carried out to sea.

**Senator CHRIS EVANS**—We seem to take a much greater interest, though, in that subject. We seem to ask the question.

**Mr Metcalfe**—I do not think that is a fair comment. I take a very keen interest in a whole range of issues but on the specific matter that you raised—

**Senator CHRIS EVANS**—It was not a comment about you personally. We, the government, seem to take a great deal of interest in the analysis of the tsunami and the impact of it but we do not seem to be able to provide any such analysis of Iraq. That is all.

**Senator Hill**—The figures that we know for the tsunami are basically those that are provided by the countries who have lost people. Why I say I do not think we will ever be confident of a final total is because of the devastation on the western side of Aceh, where whole communities have just disappeared.

**Senator FAULKNER**—But Australia is involved—

**Senator Hill**—I do not understand your point that we take an interest in that but we do not take an interest in casualties in Iraq. Of course we take interest in casualties in Iraq.

**Senator FAULKNER**—Australia is involved in a war in Iraq, as you know. It seems perfectly reasonable for senators around this table to ask, which I have certainly been trying to do for the best part of an hour or so, what the civilian casualties are as a result of that war. What I am told is that nobody knows, nobody has asked and nobody even tries to establish what the level of casualties might be. That is true, isn't it?

**Senator Hill**—At the moment, I do not know how you would determine it. I looked at—

**Senator FAULKNER**—Is anyone trying to?

**Senator Hill**—There is no point in producing information that maybe misleading or unhelpful.

**Senator FAULKNER**—Is anyone trying to count?

**Senator Hill**—There is not a lot of information about it. How do you collect it?

**Senator FAULKNER**—Who is trying to?

**Senator Hill**—There is no point in trying if you concede that you are not going to be able to produce a meaningful figure.

**Senator FAULKNER**—How do you know that? Have you asked any other authorities whether they have statistics in relation to this? Have you asked, for example, the Americans

whether they have figures or statistics available about the number of civilian casualties? The evidence that we have received tonight is that that question has not been asked. No-one has even bothered to ask.

**Senator Hill**—I looked at that report and was briefed on the weaknesses of it. What is evident from that sort of analysis is the impossibility of giving anything like what could be reasonably described as an accurate figure at this time.

**Senator FAULKNER**—Has anyone bothered to ask?

**Senator Hill**—Ask who?

**Senator FAULKNER**—I mentioned the Americans. Has anyone asked the Americans what their view is in relation to the level of civilian casualties? Given the number of personnel they have in Iraq, given their leadership role in relation to the military intervention there and also given our relationship with them and our involvement, it would seem a reasonable to ask them the first question. That would not be a bad place to start. Has anybody bothered to ask them?

**Senator Hill**—We have certainly had dialogue with the Americans on efforts that are made to minimise civilian casualties.

**Senator FAULKNER**—Yes, but has anyone asked the Americans what their view is of the number of civilian casualties in Iraq since the commencement of the recent hostilities there? No-one has even thought to ask them.

**Senator Hill**—My—

**Senator FAULKNER**—Instead of saying you do not know—

**Senator Hill**—My recollection is the same as Mr Varghese: I do not believe the Americans have a record of civilian casualties because of the impossibility of the task.

**Senator FAULKNER**—Have they been asked? What attempts has the Australian government made to try to ascertain what these figures might be?

**Senator Hill**—We have accepted that it is not possible at this time to produce an accurate figure on civilian casualties.

**Senator FAULKNER**—So the committee is to take that as no attempts have been made—none whatsoever, zero, blotto, nothing.

**Senator Hill**—You can take it how you like. I do not know what has been happening behind the scenes, but the advice we have received is that it is not possible to give accurate figures.

**Senator FAULKNER**—Who has provided that advice?

**Senator Hill**—That was advice I have received from my department about part of the analysis of the American think tank that did a piece on attempts at stating a figure made by non-government organisations.

**Senator FAULKNER**—It may not be possible, which I think any reasonable person would understand, to quote a precise and absolutely accurate figure. However, it may be very possible to make efforts to try to determine a serious estimate in relation to this, which has

happened in very many wars going back very many years. The year now is 2005. There are better intelligence mechanisms available to the governments of the world now than have ever been in place before. It seems to me that this particular task ought not be as great as it has been historically. But no attempt is made.

**Senator Hill**—That is your view. I think that addressing the consequences of responding to an insurgency at this time is very difficult.

**Senator CHRIS EVANS**—But before the war the government was able to give us details of atrocities under Saddam Hussein and the deaths caused by his regime—we were able to have all the detail of that.

**Senator FAULKNER**—You waxed lyrical about the human shredding machine—remember that—and all that sort of stuff.

**Senator CHRIS EVANS**—And that was a country we did not control at the time. We were not actually present then.

**Senator Hill**—I do not know that I used that expression.

**Senator FAULKNER**—Yes, you did. Check the *Hansard* record.

**Senator CHRIS EVANS**—We were able to get all of that intelligence in a period when we were not in control of the country, but now that we are one of the joint occupying powers—we are in control of the country, we have troops and intelligence, we have senior officers in senior positions in the joint command—

**Senator Hill**—We are not a joint occupying power.

**Senator CHRIS EVANS**—I did not mean to revisit that argument. Nevertheless, we are in occupation, our troops are on the ground, we have senior officers in senior positions in the joint command, but it seems we can get no information whatsoever on what might be a troubling statistic on the number of Iraqis who have been killed. It seems to be incredible.

**Senator FAULKNER**—Devastating, I suspect.

**Senator Hill**—Sorry?

**Senator FAULKNER**—Senator Evans said ‘troubling’; it may be a devastating statistic if the *Lancet* is right—100,000 civilian casualties. I am sure you would agree, Senator Hill, that that would be more than troubling.

**Senator Hill**—Our focus has been on efforts to minimise civilian casualties from day one. When the day comes that there can be an analysis on a historical basis, no doubt there will be published figures. But certainly whilst the conflict continues I think the task that you ask for is impossible.

**Senator CHRIS EVANS**—Mr Metcalfe, are you able to tell us how many Iraqi military and police have died since the fall of the Saddam Hussein regime?

**Mr Metcalfe**—I cannot, for the reasons outlined earlier by Mr Varghese.

**Senator CHRIS EVANS**—There were not any reasons outlined by Mr Varghese. He said that he did not know.

**Mr Metcalfe**—He indicated that there was no reporting available on that matter.

**Senator CHRIS EVANS**—So we do not care how many of their military or police die?

**Mr Metcalfe**—To say that we do not know the number as opposed to we do not care is trying to link two completely different concepts.

**Senator CHRIS EVANS**—It seems to me that the only thing we count is how many Americans died. That seems to be the only figure you are concerned with—we are concerned about how many Americans died but we do not care how many Iraqis died.

**Mr Metcalfe**—We have reliable and accurate information in relation to American and allied casualties and in relation to violent incidents. But, for the reasons explained earlier by the director-general, we have no information as far as I am aware about the casualties taken by Iraqi forces or police or indeed civilians.

**Senator FAULKNER**—I am pretty reasonable about this, Mr Metcalfe. I accept that you do not have any information. But I also now know that you—not you personally, but the government—have not tried to get any information about this. No attempts have been made.

**Mr Metcalfe**—I have been very careful in not being categorical on that point. I am simply saying that I have checked with the senior colleagues here this evening and we have no recollection on that point. Whether other agencies may have sought that advice I am not sure.

**Senator FAULKNER**—Mr Varghese knows of nothing. Senator Hill, do you know of any attempts by government to try to address this issue?

**Senator Hill**—I know that it has been addressed to the extent of the advice I received in response to these published estimates. If you are asking me whether Defence has specifically gone to the Pentagon and said, ‘Do you have a figure?’ I do not know whether that has occurred.

**Senator FAULKNER**—One would have hoped that, instead of a briefing coming after the *Lancet* suggested that there have been 100,000 civilian deaths, well in advance of that, well in advance in fact of Iraq being invaded, the best possible reporting mechanisms would have been put in place. But there is nothing, apparently—absolutely nothing is what you are saying.

**Senator Hill**—I do not think there is a reporting mechanism.

**Senator FAULKNER**—Obviously not.

**Senator Hill**—That is what we have been trying to tell you. I do not believe the Americans know. The implication of the briefing that I received was to that effect.

**Senator FAULKNER**—I saw on television, I think last night, commemorations of the 60th anniversary of the bombing of Dresden, which included some specific indications of the number of civilian casualties given at the time. That was 60 years ago, for God’s sake, in the Second World War. In 2005, given all the advantages that allegedly the United States and its close allies have in relation to intelligence collection and the sophistication of these sorts of mechanisms, one would think that in this day and age we could do an awful lot better than just shrugging our shoulders and saying it is beyond us.

**Senator Hill**—I do not think that that is right at all. The distinction is that these days great efforts are made to minimise civilian casualties. If you compare that with the time of the bombing of Dresden, I think it is very different.

**Senator FAULKNER**—I do not happen to think it suits people to find out these statistics. That is what I happen to believe. Of course, it does not suit to know what these figures are, but I do think some efforts ought to be made by responsible governments to try to establish what the impact is in relation to civilians. I have mentioned before the Iraqi military and police personnel whom Australia has got at least some role in assisting to train in Iraq. I think that is correct, isn't it, Senator Hill? We do not even have any idea of the casualty figures amongst that particular category of Iraqis, let alone civilians. If no effort is made to find these things out, no statistics can be made available at a committee like this in Australia or anywhere else around the world. Then governments avoid the embarrassment of providing those figures. But there is a much broader responsibility.

**Senator Hill**—I think that the interim government in Iraq would have figures on the loss of security personnel in the same way as the United States has figures on the loss of its personnel, and the British likewise.

**Senator FAULKNER**—Yes, but I am asking what statistics those involved in the coalition have available and, if they do not have any available, what efforts they have made to try to establish what the impact of that invasion has been in relation to civilian casualties in that country—civilian casualties in Iraq—when the *Lancet* reports, either accurately or inaccurately, that it is around 100,000. That is a huge figure, isn't it? It is a very significant number of people who have lost their lives.

**Senator BRANDIS**—'Reports' is not the best chosen verb. It was not represented as a report; perhaps rather a claim.

**Senator Hill**—And the methodology has been readily criticised.

**Senator FAULKNER**—I do not mind: 'claim', 'report'—it may be—

**Senator BRANDIS**—With no methodology exposed at all, Senator Hill; that is the point.

**Senator FAULKNER**—It may be, Senator Brandis, an exaggerated figure.

**Senator BRANDIS**—Or it may just be a figure conjured out of the air on the merest surmise.

**Senator FAULKNER**—And I do not pretend to know. All I know is that responsible governments ought to do a great deal more than it appears the Australian government has done to try to establish what this particular impact might be. If it is anything remotely like those reports—or claims, as you prefer to call them—then a huge number of civilians have lost their lives in this war that Australia has been involved in. You have your view on it; I have mine. But I am merely asking what efforts have been made. The answer is none—zip; nothing.

**Senator Hill**—So when the insurgency blows up innocent Iraqis, kids and worshippers at mosques and so forth, is that to be included in your figures?

**Senator FAULKNER**—The figure of civilian casualties—

**Senator Hill**—Are they to be included in your figures?

**Senator FAULKNER**—I would assume that they would.

**Senator BRANDIS**—And the multitudes of people assassinated trying to exercise the right to vote for the first time in 50 years would be included too.

**Senator Hill**—They would be included as well. We have to take responsibility for that as well.

**Senator CHRIS EVANS**—That would all add to a reasonable assessment of what is happening in that country, which is of interest to us all, I would have thought.

**Senator FAULKNER**—I would define those as civilian casualties; you may or may not. I think they are civilian casualties.

**Senator ALLISON**—I just have a few questions about the Australia-Indonesia Partnership for Reconstruction and Development. I wonder whether, to begin with, you could update us on the progress of that partnership.

**Mr Kemish**—We discussed this a little earlier in the session. As you are aware, the broad shape of that partnership has been agreed between the governments of Indonesia and Australia. In particular, the mechanisms to govern what is a very significant and unprecedented project have been agreed between the two governments. As far as procedure is concerned, following on from that, structures have been established at this end in Australia.

**Senator ALLISON**—Does that mean that the joint commission has been established as well?

**Mr Kemish**—The joint commission has been established in principle. It has not yet met. We are looking to a meeting in the third week of March this year.

**Senator ALLISON**—Who are the members?

**Mr Kemish**—The joint commission is led on both sides by the Prime Minister of Australia and the President of Indonesia respectively. The agreement between Australia and Indonesia was that the respective foreign ministers and an economic minister on both sides be the ministerial participants in the commission. The detail underlying that—that is, who that economic minister is—has not yet been announced by government. In support of that at the Australian end, as we heard earlier, there is a secretaries committee and a secretariat established within the Department of Foreign Affairs and Trade to proceed with the work. The scoping work, as far as I am aware, for some of the key priority projects is already well and truly under way and is making good progress. I do not think we are quite in a position to talk about what those projects are, partly because they are not yet agreed with the government of Indonesia and partly because the scope is being worked through by AusAID officers within DFAT in particular. The question on details might be better put to them.

**Senator ALLISON**—I got the impression at the time of the announcement that the Indonesian government knew nothing much about this.

**Mr Kemish**—No, not at all.

**Senator ALLISON**—Talks had been had with Indonesia?

**Mr Kemish**—Absolutely. I was fortunate enough to be a part of all of that, and I can tell you the matter was discussed between the Prime Minister and the President of Indonesia several days before the announcement in broad principle and that Foreign Minister Downer conducted before the announcement very positive discussions with his counterpart, the Vice-President of Indonesia and various other Indonesian ministers. Indeed, I was present at the meeting between the Prime Minister and President Yudhoyono. The Prime Minister secured very easily President Yudhoyono's very happy agreement to the final agreement, the program, and his explicit agreement prior to the event of the announcement.

**Senator ALLISON**—So do 'happy' and 'explicit' equal 'This is what we would prefer to receive from Australia'?

**Mr Kemish**—The President was enthusiastic, including on the detail of the approach taken by Australia. In particular, the joint bilateral and strategic approach proposed by the Prime Minister was a meeting of minds on the issue, frankly.

**Senator ALLISON**—Had you asked them what they wanted, do you think that is what they would have come up with?

**Mr Kemish**—As I said, it was worked through very carefully with them. We were at great pains to do so.

**Senator ALLISON**—What sorts of conditions will be attached to either the grants or the loans in terms of preference being given to Australian companies to do this work?

**Mr Kemish**—That question is probably best put to the Department of Foreign Affairs and Trade. These issues are being worked through. Essentially, we are seeking to take an approach which, on one hand, is not too restrictive and is focused on the best possible economic outcome, depending on the circumstances, but which also reflects the bilateral nature of the project. The detail of that, as I said, is probably best asked of DFAT.

**Senator ALLISON**—What about the principle? Will these loans and grants be similar to export credit arrangements?

**Mr Kemish**—As you might be aware, the arrangements for the loans—and \$A500 million of the total \$1 billion is dedicated to loans—are that the term of the loan is 40 years, no repayments are required in the first 10 years, and it is to be interest free. As I understand it, the grants are governed by the normal guidelines and procedures applied by AusAID in its programs.

**Senator ALLISON**—What is the net present value of the loans? Is it exactly \$500 million or is it some other figure?

**Mr Kemish**—No, it is \$500 million.

**Senator ALLISON**—What does that mean in terms of the program providing the loans?

**Mr Kemish**—Could you elaborate on your question?

**Senator ALLISON**—Presumably we are not writing a cheque for \$500 million tomorrow or did not write it last week. How does it progress? What are the stages?



**Mr Kemish**—Again, as I understand it, it is essentially made available as required by the government of Indonesia as the other participant in the program. The precise detail of how that is worked through and made available, I would have to suggest again that you ask DFAT.

**Senator ALLISON**—Okay. Are there any conditions such as the money cannot be used for specific purposes? For instance, could Indonesia use it to build a nuclear power plant?

**Mr Kemish**—As you would be aware, the program is structured in such a way that consensus is required on the part of the two parties in this partnership—it is, after all, a joint bilateral partnership—prior to projects being agreed and expenditure flowing. So there is that insurance policy, if you like, that it is very much a joint approach.

**Senator ALLISON**—I am not sure what you mean by that. Would there be some conditions applied by the Australian government?

**Mr Kemish**—Your questions seem to reflect a concern that I understand—that funds might be used inappropriately.

**Senator ALLISON**—I am glad you think that is inappropriate—I do too—but I am wondering whether there will be any no-go areas in terms of how this money is to be used.

**Mr Kemish**—It is very clear from the agreements that are already emerging from the two governments that the funding is to be used for immediate humanitarian relief, focusing particularly in Aceh, and for the reconstruction and rehabilitation of that region over an extended period of time. Those are the only objectives behind the program, and that is the only way it will be used.

**Senator ALLISON**—How is this proposed to be paid back? You say it is an interest-free loan for 40 years. When do the repayments commence?

**Mr Kemish**—Repayments are not required for the first 10 years.

**Senator ALLISON**—Will it then be equal amounts of \$16 million or so a year for 30 years?

**Mr Kemish**—You are getting to a level of detail where I would have to refer you to DFAT. I apologise, but I do not have that kind of detail on this issue.

**Senator ALLISON**—Do you know how much Indonesia still owes Australia from the loans—of about the same order, as I recall—provided during the financial crisis in the mid-nineties?

**Mr Kemish**—I do not believe they were of the same order. I can double-check for you, but I do not believe they were of the same order.

**Senator ALLISON**—Has Indonesia repaid those loans?

**Mr Kemish**—Indonesia has been making progress on repayment of its debt to Australia. It is continuing to make those repayments.

**Senator ALLISON**—What does Indonesia owe Australia?

**Mr Kemish**—I will have to check the figure.

**Senator ALLISON**—Were other loans provided by Australia directly to Indonesia prior to that?

**Mr Kemish**—Not that I am aware of.

**Senator ALLISON**—Is it possible to check that?

**Mr Metcalfe**—More specific knowledge on those issues would be with either the Department of the Treasury or the Department of Foreign Affairs and Trade.

**Senator ALLISON**—In these discussions will there be or have there been talks about Indonesia's capacity to repay this half a billion dollars, starting in the 10th year?

**Mr Kemish**—That is a matter which we believe has been the subject of consideration on the Indonesian side, as the receiving party, but it obviously will have been taken into careful consideration as part of the process of devising the package.

**Senator ALLISON**—By saying 'it will have been' you are assuming that Indonesia has itself come to that conclusion rather than it being something which has been discussed with Australia.

**Mr Kemish**—I am confident it has been considered carefully by both sides.

**Senator ALLISON**—But you cannot give the committee more details of Australia's involvement.

**Mr Kemish**—No. Again, as soon as you get to that level of detail, we have to refer you to the responsible agency, in particular DFAT and Treasury as Mr Metcalfe suggests.

**Senator ALLISON**—Were you involved at all in the recent Paris Club meeting?

**Mr Kemish**—No.

**Mr Metcalfe**—As I think I mentioned earlier to Senator Evans, the meeting was attended at the assistant secretary level by the Department of Foreign Affairs and Trade.

**CHAIR**—I have some good news, Mr Metcalfe: I think that is the final question for the Department of the Prime Minister and Cabinet. As I understand it, there are no questions for the National Water Commission so the committee will now commence its examination of the Australian National Audit Office. I thank you for time today, Mr Metcalfe, Mr Kemish and your officers.

[10.03 p.m.]

#### **Australian National Audit Office**

**CHAIR**—I welcome Mr Winder and officers from the Audit Office this evening. Mr Winder, before I call on questions from the committee, do you have an opening statement to make?

**Mr Winder**—No, thank you.

**CHAIR**—In that case, I call for general questions for the Audit Office. We will start with Senator Sherry.

**Senator SHERRY**—Mr Winder, are you Acting Auditor-General?

**Mr Winder**—No, I am Deputy Auditor-General.

**Senator SHERRY**—I notice that your report No. 15 describes you as Acting Auditor-General.

**Mr Winder**—I was, the Auditor-General was overseas.

**Senator SHERRY**—I was just going to ask about that. I think Mr Barrett is coming close to the end of his appointment.

**Mr Winder**—He is, yes.

**Senator SHERRY**—Is there a final date for his departure?

**Mr Winder**—Not exactly, but it is very soon.

**Senator SHERRY**—Are we looking at a matter of weeks or months?

**Mr Winder**—Weeks I think.

**Senator SHERRY**—You might pass on our best wishes. I understand he is not applying for the position again.

**Mr Winder**—No, I do not think he is able to. It is a 10-year appointment and that is it.

**Senator SHERRY**—Yes, there is a statutory prohibition. Could you pass on our best wishes to him? We think he has done his job well, obviously with good backup. Some of your reports in particular in recent times have made interesting and eye-opening reading.

**Mr Winder**—Thank you.

**Senator SHERRY**—What is the process for the appointment of a replacement as you understand it?

**Mr Winder**—The process is that, since the 1997 legislation, the Joint Committee of Public Accounts and Audit has a role. The government consults with the committee before an appointment is made by recommendation to the Governor-General.

**Senator SHERRY**—When you say ‘consult’, is that with just the committee chair or the whole committee?

**Mr Winder**—With the committee.

**Senator SHERRY**—Presumably that is an in-camera consultation?

**Mr Winder**—I do not know whether it is a consultation or what the exact process is, but I understand from the legislation that the committee has the opportunity to give a view.

**Senator SHERRY**—Is that before the name goes to cabinet?

**Mr Winder**—I would not know what process that went through in government.

**Senator SHERRY**—Is it the responsibility of the Minister for Finance and Administration to place a name or names before cabinet for decision?

**Mr Winder**—I do not think there is any legislatively defined responsibility, but I imagine that it is the Prime Minister’s responsibility.

**Senator SHERRY**—Imagining is not particularly—

**Senator Hill**—It is a cabinet appointment, isn’t it?

**Mr Winder**—Yes.

**Senator Hill**—What does the act say?

**Mr Winder**—It is just an appointment that goes to the exco as recommended by the government.

**Senator Hill**—I would expect that to be a cabinet recommendation.

**Senator SHERRY**—So would I, but a minister has to bring it to the cabinet.

**Senator Hill**—Internal processes are internal.

**Senator SHERRY**—I am sure they are, but—

**Senator Hill**—Whether it is recommended by the Prime Minister or the Minister for Finance and Administration is really our business—

**Senator SHERRY**—No, it is not—

**Senator Hill**—and your business is what comes out.

**Senator SHERRY**—It is a public process. I am just interested to know who—

**Senator Hill**—No, it is not a public process. That is the point.

**Senator SHERRY**—It has been publicly speculated. I read with some interest—

**Senator Hill**—That is unfortunate, yes.

**Senator SHERRY**—So you have seen the articles?

**Senator Hill**—I saw an unfortunate article, yes.

**Senator SHERRY**—I do not often see a disagreement or alleged disagreement between the Prime Minister and Senator Minchin.

**Senator Hill**—I do not assume the accuracy of the article.

**Senator SHERRY**—I just found it quite interesting—

**Senator Hill**—What was unfortunate was that there was that public speculation.

**Senator SHERRY**—But it is not just cabinet; there is also the joint committee. That is an unusual process, or an unusual involvement in the process. Are you able to add anything more, Mr Winder?

**Mr Winder**—I was saying to the minister that, in effect, the joint committee has the power of veto under the legislation.

**Senator SHERRY**—How does that work? If cabinet decides on an appointment, is the committee consulted before or after?

**Mr Winder**—I imagine that it would be after, but I do not know the process. The actual process is not one that is enshrined in legislation. The 1997 legislation was—

**Senator MURRAY**—As a member of the committee I will just help the senator by saying that the committee is consulted before and commonly, but not in all cases, the committee would advise the finance minister.

**Senator SHERRY**—Thank you for that.

**Senator Hill**—The committee is consulted before the recommendation is made to the Governor-General or before the—

**Senator MURRAY**—Before it is made to the government.

**Senator Hill**—That is a very privileged position!

**Senator SHERRY**—It is a very unusual appointment.

**Senator Hill**—That is democracy going a long way!

**Senator MURRAY**—But it is a confidential process.

**Senator SHERRY**—Going to specifics, Audit report No. 21 on the financial statements for 2003-04 makes very interesting reading. I have to congratulate your office and officers for the work they did. On page 11 of the financial statement it says that the audit report on the consolidated financial statements contained nine qualifications and the audit report on individual government entities contained 11 qualifications. There is a table on page 42 which shows that the number of qualified reports was three times higher in 2003-04 than in 2002-03. Why is there a significant increase?

**Mr Winder**—Perhaps I can ask Michael Watson, the group director, and Ian Goodwin to take you through some of the things in those reports.

**Mr Watson**—Going through this quickly, a lot of the qualifications are derived from the various departments. Notably, the Department of Defence has some qualifications and, specifically, the Australian Taxation Office has some qualifications which were not there before. That would explain at least a twofold increase in those qualifications.

**Senator SHERRY**—Are all the departments you have mentioned detailed? If we go through the report and add it all up, would we get the total number?

**Mr Watson**—Yes.

**Senator SHERRY**—But that does not explain why. It is a significant increase in the number of qualified audit reports.

**Mr Watson**—That is true, and we would have to go through each one to explain that to you. As I said, broadly speaking, in fiscal 2004 the Australian Taxation Office attracted what we call limitations of scope—let us call those qualifications—that were not in fiscal 2003. There were at least three that were not there in previous years. The Department of Defence attracted a further two qualifications. So I am now getting up to about five or six, and I would then have to go through the respective outriders to get up to the 12. That is where they notably came from.

**Senator SHERRY**—I am attempting to get some sort of reasoning for this: there were four in 2002-03 and then the number jumps to 12. It seems to me that is a reasonably significant increase from year to year. We know the departments—they are detailed—but why was there a jump?

**Mr Watson**—Essentially, again as an overriding statement, part of why the increase was occurring is that the books and records, and the maintenance of the books and records—the systems in specifically the Taxation Office and the Department of Defence—deteriorated from fiscal 2003. In the Auditor-General's commentary in the executive summary, he makes the point that the problem is not with accrual accounting per se but there has been a growth in

systems deteriorations and books and records in a number of major departments. That is why you are seeing the manifestation—

**Senator SHERRY**—There is a growth in the deterioration of the books and the accounts. Why has there been a deterioration over time? Can you pin some reasons to why this has occurred?

**Mr Watson**—Fiscal 2004 was a particularly bad year. When we go back and look at things, we realise things that arguably might have been there in the first place, and, secondly, as we drill down more into it—and as the specific managements understand more as well—there is an acknowledgment that the standard of record keeping is actually deteriorating or dropping.

**Senator SHERRY**—Why has the standard of record making deteriorated? Is it new personnel?

**Mr Watson**—It could be a combination of those types of things, but fiscal 2004 was a particularly bad year.

**Senator SHERRY**—I know it was a bad year. You highlight that very well.

**Mr Watson**—There are three major issues in the tax office and they were not there in fiscal 2003, so it is a performance related issue in the maintenance of the record keeping and systems in that year.

**Senator SHERRY**—I understand that, but there must be some reason for this occurring.

**Mr Watson**—We would have to go through the particular details to give you a mature commentary on that.

**Senator SHERRY**—I have read the comments on most of the departments that you have identified in the programs. Is it a lack of resources, not enough qualified staff to do the job, the legislative framework?

**Mr Watson**—It could be a combination of all that. For argument's sake, if we take the Department of Defence, there are issues with their leave liability recording that we have shed more light on in fiscal 2004. In previous years, it was not about that to the same degree.

**Senator SHERRY**—I notice that page 43 states:

Qualified audit reports are issued when the financial statements do not present a fair view of the entity's financial position, nor of the results of its operations and its cashflows, as well as reducing the readers' ability to analyse, interpret and compare financial statements.

Does this mean that parliament is unable to rely on the financial statements as providing a fair view of the government's financial position?

**Mr Watson**—In those particular reporting entities, that would be a fair statement. When we look at the reporting outcomes in a couple of these departments, because the secretaries of the departments cannot prepare the accounts, we are precluded from auditing. So in terms of the accuracy of their financial reporting that is the case. Part of the other argument stems from the fact that some of the departments in the reporting context do not adhere to the Australian accounting standards. Therefore, that also attracts qualification.

**Senator SHERRY**—Just coming back to the earlier discussion, I notice on page 11 that you say that deficiencies in individual government entities are ‘basically management related’.

**Mr Winder**—That was as distinct from relating to accrual accounting. While some of the public comments have been that this has come about because of accrual accounting, that is not the case. It is really the basic management of administrative records and things like that. It is not an accrual issue.

**Senator SHERRY**—I understand that. That is what has caused an amount of concern. When you say basically management related, is it staff training, lack of staff or lack of suitably qualified staff? Has anything been done to deal with management related causes?

**Mr Winder**—I will mention one aspect of Defence which might be an example of some of this, and that is the inventory side of the reports—the qualifications that we mentioned. An aspect of it was to do with the systems related to the keeping of the inventory records and not only the system itself but the application of that system by those on the ground. The system and the poor application of the system combined to create a significant difficulty in terms of the recording of inventory. So you have, as it were, a management issue which is not necessarily resource related but could relate to the implementation of new systems and the acceptance of new systems. These are all management issues.

**Senator SHERRY**—In that case, for example, were you able to identify it?

**Mr Winder**—Yes, we did.

**Senator SHERRY**—Were there any other issues?

**Mr Winder**—There were issues of that nature. The valuation of assets was an issue. Those are the sorts of things that were the subject of the qualifications.

**Mr Goodwin**—Just while we are talking about Defence, you can categorise it in three broad areas. One is the maintenance of the accuracy of the records over the inventory and what they call repairable items, which is component specialist military equipment. That is just data accuracy, how much you have got. The other is the evaluation of explosive ordnance. The other one is the accuracy of what you owe employees in terms of their entitlements. Again, that is around the data accuracy in terms of completeness.

**Senator SHERRY**—It is not an area I want to go to in any great detail, but I understand the inventory issue. Is there a list of inventory items where there were deficiencies? You obviously identified a range of items that there were question marks about.

**Mr Winder**—There were uncertainties against different categories of inventory.

**Senator SHERRY**—So there would be a list of the uncertainties, if you like?

**Mr Winder**—Yes, there are uncertainties.

**Senator SHERRY**—Do you have that list—not tonight but do you have that list?

**Mr Winder**—The statements produce a commentary.

**Senator Hill**—As I understand it, you do a sample testing and from that you calculate a level of uncertainty. They find a deficiency in the records. The interesting thing is that, when the troops want the equipment for the job, they know where it is and go and get it.

**Mr Goodwin**—We do a sample across all components of the inventory to get a representative sample: type and quantity representation. Equally, defence management would do their own reviews through their own internal audit. What we cover has broadly the same result, which is discrepancies across a range of items, but those items cover what we call ‘inventory’ and then specialist military equipment being repairable items.

**Senator SHERRY**—Is there a list of that material where there is a question mark?

**Mr Goodwin**—There is certainly a list of what we looked at. I might add that at the moment Defence are doing their own stocktaking, so they will have their own list.

**Senator SHERRY**—Yes; that is for Defence. Can you provide the committee with that list?

**Mr Winder**—Certainly we can.

**Senator SHERRY**—I am not suggesting now.

**Mr Winder**—No. If I may take that on notice—

**Senator SHERRY**—Sure.

**Mr Winder**—It may be preferable for Defence to provide it.

**Senator SHERRY**—As to the list that you have, I am asking you to take on notice—

**Mr Winder**—Yes, I will take it on notice.

**Senator SHERRY**—That is fine. On page 41 you note that audit reports on the financial statements of six agencies reported breaches of section 83 of the Constitution and related legislation. What were the practical consequences of breaching the Constitution?

**Mr Watson**—Just as a preamble, where they breached the Constitution in essence it means there has been money spent not in accordance with the agreed arrangements of the parliament.

**Senator SHERRY**—In breach of the law?

**Mr Watson**—Yes. We categorise that in our financial statement lexicon as a major risk—a significant issue to the parliament. As a matter of policy, therefore, we qualify the accounts on that particular breach. It is a breach of the law.

**Senator SHERRY**—Yes, but I was a bit taken aback when I saw it: six agencies breaching section 83 of the Constitution.

**Senator Hill**—What was the obligation that they failed to meet?

**Mr Goodwin**—It was in regard to the management of special appropriations.

**Senator Hill**—What is the obligation?

**Mr Goodwin**—You might want to touch on this. An appropriation would be made available and agencies would draw down against that appropriation. If they draw down in excess of the appropriation made available then in effect they breach section 83 of the Constitution.



**Mr Boyd**—Section 83 in common terms essentially has two limbs. Appropriations always have a purpose—that is a requirement. You can breach section 83 of the Constitution when you spend other than in accord with the purpose of the appropriation. Some appropriations also have a financial limit or a limit by time. You can also breach section 83 when you spend other than in accordance with those limits. Those requirements are reflected in finance ministers orders. Section 2.3 essentially requires agencies to ensure that they do not spend other than in accordance with the purpose of an appropriation or outside the limit of an appropriation.

**Senator SHERRY**—What is the sanction if one were to be ultimately applied?

**Mr Boyd**—Ultimately you are looking at a situation where moneys have been spent other than in accordance with a law passed by the parliament.

**Senator SHERRY**—Has there ever been any action taken on that basis?

**Mr Boyd**—In these instances the circumstances vary, but in some cases where the money has been spent above the amount approved by the appropriation as a result of the audits the funds have been returned to the official public account.

**Senator MURRAY**—How can that be done?

**Mr Boyd**—In some cases the moneys were still with the entities concerned—for example, FMA bodies such as the Aboriginal and Torres Strait Islander Commission. In other instances they left and went to CAC Act bodies such as the Indigenous Land Corporation. In all those instances the moneys were returned to the Commonwealth.

**Senator SHERRY**—Were there any cases in which they were not?

**Mr Boyd**—No.

**Senator SHERRY**—Ministers are assigned legal responsibility for administering legislation by an order in council. What are the practical consequences of breaching legislation for a minister who is legally accountable for that legislation?

**Mr Boyd**—I would have to say that is something that we did not obtain specific advice on.

**Senator SHERRY**—None at all?

**Mr Boyd**—None.

**Senator SHERRY**—Did any of the other officers?

**Mr Cochrane**—That is certainly a matter for the parliament. Our job is basically to look at how the department is working and whether the department is complying with the law, and we report on that basis. Holding a minister to account is a matter for the parliament.

**Senator SHERRY**—The breaches are set out on page 44 under ‘other statutory matters’. Do all these matters relate to issues raised in Audit Report No. 15: *Financial management of special appropriations* or Audit Report No. 22: *Investment of public funds*?

**Mr Boyd**—No, they do not. I think the majority do, but not all of them.

**Senator SHERRY**—What are the exceptions?

**Mr Boyd**—Maybe it would be easier if I ran through those that were raised in those audit reports. The two main ones, I think you will find, relate to special appropriations for the Native Title and the Aboriginal and Torres Strait Islander Land Fund, where moneys in excess of the available appropriation were drawn down and credited to the land fund and then either externally invested or paid on to either the commission itself or to the Indigenous Land Corporation.

The second one involved the Department of Veterans' Affairs. It was part of the compensation for the Japanese internment of prisoners of war. The department used an amount of \$1.5 million for its own purposes to administer those payments. That amount, which related to the payments made under the compensation legislation, as opposed to the Veterans' Entitlements Act, was not in accordance with that legislation.

The majority of the others relate to the *Investment of public funds* report, which looked at instances where entities have invested moneys other than in accordance with the appropriation which is provided in section 39 of the Financial Management and Accountability Act for investing public money. Those related, again, to the Aboriginal and Torres Strait Islander Commission. That was a different contravention, in a sense. This involved investments which were not authorised. Similarly, the Department of Veterans' Affairs had also purchased investments which were not authorised.

**Senator SHERRY**—Did the Audit Office talk to the individuals involved in these transactions?

**Mr Boyd**—Yes. Management, in that sense.

**Senator SHERRY**—What was their reasoning?

**Mr Boyd**—I guess across the entities you have got a range of different responses. I think we would probably have to characterise the general response from the Aboriginal and Torres Strait Islander Commission services as reluctant to accept their responsibilities in these matters. The Department of Veterans' Affairs was far more forthcoming. Once it understood the nature of the contraventions and what was behind them, it put corrective action in place and endeavoured to take steps so it would not occur in the future. The other one I mentioned was the Department of Veterans' Affairs more broadly, rather than the Defence Service Homes Scheme compensation item. I understood that they have recently agreed with the department of finance on the amount to be repaid.

**Senator SHERRY**—How much is that?

**Mr Boyd**—I think they have agreed on an amount of \$250,000 even.

**Senator SHERRY**—I notice on page 46 you indicate that the ATO, the tax office, is not able to reliably measure the superannuation surcharge. That one always attracts my interest. I have had a long interest in this surcharge. You say that the potential effect on the reported balance of \$1.69 billion is unknown. What does that mean? Is there a risk to \$1.69 billion? What is happening with this?

**Mr Cochrane**—Basically, what is happening with the superannuation surcharge is that the tax office is behind in processing surcharge obligations—many millions of records behind.

**Senator SHERRY**—Millions of records?

**Mr Cochrane**—Yes, about 11.5 million records. The problem is that with the backlog of records being that large they clearly do not know what the obligations are.

**Senator SHERRY**—Are these surcharge assessment notices?

**Mr Cochrane**—Yes, basically. What actually happens is that the tax office gathers data from the superannuation funds and through tax returns. They run it through a system and the system matches the records so that they understand an individual's superannuation position. Where records do not match or there is an inconsistency of any type they have an exception report. At the moment, they have an exception report with 11.5 million records that they have to go back and process. We have a performance audit on that area that—

**Senator SHERRY**—How many years does that go back? It must go back a number of years.

**Mr Cochrane**—Yes, it does.

**Senator SHERRY**—Back to 1996 when it came in?

**Mr Cochrane**—To the late 90s at least.

**Senator SHERRY**—Has this meant that accurately correcting tax in this area is difficult?

**Mr Cochrane**—Yes. They have a lot of work to do before they can catch up. We have not actually tabled our report on the superannuation surcharge, though, and that is coming up very shortly. I have not got the date in front of me but it will probably be in the next month.

**Senator SHERRY**—Eleven million seems an extraordinary number of assessments—

**Mr Cochrane**—that are outstanding.

**Senator SHERRY**—So around 500,000 or 600,000 taxpayers are assessable?

**Mr Cochrane**—It is a lot of records.

**Senator SHERRY**—It is a lot of records. That is quite extraordinary. We will certainly be pursuing that further. Before we go on, has any reason been given by the tax office for this extraordinary number?

**Mr Cochrane**—It is mainly concerned with ATO's priorities and resource allocation. They have had a pretty busy time over the last few years with GST implementation and so forth and they have let the super side go a little bit.

**Senator SHERRY**—A little bit!

**Mr Cochrane**—Since we have done that audit they have reallocated resources into the superannuation area to process the backlog of exceptions.

**Senator SHERRY**—To allow that many assessments over a number of years is—

**Mr Cochrane**—The context of it for the ATO is that superannuation, as a proportion of the total tax take, is quite small. You have a \$200 billion tax take whereas the superannuation surcharge, which is very administratively demanding—

**Senator SHERRY**—I certainly understand that.

**Mr Cochrane**—a very small tax take, probably less than half a per cent of the overall tax take.

**Senator SHERRY**—It is Australia's most expensive tax by a long way.

**Mr Cochrane**—For the ATO, it has just been a matter of choosing priorities.

**Senator SHERRY**—But if there is a tax and it has passed the parliament there is an obligation on the tax office to administer the collection of the moneys, surely?

**Mr Winder**—With this particular line of questioning my preference, if I may, is for us to actually table the report and the detail. It is not a report that we have actually finalised and I would much prefer, if you would not mind, for us to table the report first.

**Senator SHERRY**—I am happy to leave it that.

**Mr Watson**—We did foreshadow it on page 216. We state that there is a backlog over eight years and it is about 10.4 million—as Warren said, it is about 11 million. That was our latest intelligence. The performance audit has the current perspective on it.

**Senator SHERRY**—The tax office have never made anyone aware of this. But that is an issue for the tax office and we will it up with them. But well done: at least we have flushed it out. I presume this is the first time you have looked at this issue since the surcharge was implemented?

**Mr Cochrane**—This is the first time we have done a performance audit on the surcharge.

**Senator SHERRY**—On page 47 you note that moneys may have been wrongly paid out of the CSS, the Commonwealth Superannuation Scheme. Is there any more detail on that or is that another report in process?

**Mr Goodwin**—Correct. That is effectively a compliance requirement within the APRA guidelines on vesting benefits. At the time of writing this report, the board got to the view that they were not sure that they had met the compliance regime. The compliance regime requires them to make a positive attestation that they have.

**Senator SHERRY**—So we are not at the point of conclusion on that one yet.

**Mr Goodwin**—No.

**Senator SHERRY**—Okay. We will deal with that at another time. I can deal with that with the CSS. I want to look at report No. 15, *Financial management of special appropriations* and report No. 22, *Investment of public funds*. Report No. 15 is the one you signed off on, Mr Winder. That is what threw me. On page 12 it notes that appropriation management arrangements changed in 1999 following amendments to the FMA Act. In particular, it says:

... two key appropriation management responsibilities were devolved from Finance to agencies ...

I can recall getting lectures about this from Dr Boxall interminably. These are:

namely:

legislative controls over who may lawfully draw upon appropriations; and

maintenance of accounts and records concerning the use of individual appropriations.

Can you briefly explain that?

**Mr Boyd**—On the first point, it sounds like a fairly arcane discussion but you are looking at things such as drawing rights. Prior to 1999, with the operation of a central ledger, Finance

issued what were called agency appropriations advices to agencies basically enabling them to draw down upon the consolidated revenue fund. With the devolution to agencies, each individual agency's chief executive officer has been delegated the power to issue drawing rights, which is then further delegated to agency officials. That is essentially the key legislative control over the ability to pay money against an appropriation, to request a debiting of an appropriation and to actually debit an appropriation. That is covered by sections 26 and 27 of the Financial Management and Accountability Act. Essentially all three steps are required to be completed properly by an officer with the delegation otherwise the penalty provisions come into play.

**Senator SHERRY**—So basically the whole thing was devolved out of Finance, where it was centrally controlled, back to departments and agencies.

**Mr Boyd**—Indeed, the previous situation involved the Department of Finance maintaining a central ledger of all appropriations, the amounts that were paid and debited against those. Now it is the responsibility of each individual agency to maintain those records and maintain the controls to ensure that appropriations are not misused.

**Senator SHERRY**—This was seen as an improvement, at the time, in financial management for the Commonwealth.

**Mr Boyd**—I believe that is the case, yes.

**Senator SHERRY**—Can you briefly explain the special appropriations and indicate their share of total appropriations?

**Mr Boyd**—Our estimation is based on taking the annual appropriation as a given—it is quite straightforward to obtain an understanding of how much money is available under that—and then calculating exactly how much money has been spent under special appropriations. That issue might sound straightforward on the face of it, but it is anything but. We have, under recent advices from the Solicitor-General and so forth, what is called a self-executing consolidated revenue fund where you can actually have notional transactions going against a special appropriation. Actually establishing the degree to which these notional transactions are occurring as well as the full extent of actual transactions again special appropriations—because there has been a degree of underreporting of the use of them—proved quite difficult as part of the audit. The result we came to was an estimate of approximately 80 per cent of total appropriation expenditure being made through special appropriations. That was about \$223-odd billion in 2003-04.

**Senator SHERRY**—Is that legal advice you referred to available?

**Mr Boyd**—We certainly refer to it in our report as to what it states.

**Senator SHERRY**—Is the full legal advice available though?

**Mr Boyd**—It is certainly something we have in our records, yes.

**Senator SHERRY**—If you could take that on notice, we would appreciate it.

**Mr Boyd**—I should say that it is not advice that we ourselves obtained; it is advice obtained by Finance and others as part of their role.

**Senator SHERRY**—If you could take that on notice, that would be appreciated.

**Mr Boyd**—Sure.

**Senator SHERRY**—If we turn to pages 12 and 13, we see the audit of special appropriations. This says that five years after the changes—that is, this demolition we have been talking about—a number of entities have not updated their procedures, instructions and/or delegations for managing appropriations. The audit says that \$393 million has been drawn from consolidated revenue with the wrong appropriation, \$7.2 billion was spent against legislation that had not been passed by parliament, \$23 million was spent of money that was not approved by parliament, 21 entities did not disclose spending of \$13.1 billion, Treasury, and the AOFM did not disclose \$26.6 billion in payments and more than half of all existing special appropriations were not appropriately disclosed in the annual financial statements. Is that a fair summary of the reading of that litany of problems?

**Mr Boyd**—Yes, I guess we would describe them as widespread shortcomings.

**Senator SHERRY**—Well done identifying all of this—I just wish the media would focus a bit more on some of this stuff. All in all ANAO identified irregularities or breaches involving some \$47 billion approximately. That is the total of it, isn't it?

**Mr Boyd**—Over the period we examined, yes.

**Senator SHERRY**—In your view, to what extent did the financial management issues identified in the report arise as a result of the devolution that occurred in the passing over of control of appropriations to agencies in 1999? Do you think this was a major reason?

**Mr Cochrane**—This was certainly a factor. In our view—and it is more a feeling of things than based on a full evidence—agencies were slow on the uptake when the devolution occurred. I guess that is evidenced by the slowness by which delegations have been changed—a slowness in recognising the full extent of responsibilities that were delegated.

**Senator SHERRY**—But surely, if you were going to devolve a range of new and varied complexity financial arrangements, you would notify the department and ensure there were officers in the department who were able to do it and that the proper systems were in place. There would be some sort of liaison from Finance to the various departments and agencies to ensure that this was done properly.

**Mr Boyd**—In a way, it is probably difficult to characterise all of the issues we have raised as having common causes and reasons behind them. For example, the overcrediting to the Aboriginal and Torres Strait Islander Land Fund has been an error since the first year, which was 1994-95. I do not think, from our perspective, it would matter whether you were operating in a devolved environment or a centralised environment.

**Senator SHERRY**—Surely that is the exception to the rule, though, isn't it?

**Mr Boyd**—Certainly there are some things which relate directly to the changes in 1999, such as drawing right arrangements. The department of finance provided advice to agencies as to what needed to happen. Some agencies simply did not make the changes that were necessary.

**Senator SHERRY**—Why didn't they make the changes? Was it lack of understanding, lack of skilled staff or lack of training? There must have been some reasons in that it just did not happen properly.

**Mr Boyd**—To follow on from what Mr Cochrane was saying, it would seem to us that, with a lot of the findings from this and some of our other work in the financial framework, there is not as much attention paid to these issues today as perhaps there was some time ago. The importance of appropriations, as I said before, about drawing rights can seem quite arcane in many respects. But at the end of the day, as we point out in our report, appropriations and the framework around them are fundamental to the democratic system. That is parliament's ability to control the spending of executive government.

**Senator MURRAY**—Is weak, poor or non-existent internal auditing one of the reasons for this?

**Mr Boyd**—Again I think it is part of what I was just saying; the attention it receives has not been great. In the agencies that we examine in detail, I cannot recall a single internal audit that examined these types of issues.

**Senator SHERRY**—Was this issue considered by the department of finance when it was passing over and devolving these activities?

**Mr Boyd**—There was guidance provided to agencies about what the changes meant and about what things were being devolved down. The explanatory memorandum itself on the FMLA Act changes was quite clear in telling agencies, 'This is how it previously operated; this is how it will now operate.' That did not translate into agencies doing some basic things, such as issuing drawing rights to the appropriate officials.

**Senator SHERRY**—Did any of the agencies identify whether there were problems? Did they send staff on upgrade training or employ new staff to handle this new task?

**Mr Cochrane**—It is not something that we have covered directly in the audit. But certainly, since this audit and an earlier audit we did on special accounts last year, there has been an attempt in some agencies to revise their procedures and improve the knowledge base they have. But I guess it does come down partly to a knowledge base about what the instructions are and what the legislation means and translating that into some action. We summarise that by saying that there are significant shortcomings in financial management and we need to put more effort and more resource into getting the financial management right in a number of agencies.

**Senator SHERRY**—I can recall going to finance estimates and I remember this legislation being passed back in 1999. Then the finance department contracted and I think some hundreds of positions were lost—and I am sure that some of them were related to the fact that this work was devolved back to government departments. But there does not seem to have been a pick-up, at least by some of the agencies or departments, of the skills knowledge required to handle the contraction.

**Mr Boyd**—Indeed. You may have noticed that one of the steps the Department of Finance and Administration has taken to try to address this has been a large number of Finance circulars issued on fairly fundamental things about appropriation management.

**Senator SHERRY**—And an expansion of the staff involved in this area, I understand.

**Mr Boyd**—We have certainly noticed an expansion of the staff in the area, yes.

**Senator SHERRY**—So we have got this situation where there was the new act in 1999, X number of positions were lost, a process was devolved to agencies and here we have come full circle back to the department of finance and rehiring people to handle the old responsibilities.

**Mr Boyd**—You can devolve some things but, as we understand it, the sections of the Constitution relating to appropriations have not changed and therefore those fundamental obligations have not changed.

**Senator SHERRY**—The point I make is that it went full circle—devolved, contraction of staff at Finance, a pretty patchy pick-up at a number of departments and agencies, and now it has gone back again.

**Mr Winder**—I would not say that it has necessarily gone back to the department of finance. Our evidence is that they have been issuing more guidance, but I would not say that the actual responsibility has gone back.

**Senator SHERRY**—Guidance? In five years some of these problems went on—and you picked it up. That seems to me to be extraordinary. That is not a criticism of you; that is for Finance to respond to. According to page 16 of the audit of financial statements, the ANAO was responsible for auditing the financial statements of 245 Australian government entities in 2004. Is that right?

**Mr Watson**—Yes.

**Senator SHERRY**—How many entities were audited in report No. 22? Have you got a number?

**Mr Boyd**—There is not a single number. I am not trying to be difficult. In the audit we initially took a sample of six agencies that were investing public funds—three FMA Act agencies, although one of them is investing under the FMA Act but under its own legislation, and three Commonwealth authorities. During that audit our preliminary findings based on the initial work revealed that approximately two-thirds of those entities we examined were purchasing unauthorised investments. Indeed, all three of the Commonwealth authorities seemed to have some issues in this regard. In one case, eventually an approval to be doing what had it had been doing was located. In another case, there was some continuing doubt. But when all three of the authorities initially seemed to have been purchasing unauthorised investments we expanded the scope of the audit, as you might expect, to ask exactly how widespread was this issue. Then we essentially went through an exercise of a desk audit, examining the reported investments of all Commonwealth authorities that were meant to be complying with section 18 of the Commonwealth Authorities and Companies Act, to see exactly how widespread the deficiencies were. That desk audit has obvious limitations in the sense that you are relying upon agencies to accurately reflect in their financial statements the legal nature of the investments. With their financial statements not being designed from a legal construct, that is not a foolproof approach. But with our resources that is the approach we deemed as being appropriate. That turned up somewhere between another nine and 11 Commonwealth authorities in total purchasing unauthorised investments. As I say, the core audit was six agencies but then, as we expanded the desk audit across all Commonwealth authorities, it essentially included all Commonwealth authorities investing under section 18.



**Senator SHERRY**—I have a number of other questions in this area which I might put on notice because we want to try to get out of here by about 11 p.m. Section 81 of the Constitution says that the CRF comprises ‘all revenues or moneys raised’ by the government. On page 33 of Audit report No. 15, Finance is quoted as saying:

- The wide range of circumstances in which Commonwealth money is raised or received makes it impracticable to identify the precise balance of the CRF at any particular time.

It seems to me that Finance is saying that it is not possible to say how much money the government has got at any given day or month. What is the view of the Audit Office on this? Has this always been the case? Does this apply to both cash and accrual? How close an estimate should Finance be able to make, and how precise a financial year end estimate should they be able to make?

**Mr Boyd**—Essentially, one thing to bear in mind is that the consolidated revenue fund is only a cash construct. Appropriations remain a cash item. Whilst you can have accrual based appropriations, the CRF remains a cash based item. In terms of knowing exactly what is in the consolidated revenue fund, a lot of the difficulty from that stems from what I mentioned before in terms of the self-executing consolidated revenue fund. I think a hypothetical example used for this committee in the past by the Department of Finance was that of a cash registrar in Albury-Wodonga, where money might have been received into the cash registrar. Simply because no-one knows about it, it is already in the CRF; it is just that no-one may yet know about it.

**Senator SHERRY**—I can understand that, but that is relatively at the edge of things.

**Mr Boyd**—You have a range of things which, believe it or not, satisfy those sorts of criteria. You have a range which we mentioned here about mirror tax legislation. Where states and territories, because of constitutional issues, are essentially collecting funds on behalf of the Commonwealth, there is then a special appropriation to immediately remit them back to the states and territories. But those funds must come through the consolidated revenue fund, otherwise you have constitutional issues about the states not being able to raise this money. We drew attention in this audit report to instances where the agencies were not necessarily capturing and reporting those receipts. You can have other instances where contractors are acting as the agent of the Commonwealth, where the moneys they are receiving on our behalf are also part of the consolidated revenue fund until the Commonwealth knows that those funds are being collected.

**Senator SHERRY**—Before you go on, is this being made more difficult by the devolved process that started in 1999?

**Mr Boyd**—Clearly, the further you devolve these things out, the greater the information gathering exercise becomes.

**Senator SHERRY**—It makes it harder to capture the information accurately.

**Mr Boyd**—I think logic dictates that, if you have a central ledger where everything comes through, then clearly it is a far more straightforward exercise than if you have many different ledgers across the Commonwealth.

**Senator SHERRY**—The CRF has not always been self-executing, has it?

**Mr Boyd**—This is something that we have explored somewhat over time, because it has some important implications for us in our audit work. This is a view that has not been longstanding, shall we say, but the lawyers advise that under our current framework the CRF is self-executing.

**Senator SHERRY**—You said ‘current framework’. When was that framework changed?

**Mr Boyd**—The major changes occurred in 1999.

**Senator SHERRY**—That is right. The legal advice is based on the 1999 change. Prior to that, did we get any legal advice on this process?

**Mr Boyd**—I am not aware of any advice either way, as to whether it was self-executing or not self-executing.

**Senator SHERRY**—But, up to that point in time, it was not self-executing, was it?

**Mr Boyd**—There is certainly nothing to say that it was or it was not. The question really only arose after 1999.

**Senator SHERRY**—Is it desirable that we are able to make an estimate as accurate as possible? Surely it would be.

**Mr Boyd**—If we take an audit perspective, we would think so.

**Senator SHERRY**—In fact, I think we changed it in the bill last Thursday, if I can recall. I do not think any of you were there.

**Mr Boyd**—The FFLA Bill did bring some changes about but, not being a lawyer on these matters but understanding how the analysis was put together, I do not think the FFLA bill changes would alter the view that it is self-executing.

**Senator SHERRY**—Page 33 also states:

... as at 30 June 2003, the derived balance of the CRF was \$1.461 billion.

Can you explain what is meant by ‘derived’?

**Mr Boyd**—I do not have a copy of the consolidated financial statements with me, but it essentially takes some data which is able to be readily gathered and subtracts some funds which are not seen to be held in the CRF to arrive at a figure. I am not explaining this very well. It is a difference perhaps between working backwards from a figure you know and removing things you know should not be in there, as opposed to building something up from scratch—an understanding, if you like, of all the trees in the forest. To understand the forest, it is more a matter of taking the forest and removing those trees which are of a different kind that you are interested in.

**Senator MURRAY**—Now you have lost us!

**Senator SHERRY**—I actually do know a bit about forests. It is not an area I wanted to go to, I can assure you of that. I would not put that onto the Audit Office. Page 176 of the consolidated financial statements shows a decline of \$744 million by 30 June 2004. Page 23 of Audit report No. 22 2004-05: *Investment of public funds* states:

Commonwealth entities reported financial investments of some \$20.208 billion as at 30 June 2004.

Can you explain the difference?

**Mr Boyd**—It had declined by \$744 million from the \$1.46 billion?

**Senator SHERRY**—Yes.

**Mr Boyd**—The first thing to say is that the \$14.85 billion invested under the Treasurer's delegation by the Australian Office of Financial Management is outside the consolidated revenue fund. So you can remove that figure from the \$20.208 billion, to begin with. Similarly, the CAC Act investments, I would expect, would in the main be outside the CRF. You would see that the majority of those moneys are invested under the finance minister's delegation. Again, it depends on where the funds are held. If they are invested externally from the Commonwealth, such as the land fund, which is the majority of that, those funds have also left the consolidated revenue fund in that they are externally invested with third parties.

**Senator SHERRY**—So they are externally invested but they are paid out of the CRF?

**Mr Boyd**—That is right, in the main.

**Senator SHERRY**—You mentioned the land fund. What else?

**Mr Boyd**—The land fund makes up, for example, in round figures \$1.4 billion of the \$1.647 of finance minister delegation investments. Essentially, all of the \$14.85 billion is with the Reserve Bank of Australia, which is actually outside the CRF because these are term deposits held separately. All of that is essentially in term deposits with the Reserve Bank on behalf of AOFM. Under the CAC Act, the Commonwealth authorities essentially hold money on their own account. So it has already left the CRF. To get to the Commonwealth authorities it has left the CRF. Under the other legislation, again, that money is also in a large part outside the CRF. So most of that \$20.208 billion is actually not within the consolidated revenue fund.

**Senator SHERRY**—Let us take the case of the \$14 billion-odd that is passed over to the Reserve Bank from the CRF. That is then presumably invested?

**Mr Boyd**—That is correct.

**Senator SHERRY**—And the interest dividend is paid back to the Commonwealth as revenue?

**Mr Boyd**—That is correct.

**Senator SHERRY**—Page 23 of Audit report No. 15 states that Finance is responsible for calculating the Commonwealth financial position for the purposes of calculating surplus revenue under section 94 of the Constitution. Is Finance required to prepare those calculations each year, and have they been done each year?

**Mr Boyd**—Yes, they are done each year. The surplus revenue actually works on that annual basis, so they are. As part of the audit, we went through an exercise of obtaining for the last five years the Finance calculations. They were provided to us at a late stage of the audit and they were all dated with the same date in 2004, essentially.

**Senator SHERRY**—For the previous five years?

**Mr Boyd**—Essentially, yes.

**Senator SHERRY**—Is that appropriate?

**Mr Boyd**—We would not think so. One of the things we commented upon is the fact that Finance is responsible for the calculation and Treasury is responsible for making the payment, should there be any. For Treasury to make that payment it would need to have Finance perform the calculation and advise it whether there was any money to be paid. Each year there was no surplus revenue, which did not come as a surprise to us, I must admit, from our understanding of the framework. Nevertheless, it would seem to be an important calculation to actually undertake.

**Senator SHERRY**—Was the figure publicly reported in the annual report?

**Mr Boyd**—No.

**Senator SHERRY**—Do you know why it was not?

**Mr Boyd**—No, I do not.

**Senator SHERRY**—That is something to take up with Finance. You have those figures. Have they been published since you requested them?

**Mr Boyd**—Not to my knowledge.

**Senator SHERRY**—Could you take that on notice and provide us with a copy of the figures.

**Mr Boyd**—Certainly.

**Senator SHERRY**—Thank you. Page 37 of Audit report No. 15 says that Finance advised ANAO that the first step in calculating surplus revenue involves adding the AOFM's term deposits with the RBA to the balance of the consolidated revenue fund. Is that correct?

**Mr Boyd**—That is the correct approach. That is the approach that was taken. The approach that is taken has evolved over time as further advice has been obtained from Finance by the Australian Government Solicitor in terms of how they should go about this exercise.

**Senator SHERRY**—This means that the total available funds of the Commonwealth as at June 2004 was about \$15.594 billion—that is, \$14.85 billion of the Australian Office of Financial Management plus \$744 million in the CRF, approximately?

**Mr Boyd**—I would have to have a look at the calculations.

**Senator SHERRY**—Can you take that on notice.

**Mr Boyd**—Yes.

**Senator SHERRY**—Finance further advises on page 38 of Audit report No. 15 that surplus funds which, under the Constitution, may have been previously paid to the states are calculated by subtracting standing appropriations and the balance of special accounts. Is that correct?

**Mr Boyd**—That is the approach that has been taken, yes.

**Senator SHERRY**—You note on page 38 of that audit report that Finance provided to ANAO its October 2004 calculations of surplus revenue for 1999-2000 and 2002-03, indicating that there was no surplus revenue available for distribution to the states. Is that correct?

**Mr Boyd**—Indeed. That is what I was saying about the calculations for the five years all being dated in October 2004.

**Senator SHERRY**—And you are taking on notice the provision of those calculations to the committee.

**Mr Boyd**—Yes.

**Senator SHERRY**—You say five years. Does that go back to 1997-98?

**Mr Boyd**—No.

**Senator SHERRY**—Are they available for 1997-98 and 1998-99?

**Mr Boyd**—Certainly not from us. We only asked Finance for the five years, which was the period covered by this audit. As to whether Finance has them, I do not know. I guess would be a matter for them.

**Senator SHERRY**—I hope they do. You would expect them to have them, surely?

**Mr Boyd**—I guess that, given the five years we asked for were all dated October 2004—

**Senator SHERRY**—They did a quick calculation for five years so surely they could do it for two years. We have to know what the position of the Commonwealth is terms of cash!

**Mr Winder**—I think we might leave that to Finance, if we may.

**Senator SHERRY**—You got it out of them for five years and you did a pretty good job with that. We will try to get it out of them for the other two. Page 38 of Audit report No. 15 says that Finance is of the view that there is no benefit in disclosing such calculations nor has there been any demand for its disclosure. Do you agree that there is no benefit in telling parliament the total available funds the Commonwealth has?

**Mr Boyd**—I would like to answer by saying that the fact that we went to the trouble of establishing it perhaps suggests that we see some benefit in it.

**Senator SHERRY**—I will take that as meaning that you saw a benefit.

**Mr Boyd**—Yes.

**Senator SHERRY**—We certainly see a benefit. Do you know of any other jurisdiction that would claim that there is no benefit in disclosing the total of funds available to a government?

**Mr Boyd**—In the unlikely situation that there was surplus revenue, I could imagine that some states would be quite interested.

**Senator SHERRY**—Thank you for your time. Please pass on all the best to Mr Barrett.

**CHAIR**—That completes the examination of the Prime Minister and Cabinet portfolio. The committee has set 1 April 2005 as the date for the submission of written answers to questions taken on notice. I thank Senator Hill, Mr Winder and officers for their attendance here this evening.

**Committee adjourned at 11.03 p.m.**