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Official Committee Hansard

SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Supplementary Budget Estimates)

MONDAY, 30 OCTOBER 2006

CANBERRA

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SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

Monday, 30 October 2006

Members: Senator Mason (*Chair*), Senator Forshaw (*Deputy Chair*), Senators Carol Brown, Fierravanti-Wells, Fifield, Moore, Murray and Watson

Senators in attendance: Senators Brandis, Chris Evans, Faulkner, Fierravanti-Wells, Fifield, Ian Macdonald, Moore, Nettle, Robert Ray, Siewert, Stephens, Trood and Watson

Committee met at 9.02 am

PARLIAMENT

In Attendance

Senator Calvert, President of the Senate

Department of the Senate

Mr Harry Evans, Clerk of the Senate
Dr Rosemary Laing, Deputy Clerk of the Senate
Mr Cleaver Elliott, Clerk Assistant (Procedure)
Mr Richard Pye, Clerk Assistant (Table Office)
Ms Maureen Weeks, 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
Ms Roxanne Missingham, Parliamentary Librarian
Ms Judy Konig, Chief Finance Officer
Ms Val Barrett, Assistant Secretary, Strategy and Business Services Branch
Mr Rod Bray, Director, Building and Security Projects, Product and Service Development Branch
Mr Gowrie Waterhouse, Acting Director, Art Services, Product and Service Development Branch

Output 1: Library services

Dr Jane Romeyn, Assistant Secretary, Research Branch
Ms Nola Adcock, Assistant Secretary, Information Access Branch

Output 2: Building and occupant services

Ms Karen Griffith, Assistant Secretary, Building Services Branch
Federal Agent Mark Andrews, Protective Security Controller Parliament House
Ms Maggie Barnes, Director, Facilities, Building Services Branch

Output 3: Infrastructure services

Mr John Nakkan, Acting Assistant Secretary, Infrastructure Services Branch

Mr David Rolfe, Acting Director, Maintenance Services, Infrastructure Services Branch

Mr Neil Pickering, Director, IT Operations (Support and Maintenance), Infrastructure Services Branch

Mr Phil Lokan, Director, Computing Services, Infrastructure Services Branch

Mr Ryszard Wijacha, Director, Broadcasting Infrastructure and Support, Infrastructure Services Branch

Mr Ralph Wese, Director, Telecommunications, Infrastructure Services Branch

Output 4: Parliamentary records services

Ms Therese Lynch, Assistant Secretary, Content Management Branch

CHAIR (Senator Fifield)—I declare open this meeting of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed expenditure for 2006-07 for the parliamentary departments and the portfolios of the Prime Minister and Cabinet, and Finance and Administration, including the Department of Human Services and related agencies. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee held hearings on 22, 23, 24 and 25 May 2006 and reported to the Senate on 20 June 2006. The hearing today is supplementary to the budget estimates hearings and is to consider matters relating to the written answers, additional information or otherwise relating to the proposed budget expenditure referred to the committee. The committee has fixed 15 December 2006 as the date for the return of answers to questions taken on notice.

The committee's proceedings today will begin with its examination of the parliamentary departments followed by the Prime Minister and Cabinet portfolio. Examination of the Finance and Administration portfolio, including the Department of Human Services and agencies, will commence tomorrow. I propose to proceed by opening with general questions and then calling on the outcomes and outputs in the order listed on the agenda.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

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. The Senate has resolved also 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. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

[9.07 am]

Department of the Senate

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

The PRESIDENT—No, thank you, Chair.

CHAIR—Are there any general questions?

Senator ROBERT RAY—Have all questions taken on notice at previous hearings been answered on time?

Mr Evans—By this department, yes.

Senator ROBERT RAY—When was the last time you did not get one in on time?

Mr Evans—I do not recall.

Senator ROBERT RAY—Would you believe that you are setting an example to tardy departments, like PM&C and others, or would you prefer not to say?

Mr Evans—I certainly hope so.

Senator ROBERT RAY—What is the current cash balance of the Department of the Senate?

Mr Evans—I call on Mr d' Angelo.

Mr d' Angelo—It is in the region of \$15 million to \$16 million.

Senator ROBERT RAY—What is the philosophy behind transferring some of that cash balance to functions normally administered by the Department of Parliamentary Services?

Mr Evans—That is a proposal which has been communicated to the Appropriations and Staffing Committee and it has not yet occurred. No transfer under that proposal has yet occurred, but the rationale of it is that since that money is in the bank, as it were, where there are matters particularly relating to the core legislative functions of the parliament which cannot be paid for out of DPS's budget and would otherwise require DPS making applications for further funds, then it would be wise to expend some of that money with the approval of the Appropriations and Staffing Committee on some of those functions.

Senator ROBERT RAY—I presume DPS do not have sufficient funds in part because of the fake savings attributed to them that came out of the Podger report.

Mr Evans—That is certainly so—yes.

Senator ROBERT RAY—Would we have a similar guarantee, however, from the department? I know we do not question or supervise in any way the Department of the House

of Representatives, but, in terms of a relationship with them, having offered money for these projects, are they similarly committed to offer money if they happen to have a surplus in any given year or series of years?

Mr Evans—No, not as far as I know. I do not believe any similar proposal has been made.

Senator ROBERT RAY—Do you know how much the Senate may propose to contribute to the replacement of the ParlInfo system?

Mr Evans—We do not know a figure for that at this stage. As I said, this is only a proposal and we would have to work out the figure, which we think would be a reasonable sum, to be transferred and then communicate with the Appropriations and Staffing Committee about that.

Senator ROBERT RAY—Have you consulted the Department of Finance and Administration about this proposed course of action?

Mr Evans—No, we have not.

Senator ROBERT RAY—Should we? Do they have a say in one department transferring money to another department for what is a responsibility of another department? I know they have already done it in terms of security, in effect.

Mr Evans—Yes. Ultimately, that would be a proposal from the Presiding Officers to the Minister for Finance and Administration.

Senator ROBERT RAY—What do you perceive to be the weaknesses in the current ParlInfo system?

Mr Evans—I do not know what I perceive to be the weaknesses of it, but I am told that it is clunky, is out of date, has to be replaced and will soon be unserviceable.

Senator ROBERT RAY—Do we know how soon?

Mr Evans—No, we do not. There is a team of people looking at the project to replace it. I do not believe there is any deadline on replacing it at the moment.

Senator ROBERT RAY—There is also a proposal that the department contribute to the digitisation of audiovisual records of the proceedings of the two houses of parliament from the period dating 1990 onwards. Is that right?

Mr Evans—The audiovisual records since 1990, yes, which will ultimately be lost if something is not done with them—if they are not digitised or some other process is not applied to them to preserve them. There is the other aspect of digitising the printed records of debates going back many more years of course.

Senator ROBERT RAY—Does the department of finance have any capacity to direct you as to the use of these, I suppose, surplus funds? I know you would say ‘carefully garnered and managed funds that are surplus to current requirements’.

Mr Evans—No, not at the moment. But they could take that ability at any time.

Senator ROBERT RAY—Are you still paying the efficiency dividend?

Mr Evans—Yes, that still applies.

Senator ROBERT RAY—That is still being done? Obviously you have a capacity to pay it at the moment.

Mr Evans—Yes, that is true.

Senator ROBERT RAY—How many select committees do we have at the moment?

Mr Evans—None.

Senator ROBERT RAY—That is compared with seven in 1995-96, when the Liberal opposition ran things here—we had seven then, didn't we?

Mr Evans—The maximum figure operating at any one time got to nine, I seem to recall.

Senator ROBERT RAY—Really?

Mr Evans—But certainly one of the reasons for the surplus is that we were funded by an agreement with the minister for finance for a certain level of select committee activity, which has not occurred in recent times.

Senator ROBERT RAY—Yes. That was on the basis, was it not, Mr President, of brilliant guidance by the Appropriations and Staffing Committee way back then? Another pretty good earner.

The PRESIDENT—Yes.

Senator ROBERT RAY—You do not often scum the department of finance, but I think we have done it.

Mr Evans—I would hesitate to say that.

Senator ROBERT RAY—I said it at the time.

Mr Evans—It might involve retaliation.

Senator ROBERT RAY—Am I the only one here who is not afraid of the department of finance?

Mr Evans—Perhaps. That could be the case.

Senator ROBERT RAY—We won't dig you any deeper into that.

Senator FAULKNER—Can I just ask about the Citizenship Visits Program. I note in the annual report, just tabled, which of course reports on activities of the Senate for the financial year 2005-06, that the Citizenship Visits Program is reported on as an administered item. The program was, for 2005-06, administered by the Department of the House of Representatives and jointly funded by the House and the Department of the Senate. Can you confirm that that was the case, Mr Evans?

Mr Evans—Yes, that was the case under the previous regime.

Senator FAULKNER—As I read the annual report, I noted that it did not indicate or forecast any changes to the administration of the Citizenship Visits Program or any change to the role of the Department of the Senate. But there have been some since 1 July 2006, haven't there?

Mr Evans—That is correct. That program has basically gone. It has been taken into a program administered by the Department of Education, Science and Training.

Senator FAULKNER—In circumstances where such a change occurs is it normal not to flag it in the annual report? Or is it flagged elsewhere in the annual report?

Mr Evans—The annual report mentioned the fact that this program would be virtually abolished—page 47 I am looking at.

Senator FAULKNER—Yes—under ‘Significant changes in functions and services’. What sort of involvement since 1 July 2006 have you had with the new department—DEST—if any?

Mr Evans—We have no formal involvement with the new program, but we have looked at what it is proposing to do. There is an involvement in the sense that the new program may involve schools which are subsidised under the new program making use of the programs offered by the Parliamentary Education Office. Therefore, we have a continuing interest in it.

Senator FAULKNER—You have a continuing interest, and I appreciate that. Does this involve many Senate resources?

Mr Evans—No, not to any significant extent. It simply involves monitoring what is happening with that program and attempting to determine what the impact might be on demands for the PEO’s services.

Senator FAULKNER—How does the monitoring take place? Who does that monitoring?

Mr Evans—The Director of the Parliamentary Education Office has communicated with DEST about how the program will involve PEO services.

Senator FAULKNER—Are you able to indicate to this committee—although it is a comparatively early stage, I think we would have to acknowledge; it is just a few months into the changed administrative arrangements—whether there is any indication of how it is working?

Mr Evans—Not at this early stage. It will take some time to get an indication of that. The new program in its guidelines basically prescribes that a visit to Parliament House is a requirement of the subsidy, but taking in the Parliamentary Education Office’s programs is voluntary, more or less, on the part of the schools. The guidelines actually say that a visit to Parliament House is a requirement and, wherever possible, it includes a PEO program. So schools will be visiting Parliament House, but they will not necessarily be making use of the services of the PEO. It will take some time to see what the trend is in that regard.

Senator FAULKNER—Is it true that you can access the subsidy by simply arriving at Parliament House as opposed to necessarily, either as an individual student or a group, being involved in a PEO program?

Mr Evans—Yes, that is correct. The visit to Parliament House is the requirement. The use of the services of the PEO is the voluntary element.

Senator FAULKNER—Is this perceived by either the Department of the Senate or the PEO to be a weakness in the administrative arrangements?

Mr Evans—Yes, it is, in the sense that this could result in visits to Parliament House being very numerous and the use of the PEO’s services being not very numerous. We just do not

know. But certainly it could result in the trend which I mentioned when we discussed this at a previous hearing—that is, this program could trend to tourism rather than education.

Senator FAULKNER—Can I ask you, Mr President, whether you share those concerns?

The PRESIDENT—Yes. In correspondence the Speaker and I had with the Prime Minister about this we pointed out those concerns, but we were not successful, unfortunately. I believe that the PEO is still providing a very significant service and will continue to do so. I understand they still have their outreach program.

Senator FAULKNER—Do you mean that the programs have not changed?

The PRESIDENT—Not that I am aware of.

Senator FAULKNER—But, of course, the Department of the Senate reports on the number of students that visit the PEO education centre, doesn't it?

The PRESIDENT—Yes. I think 2,400 groups and some 81,000 students visited Parliament House last year.

Senator FAULKNER—That is right: it reports on both students and groups.

The PRESIDENT—Correct.

Senator FAULKNER—That function will still be reported on in the annual report.

The PRESIDENT—I would expect so, yes.

Senator FAULKNER—That is the intention, Mr Evans?

Mr Evans—That is correct.

Senator FAULKNER—Have any early comparisons been done between the first quarter of this financial year and previous financial years?

Mr Evans—No, I have not seen any figures, and it would be too early to make anything out of any figures for such a short period.

Senator FAULKNER—Mr President, what can we do about this situation where you can get, effectively, a subsidy for tourism or travel to Parliament House as opposed to access to the education centre? Are there any substantive proposals that you or the Speaker have been able to put to the Prime Minister or government on this? You identify the concern, you acknowledge the concern; I accept that—you share the concern, if you like. What can we do about it?

The PRESIDENT—I think, as the Clerk said, it is early days yet. We want to see what happens and, as far as I can see, the PEO is still being used widely by numbers of people who come here. I wonder whether the groups in particular that come here have realised the difference. The number of school groups whose coming here I have been involved in has not changed over the last two or three years. I think it is something we are going to have to monitor. If we find that the education services are not being used as we would like them to be, we will make the powers that be aware of that fact. Both the Speaker and I—as we all do—think that the education office is a very significant part of the operation of this building.

Senator FAULKNER—But the big change is that people did not get a rebate for travel to Parliament House previously for tourism; you got support if you attended the POE. That is a significant change, isn't it?

The PRESIDENT—It is but, as I said earlier, it is early days yet. We want to see what happens over the next six months. If there are problems, we will communicate those.

Senator FAULKNER—First of all you will need to establish them—communicate them to who?

The PRESIDENT—To the government.

Senator FAULKNER—But you are keeping a watching brief on this, are you?

The PRESIDENT—Certainly.

Senator ROBERT RAY—On a different subject: with regard to Special Minister of State Nairn's circular 2006/27, he states, 'Following representations from the President of the Senate and a number of individual senators, the Prime Minister has recently approved changes to the senators' printing entitlements.' What representations did you make and to whom?

The PRESIDENT—As you would be aware, there have been concerns for some time about senators not having the same degree of independence to have their newsletters printed outside of this place. They have always had to be printed here and, to a certain degree, censored by the department. Over time, senators have, I guess, spoken to the Special Minister of State and me about being able to free up their printing entitlements and get some of their printing done in their own electorates.

Senator FAULKNER—That does not sound like 'I guess;' either it happened or it did not.

The PRESIDENT—It did. Representations were made to me and to others. It has been going on for quite some time, as you quite correctly stated.

Senator ROBERT RAY—I did not state anything of the sort.

The PRESIDENT—I thought you did. But, anyway, these matters have been raised with both me and, I think, the Black Rod for quite some time. And it has been an issue that has been raised, as I said, frequently by senators. The proposal was put to the Special Minister of State and he has decided now to allow people to access printing arrangements in their own electorates.

Senator ROBERT RAY—Thank you for that answer; although it had no relevance to the question I asked, it anticipates questions further down the track. I asked you what representations you made, as the SMOS has noted in his circular. How and when did you make those representations?

The PRESIDENT—I wrote to the previous minister, as I recall.

Senator ROBERT RAY—You wrote to Senator Abetz, did you?

The PRESIDENT—Yes.

Senator ROBERT RAY—When was that?

The PRESIDENT—Those negotiations have been going on for quite some time, I understand. And then the new minister—

Senator ROBERT RAY—Hold on. When did you write to Senator Abetz on this matter? Can we have a copy of the letter?

The PRESIDENT—We will get a copy of that letter. I think I wrote to the Special Minister of State some two years ago; and then I wrote to the Special Minister of State, Mr Nairn, and pointed out to him that this matter has been discussed at estimates and that this was a situation that was of concern. And then he has taken it from there.

Senator ROBERT RAY—Can we have copies of the letter to Senator Abetz and the letter to Mr Nairn, because we will want to—

The PRESIDENT—Yes, we will get that for you.

Senator ROBERT RAY—follow that up at this hearing.

Senator FAULKNER—And perhaps the minister's formal responses to your communication. Correspondence is a two-way street. We would like to have your letters to the respective special ministers of state and their responses if possible.

The PRESIDENT—Yes.

Senator ROBERT RAY—You mentioned the words 'correspondence' and 'negotiations'. Who did the negotiating?

The PRESIDENT—I presume the Black Rod had some discussions—I think probably only as far as the operational side of it.

Senator ROBERT RAY—Let's get one thing quite clear: you have written twice.

The PRESIDENT—Yes.

Senator ROBERT RAY—But you have not entered into personal negotiations at this stage?

The PRESIDENT—No.

Senator ROBERT RAY—Okay. Let's try to establish the facts. You mentioned there have been negotiations. Who were the negotiations between?

The PRESIDENT—I presume—

Senator ROBERT RAY—Let's not presume.

The PRESIDENT—They would have been with the Special Minister of State. I understand that he did have some discussions with your department, Harry.

Senator ROBERT RAY—Let's find out.

Mr Evans—The department has not been involved in any negotiations or any recommending of changes. We have been aware that there have been proposals in the pipeline for some time which were being developed within government. But basically our role has been to provide information about the operation of the previous system.

Senator FAULKNER—Who did you provide that information to, Mr Evans? To the President or the Special Minister of State?

Mr Evans—To the office of the Special Minister of State's department at officer level.

Senator ROBERT RAY—So these negotiations may never have occurred, Mr President?

The PRESIDENT—Any negotiations would have been between—

Senator ROBERT RAY—Let's not presume.

The PRESIDENT—The negotiations were between the Senate department and MAPS.

Senator ROBERT RAY—We have just heard that that is not true. There were not negotiations; there was information provided.

The PRESIDENT—Information was provided, then.

Senator ROBERT RAY—There is a world of difference. We are trying to find out—

The PRESIDENT—The ultimate decision is made by the Special Minister of State. No doubt officers in his area would have been seeking information from the department.

Senator ROBERT RAY—Were representations made to you? Let's forget what questions are asked, because you cannot imply motive to questions that are asked at estimates. Did other senators approach you and say that they were dissatisfied with the Senate printing arrangements?

The PRESIDENT—Yes.

Senator ROBERT RAY—Who were they?

The PRESIDENT—I do not know whether I should have to name them all, but I did have representations from Senate party meetings.

Senator ROBERT RAY—I see. So this is a coalition party room issue?

The PRESIDENT—No. Obviously the matter was raised at a Senate party meeting. I was approached by, I think, Senator Hill two years ago to see if it was possible to change some of the arrangements. Then it was sent off to the Special Minister of State, Senator Abetz, and he has handled it ever since.

Senator ROBERT RAY—We will not pursue who raised it with you, because I think you have made a fair point, but what was the nature of the complaints?

The PRESIDENT—The major complaint that was raised with me by individual senators was that they felt that the content in their newsletters was being censored to a degree—on the other hand, I can understand that the Department of the Senate had constraints that had to be abided by. But I think individual senators felt that they were being somewhat constrained with regard to the material that they could print in their newsletters. Also, I think they wanted to use printing businesses in their own electorates rather than have everything go through the office or the department here. One of the major complaints was that, because their content had to be amended or checked, it delayed them being able to get their newsletters printed and out in reasonable time.

Senator ROBERT RAY—So it is all about newsletters, not letterhead, envelopes, business cards or all the other things that occur?

The PRESIDENT—The major concerns were about the content—their printing allowance for mainly newsletters and that type of thing.

Senator ROBERT RAY—Which is related to the 5,000 sheets a month, which is related basically to the newsletter. So why involve the other stuff, which you had no trouble in providing, to my knowledge—with no limits either, by the way. You had no trouble in providing letterhead, envelopes and business cards. There were no complaints about that, were there?

The PRESIDENT—No.

Senator ROBERT RAY—Why transfer that?

The PRESIDENT—I believe that they probably thought it was appropriate to put the whole printing allowance into one item.

Senator ROBERT RAY—You think?

The PRESIDENT—I did not make the decision. It was the Special Minister of State, not me.

Senator ROBERT RAY—We are pursuing it with that department, but you are first in the batting order, so we pursue it with you first. Can you explain this discourtesy to me—why the opposition senators were not consulted on this; why it did not go to the Staffing and Appropriations Committee?

The PRESIDENT—It is a matter that was raised with the Special Minister of State.

Senator ROBERT RAY—Come on!

The PRESIDENT—It was. It was raised—

Senator ROBERT RAY—When we transferred travel allowance from the Senate to the Special Minister of State, to MAPS, it went to the Staffing and Appropriations Committee and was seen through that. If this is something that has been dug up by and concocted in the coalition party room and shoved over there without reference to other senators, with your imprimatur, I want to know why there was the discourtesy.

The PRESIDENT—No discourtesy was meant. It was something that goes back two years ago. It was a matter that was raised by individual senators, as I have explained to you previously, about having more freedom to be able to print their newsletters. The matters of letterhead, envelopes and all the rest of it have never been raised with me.

Senator ROBERT RAY—If you had raised it with us, maybe it would have been raised at the time and maybe we could have made the distinction—because half the aggro over this transfer relates to that, not to censorship of newsletters, printing them in the electorate or anything else. If you had bothered to consult post getting a government majority in 2005, you may not have got the contra aggro that you are currently getting. You are not a sub-branch of the coalition party room; you are the Senate President. You represent all of us and you usually do it very well.

The PRESIDENT—With all due respect, this is a matter for the Special Minister of State.

Senator ROBERT RAY—No, it is not.

Senator FAULKNER—You raised it with him.

Senator ROBERT RAY—You wrote to him to raise it.

The PRESIDENT—I did. I raised it on behalf of—

Senator ROBERT RAY—On behalf of some senators.

The PRESIDENT—of some senators who have been to me because they were concerned about—

Senator ROBERT RAY—Have a look at his circular. He put you right at the top as to the reason for doing this. It says ‘following representations from the President of the Senate’.

Senator FAULKNER—Two representations: one was to a previous Special Minister of State, which seemed to go nowhere, so they tried again when a new Special Minister of State was appointed.

The PRESIDENT—I think the matter was being considered all the way through.

Senator FAULKNER—How do we know that?

The PRESIDENT—I just believe that it was.

Senator FAULKNER—Why do you believe it?

The PRESIDENT—Because I know the matter was raised with Senator Abetz on more than one occasion by other senators.

Senator ROBERT RAY—My point is that they can raise it with the Special Minister of State anytime they like without objection from me, but once it comes with your authority it changes the nature of the representation. If it comes with your authority, I would think you would have at least canvassed it with other party leaders in the Senate before you wrote to the minister on two occasions to have this changed.

The PRESIDENT—It is one of those things that has been going on for quite a long time and—

Senator ROBERT RAY—That does not excuse the discourtesy.

The PRESIDENT—I believe it is a much better result for senators, to have more freedom, if you like, to get their material printed wherever.

Senator ROBERT RAY—Have you honestly looked at the House of Representatives system? It will (1) next year make available \$32 million to 150 people for printing and (2) provide no censorship of that material. You can put out whatever party-political trash you want—both sides can—and you can do whatever contra deal you want to do with the local printer without ever being audited and checked. That is the system you have introduced into the Senate—well done! There are no checks whatsoever, are there?

The PRESIDENT—There is going to be a limit on what can be spent.

Senator ROBERT RAY—Do you support one House of Representatives’ member having seven times the expenditure of a senator?

The PRESIDENT—It is not a question of what I support; that is a question for the Senate. I do not believe that senators need the amount of printing allowance that House of Representatives people do. That is their decision, not mine.

Senator FAULKNER—Have you consulted senators to establish this?

The PRESIDENT—No.

Senator FAULKNER—So it is a personal view. The point being made here is that, when you write to the Special Minister of State, you write as Senate President on behalf of the Senate, not on behalf of the Liberal Party. There is a distinction which I hope you would understand, but clearly you do not.

Senator ROBERT RAY—Has the Prime Minister written to you on this, because he made the ultimate decision?

The PRESIDENT—I cannot recall.

Senator ROBERT RAY—Has he written and informed you of this or did you just get your orders from the SMOS?

The PRESIDENT—The letter came from the Special Minister of State. That is the only correspondence I have had.

Senator ROBERT RAY—You acknowledge that it was the Prime Minister who made the decision to approve the changes, do you not?

The PRESIDENT—Of course.

Senator ROBERT RAY—Was that in the letter from the SMOS to you?

The PRESIDENT—I do not recall.

Senator ROBERT RAY—It was certainly in the circular. I have the circular here, but I am wondering whether it was in the letter to you.

The PRESIDENT—I will get a copy of the letter. If you want a copy of the letter I will get it for you.

Senator ROBERT RAY—Yes, if you could. We think there may be five letters. When do you think we will be able to have those letters?

The PRESIDENT—We will have to go back through our correspondence. We could probably have them by the morning tea break.

Senator ROBERT RAY—That would be good. We would appreciate that. Will there be any loss of jobs in the Senate printing unit as a result of this decision?

The PRESIDENT—Perhaps the Black Rod can answer that.

Ms Griffiths—Yes, Chair. We are looking at a proposal now to sell the colour press and replace it with a colour photocopier but, because the demand for doing senators' newsletters has decreased so much, we would anticipate that there is only enough work being generated now to do about two full days per month, so that position is no longer required.

Senator ROBERT RAY—And you knew someone would lose their job from this, Mr President, when you wrote it off? You were advised of that?

The PRESIDENT—Yes. Black Rod advised me of that.

Senator FAULKNER—Had there been any delays in or problems with any of the Senate department's own printing requirements—for example, the annual report?

Ms Griffiths—The initial copies, the 100 copies that were required for tabling, were actually done by the colour photocopier that we are trialling. We sent the remainder out to be printed, and I have been informed only today that there is a delay in getting the final copies of those reports.

Senator FAULKNER—I see. How long is the delay?

Ms Griffiths—I am not sure. We are getting advice and I can try and get that for you fairly shortly. We were going to contact the printer this morning to find out what the problem was.

Senator FAULKNER—Doesn't sound like it's working well. What about with the colour photocopier for the primary 100 copies—was there a delay with that?

Ms Griffiths—No.

Senator FAULKNER—Were there any delays, concerns or logistical problems with any of the other printing requirements after these changes were made?

Ms Griffiths—No.

Senator FAULKNER—So the only problem that has arisen so far since that time, as far as the Department of the Senate's own printing responsibilities go, is a delay with the annual report which is in relation to outsourced printing?

Ms Griffiths—Correct.

Senator ROBERT RAY—Mr President, you mentioned in your letter dated 30 August 2006 that these new arrangements would remove significant costs of freighting printing jobs to senators' electorate offices. What savings are going to be generated by this, as you indicated in your letter?

The PRESIDENT—I do not have the figures in front of me, but I am sure that—

Senator ROBERT RAY—You were given them, though, before you put that in the letter, I assume?

Mr Evans—We are just checking to see if we can give you a figure for that.

Senator ROBERT RAY—I am sure you would not have put it in the letter unless there were savings. It would not be just a bit of gloss and dross dropped into the letter.

The PRESIDENT—As I said earlier, it was not just freighting things out; it was the time delays also.

Senator ROBERT RAY—Yes.

Mr Evans—There is a cost saving; we just cannot put our hand on a particular figure at the moment. We will get that for you.

Senator ROBERT RAY—In that same correspondence, you noted that senators will no longer be required to submit draft newsletters to the Black Rod's office for vetting. Wouldn't it have been a lot simpler just to drop the requirement for Black Rod to vet any newsletters from members of parliament? Surely they are trustworthy enough.

The PRESIDENT—I do not think it was quite that simple. The Clerk had a responsibility under the act to vet that material, and that was one of the sticking points.

Mr Evans—Yes, the guidelines applying to the use of the printing entitlement referred to ‘use for parliamentary purposes’, not for party purposes and not for electioneering other than recommending the election of the person who was printing the newsletter. We applied those guidelines fairly diligently and that resulted in requests to senators to change some material in their newsletters from time to time.

Senator ROBERT RAY—Under the old guidelines you could not print off how-to-vote cards in elections. That is right, isn’t it?

Mr Evans—No, certainly not.

Senator ROBERT RAY—You can under the new ones, though, you will be pleased to know! Part of the \$20,000 can go to printing off how-to-vote cards and postal application forms.

Senator FAULKNER—Some of the old guidelines, I assume, are now redundant; is that right?

Mr Evans—No longer having responsibility, we have not really kept up with what the guidelines are that apply to this new entitlement. But, certainly, they were the guidelines we were applying and, as I said, we applied them fairly diligently.

Senator FAULKNER—Where did the guidelines originate from?

Mr Evans—They were specified by the Department of Finance and Administration, as I recall.

Senator ROBERT RAY—Now you cannot get business cards done that list your Senate committees on them. They are quite specific in terms of what you can put on them. That is not included.

Senator FAULKNER—Was any thought given, Mr President, to going to the Department of Finance and Administration and seeking any change to the guidelines? Would that have been a possible way of dealing with this issue?

The PRESIDENT—It may have been a way of doing it, but my understanding is that the former Special Minister of State was doing the negotiations, not me.

Senator FAULKNER—Negotiating with whom?

The PRESIDENT—The former Special Minister of State—

Senator ROBERT RAY—Who was that?

The PRESIDENT—Senator Abetz.

Senator ROBERT RAY—He was negotiating with whom?

The PRESIDENT—No, I did not say that. It was up to him to sort all of this out. I think we wrote to him.

Senator FAULKNER—I hope you did, because you have given evidence that you wrote to him twice.

The PRESIDENT—All right.

Senator FAULKNER—Or you wrote to him once and also to his predecessor.

The PRESIDENT—He was looking at the issue. As the Clerk said, the problem all the way through has been the guidelines from the department of finance. That is what we tried to do to get some independence.

Senator FAULKNER—But, you see, what we hear is that you wrote to the Special Minister of State on two occasions addressing a problem which we now know relates to the department of finance's own guidelines which are being applied by the Department of the Senate. Is that the situation?

The PRESIDENT—Yes, that was always the argument from senators—about why there are two sets of guidelines and why they did not have the freedom in the Senate to produce the sort of material that they wanted to whereas, in the House of Representatives, they could virtually do what they liked.

Senator FAULKNER—You identified the problem as being the department of finance's own guidelines that had been provided to the Department of the Senate to apply to Senate printing?

The PRESIDENT—That has been the major problem all the way through. That is why the minister has decided to have a set budget and let senators have the same type of arrangement as the House of Representatives with a lot less money.

Senator FAULKNER—As opposed to changing the guidelines?

The PRESIDENT—A lot of the work that was done in the Senate, as I think the Black Rod could tell you, was outsourced anyway. Business cards and the like were not printed here—they were outsourced.

Senator FAULKNER—But the problem you have raised—

Senator ROBERT RAY—You could have outsourced all of this and still retained control.

The PRESIDENT—But you would still have the same problem of censorship, if you like.

Senator FAULKNER—Not if you changed the guidelines, which were department of finance guidelines.

Senator ROBERT RAY—They are not the same guidelines that that department applied to their own program granting millions and millions of dollars to House of Representatives members—about \$15 million a year.

Senator FAULKNER—Here is the double standard with what occurs in the House of Representatives and what occurs in the Department of the Senate. There is something very fishy about this.

The PRESIDENT—I presume those matters were raised between the Special Minister of State and Finance. I do not know. It has always been a problem.

Senator FAULKNER—Perhaps we should know.

Senator ROBERT RAY—You cannot answer and I did not expect you to be able to answer the freight question immediately. Do you have an overall figure on what the financial savings will be to the Department of the Senate now that it is a matter to be administered by MAPS? Is there an overall figure of what the savings will be?

Mr Evans—For both printing and freight?

Senator ROBERT RAY—For the totality of the transfer.

Mr Evans—We do not have that at hand. We will have to get that for you.

Senator ROBERT RAY—The department of finance did not ask for a transfer of resources when it moves from one to another?

Mr Evans—This entitlement, of course, was paid for out of a special appropriation.

Senator ROBERT RAY—Correct. So you will not get that appropriation or that amount of money in future.

Mr Evans—We will not have access to it. We will not be administering it.

Senator ROBERT RAY—Yes, exactly. Do you know how much that is?

Mr Evans—The total amount of the special appropriation?

Mr d'Angelo—The printing costs that came out of the special appropriation per annum was around three-quarters of a million dollars per annum.

Senator ROBERT RAY—Where did you fund the printing of senators' Christmas cards from—from that or somewhere else?

Mr Evans—It was funded from that, I am told.

Mr d'Angelo—That is right. I will correct my last answer: last year the figure reached \$1.2 million—the printing costs that came out of the special appropriation.

Senator ROBERT RAY—That extra amount is worth more than your or my salary.

Mr d'Angelo—It includes the Christmas cards.

Senator ROBERT RAY—But it would not be possible to quantify what the savings are on the Christmas cards even though they have been transferred over to the other?

Mr Evans—We will attempt to get a breakdown for you that will give figures as precisely as we can for the various components of the printing expenditure.

Senator ROBERT RAY—Mr President, this upcoming joyous Christmas period, you will be printing your Senate President's cards out of this allowance, won't you? You won't be getting them done somewhere else.

Mr Evans—No. That will be coming out of our budget this time.

Senator ROBERT RAY—Really? Will it? It comes out of your budget. You are not going to do it yourself. Come on; be a sport! You have stuck us with the system; you use it.

The PRESIDENT—Christmas cards have always been another issue, even when I was whip. It would not matter what designs you came up with, no-one was ever satisfied with them.

Senator ROBERT RAY—We are not talking about designs; we are talking about funding. You have just transferred all our funding for it. I want you to set the example and transfer your own—you would have a lot more. That is not a snide comment; that is just a factual comment that you would have a lot more. I think you should set the example. Having failed to

consult us and transferred all this after party room pressure, you should get your own Christmas cards done out of this \$20,000.

The PRESIDENT—I will look at that next year.

Senator ROBERT RAY—I suppose the one upside is that we do not have to put up with the ghastly designs you have given us in the last few years. Except that I do not think I sent them all out last year. I might use last year's again this year because you did not put a date on them, fortunately.

Senator FAULKNER—I wondered if we have the correspondence yet.

The PRESIDENT—We will have it here by the morning tea break whenever that is.

Senator ROBERT RAY—That would be good. Has the department had any unfair dismissal cases in the last financial year and up until October of this financial year?

Mr Evans—No.

Senator ROBERT RAY—Very good. Have you had any sexual harassment cases?

Mr Evans—No.

Senator ROBERT RAY—Pretty good record—that is good.

Senator FAULKNER—I want to ask about the Department of the Senate's role with the clipping service. Have there been any problems with the clipping service, particularly in terms of delivery times and the like?

Mr Evans—There have been some problems in recent times.

Senator FAULKNER—Can you outline to the committee what the problems are? I can confirm as a consumer that there are some problems. What is your understanding of this—it is timeliness, isn't it?

Mr Evans—Yes. The problems all involve getting around in a timely fashion. There are two elements to this: one is the selection of the cuttings and the communication of them to us by Media Monitors; and then our printing of the hard copies. I think there have probably been problems in both areas on occasions.

Senator FAULKNER—Let us go to the first of those problems: why is there more concern in that area now? I would have thought that familiarity would mean that Media Monitors had got it down to a fine art by now. That is not right?

Mr Evans—We have had this discussion in previous sessions. The selection of the material is not an intelligent selection; it is an electronic selection. There are always problems of things being included that should not be included and things being missed that should be included. But then the material has to be communicated to us for us to print the hard copies, and there certainly have been some delays in getting the material to us—of a technical sort, I think.

Senator FAULKNER—Can you indicate what sort of delays we are talking about?

Mr Evans—I am never made familiar with what the technical details are. I am not sure whether anybody here knows.

Senator FAULKNER—How long is it being delayed—an hour, two hours? It is not that technical.

Mr Evans—There was an incident last week where we did not get the actual cuttings to be printed until the afternoon. Presumably that is due to some problem with the computer that selects them and communicates them to us malfunctioning.

Senator FAULKNER—But is that a one-off? Is that the exception, not the rule?

Mr Evans—Yes. Normally they get to us in reasonable time.

Senator FAULKNER—That is one element of the problem. If, from time to time, there is a computer or other technical malfunction, people can understand that. Could we just go to the other element of this: the printing problems. You indicated that there were two problems.

Mr Evans—My colleague doubts that we have had any delays in printing in recent times. There is printing and distribution, of course. We do not recall any particular problems in recent times, although there are areas where problems could potentially occur, obviously.

Senator FAULKNER—So you are now saying that the problems with late clippings has been basically at the Media Monitors end—is that right?

Mr Evans—Yes, particularly the recent one.

Senator FAULKNER—Was that the 18 October incident?

Mr Evans—Yes, I believe so.

Senator FAULKNER—But you can confirm that there have not been delays because of problems with Senate printing of the clips?

Mr Evans—No, not in recent times. We are usually able to run them off fairly expeditiously.

Senator ROBERT RAY—I want to raise this with the Clerk. In the Hobart *Mercury* of 11 October, on page 7, the following quote, contained in an article headed 'Lennon yields on TCC report', said:

The highly regarded Clerk of the Federal Senate, Harry Evans, who is an international expert on constitutional law, delivered advice yesterday to Legislative Council president Don Wing, which ran counter to Mr Bale's advice.

Mr Bale may be a solicitor-general in Tasmania or something. Can we have a copy of the advice? First of all—let us not jump ahead of ourselves—is the newspaper article accurate?

Mr Evans—The advice was given by me to the President, who conveyed it to the President of the Legislative Council. The report is basically accurate. The qualitative assessment of it, I hasten to say, is not mine, but, as to the content of the advice, it is basically accurate.

Senator ROBERT RAY—Yes, but you yourself did not deliver advice?

Mr Evans—Indirectly, through the President.

Senator FAULKNER—In other words, you were requested for advice on a matter by the President?

Mr Evans—Yes, that is correct.

Senator ROBERT RAY—When did the President ask you for advice on this matter?

The PRESIDENT—When this matter was raised in the media, I noted that the Solicitor-General had advised that there may be issues regarding parliamentary privilege. I contacted the Clerk because I was concerned that it may have ramifications here or wherever. I contacted the Clerk about it to give me some advice. The Clerk had already, I think, noted what was being said in the media there and he was able to give me some advice, which I forwarded to my colleague in the upper house in Tasmania for his assistance.

Senator ROBERT RAY—You read about this in the newspaper, did you?

The PRESIDENT—Yes. It was all over the news down there.

Senator ROBERT RAY—What steps did you take to verify that these media reports were indeed even accurate before you asked the Clerk for advice?

The PRESIDENT—The Premier was talking about advice he had received from the Solicitor-General that he could not table certain reports because of parliamentary privilege. I just became interested in it, and that is when I asked the Clerk if there were any ramifications for the Senate or any other parliaments around Australia. He gave me unequivocal advice that the advice that the Premier seemed to be getting—and this is only based on press reports, of course—may not have been correct.

Senator ROBERT RAY—So you then wrote to Mr Wing, the President of the Legislative Council in Tasmania?

The PRESIDENT—Yes, I did.

Senator ROBERT RAY—Can we have a copy of that letter?

The PRESIDENT—We will get that for you.

Senator ROBERT RAY—On how many other occasions have you written to a state presiding officer over a matter of privilege since you have been President?

The PRESIDENT—I think it may have been the first time.

Senator ROBERT RAY—I bet it was the first time. There have been other issues running around the country.

The PRESIDENT—I do not recall, since I have been President, where the matter of parliamentary privilege or the lack of it has been raised as an issue in state parliaments.

Senator ROBERT RAY—Maybe the Clerk can recall some of the issues in the Victorian Legislative Council, for instance.

Mr Evans—I and the department have certainly been involved in communicating directly with state presiding officers, committees of state houses and state houses about issues of parliamentary privilege. There have been quite a number of instances of that sort. The difference here was that it was communicated through the President. If President Wing had written to me asking me for an opinion on it I could have communicated directly with him. That has certainly happened in past cases.

Senator ROBERT RAY—Just from an outsider's point of view, Mr President, it seems passing strange to me that a very partisan political issue should erupt in Tasmania, your own

state, involving the self-interest of your own political party and suddenly you start writing, for the first time ever, to a legislative council president, who then quotes that advice to put forward his position—not necessarily a partisan position but his position. It just looks as shabby as shabby can be.

The PRESIDENT—As I said earlier, my concern was about the issue that had been raised about parliamentary privilege. I raised it with the Clerk initially and he gave me advice on it.

Senator ROBERT RAY—You see, it is your selective concern: you are concerned when it is the Liberal Party's self-interest in your home state. You start writing off, and it is then used in that political war. You and I probably have a very similar view on the application of parliamentary privilege in Tasmania. We are probably in complete concurrence on that view. But for you as a member of the Tasmanian branch of the Liberal Party and as Senate President to write on what was a very partisan political issue in Tasmania seems to me to imperil the office of Senate President.

The PRESIDENT—It was an issue. As the Clerk has said, I do not recall advice being given that parliamentary privilege would not cover people who were going to give evidence at that committee.

Senator ROBERT RAY—What business is it of yours when the normal way of dealing with this—and it is not one I object to—is for the various clerks around the country to exchange views and analysis on these issues? Your intervention gives it an imprimatur that makes it entirely different. As the Clerk has indicated—and Senator Faulkner and I know, basically because of another role we play—these issues come up continually. Yet, of all the issues to come up, the one you had to pick to intervene on is in your own home state and is an abrasive political issue. And you write to Mr Wing on this.

The PRESIDENT—I did not write to Mr Wing originally. I inquired from my Clerk as to whether any ramifications were likely to arise from the advice that was given.

Senator ROBERT RAY—It is perfectly logical that you would seek advice on a matter of privilege, what advice previous presidents have had, when it involved state court cases et cetera. But where you have changed that is by not only writing to Mr Wing but then having him quote you and Mr Evans as the authority on privileges matters. That then translates into a political issue.

The PRESIDENT—The information I sent to the president down there was for his information and he used it the way he chose to.

Senator ROBERT RAY—Did you have a discussion with him before you sent him the letter?

The PRESIDENT—No, I did not. He did not ask me for it. I thought it might be useful for him because the advice from my inquiries of the Clerk here seemed to be different advice to what was being spoken about locally in Tasmania.

Senator ROBERT RAY—We have had all these privileges issues with the former Treasurer and with the New South Wales Legislative Council, haven't we, Senator Faulkner?

Senator FAULKNER—We have indeed.

Senator ROBERT RAY—We have had issues in Victoria. We have had issues of privilege right around the country. You do not intervene—

The PRESIDENT—How long ago was that?

Senator ROBERT RAY—This is going back over a number of years. The one in Victoria has certainly been in the time of your presidency. But, no, you do not actually intervene and send a letter off there; you do it just when it is in your own political backyard. You are interfering in a domestic political dispute. I am not saying you are on the wrong side of it. There is an awful lot that has to be dealt with there—I agree with that. But it does not need the legislative council president to be quoting from the Clerk of the Senate or the Senate President to back up their case. Why wouldn't I presume you are just playing political grubby games when you have not intervened anywhere else?

The PRESIDENT—That is your view. It is certainly not mine.

Senator ROBERT RAY—I am asking you to try and convince me otherwise. It is the old saying: of all the gin joints in the world, why did you end up in this one? Because you are involved in it; you are part of the partisan process in Tasmania—and so you should be, but the presidential office should not be.

Senator FAULKNER—I thought for a moment you were suggesting the Tasmanian Legislative Council was a gin joint!

Senator ROBERT RAY—No, not at all. No, I was not. I would have been more subtle than that!

Senator Ian Macdonald—That sounds like a good headline for the *Examiner*.

Senator ROBERT RAY—If they have never seen *Casablanca*, I guess you are right, Senator.

Senator FAULKNER—Round up the usual suspects!

Senator ROBERT RAY—How are you going with that letter? We know it is available. I just cannot refer to it until it is tabled—otherwise I would be in breach of Senate privilege.

The PRESIDENT—I have a heap of letters here about this issue that go back to former President Reid and also to representations from former President Beahan.

Senator ROBERT RAY—I assume this is the printing thing and not the test match.

The PRESIDENT—Not that one, no. The selection of correspondence I have includes letters from Senator Abetz, when he was Special Minister of State, to President Reid, then one to me and the reply, and a letter from Senator Abetz again—they are all here.

Senator ROBERT RAY—Have we checked them for confidentiality so they can be tabled?

The PRESIDENT—No, they are not cabinet-in-confidence.

Senator ROBERT RAY—Fine.

The PRESIDENT—We will get them copied.

Senator ROBERT RAY—Thanks. We are now looking at the second lot of tabling and whether your letter to Mr Don Wing could be tabled.

The PRESIDENT—Right.

Senator ROBERT RAY—The letter that you sent to Mr Wing—did you send it anywhere else?

The PRESIDENT—I do not think so.

Senator ROBERT RAY—You did not send it to the president of the select committee?

The PRESIDENT—I would have to check on that.

Senator ROBERT RAY—We might return to this issue when the letter comes.

The PRESIDENT—Yes. But the Clerk did give the advice to me as well.

Senator ROBERT RAY—Was that written advice?

The PRESIDENT—Yes.

Mr Evans—For completeness, I ought to give the committee—with the approval of the President—the several advices that I gave to the President on the subject, because, as the matter went on, the basis on which the advice was being given to the Tasmanian government appeared to be changing. There were supplementary advices on the apparent changes to the basis of the advice—or changes of emphasis or something. So I think for completeness I should give the committee those as well.

Senator ROBERT RAY—Yes, thank you. Did you ever finally get a copy of Mr Bale's advice to the government?

Mr Evans—No. I do not believe that that has been made public. And I am not sure that it is in writing, because there was some reference to it not being in writing.

Senator ROBERT RAY—I see.

Senator FAULKNER—Mr President, did you see fit on this important privilege issue to draw the matter to the attention of the Senate committee on privileges?

Senator ROBERT RAY—Before you sent the letter.

The PRESIDENT—I did write to the chairman of the Privileges Committee, as you would know, advising of the advice that I had received and sent to the president of the upper house.

Senator FAULKNER—And at what stage of the process did that occur?

The PRESIDENT—It was after I had sent the advice to the president of the upper house.

Senator FAULKNER—Do you think there is a case for such a communication to have occurred prior to your advice being sent or communicated?

The PRESIDENT—No. I wrote to the chairman of the Privileges Committee—that is you—advising you of what I had done, because I thought it was important and maybe of interest to the Privileges Committee.

Senator FAULKNER—I am sure it is. Were all the advices of the Clerk given? How many advices did you say there were on this, Mr Evans?

Mr Evans—I think there were four in total.

Senator FAULKNER—Were all those advices forwarded to the Senate Privileges Committee?

The PRESIDENT—I am reminded that none of the Clerk's advices were sent to the Privileges Committee. But I wrote to the Privileges Committee informing you of my action in sending that advice to the president of the upper house in Tasmania.

Senator FAULKNER—Was there any particular reason why the advices themselves were not forwarded along with your letter, for information?

The PRESIDENT—No. I am more than happy to provide those to the Privileges Committee, which will have them shortly anyway.

Senator FAULKNER—Eventually. But let's be clear: whatever may or may not be tabled at a Senate estimates committee is different to a formal and, one hopes, courteous communication to the committee on privileges.

The PRESIDENT—Well, I thought it was right to let the Privileges Committee know that this issue had concerned me. I sought advice from the Clerk and sent it off to my fellow presiding officer in Tasmania, and I was informing the Privileges Committee of that action.

Senator FAULKNER—I would respectfully suggest that, given the interest the Senate Privileges Committee has in these matters, perhaps in the future the Clerk's advices on such issues would be of interest.

Senator ROBERT RAY—Just going back to the correspondence that has been tabled, I note that in Mr Nairn's letter to you, Mr President, in the second paragraph, he says:

I note that this matter has also been raised a number of times during Senate Estimates, during which Opposition Senators have indicated their support for the proposal.

Did you inform Mr Nairn of this?

The PRESIDENT—I do not know where he got that from.

Senator ROBERT RAY—No. It is a bit of a mystery. People have raised, from time to time, the diligence or otherwise of Black Rod in censoring this or that. Can anyone at the table remember opposition senators asking for this entitlement to be transferred—or anyone behind you, for that matter?

Mr Evans—No, I do not recall any occasion. As I have said, the department has been aware for a long time that proposals were being developed in government to change this entitlement and to transfer it to the administration of government.

Senator ROBERT RAY—You would agree, Mr President, that the thrust of your letter goes to newsletters—

The PRESIDENT—Yes.

Senator ROBERT RAY—not to the printing of stationery, but suddenly, in the second sentence on page 2 of your letter to Mr Nairn, it becomes a 'newsletter and official stationery allowance'. I am unclear why, when everything was running smoothly there—where there were quite differential amounts of demand—that part has changed, why that came into the

equation. If you had just transferred newsletters to begin with, you would have got far fewer gripes around the building.

The PRESIDENT—I think that that letter of mine also gives a cost for freighting of \$60,000-odd.

Senator ROBERT RAY—It does not quite, and that is why I did not raise it. It is a slightly different answer to the question I raised. The answer to the question I raised might have a little more money involved. This does not quite answer that, so I was just leaving it for you to take that part on notice so we can get an accurate figure. You see, it says 'stationery', not 'newsletters'. When I go back to that paragraph, it says 'the cost of freighting senators' stationery'. I am not sure whether or not that includes newsletters.

The PRESIDENT—I presume that would be letterhead and whatever.

Senator ROBERT RAY—I would assume that is letterhead, envelopes and that sort of thing. Anyway, we will find out in due course.

The PRESIDENT—As you can see, my memory is not as good as it should be, but this issue goes back to 2001.

Senator ROBERT RAY—Yes—it has been around for a long while.

The PRESIDENT—I have a copy of the *Hansard* of 24 May 2004, when the matter was raised by you. I do not know whether you want to have a look at this.

Senator FAULKNER—I note that, on 25 November 2003, Senator Abetz, as the Special Minister of State, considered the matter closed. At the end of this letter, it says:

With the successful resolution of the matter I doubt that much would be served by proceeding to a formal memorandum of understanding.

He said that in the context of thanking you and the Department of the Senate for cooperation. On 25 November 2003, he described the matter as successfully resolved. He got that wrong, didn't he?

The PRESIDENT—Yes.

Senator ROBERT RAY—I think you will find that the thrust of my argument was to just get rid of the printing allowance for the Reps and the Senate, to put it in context. Although, I have never been concerned, and I am still not particularly concerned, about abuses in the Senate. I think the House of Representatives printing allowance is the one remaining massive port available in MPs' entitlements. The fact that it is now capped is good, but the lack of supervision is a worry.

The PRESIDENT—Getting back to that particular exchange in May 2004, on reading that the minister could have been excused for thinking that the opposition was supporting the proposal.

Senator ROBERT RAY—I do not know how he would interpret it that way, because you have to read it in its totality. It is one line. All of this could have been solved. It costs you only 30c. In fact, it would not even cost you that. You could have picked up the phone, rung Senator Evans and had a discussion. You could have raised it at one of the scheduled Staffing and Appropriations Committee meetings. You think that we are a paranoid bunch and that we

think there is some conspiracy here, but I doubt that there is a conspiracy. But it would have been nice to have been consulted, like we have been on many other issues. This is a classic example of why it looks like it is cooked up in the coalition party room and everyone else is excluded. I do not know—maybe we would have agreed. Certainly we would have put a different proposition to you. We may have agreed with the transfer of newsletters but not stationery, but also agreed with you on outsourcing all stationery. We probably would have, but you did not give anyone a chance.

The PRESIDENT—It was an issue that came to me that had been on foot since 2001 and I just progressed it, I thought. As you quite rightly pointed out, we thought it was all solved in 2003, and now—

Senator ROBERT RAY—Yes, but on other occasions, when things have been transferred—money may be transferred out of the Senate to ParlInfo or money may go to the digitisation of things—the Staffing and Appropriations Committee were consulted. They were consulted on the security matters. So when you are transferring a power or a program out of the department to some other department, it is not just a question of courtesy; it is actually good self-protection and commonsense to raise it and consult about it. It is not a big deal, but you may have got back some feedback that slightly changed where the emphasis was. As I detect around the corridors, mostly in opposition but partly in government, it is not about transferring the newsletter in the way you have; it is about sending out all of the rest of the stationary entitlement and amalgamating it in, including the Christmas cards, business cards and everything else. It does not look like such a good deal any more for a lot of backbenchers.

I would like to raise two or three small issues now. I always ask for an update on the progress of the *Biographical Dictionary*, volume No. 3, so I would like to do so again. I have read what was in the annual report.

Mr Evans—Volume 3 is well in hand.

Senator ROBERT RAY—Yes. Speak to me about possible dates.

Mr Evans—Early next year.

Senator FAULKNER—Who will publish volume 3? Has that been finalised yet?

Mr Evans—Yes—we hope that the University of New South Wales Press will publish it.

Senator FAULKNER—You hope?

Mr Evans—Yes.

Senator FAULKNER—So it has not been finalised?

Mr Evans—It has been finalised, yes. We have agreed with them to publish it but, of course, many things can go wrong in publishing, as I well know.

Senator FAULKNER—MUP did the first two, didn't they?

Mr Evans—Yes.

Senator FAULKNER—That is a change.

Mr Evans—Yes, it is.

Senator FAULKNER—In making the change in these things, are you trying to ensure that the volumes keep some sort of consistency? This is always a difficulty, it seems to me, with a change of publisher.

Mr Evans—Yes, it is. Yes, we certainly hope that it will still look like a series and that volume 3 will look like the other volumes and be of no less quality.

Senator FAULKNER—I hope we can do more than hope on that front, seriously. It would be extremely disappointing if we cannot maintain the same quality and at least general appearance, size and shape et cetera so that it looks like a genuine series of volumes, which is what we have been trying to achieve.

Mr Evans—That is what we aim to do.

Senator ROBERT RAY—How is the House of Repts dictionary of biography coming along?

Mr Evans—I have not heard of any such animal.

Senator ROBERT RAY—Did I read in the annual report that you are contemplating volume 4 now?

Mr Evans—Yes, certainly.

Senator ROBERT RAY—Is that because of the rapid turnover in senators?

Mr Evans—Yes, this is true. The further forward in time you go, the more senators you have. That is certainly true.

Senator ROBERT RAY—What has happened with the Richard Baker Senate Prize this year? Do we have an announcement on that?

Mr Evans—It is still in progress, I think. The entries are still being examined.

Senator FAULKNER—I cannot comment. I am on the judging panel.

CHAIR—Members of the House do not believe that there is such a prize.

Senator FAULKNER—I am not at liberty to say, but I am on the judging panel and it has not been finalised—I can at least say that if that assists the President. I do not think the panel has concluded its work.

The PRESIDENT—No, they have not.

Senator ROBERT RAY—Who has the Senate Fellowship for 2006-07? Do we have a Senate Fellowship this year?

Mr Evans—It does not go on a yearly basis. It is an ad hoc, occasional thing. There is not necessarily only one. There can be two people doing fellowships at the same time. Basically, it just involves a person being given access to some facilities of the department in order to do work on parliamentary matters.

Senator ROBERT RAY—Do we have anyone going around at the moment?

Mr Evans—Professor John Halligan is the Senate fellow at the moment.

Senator ROBERT RAY—What is the speciality of his research this time around?

Mr Evans—Parliamentary committees, I believe.

Senator ROBERT RAY—How long has he been doing that for?

Senator FAULKNER—If he is particularly assiduous he will read about this in the *Hansard*.

Mr Evans—He has been a Senate fellow for about two years.

Senator ROBERT RAY—I see. So he is the one that is mentioned in the annual report?

Mr Evans—Yes. And his work is imminent.

Senator ROBERT RAY—Not very good.

Senator FAULKNER—It may be better to raise this with DPS, but I want to briefly ask you, Mr President, whether there has been any response to the concerns that were raised by Senator Stephens late in the last sitting week about the protest material being brought into the parliament. It might be better to raise this elsewhere, but I am raising it here in case you had sought advice from the Clerk or otherwise.

The PRESIDENT—I have had a reply from DPS on that issue and I have written to Senator Stephens about the matter. I am sure you can raise the issue with the secretary later today.

Senator FAULKNER—I will deal with it then. Thank you.

Senator ROBERT RAY—Have we got a copy of the letter to Mr Wing yet?

Ms Griffiths—Mr Chair, if it is appropriate at this stage, I have got a couple of other answers for you.

CHAIR—Sure.

Ms Griffiths—The freight cost for senators' newsletters and stationery in 2004-05 was \$57,000. Last financial year, it was \$49,000. And the Christmas cards last year cost \$47,000. We would anticipate those as savings that we would make now.

Senator ROBERT RAY—The 'Senate scrooge' has a certain alliteration, doesn't it!

The PRESIDENT—Chair, I now have here all the correspondence—the advice I received from the Clerk.

Senator ROBERT RAY—That is helpful, thank you.

The PRESIDENT—And the original letter that I sent to the President of the Legislative Council on 9 October. It was copied to the chair of the committee as well.

Senator ROBERT RAY—You can now answer my question about whether the letter was sent anywhere else.

The PRESIDENT—It was copied to the chair of the committee.

Senator ROBERT RAY—A Mr Paul Harriss.

The PRESIDENT—Correct.

Senator ROBERT RAY—Why would you copy a letter to him rather than let President Wing send one on to him?

The PRESIDENT—It was his committee that was—

Senator ROBERT RAY—Yes, I know that: it was his committee. But why would you not let the President of the Legislative Council send your letter on to him rather than you sending one directly?

The PRESIDENT—I thought it was the appropriate thing to do—to send it to the president and to the chair of the committee.

Senator ROBERT RAY—Why would it be appropriate? I would think it was inappropriate. I think it is inappropriate that you sent one to the president of the legislative council, but I can at least understand it. But why would you send one off to some chair of a committee—do you know the chair of the committee?

The PRESIDENT—Yes, I do. I know all the members of the committee.

Senator ROBERT RAY—Yes. That is basically my point. You know them all. You are involved with them all.

The PRESIDENT—Yes, but it is the upper house. It is an independent house, the upper house.

Senator ROBERT RAY—Is it? So Mr Wing and all these others are not members of political parties?

The PRESIDENT—Mr Wing is certainly not.

Senator ROBERT RAY—No, not at the moment anyway.

Senator FAULKNER—He is an associated entity, however.

The PRESIDENT—Nor is Mr Harriss.

Senator ROBERT RAY—We know the code down there; so do you. So, basically, all this is based on press reports, because you did not have any of the material in front of you?

The PRESIDENT—No. And I still haven't. No-one has seen the report.

Senator ROBERT RAY—Did you ask for it?

The PRESIDENT—Did I?

Senator ROBERT RAY—Yes. Before you commented on it.

The PRESIDENT—Well, everybody has asked for it but—

Senator ROBERT RAY—I said: did you?

The PRESIDENT—No, I did not.

Senator ROBERT RAY—So not everybody asked for it.

Senator FAULKNER—Everybody except you.

Senator ROBERT RAY—I just find it so strange that, there you were, asking the Clerk for advice on an issue and then sending the correspondence. I do not find it strange that you asked for the advice; you should be on top of privileges matters right around the country. It does affect us, especially when it goes to the courts. But then you send off a letter, on a very

partisan matter that involves your own political party and your own state, for the first time ever. Don't tell me that is a coincidence.

The PRESIDENT—Well, if you look at the advice the Clerk gave me, why wouldn't you send it on? Because it does raise serious—

Senator ROBERT RAY—Because it is none of your general business to do so. That is why not, Mr President.

The PRESIDENT—That is your opinion and I—

Senator ROBERT RAY—I am entitled to put the opinion when you do not send letters off to everyone else around the country, only to your own political backyard.

Mr Evans—Chair, when the question was raised with me, I did make inquiries about whether the source of the Solicitor General's advice was available and it was communicated to me by my counterpart in Tasmania that it was not available and would not be made available. It was not available to him, it was not available to anybody and it would not be made available. So we had to just proceed on the basis of public statements which had been made.

Senator ROBERT RAY—Do you think the article in the Hobart *Mercury* of 11 October was accurate?

Mr Evans—I do not have the article before me, but I do not remember any glaring inaccuracies in it.

Senator ROBERT RAY—It is accurate in part. It says:

The highly regarded Clerk of the Federal Senate ...

Well, we agree with that!

Mr Evans—That is an opinion.

Senator ROBERT RAY—Yes, but it is accurate. But it is not accurate to say that you delivered advice to the Legislative Council president, Don Wing, is it?

Mr Evans—No. It went via the President here.

Senator ROBERT RAY—Yes. So that part is inaccurate. And some of the other things you may have read about what Mr Bale's advice was might not have been accurate either.

Mr Evans—That is true. That was the basis on which the advice was provided—that it was difficult to actually ascertain what the basis of the advice was.

Senator ROBERT RAY—There is a sub-issue that came out of this, which is that some technical concern that led to the original forming of committees in the Legislative Council may have been incorrect. And you argued, I think, that the fact that parliament has been prorogued X amount of times and re-established invalidates that point. Is that right?

Mr Evans—I did not argue at all about that point. I simply said I did not know what that point was all about.

Senator ROBERT RAY—Yes—because it was unclear from the newspaper articles.

Mr Evans—Yes. You could not tell what the point was.

Senator ROBERT RAY—Finally, am I correctly remembering evidence to this committee, Mr Evans, in saying that this matter was raised with you by the President?

Mr Evans—Yes, that is correct.

Senator ROBERT RAY—Do you remember when? The President's letter went off—when?

Mr Evans—The material that has just been tabled will tell us that. It was 9 October. The President wrote to me on 9 October. I wrote back to the President on 9 October.

Senator ROBERT RAY—And then the President wrote to Mr Wing on 9 October.

Mr Evans—Yes.

Senator ROBERT RAY—He just posted the letter; or was it faxed?

The PRESIDENT—Faxed.

Senator ROBERT RAY—Yes, I bet it was. And you did not give it to the local paper, did you?

The PRESIDENT—No.

Senator ROBERT RAY—No. So there was a letter from you to Mr Wing and then it appears in the local paper, and you did not put it there. That narrows it down, doesn't it?

The PRESIDENT—If I recall, Mr Wing rang and asked if he could make my advice public and I gave him permission to do so.

Senator ROBERT RAY—Why was that?

The PRESIDENT—He obviously did not know whether I was willing to let him make public the fact that I had given him that advice. I presume that is why he rang. I said that would be fine: 'It's your advice and do it with it as you wish.'

Senator ROBERT RAY—Yes—put it in the newspapers, in other words.

The PRESIDENT—Well, I did not put it in the newspaper.

Senator ROBERT RAY—No. But, obviously, in effect you gave him permission to do so.

The PRESIDENT—The media did not involve me and did not contact me in any shape or form.

Senator ROBERT RAY—Not at all on this? That is because when Mr Wing gave it to the newspapers he must have alluded to the fact that he had advice from Mr Evans, when in fact he had advice from you which was based on advice from Mr Evans. He can't even leak it right, can he?

The PRESIDENT—I did not leak it.

Senator ROBERT RAY—Of course you didn't. No-one said you did.

The PRESIDENT—The Clerk has just indicated to me that Mr Wing quoted from the letter when the legislative council sat.

Senator ROBERT RAY—On that day?

The PRESIDENT—When they had the Launceston sitting on 17 October.

Senator ROBERT RAY—I see. So the reporter then went back in a time machine and wrote an article on 11 October based on that! I think not.

The PRESIDENT—Actually, I do recall the ABC did a brief interview with me here—because all this was happening while I was in Canberra—and I informed them that I got the advice and sent it to the legislative council.

Senator ROBERT RAY—When did you do an ABC interview on this?

The PRESIDENT—I think it may have been—

Senator ROBERT RAY—I am not interested in when you think it was; I want to know the date.

The PRESIDENT—I am just trying to think. It was after the 9th. I will check it. It was not on that particular day.

Senator ROBERT RAY—But was it before the 11th? Did the Hobart *Mercury* use you as the source?

The PRESIDENT—I will have to check on that.

Senator ROBERT RAY—The first time Mr Wing contacts you about this matter was about being able to release this publicly?

The PRESIDENT—Yes, I think so. He rang our office and asked if—

Senator ROBERT RAY—I said ‘the first time’.

The PRESIDENT—That was the first time.

Senator ROBERT RAY—That was the first contact you had with him. He had received your faxed copy—is that right?

The PRESIDENT—Yes, then he rang and asked if it would be okay to release it.

Senator ROBERT RAY—And you said, ‘Absolutely.’

The PRESIDENT—It was information. I gave it to him for him to use as he saw fit.

Senator ROBERT RAY—Exactly; that is my point.

Senator FAULKNER—Did you tell the Clerk of the Senate that it was likely that his advice would be made public? Did he provide advice to you on a confidential basis or with the understanding that it would be made public?

The PRESIDENT—No, it was not on a confidential basis. It was on a professional basis.

Senator FAULKNER—To your knowledge, was the Clerk of the Senate aware that the advice might become public? That does not necessarily alter, obviously, the nature of the advice.

Mr Evans—As with everything I write, I assume it may well become public at some stage in the future.

Senator FAULKNER—I know that is your assumption; you have told me that on many occasions. I am much more interested in the President’s assumption.

The PRESIDENT—That advice was given in good faith to the President of the Legislative Council and in the subsequent phone call I allowed him to use that in any way he chose. It was for the benefit of the upper house. Obviously he chose to use it when he quoted from it at the special sitting at the Albert Hall in Launceston.

Senator ROBERT RAY—As you indicated before, you have communicated your letter to Mr Wing and certain comments of your own to the Privileges Committee. Could I ask you to undertake to send the entirety of Mr Evans's opinions also to the Privileges Committee, because they were not appended. It might be helpful when that committee has a discussion on it—I do not think they are going to have a report on it—to have these as well, so they can see the substance, because some of the subsequent advices add to different aspects.

Senator FAULKNER—I think the President has already given a commitment to that.

The PRESIDENT—Yes, I have, and I think the Clerk has already indicated that things seem to change on the way through and therefore his advice changes as well.

Senator ROBERT RAY—It is just that the original correspondence did not have the advices attached to them. I think that would be helpful. I have no more on the Senate.

Proceedings suspended from 10.45 am to 11.03 am

Department of Parliamentary Services

CHAIR—Welcome. Those at the table would have heard the opening statement this morning, I think. We will start with general questions. Ms Penfold, could you give the committee a status update on the great leap forward which occurred at 6.30 am on 22 August when most of Parliament Drive became a one-way road? It has been a little over two months since that came into effect. I was wondering if you could give us an update as to how the implementation of that has gone and if there have been any particular highlights or lowlights of the change.

Ms Penfold—Thank you. As you say, the great leap forward took place at 6.30 that morning. We did quite a lot of monitoring at the time, in the first couple of weeks, and we have got a post-implementation review being done by our traffic consultant. We have a draft of that review. Our assessment so far would be that it has worked quite well in terms of traffic flow, by and large. Certainly, the congestion and the dangers that we used to have at the Senate and House of Representatives car park entrances have pretty much evaporated because now the cars queuing to get into those entrances have one lane and, in effect, there is a passing lane for traffic coming along behind them. That seems to be working well.

There is a bit of an issue still, I think, at the Melbourne Avenue intersection, partly to do with the fact that all the Melbourne Avenue traffic now has to wait. It always had to wait. It never had right of way, in fact, under the old arrangements, but now it all has to wait to turn right. That has caused some bank-ups at busy periods.

There is also an issue at Melbourne Avenue about the pedestrian crossing—the one on the eastern side of that intersection—because a lot of cars coming out of Melbourne Avenue and cars coming around Parliament Drive tend not to take too much notice of it. I know that there are a few people that have felt a bit worried by that. We have done some work already in terms of lighting and pruning the bushes that were obscuring the pedestrian crossing sign.

And we will be looking harder when we get the consultant's report at whether we need to do something in fact a bit more dramatic at Melbourne Avenue. The thing that occurs to me as a possibility is a roundabout, which would have a number of impacts—one is that it would slow down all the traffic around there—but would also give the Melbourne Avenue traffic priority, which would clear some of those bank-ups. My observation, at least, is that it would not create an equivalent problem around Parliament Drive, because there is not so much traffic coming around that way. That is one of the things we will be looking at, but there are other things.

There have been some issues to do with traffic not stopping at the stop signs at all three intersections with Parliament Drive. I do not think they have anything to do with the one-way road as such. People just tend to ignore stop signs. But it is certainly true, I guess, that people who do not stop at the stop signs do not then have that few seconds to think about making sure they go the right way. We have had a few cases, particularly at the Kings Avenue intersection, of people turning the wrong way and heading along what is now a one-way road the wrong way and giving a bit of a fright to people approaching. That one, again, we are still thinking about. It may be just that that is the way of the world with stop signs. It may be that a little bit more AFP enforcement activity will train people. It may be that we need to look at putting up some of those massive red-and-white signs that say 'Go back. You are going the wrong way.' We would prefer to avoid that, if we can, but if it is a choice between some ugly signs and some people getting run into then the choice is pretty clear.

CHAIR—We do not need the APS doing point duty just yet.

Ms Penfold—I will take that on board, Senator. There were, as I said, some issues, especially at Kings Avenue, with people turning the wrong way onto Parliament Drive. As a result, we put back the orange stick things that were sitting on the road, to make sure that people went the right way. We will need to look—and again this will all be part of the post-implementation review—at whether, on the basis that we do not particularly want to have those sticks sitting there forever, we need something a bit more substantial in terms of kerbing to make very clearly the point that people should not be turning left out of Kings Avenue. So overall I would say it has worked reasonably well and it has achieved most of what we were trying to achieve, perhaps all of what we were trying to achieve, but there are still some bits that need tweaking.

CHAIR—Would you say that safety has been enhanced as a result of these changes? Are the routes safer now than they were before these changes were implemented?

Ms Penfold—Sorry?

CHAIR—Is Parliament Drive safer now for traffic than it was before?

Ms Penfold—I think there are certain respects in which it is safer, yes. I think the impact of traffic entering and coming out of the car parks on the through-traffic has been improved—the safety aspects of that have been improved. I think there has also probably been an improvement in the safety of pedestrians because, almost universally now, they would be getting dropped off inside Parliament Drive and not have to cross the road anywhere around Parliament Drive. Similarly, the changes to the bus routes mean that people no longer catch the southbound buses from across the road on the Reps side. That again seems to be an

improvement to safety. I think probably all of those outweigh what we hope are the short-term risks of people coming upon someone accidentally driving the wrong way.

CHAIR—Sure. Does DPS keep statistics on traffic and pedestrian incidents on Parliament Drive?

Ms Penfold—Incidents?

CHAIR—Yes—accidents, bingles, people being skittled. Will there be the capacity in the post-implementation review to compare a period of time before with a period of time after the changes were made to see whether or not the road is in fact safer?

Ms Penfold—We have been keeping records, but not full time, because we cannot afford to have several people just standing and watching what is going on 24 hours a day. We have been doing observations in the last couple of months and we do have incident reports, in a sense, from those. I would have to say I am not aware that there have been any accidents in the post-implementation period, with the exception of a tour bus which went the wrong way until caught by the AFP. The bus then, as I recall, instead of accepting the AFP's offer of an escort out the next available exit, decided to turn round and in the course of turning round had an unfortunate encounter with one of the swipe-card access machines. That is the only accident that I am aware of. There are people behind me who know more about that, and they will no doubt let me know.

I am not aware of anyone being skittled, although I have had a couple of emails from people. As I said, there were complaints about the Melbourne Avenue pedestrian crossing from people worried about being skittled. But I would have to say that my understanding is there was not very much in the way of actual incidents in the past either. My own recollection from long before I came into this job is that there was one incident, quite some years ago now, where a person was hit crossing the road after a late estimates committee.

Senator ROBERT RAY—It was worse than that: they had to spend 365 days of sick leave and returned just in time for the next estimates! It was a bigger tragedy than you know!

Ms Penfold—I was not aware of that detail! So really I think any gathering of statistics would be a pretty unproductive exercise until we have 100 years or so to look at. If we have one accident in—

CHAIR—One year versus one year maybe.

Ms Penfold—Except that, basically, if you get none each year, that is not statistically very significant, I think. Indeed, as Mr Kenny just pointed out to me, it is a good thing if you get no accidents each year—

CHAIR—Indeed.

Ms Penfold—but it does not take you anywhere.

CHAIR—But one year would be significant if a number of incidents did occur in that year and it was a year after implementation.

Ms Penfold—If we got an increase, if we suddenly started seeing accidents and people being skittled, then, yes, that would be a real concern and we would have to have a very serious look at whether that was caused by the one-way road or something else.

CHAIR—That is being monitored?

Ms Penfold—Yes.

CHAIR—That would be fed in as part of it. Finally, on that: has DPS received any positive comments from any building occupants in relation to the new arrangements?

Ms Penfold—Yes, although I am not in a position to go through them in detail. Dating back to June, we started a survey on the new access arrangements—not particularly on the one-way road arrangements but on the bollards at the slip roads, the new pick-up and drop-off arrangements, and so on. That, in the end, was not closed off until shortly after the one-way road was implemented but quite some weeks after the announcements were made, and we got a number of comments coming back in the responses to that survey.

Senator FAULKNER—And all those people have been promoted, of course!

Ms Penfold—I do not even know where they came from—

Senator FAULKNER—Really?

Ms Penfold—so they may or may not have, but I do not believe it would have had to anything to do with their comments on the one-way road. In fact, we had some difficulties with the survey. It took us a little while to realise that the email in which the survey was sent out either was not getting to some of our groups of building occupants or was getting to them in a form that they could not easily fill in as an electronic survey, so we sent several further versions using different email addresses and different approaches. By and large, they were people whose surveys came in later, but that certainly did not include departmental staff because we have proper ways of contacting them by email.

CHAIR—I have a final question on this. Regarding the consultants who were doing the post-implementation review, was their advice sought before these changes were made or was the advice of other traffic consultants sought as to whether it was actually a good thing to do, that it was a sensible thing to do? Or was the brief to the consultants: ‘This is a change we would like to make. Please give effect to it.’

Ms Penfold—It was the same group of traffic consultants at both ends of the process. I think the brief was on the basis of: ‘This is what we think would be a useful thing to do. Can you see any problems with it?’ Step 2 was: ‘Can you provide us with the necessary work to implement it?’ That involved some negotiations with ACT authorities and the NCA, drawing up plans, getting material for the tender process and so on.

CHAIR—Was any independent traffic advice sought from consultants who were unlikely to be the beneficiaries of future work?

Ms Penfold—I am not quite sure what you mean by that. We would not be able to say at any point who would be likely to get the benefit in the future. From my point of view, the next time we need any significant advice from traffic consultants we will do at least a select tender and possibly something broader. They tend to be not very major contracts. It is hard to justify a fully-fledged tender process. But we will be testing the market in the future, which means that I do not think you would be able to look at any particular group of traffic consultants and say, ‘You have no ongoing interest, so you will be okay for this one.’

CHAIR—I just wonder whether this was put to the traffic consultants: ‘Give us your objective advice as to whether or not this would be a good thing to do.’

Ms Penfold—I do not know that it was put in quite those terms. As far as I am concerned, it was put to the traffic consultants that we would be relying on their advice and their name would be on it, and if it wasn’t anything they were comfortable signing up to then they should not be signing up to it—though I am not suggesting we said that in so many words.

CHAIR—Would they have had the expectation that, if there were to be changes, they would be consulting on those changes in the future?

Ms Penfold—Do you mean further changes?

CHAIR—That if DPS determined that there were to be changes—

Ms Penfold—Do you mean to the one-way road?

CHAIR—Yes—and those consultants recommended that there be changes, would they have had the expectation that they would have had an ongoing role in that work?

Ms Penfold—I cannot speak for them, obviously. My feeling is that, by the time we engaged them for this particular job, no, they would not have had any expectations that they would keep getting our work or even that they would keep getting the work on the one-way road. We had been using these particular consultants over an extended period but, not long before this, we had gone out to another group of traffic consultants for some work we wanted done on parking around the area. The reason we took on the firm that we did for the one-way road was that they had a familiarity with what was going on and they said they could do it very quickly and very cheaply. I think the figure at that stage was about \$8,000 for the initial advice. I think that, even at that stage, given that we had already started using other traffic consultants, they would have realised that there were no guarantees.

Senator FAULKNER—Your traffic accident figures obviously do not include bollard incidents.

Ms Penfold—No, they do not.

Senator FAULKNER—Why would that be? When your car is impaled by a road bollard, isn’t that a traffic accident?

Ms Penfold—I do not think that is part of the one-way road aspect. We do have a separate list of those statistics, but those bollards were in place for eight months before we went to a one-way road and I do not think you can blame the one-way road for them.

Senator FAULKNER—I am not blaming the one-way road for the bollard accidents. The one-way road might have caused this one bus problem—

Ms Penfold—Yes.

Senator FAULKNER—and then there is another set of incidents. So let’s talk about the incidents that are not related—

Senator ROBERT RAY—I have not finished with the one-way road yet.

Senator FAULKNER—If we have not finished with that, certainly proceed.

Senator ROBERT RAY—In terms of the pedestrian crossing—

Ms Penfold—At Melbourne Avenue?

Senator ROBERT RAY—Yes. I have seen two incidents there already. The problem is occurring when traffic already on the road, going round, see people ready to make a right-hand turn. They accelerate to go round, they keep their eye on that person to see whether they are going to cut in and when they snap their head up there is the crossing and it is too late. They go through the crossing and cut off pedestrians. That is the problem and it is a real problem, and I am glad you are alert to it.

Ms Penfold—Okay.

Senator ROBERT RAY—Secondly, is there any evidence to back up my feeling that the amount of through traffic using Parliament Drive has dropped off? It seems to me that far fewer people are continuing using it as a short cut.

Ms Penfold—That would be my perception too, but I do not have any figures to back it up.

Senator ROBERT RAY—I really cannot understand why we still allow parking on the road. There are at least three areas where hire cars park—admittedly, everyone pulls out to go round them.

Ms Penfold—What do you mean by park?

Senator ROBERT RAY—They just park there, waiting for a call up somewhere. These are not Comcars.

Ms Penfold—Is the driver still with the car?

Senator ROBERT RAY—Yes, but they are using it as a parking bay. There is usually only a group of two of these at three parts of the building. It seems to me that there is enough other parking around—the ministerial end or the public car park—for those hire cars.

Ms Penfold—I do not know whether those are hire cars that are part of the Comcar shuttles.

Senator ROBERT RAY—I would not think so, because if they were in the shuttle they would join the shuttle queue.

Ms Penfold—No, because they do not have passes to get up the slip road.

Senator ROBERT RAY—I see. They might be. I just do not know—

Ms Penfold—So they might have to wait outside.

Senator ROBERT RAY—It is not a high priority but, if you do not know about it, I am just flagging it with you.

Ms Penfold—I do know that the hire cars wait down there sometimes to take their place in the shuttle, but I do not know about the other issue. We can follow that up.

Senator ROBERT RAY—I must say that I was wrong on this—that is, the entry—at the Appropriations and Staffing Committee. I do not know if it occurs with the Reps, but we have the wrong entrance now for the senators' car park. What is happening in the morning, at least, is that cars are coming in to go into the basement and buses pull up. No-one knows when the bus is about to pull up. Then they stop one-wide around there and people have to swing around dangerously all the time. I do not know what the cost would be—I think it would be

quite feasible—just to switch the entrances around so that you come in one entrance and go out the other according to the one-way flow. Then you do not have those people going around parked cars and parked buses and then turning left almost immediately in front of them.

Ms Penfold—I did have a look at that after you raised it in the Appropriations and Staffing Committee. The only thing that worried me about it—and I think that you are right; it would not cost very much to make that change—is that the cars entering the senators' car park would then have to turn in just immediately after the queue to enter the staffers' car park. I am not sure how well that would work. Certainly, from my own experience, I have found that it is handy to have that further area. You can come around the staffers' car park queue and then you have a bit more time to get back into that left lane before you turn into the senators' car park.

Senator ROBERT RAY—That is true. I have to say that I would rather turn in front of a staff queue that is not going on than one of those buses.

Ms Penfold—Than in front of a bus, yes.

Senator ROBERT RAY—It only happens to me once in 10 times but cumulatively it could prove to be a problem one day, because drivers do not really know. I am one who goes around and in, but a lot of people do not know. Anyway, you might take that into consideration.

Ms Penfold—We will look at that too in the review.

Senator ROBERT RAY—Finally, we have raised plenty of times before the feasibility of using the senators' car park as a drop-off thing. You were going away to have a look at that. Has that study been completed yet?

Ms Penfold—No, that study has not been completed. It is going to be done as part of a much larger review, which I think is also something you have suggested in the past, of the whole issue of where we are up to with our physical security and our associated non-physical security. We are working on that. We have some names of possible people to do that review, but it will be a little while before we get that started. That will be one of the things—

Senator ROBERT RAY—We will probably touch on that in later questions, so I think I will cede the floor to Senator John 'Bollards' Faulkner.

Senator FAULKNER—Traffic accidents that are not caused by the one-way road would include problems with the bollards—would that be right?

Ms Penfold—Yes.

Senator FAULKNER—Have there been a number of traffic incidents in relation to the bollards?

Ms Penfold—There have, yes.

Senator FAULKNER—How many have there been?

Ms Penfold—Eleven.

Senator FAULKNER—Can you indicate over what period of time?

Ms Penfold—The first one that I have noted on my list was 3 January and the last one was 17 October.

Senator FAULKNER—They are all this year, of course?

Ms Penfold—Yes.

Senator FAULKNER—Can you let the committee know quickly what the nature of these particular bollard traffic incidents was?

Ms Penfold—Do you want me to go through them one at a time or see if I can categorise them?

Senator FAULKNER—Just briefly, if it is all on one page—

Ms Penfold—Well, it is—

Senator FAULKNER—or would you prefer just to table the page?

The PRESIDENT—I think so. Quite a few of the incidents are driver related and not the bollards' fault, as you probably realise.

Senator FAULKNER—I am not surprised to hear that. I am not blaming the bollards for 11 traffic accidents—at this stage. So we might wait till we get and have a look at that page. We will go back to the traffic accidents relating to the bollards. Can you tell me whether you feel that things have improved with the bollards in terms of their mechanical operation?

Ms Penfold—I think they have improved in one sense. There are still too many incidents happening that are recorded as mechanical faults. A lot of them seem to be to do with the software rather than the mechanical operation and they are fairly easily reset. We are working with the project managers and the companies that installed the bollards and the people who run the software to work out some new processes for dealing with those. I think there have been some issues about whether the companies who ought to be responsible have been brought in at the right times on some of these and whether they are getting a chance to work out what the problems are. I think there are now not very many incidents that cause significant problems for people, but there are still perhaps more than we would like.

Senator FAULKNER—Okay. So what is the pattern of mechanical faults with the bollards?

Ms Penfold—Over the nine or 10 months, the pattern has steadied off at roughly a third being operator or user error and two-thirds bollard error, if you like.

Senator FAULKNER—Yes, mechanical error of some description—

Ms Penfold—Well, mechanical or software.

Senator FAULKNER—Either software or mechanical.

Ms Penfold—Yes.

Senator FAULKNER—So it is one-third operator, two-thirds mechanical or software—that is the proportion. What sorts of numbers of malfunctions or problems are we talking about?

Ms Penfold—We are up to, I think, just over 100. Yes, 104 in total.

Senator FAULKNER—Over what period?

Ms Penfold—Basically, going back to 1 January.

Senator FAULKNER—To now?

Ms Penfold—They were commissioned on 1 January. There was something minor involving a landscaping vehicle just before that, but basically our figures were kept from 1 January.

Senator FAULKNER—So there were 104 from 1 January to the present day. For that 104, are you able to give me, say, a month-by-month breakdown which indicates whether the number is reducing or whether it is pretty consistent?

Ms Penfold—Again, I could table the register if you would like.

Senator FAULKNER—Let's do that. We will come back to that when you have tabled the register. Let's change gear and go back to the vehicle incidents while that register is being tabled. The first incident was on 3 January, where a vehicle hit a card reader at the Reps entry. Has any cost been borne by DPS for this? The card reader had to be reassembled.

Ms Penfold—Not to my knowledge.

Senator FAULKNER—Are you checking that?

Ms Penfold—Yes, someone is. I am not aware that we have had to meet any costs until possibly August, I think, when the—

Senator FAULKNER—All right. On 17 January a bobcat hits a bollard at the ministerial exit. It says 'road loop adjusted'. Is that the mechanical work under the road?

Ms Penfold—That is my understanding.

Senator FAULKNER—On 16 February a vehicle hits a second set of bollards at the Reps entry with, it seems, minor damage. Would that be right?

Ms Penfold—Yes.

Senator FAULKNER—Does some of this damage cause a problem with the operations of the bollards more broadly—for example, the slip roads cannot be used, and the like? Is that sometimes an impact of these sorts of things?

Ms Penfold—Sometimes it is. When you get that second lot of reports that we have just tabled it also identifies how long the bollards are out of action in each case.

Senator FAULKNER—In fact there were two incidents on 16 February. It was a similar issue. A vehicle hit a second bollard at the ministerial entry. Again, on 4 May, a vehicle tailgating impacted with a bollard. I think I know what is meant by tailgating but could you just explain that to us?

Ms Penfold—In the ministerial wing there is a double space between the two rows of bollards. We have had a couple of incidents where a second vehicle enters that area in between the two sets of bollards when it should not. Then, when the first vehicle exits that area through the second set of bollards, the second vehicle does not get through quickly enough, for whatever reason, and then the bollards rise up and the two of them meet.

Senator ROBERT RAY—When you say it does not get through quickly enough, they are not supposed to get through, are they?

Ms Penfold—They are not supposed to be there. My understanding is that if they move fast enough behind the first vehicle they can sometimes get through.

Senator ROBERT RAY—But at the exit in the Senate—where there are not two sets, just the one—you will see two cars go through at once. But they are not supposed to, are they? I have been in one that has gone through.

Ms Penfold—They are not supposed to for their own safety. In terms of security, it is not such a big issue, but for their own safety they are not supposed to. We have a couple further down the list—

The PRESIDENT—There is a sign there that says quite clearly: no tailgating.

Senator ROBERT RAY—Yes, there is.

The PRESIDENT—That is what it is there for.

Ms Penfold—I should point out that I have just noticed on this first document we tabled—Senator Faulkner, you will notice it when you get to the bottom—that that last incident seems to be duplicated. So we really only have 10. That one—and possibly the fourth from the bottom as well—was a case where the Comcar tries to follow another car out and meets the bollards.

Senator FAULKNER—All right. So we had a similar tailgating problem on 30 May. Then on 28 July it says here that ‘bollards rose under a vehicle at the Senate entry’ and there was no damage to the bollard. God knows what happened to the vehicle. Do we know what happened to the vehicle? It was a tractor. A tractor driver missed activating the road loop.

The PRESIDENT—A free grease and oil change.

Ms Penfold—We will get that detail for you.

Senator FAULKNER—There was a Commonwealth car tailgating on 16 August. On 26 September a vehicle impacted. On 17 October there was another tailgating incident. Wasn't there an incident where a bollard actually rose under a Commonwealth car and left it high and dry?

Ms Penfold—I am not aware of an incident where the bollard, if you like, unprovoked rose under a car.

Senator FAULKNER—No. I am not saying it was unprovoked. I do not know how you provoke a bollard. But, I tell you what: if you can provoke a bollard, I will be able to do it.

Ms Penfold—I would not argue with that, Senator! What I was getting around to is that there have been incidents where the effect has been that the vehicle—because it has not got out fast enough and has not stopped where it ought to to wait for the bollards again—has found itself immediately above where the bollard is going to come up, at the time when the bollard has been activated because of the loop. So, yes, in that sense the position that each of them found themselves in was that the bollard was coming up, rather than the car hitting a raised bollard, which can also happen.

Senator FAULKNER—Exactly. How often has that happened? It has happened with a tractor, hasn't it? It has happened with a Commonwealth car.

Ms Penfold—For the Comcar ones, for instance—the ones with the exit bollards—you really need to watch the CCTV footage very carefully to decide whether, if you like, the car gets to that point before the bollards or the bollards are heading up at the point when the car hits them.

Senator FAULKNER—Given that we have had 10 incidents, and the most recent one was on 17 October—tailgating with a Comcar—are you satisfied that all necessary efforts have been made to ensure that Commonwealth car drivers and others who use the slip roads are well apprised of the way in which the bollard system works? I appreciate that there is signage. I think that is a good thing. As you pointed out earlier in the hearing, not everyone necessarily reads signage. It is reinforced, I assume, with Commonwealth car drivers and others who use the slip roads?

Ms Penfold—I believe the Commonwealth car drivers are receiving training. We have sent around a couple of circulars as well as actually having put up the signs. If you tell me that not everyone reads circulars, I will clearly have to agree with you. We have also done a couple of things aimed at, if you like, reducing the opportunities for these things to happen. One of those things is to install stop-go lights beside the second row of bollards at the entrances to the Senate and House of Representatives. We have also—again, I think, using signs and circulars—attempted to persuade people using the ministerial wing bollards, when they enter the space between the two rows of bollards, to stop at a line which is about halfway through. The aim of that, of course, is to make sure that there is no space for a second car to come in behind them. If no second car comes in behind them then we should not have the tailgating problem that we have had several times. So we have done some things. Whether they are enough or we need to think about an even broader range of things—we could perhaps run some commercials on the house monitoring system or something—I am not sure, but we can certainly keep looking at ways of drawing these things to people's attention.

The PRESIDENT—The Presiding Officers did release a film—didn't we?

Senator FAULKNER—You got that one wrong!

The PRESIDENT—We were looking at it—to use in a training exercise.

Senator FAULKNER—You might have been looking at it but you did not do it.

Ms Penfold—If I could explain, we were asked by the Department of Finance and Administration to release the CCTV footage of the first Comcar having an encounter with the bollards on the way out, on the exit slip road. We were asked by Finance and Administration to release that footage for their training purposes. The Presiding Officers were happy to do that, but they were concerned about ensuring that the driver involved would not feel that he was being unfairly targeted. We are waiting to hear back from Finance and Administration on that. If they come back to us on that and say it is satisfactory then, as the President said, we will release that footage.

Senator FAULKNER—It just strikes me that there is a continuing pattern. In relation to user and operator faults and the mechanical faults with the bollards, it looks like there has been a slight reduction over the year, from the documents that you have tabled.

Ms Penfold—I think that is right, yes.

Senator FAULKNER—It is still happening but perhaps not at as high a rate, with the 104 incidents.

Ms Penfold—It was 104 on 13 October. I have had pointed out to me that the 104 was to 13 October. That first table that you got actually runs to 18 October and that has one further incident on it, which is the 17 October one.

Senator FAULKNER—Anyway, it does seem from that that there is at least a pattern of a reduction. Whether or not it is statistically significant, I am in no position to judge. You are in the best position to judge the utility of the things and whether or not the hours that these things are out of service as a result of these incidents have reduced. Are you able to say?

Ms Penfold—Not off the top of my head. We work through these—

The PRESIDENT—In two-thirds of the incidents they were back in operation in less than 15 minutes.

Ms Penfold—Yes. It is not common that we have them out of service for a long period. When we do, we generally bring in the AFP people to monitor things. So it is not that either the building is being left completely unprotected or people cannot use the slip roads.

Senator FAULKNER—Have we made any progress on which pass holders ought to be able to activate the bollards?

Ms Penfold—We have made some progress. The security management board has finalised a draft policy on passes more generally which includes proposals to limit slip road access to a number of groups of pass holders. Even for the pass holders who keep their slip road access, a number of them will be cut back to only one entrance rather than all three. That draft policy is with the Presiding Officers at the moment and I believe they are hoping to discuss it with the joint house committee in December or at the next meeting.

Senator FAULKNER—So currently we still have a situation where all parliamentary photographic pass holders can access the slip roads?

Ms Penfold—At the moment, yes.

Senator FAULKNER—And we will see where this new proposal goes in December at the earliest?

Ms Penfold—Yes.

Senator ROBERT RAY—Do you have the capacity to know who has accessed the slip roads? In other words, you might have 7,000 out there and your review in December may reduce it to 2,000. But if you have the capacity to know that 1,000 of those in the previous 12 months never used it you could withdraw the capacity. Every time they do that, does it record who they are?

Ms Penfold—My understanding is that it does, although again I could be corrected on that. But my understanding also, as with the swipe things at the entrances, is that it is quite a performance to get the information out. We certainly could do that. We are only 10 months in so far, but I guess we could do that.

Senator ROBERT RAY—I thought the other way of approaching it would be that obviously Comcars and the AFP have to have access, but you could do it by application for anyone else. That will reduce the amount of access enormously. People just will not fill it out because they cannot be bothered.

Ms Penfold—That is certainly something we can look at as well. I will pass on now something that I have just been advised about. When the bollards were raised under the tractor, the tractor was not damaged.

Senator ROBERT RAY—On a related matter, how are the changes to the security screening as announced on 14 July going?

Ms Penfold—Again, I would say that they are working generally well. You would probably have observed that we have a much reduced number of indications as people walk through, so we do not have the hold-ups that used to occur when up to one-third of people coming through those things set off the machine and then had to be hand screened.

It is down to something like two or three per cent, instead of 30 per cent, activating the detectors, and mostly those are able to be resolved quite easily. People go back through, take their phone out of their pocket and come in again and it is fine. Very occasionally, we do have to take people away for secondary screening. When we trialled it—and we are not keeping such detailed records at the moment—over four weeks, which was two sitting weeks and two non-sitting weeks, I think we had two cases where we had to do secondary screening.

Senator ROBERT RAY—There was some confusion about your circular; you had to recirculate it, didn't you?

Ms Penfold—There was a first circular and then there was a later one, yes.

Senator ROBERT RAY—Why was there a need for the later one? You say, 'I apologise for any confusion.' Where was the confusion?

Ms Penfold—I cannot remember, but if I dig it out I will.

Senator ROBERT RAY—Wednesday, 19 July.

Ms Penfold—I think, off the top of my head, the main issue in the first one was that it did not—in my view, at least—pay proper regard to the very special position of senators and members, who should not be excluded from the building in pretty much any circumstances.

Senator ROBERT RAY—Yes. Then there was the article in the *Age* of 23 July headed 'MPs face strip search in security crackdown'. Would you like to respond to that?

Ms Penfold—I do not know that I have a copy of the article, but if you want to read me some of the salient bits—

CHAIR—I have a spare.

Senator ROBERT RAY—We have both got copies.

Ms Penfold—This, as with a couple of the others, was perhaps a misreading—well, not so much a misreading as a beating-up—of the story.

Senator FAULKNER—Has there ever been a strip search of anyone conducted here at Parliament House—of anyone?

Ms Penfold—Not to my knowledge. But a strip search is only one of the more extreme methods that we might have to go through if we had a person who was clearly carrying a lump of metal somewhere and we could not work out what it was and they were not able to persuade us. I said that when we did the trial on this we had two incidents of secondary screening, and secondary screening is what we call it when we take people away from the entry area and try to work out what it is that is setting off the walk-through metal detector. In those two cases, my understanding is that the person involved had a metal hip implant; once he was taken somewhere private he was able to explain that to the security guards and they were able to confirm their view that this was just a metal implant and there was not a problem. My own understanding of the procedures as we have put them together is that a strip search would be a highly unlikely alternative to a pat-down search, because basically with a pat-down search you can sort out most of the concerns.

Senator FAULKNER—There have been no strip searches. Have there been any pat-down searches?

Ms Penfold—I would have to get advice on that.

Senator ROBERT RAY—You are not looking for knives, are you?

Senator FAULKNER—We might get to that later. I can assure you I do not want to be the one responsible for patting down Senator Heffernan, if that is what you are insinuating!

Ms Penfold—He might enjoy it!

Senator FAULKNER—He might, but I would not.

Ms Penfold—I am advised that there have been some pat-down searches, but we will have to get you the exact numbers.

Senator FAULKNER—Who is authorised to undertake those searches?

Ms Penfold—They would be undertaken by PSS officers—a PSS officer who is of the same sex as the person being patted down and who has been trained. As for the basic authorisation, they would only be done with consent.

Senator ROBERT RAY—I have one final question on this area. When the dual system was set up it was agreed that between eight and nine in the morning the overflow from the staff one could go through the senators' entrance. I do not notice that happening much any more. I assume that it is the same on the Reps side. They are pretty underutilised in there. Is there any reason for that? There has been no direction saying, 'Don't divert them through the senators' one,' or—

Ms Penfold—There has certainly been no direction to that effect. I suspect that the PSS officers do not do it unless they see a fairly significant queue building up. But I would need to follow up whether there is any particular policy on that. But certainly there has not been a direction not to.

Senator FAULKNER—Is it true that a longstanding Commonwealth deputy secretary put in a workers comp claim on the grounds of nervous shock after a near-impaling bollards incident? This has been referred to by two media outlets around August or September of this year.

Ms Penfold—That has not been brought to the attention of DPS. I cannot say whether it is true or not but it has not been brought to our attention. In a sense there is no reason why it should.

Senator FAULKNER—You are quoted as not confirming the rumour in one of the press reports, so I thought you would be aware of it.

Ms Penfold—I did not confirm it, because I did not know. As I said, it has not been brought to our attention. It may or may not be true.

Senator FAULKNER—So you are not aware of any outstanding compensation claims in relation to any incidents relating to the operation of the bollards at all? Or are you just not aware of that one?

Ms Penfold—I have heard rumours, as we all do. I do not have a clue whether the things I have heard rumours about are outstanding or resolved. But I do not have any official knowledge. I do not think the rumours I have heard are of any particular use to you.

Senator FAULKNER—No, I do not want to deal with rumours anyway. I am only interested in whether you have any formal notification of any such matters.

Ms Penfold—No, none.

Senator FAULKNER—On a similar issue, one thing that was of concern to me was to read of a suggestion that there had been major problems with the vaccinations that took place at Parliament House in 2005. Can you indicate to this committee whether there have been any issues relating to the vaccinations that were undertaken in Parliament House and, if so, what the consequences have been?

Ms Penfold—This is another area where I think we stray very quickly into rumours. But there are some facts. Two members of DPS staff have had illnesses which were possibly associated with the 2005 flu vaccine. In one case, Comcare accepted that, on the balance of probabilities, the illness was related to the flu vaccine and therefore accepted the claim. In the other case I believe the staff member involved did not make a Comcare claim and so the matter was not tested any further. Then later this year, I think after the 2006 vaccines were given, some rumours surfaced about a broader set of problems associated with the 2005 vaccine. Two more staff members initially put up their hands and said, 'I have been sick lately and I think it might have been to do with the flu vaccine.'

I believe that one of those people was vaccinated at Parliament House but the other one was not—the other one had the 2005 vaccine through her GP. Those two people were invited to provide us with some evidence that we could get to work on, and we have not had anything more. So we are in a bit of a difficult position in terms of where we go from here. As I say, there are rumours around but nothing we can get a handle on to follow up.

Senator FAULKNER—I do not want to deal with rumours but, it seems to me, if a Comcare claim has been accepted in terms of this vaccination link in 2005, that it is a bit more solid than a rumour, isn't it?

Ms Penfold—That one is, Senator, but the illness that was accepted, as I understand it, was a rare but known risk of the flu vaccine. Every one of us who signs up to have it is taking that risk, and this was the one in 100,000 or whatever that comes good.

Senator FAULKNER—I am not worrying about the excuses or anything at this stage. I am trying to get a handle on whether there is a problem and, if there is a problem, the extent of it. I am not interested in the rumours or any of the excuses, just factual understanding of what the situation is, basically, in terms of adverse reactions to flu jabs that were given or provided here in Parliament House. Were the flu jabs provided by DPS?

Ms Penfold—They were provided at our instigation by Health Services Australia.

Senator FAULKNER—Did DPS encourage its employees to receive a flu vaccination?

Ms Penfold—There was no, if you like, official encouragement by DPS that people should have vaccinations. Indeed, when the 2006 ones came up, I made it very clear through newsletters and so on that there was no departmental expectation that people would have them and that no-one was to be disadvantaged through choosing not to.

Senator FAULKNER—But you did that because of the problems in 2005, didn't you? That is indicative that there was a problem in 2005.

Ms Penfold—No. It was because I had heard suggestions—again, rumours—that there were some supervisors who were apparently putting pressure on staff.

Senator FAULKNER—Has that been checked out? I have heard that, too. I do not know whether it is a rumour or not. I have been told that DPS employees were strongly advised, requested, encouraged, forced, or whatever word you want to use, to have a flu vaccination.

Ms Penfold—All DPS employees?

Senator FAULKNER—No. Some. I have been told that, too, and I do not know whether it is right or wrong. I was hoping you might be able to help me. Have you checked it out? You have obviously heard the same and you say they are rumours. You head up DPS and you have heard a rumour to that effect—have you done anything to check out whether it has got more substance than just a rumour?

Ms Penfold—We have not done any sort of across-the-board call for evidence or whatever. The overall matter of health issues associated with the flu vaccine and perhaps more broadly did come up in a recent consultative forum meeting—that is our meeting with staff and union representatives. As a result of that meeting, we did ask the staff and the union representatives to pull out anything that they could in terms of things that we should check or chase or follow up. That was what then brought out the second group of two employees, with the general health problems, but it did not elicit any, if you like, hard or even soft evidence, as opposed to general fluff about the suggestion that some people had been pressured to have the vaccine. I do not personally think there is a lot to be gained by lining up every staff member and interrogating them about whether they felt pressured. I think they had open to them the possibility of raising that problem through their union or staff representatives.

Senator FAULKNER—I am not sure, necessarily, what the appropriate way of dealing with it might be. Without identifying anyone—I am not interested in hearing the name of the employee—are you able to explain to the committee how serious the medical consequences are in relation to one case that has been established?

Ms Penfold—I think that the medical consequences are reasonably serious on an ongoing basis. The thing we are talking about is Guillain-Barre syndrome. I am speaking very much as a layperson—I think it has to do with nerve functioning.

Senator FAULKNER—So we are talking about a very serious concern. Then there is another case. Do these statistics of two plus two staff members in DPS include non-ongoing staff members—in other words, those who have left the department or transferred from the department?

Ms Penfold—Former staff members?

Senator FAULKNER—Yes.

Ms Penfold—I think some of the people in that are now former staff.

Ms Missingham—It would include non-ongoing staff who were here on contracts who reported any health incident plus permanent staff members if there was a permanent staff member affected.

Senator ROBERT RAY—We are just talking about DPS. They were not the only ones to get the flu vaccine.

Ms Penfold—No.

Senator ROBERT RAY—There were Department of the Senate, Department of the House of Representatives and MOP staff employed in the building. Do you have any information on those? Were there any other cases?

Ms Penfold—There is nothing that has come to us in any hard form.

Senator FAULKNER—As to reactions to a possibly dodgy batch of flu vaccinations, are the effects immediate? Has anyone checked that medically? For example, could someone have a problem in a year or two? Do we know that? There is a duty of care on the part of DPS, it would seem to me, to get to the bottom of this, particularly when Comcare has found what the cause is and there have been a number of cases and a whole heap of other rumours, as you described them.

Ms Penfold—I think there is a duty of care on the part of DPS to ensure that the flu vaccine is offered by a reputable provider and someone who knows what they are doing in this area. As I said, we do not go out there and administer them.

Senator FAULKNER—No, of course not. I would not expect you to be out there jabbing members of your staff—not with needles, at least!

Ms Penfold—That is the first part of our duty of care. I think we are also obliged to make it clear, as I did this year, that no-one is expected to have a flu vaccine if they do not want to.

Senator FAULKNER—But you did not make that clear in 2005.

Ms Penfold—No, I did not, because it did not cross my mind that there might be a problem.

Senator FAULKNER—That was not made clear. Are you aware that a number of staff in DPS felt that they were pressured to have flu vaccinations?

Ms Penfold—As I said, I have heard those rumours.

Senator FAULKNER—Who tells you these rumours—members of staff or your staff?

Ms Penfold—Sometimes, yes.

Senator FAULKNER—What do you do about it? When you hear a rumour, do you try to get to the bottom of it or do you say, ‘That’s a rumour, so I’m not going to worry about it’?

Ms Penfold—I do try to get to the bottom of it, but not by lining up all 700 staff and interrogating them.

Senator FAULKNER—I do not expect you to. But if someone has come and said to you, ‘Here is a problem; this is an issue,’ you might categorise it as a rumour. But it is a serious problem and a pretty serious rumour.

Ms Penfold—As I said, we discussed this in the consultative forum. It was made clear that people who had issues of this sort that they wanted us to look at should pass them on to us. Personally, I think doing that through staff representatives and union representatives gives people a safer and less threatening way to make those claims, if they have real claims, than just going direct to all staff. We did that, and as I said we got some information out of that, but in the end that petered out too.

Senator FAULKNER—But you have only had two cases drawn to your attention officially directly drawing a link to the 2005 flu vaccination in this building.

Ms Penfold—Yes.

Senator FAULKNER—We have heard about the first one. Without, obviously, identifying people involved, what is the nature of the second one?

Ms Penfold—The second one is a bit vaguer. I think this is part of the reason it did not go to Comcare. The material, what I have seen at least, did not involve a diagnosis by the staff member’s treating doctor in terms of there being a particular problem known to be linked to flu vaccines. So the staff member had no medical advice suggesting that there was a link. We worked with that staff member and managed her return to work. There was a period when she was working from home and, gradually, she came back to work. I gather she did not see the need to put in a Comcare claim because of the way the claim had been managed, and so that was the end of that matter.

Senator FAULKNER—So there are two. And there are another two instances that you mentioned.

Ms Penfold—There are another two instances that were raised after the consultative forum meeting that I mentioned to you of people who raised the fact that they had been generally unwell on and off for the last 12 months, let us say. One of those people had had the 2005 flu vaccine through this building and one of them had had it through her own doctor. We invited

those people to produce some medical evidence that we could work with, and so far we have not got anything.

Senator FAULKNER—Are you saying to me that there are no other cases that you are aware of?

Ms Penfold—I am saying that, yes.

Senator FAULKNER—So are the three cases enough to concern DPS that there might be a pattern here? Has anyone sought further and better professional medical advice as to whether this represents a concerning pattern and what the consequences might be for other staff members who got the flu jab here in 2005?

Ms Penfold—I do not believe we have sought that information. I should say that, when you say three cases, we have one case that has been accepted as linked, on the balance of probabilities. We have one other case that certainly involved a problem but with no medical willingness to draw the link between the flu vaccine and the problem. We have a third case where we have had no medical evidence at all. This year I think we gave about 700 flu vaccines; I do not think I have the figures for last year. Once you look at it that way, we have one out of that number. It is something that as I say is a recognised if rare risk. I do not know what the rarity is—whether it is one in 10,000 or one in a million or what—but those ones have to come from somewhere. My own view is that at this stage we do not have enough evidence to suggest that there is a problem, and we do not have enough evidence for anyone to go away and investigate, in the sense that there is nothing to look at.

Senator FAULKNER—Are there reporting obligations on the department when these instances arise?

Ms Penfold—I think there are reporting obligations on the doctors.

Ms Missingham—We reported to Comcare.

Ms Penfold—To Comcare, yes.

Senator FAULKNER—So what have you reported to Comcare?

Ms Missingham—Comcare are assisting in the management of this case.

Ms Penfold—Of the one that has been accepted.

Senator FAULKNER—Yes, but I am asking: what have you reported to Comcare? I have asked if there were reporting obligations and you have told me there are reporting obligations to Comcare. Well, what has been reported to Comcare?

Ms Penfold—There are reporting obligations to Comcare when you have an incident. Unlike when someone falls down the stairs or whatever, you do not identify the incident immediately. As soon as we started seeing medical reports that raised that possibility of, in effect, a workplace connection, we would have had an obligation to report something to Comcare.

Senator FAULKNER—But are there further reporting obligations in this? I do not know the answer to the question. I am asking: has anyone checked out whether there are other obligations that DPS—

Ms Penfold—My understanding is that there is an obligation on the medical practitioner who draws a link to report this.

Senator FAULKNER—So the medical practitioner—

Ms Penfold—Bear in mind, Senator, we have no right to get our staff's medical records unless they choose to bring them to us and say, 'I want to make a Comcare claim.'

Senator FAULKNER—I know that; I am not suggesting you go round getting your staff's medical records. I want to make sure that you are fulfilling to the best of your ability the duty of care you do have in circumstances where we have heard of a number of cases of a link or possible link to a flu jab that has taken place in this building, and when I have been informed of other concerns that are not included here. I am in no position to make a judgement about what I have been told, except to ask you. I have also been informed—and it might be right or it might be wrong; that is why I ask questions about it—that people effectively were pressured by some senior members of staff to have this flu shot which went haywire for them. That is a pretty serious circumstance, and I am trying to get to the bottom of it.

Ms Penfold—I agree, Senator.

Senator FAULKNER—So what are the reporting obligations when one or more flu jabs go wrong, beyond the report in a specific instance to Comcare? If it is the obligation of the medical practitioners, who may not necessarily know—I mean, DPS have engaged them; you engaged a medical practitioner—

Ms Penfold—Sorry, Senator: it is the medical practitioner who is dealing with a genuine illness apparently linked to the flu vaccine.

Senator FAULKNER—Have you had any contact with the person responsible, the person you engaged to actually give the vaccinations?

Ms Penfold—We have had some contact. I do not have details here, but I would be more than happy to provide a proper, detailed outline of the way the events moved—who we contacted and so on.

Senator FAULKNER—I would appreciate that; that would be helpful for us in trying to understand what has occurred. In any formal sense, has there been a concerted effort in these circumstances to try and ensure that any person who might have been affected has been identified as such and, in that circumstance, possibly assisted by DPS? Has anyone thought to do that?

Ms Penfold—We have not done any sort of product recall. That is partly because I do not believe that there is enough evidence around to suggest that there was in fact a problem with the 2005 vaccine.

Senator FAULKNER—Do you have professional qualifications in this area, to make that judgement?

Ms Penfold—No, I do not have professional qualifications to make a medical judgement—

Senator FAULKNER—Well, how do you make that judgement? You are a lawyer, aren't you?

Ms Penfold—Yes.

Senator FAULKNER—It would be different if you were making a legal assessment, but this is a medical assessment.

Ms Penfold—I suppose what I am assessing is evidence. If there is nothing in the way of hard evidence or even, if you like, hard allegations as opposed to things that are passed over the tea trolley, and people will not come forward, sit down, tell us and get that recorded as their view, what are we going to ask the medical people to assess?

Senator FAULKNER—It is a question of whether people have been asked. I went through a range of issues: identification, support and the like. I do not even know whether the culture of the department is such that anyone who is in this situation would feel comfortable in coming forward and seeking assistance. I would be pretty doubtful that that would be the case. Nevertheless, I still suggest to you that there is a duty of care for all concerned. I have heard enough today and from people who have been either directly or indirectly affected, or who think they might have been or believe they have knowledge of it, for me to have sufficient concerns to at least raise them at this committee. I hope someone will consider following it through. At the end of the day, you can of course only deal with matters that are properly before you, and I accept that—I do not want anyone to deal with rumours—but on something as important as this, where the health and wellbeing of staff of DPS are concerned, you have to make every possible effort to ensure that you are doing all that you can to identify a problem if it exists and provide support in those circumstances.

Ms Penfold—I accept that. As I have promised, I will give you an indication of what we have done.

Senator FAULKNER—I will look at that when it comes through. I appreciate that.

Ms Penfold—If I might say so, Senator, if you have access to people who have knowledge, if they do not feel like raising it with the department, perhaps you could get something in the way of written—

Senator FAULKNER—The trouble with being a senator like me is that people provide information to you. It is often provided anonymously. I can make no judgement—and never have, before this committee or any other—as to the accuracy or veracity of information that comes to my attention. What can I do? I can ask questions about it—questions of you—and stress, as I do and which I have done today, this matter and, for that matter, any other matter. I do not expect you to deal with rumours that are just floating around the building but to try and get to the bottom of important issues. You know how these matters come to senators' attention. In this particular case, it originally came to my attention through a snippet on the Crikey website. I do not necessarily always assume that everything that I read on Crikey is accurate. You would have, no doubt, seen the online document on Crikey on 19 June 2006 which says, under the heading of 'Unsubstantiated tips and rumours':

There are a few people who suffered very adverse reactions/rare diseases following receipt of the flu vaccine given at Parliament House in 2005. Parliamentary Services senior management know and are keeping it quiet while trying to avoid liability.

You would have seen that—

Ms Penfold—I did.

Senator FAULKNER—on what is, in fact, Australia's most accessed online newsletter.

Ms Penfold—I did see it.

Senator FAULKNER—And, since then, have you had any response? Did you respond to Crikey and say that it was not true?

Ms Penfold—No, I do not respond to Crikey.

Senator FAULKNER—There it is. Anyway, I look forward to receiving that information.

Senator ROBERT RAY—We have a few minutes left, so I will ask a few quick questions. Did the President or—

Ms Penfold—Senator, if you do not mind, could I just correct one thing that I said earlier. This year, at least, there were 575 flu vaccines administered, not 700. I do not know last year's figure.

Senator ROBERT RAY—I draw your attention to an article in the *Courier Mail* of 16 June 2006, page 3, headed 'Ministers drawing straws to survive'. It makes reference to a series of bunkers to which ministers can escape in this building. Do you want to say that that is not true?

The PRESIDENT—I know nothing about them.

Ms Penfold—I think I did see this story. This is the one that referred to a briefing, I think, of ministers and parliamentary secretaries and it became apparent that the continuity of business plans or perhaps the emergency response plans being put together by the Department of the Prime Minister and Cabinet did not necessarily apply to every minister and parliamentary secretary. Was that the—

Senator ROBERT RAY—Basically it was saying that you have purpose-built bunkers in this building. This surfaces every year. I am just giving you a chance to say yes or no.

Ms Penfold—No, we do not have any purpose-built bunkers for ministers or anyone else.

Senator ROBERT RAY—So therefore the report that Mr Macfarlane, Mr Truss and Minister Brough have automatic access but—wait for it, this is tragic news, Mr President—Santo Santoro is not on the list is all based on the false presumption that you have bunkers down there?

Ms Penfold—We certainly do not have any bunkers and we do not have any lists of who will get into them. I do not know if anyone else has lists that draw distinctions between the groups you have named.

Senator ROBERT RAY—While we are on the subject of the basement, you had an evacuation drill on 4 October—

Ms Penfold—Yes.

Senator ROBERT RAY—and everyone on the Senate side—I was not here—was sent down to the basement, through the basement and out the other side. Is that a realistic evacuation? Does that presume that terrorists get lost in the basement? I am uncertain as to why people are not evacuated outside the building.

Ms Penfold—Senator, you may recall that in previous estimates hearings people have asked us about the possibility of a plane flying into this building—

Senator ROBERT RAY—Yes.

Ms Penfold—I have said this before, and it will not surprise you if I say it again: there is not a lot that we can do to stop someone flying a plane into this building. But it did occur to us, after we discussed this for a while, that there may be circumstances in which it would be worthwhile having evacuation plans that respond to that sort of threat.

Senator ROBERT RAY—Just to cut you short, this is a specific drill, not necessarily a standard procedure drill?

Ms Penfold—No, this is not a standard procedure. We were testing a particular approach to that sort of incident.

Senator ROBERT RAY—Fine. Do we have any plans for the replacement of the Parliament House telephone system? This is one that you inherited; you did not actually put it in.

Ms Penfold—Not that I am aware of—nothing at the moment.

Senator ROBERT RAY—If you do, this is one area in which you should consult, because people were never happy with the existing system. How are we going on the replacement of the cabinet chairs?

Ms Penfold—We have a sample chair. We have approved a design; we have let a tender; we have selected a supplier. We have a sample chair in the building which, in the course of this week, will be, as it were, accepted by someone from the Department of the Prime Minister and Cabinet, I think—

Mr Kenny—Yes.

Ms Penfold—who is the last person on the evaluation group who has not seen it. Once the full evaluation committee has approved that, we will put in the order and would expect to have them—ideally, some of them at least—before Christmas.

Senator ROBERT RAY—This is my last question because we are almost out of time. You put out a circular on parking enforcements in the parliamentary precinct. What prompted that? Have you had any feedback as to how effective that has been? It has been going for only about a week.

Ms Penfold—The warning period is now in place. We will not be issuing infringement notices. No notices have yet been issued. I suppose that what has prompted it—and it has been around for a long time—are several things. One is that we have locked up a lot of the parking in the Melbourne Avenue car parks by putting in the boom gates, and we have locked up a lot of it for pass holders, which makes it more important that the remaining parks in that area are used properly. There are a lot of 30-minute parks and so on, so that couriers, for instance, can get a park and run up to the ministerial wing.

Plus there have been problems in the public car park at the front—not so much to do with the ordinary three-hour parking, which is used mainly by tourists and to some extent by building staff, but things like parking in bus zones and buses parking in the wrong places and

so on. There is a variety of safety concerns and, again, we have put a group of both disabled car parks and short-term car parks up close to the doors. In order to make sure that those short-term car parks in particular were giving people proper access to the building, we decided to call in the ACT authorities to enforce those.

Senator ROBERT RAY—I think I will hold any other questions over to February.

The PRESIDENT—Are we finished?

CHAIR—Yes.

The PRESIDENT—Senator Faulkner raised an issue of Senator Stephens earlier today, and I indicated I had written to her last Friday. If you would like, I could table the letter for your information.

Senator FAULKNER—Thank you—I appreciate that.

Proceedings suspended from 12.31 pm to 1.32 pm

PRIME MINISTER AND CABINET PORTFOLIO

In Attendance

Senator Minchin, Minister for Finance and Administration

Department of the Prime Minister and Cabinet

Executive

Dr Louise Morauta, Deputy Secretary

Mr Duncan Lewis, Deputy Secretary

Ms Jenny Goddard, Deputy Secretary

Economic policy advice and coordination

Output Group 1

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

Dr James Horne, Office of Water Resources

Mr Paul Tilley, First Assistant Secretary, Economic Division

Social policy advice and coordination

Output Group 2

Ms Serena Wilson, First Assistant Secretary, Social Policy Division

Ms Leonie Smith, Assistant Secretary, Health and Ageing

Mr Shane Hoffman, Assistant Secretary, Indigenous Policy

Ms Jan Harris, Principal Adviser, COAG Human Capital

Mr Dominic English, Assistant Secretary, Education Branch, Social Policy Division

International policy advice and coordination

Output Group 3

Mr Angus Campbell, First Assistant Secretary, National Security Division

Mr Alan Henderson, Deputy Secretary, APEC 2007 Task Force

Mr Hugh Borrowman, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality Branch

Ms Rebecca Irwin, Assistant Secretary, Domestic Security

Mr Neil Orme, Assistant Secretary, Defence and Intelligence

Mr Richard Davis, Assistant Secretary, National Security Science and Technology

Dr Rob Floyd, Assistant Secretary, CBRN

Mr Terry Fahey, General Manager, Procurement and Legal Branch, APEC 2007 Task Force

Mr Andrew Harper, General Manager, Corporate Branch, APEC 2007 Task Force

Mr Stuart Page, General Manager, Venues, Logistics and Security Branch, APEC 2007 Task Force

Mr Ed Tyrie, Principal Security Adviser, APEC 2007 Task Force

Ms Jacqui McRae, Operations, APEC 2007 Task Force

Support services for government operations

Output Group 4

Ms Barbara Belcher, First Assistant Secretary, Government Division

Mr Peter Hamburger, First Assistant Secretary, Cabinet Division

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

Mr Robert McMahon, Assistant Secretary, Government Communications Unit

Dr Susan Ball, Assistant Secretary, Information Services Branch

Mr David Macgill, Assistant Secretary, Parliamentary and Government Branch

Ms Janette Davis, Assistant Secretary, Human Resources and Official Establishments Branch

Mr Peter Rush, Assistant Secretary, Awards and Culture Branch

Mr Alex Anderson, Assistant Secretary, Legal Policy Branch

Mr Robert Twomey, Chief Financial Officer

Mr Graeme Hope, One National Circuit Project Team

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Mr Steve Chapman, Deputy Auditor-General

Mr Warren Cochrane, Group Executive Director, Assurance Audit Services Group

Mr John Meert, Group Executive Director, Performance Audit Services Group

Ms Sheila Bird, Group Executive Director, Performance Audit Services Group

Mr Michael Watson, Group Executive Director, Performance Audit Services Group

Mr John McCullough, Executive Director, Assurance Audit Services Group

Ms Carla Jago, Executive Director, Assurance Audit Services Group

Mr Brandon Jarrett, Executive Director, Assurance Audit Services Group

Mr John Jones, Executive Director, Assurance Audit Services Group

Mr Alan Thompson, Executive Director, Assurance Audit Services Group

Mr Michael White, Executive Director, Assurance Audit Services Group

Mr Darren Box, Executive Director, Research and Development

Ms Rebecca Reilly, Executive Director, Assurance Audit Services Group

Mr Wayne Jones, Executive Director, Information Technology

Mr Colin Cronion, Executive Director, Performance Audit Services Group

Ms Fran Holbert, Executive Director, Performance Audit Services Group

Mr Paul Nicoll, Executive Director, Performance Audit Services Group

Mr Peter White, Executive Director, Performance Audit Services Group

Mr Steven Lack, Executive Director, Performance Audit Services Group

Ms Barbara Cass, Executive Director, Performance Audit Services Group

Mr Russell Coleman, Executive Director, Business Support Processes

Mr David Crossley, Executive Director, Performance Audit Services Group

Mr Brian Boyd, Executive Director, Performance Audit Services Group

Mr John Hawley, Executive Director, Corporate Management Branch

Ms Rachel Harris, Chief Finance Officer

Mr Kevin Caruana, National Technical Director

Mr Ron Richards, Director, Legal and Corporate Governance

Australian Public Service Commission

Ms Lynelle Briggs, Australian Public Service Commissioner

Ms Lynne Tacy, Deputy Public Service Commissioner

Mr Jeff Lamond, Merit Protection Commissioner

Ms Jacqui Curtis, Acting Group Manager, Programs
Ms Ngaire Hosking, Group Manager, Evaluation
Mr David Mylan, Acting Group Manager, Corporate
Ms Clare Page, Group Manager, Better Practice
Mr Patrick Palmer, Group Manager, Regional Services
Ms Georgia Tarjan, Group Manager, Policy

National Water Commission

Mr Ken Matthews, Chief Executive Officer of the National Water Commission
Mr Steve Costello, General Manager, Water Programs Group
Mr Malcolm Thompson, General Manager Water Reform Group
Ms Kerry Olsson, General Manager, Corporate Strategy and Services Group
Dr Colin Chartres, General Manager, Australian Water Resources Assessment

Office of National Assessments

Mr Peter Varghese, Director General
Mr Derryl Triffett, Assistant Director General, Corporate Services
Mr Patrick Keane, Director, Business Management
Ms Laura Rennie, Accountant, Corporate Services

Office of the Commonwealth Ombudsman

Prof. John McMillan, Ombudsman
Mr Ron Brent, Deputy Ombudsman
Ms Vivienne Thom, Deputy Ombudsman
Ms Mary Durkin, Senior Assistant Ombudsman
Ms Marilyn Prothero, Senior Assistant Ombudsman

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 Brien Hallett, Deputy Official Secretary to the Governor-General
Mr Gary Bullivant, Corporate Manager

Department of Prime Minister and Cabinet

CHAIR—We will start with the Department of the Prime Minister and Cabinet at output 3.3—the APEC task force. Welcome to Senator Minchin.

Senator Minchin—Thank you.

CHAIR—I am sure those at the table are well aware of the statement that is usually read out at the start of proceedings, so we will dispense with that. We will commence with questions on APEC.

Senator ROBERT RAY—I noticed an answer to a question on notice about the staffing of the APEC task force. Could we have an outline of where we are at today with that, because I think that answer may have been as of July, although I am not sure.

Mr Henderson—As of 30 September, the staff numbers in the task force proper totalled 172.

Senator ROBERT RAY—I understand that number is broken down between Canberra and Sydney—is that right?

Mr Henderson—Yes.

Senator ROBERT RAY—What are the relativities there?

Mr Henderson—For the PM&C task force, Canberra has 18 and Sydney has 154.

Senator ROBERT RAY—Where are the ones in Sydney located or are they spread out?

Mr Henderson—We are on two floors of 60 Margaret Street.

Senator ROBERT RAY—Is there an overall interdepartmental committee set up to coordinate this and, if so, what is the membership?

Mr Henderson—On the interdepartmental front, I should mention that that number of staff at 60 Margaret Street that I gave you relate to people employed by the Department of the Prime Minister and Cabinet in the task force proper. We are co-located with staff from the Protective Security and Coordination Centre in the Attorney General's Department and we are also co-located with a contingent of New South Wales Police.

The most senior official level committee we report to is the APEC executive committee, which is chaired by Dr Shergold, Secretary of PM&C. It includes the secretaries of DFAT, Attorney-General's, Defence, including the Chief of the Defence Force and, as from our next meeting on 8 December, the Secretary of New South Wales Premier's Department—or the Director-General he may be called—Dr Col Gellatly, will be joining us along with the Chief of the New South Wales Police, Commissioner Ken Moroney.

Senator FAULKNER—Given these circumstances, are you and your senior executives spending a reasonable amount of time in Sydney? I assume you are still based in Canberra.

Mr Henderson—No.

Senator FAULKNER—You are based in Sydney now?

Mr Henderson—I am based in Sydney. Obviously, we move around a bit, and a number of the staff do, of course. We are not just looking after the Leaders Week in Sydney; we have a whole series of meetings all around the country. Of those staff numbers I gave you which are allocated between Sydney and Canberra, the overwhelming proportion of their time is either spent in Sydney—

Senator FAULKNER—And your senior executives are based in Sydney now.

Mr Henderson—All of them.

Senator ROBERT RAY—Have you got an estimated cost? I am sorry I do not understand a lot about this but there is a series of APEC events happening around the country other than in Melbourne. Have you got a total budget cost for these overall meetings or any breakdown as to the individual meetings?

Mr Henderson—We have not got a breakdown for the individual meetings—we can give you that after the events maybe—but the aggregate budget for the PM&C task force is \$149.1 million. That figure is precise and it includes \$8.5 million of capital, and that is in 2006-07

dollars—in other words, it has been adjusted slightly for price and the efficiency dividend. So that is \$149.1 million for the task force in PM&C.

Senator ROBERT RAY—What was the efficiency dividend charged to you by the Department of Finance and Administration?

Mr Henderson—I am not across the detail of the amount but there was one.

Senator FAULKNER—Just ask Senator Minchin—he is sitting next to you. He will be able to help you with that one.

Senator Minchin—I will let you know, but keep up the good work.

Senator CHRIS EVANS—I have got the original press release: I thought it was \$122.8 million.

Mr Henderson—Over the course of the establishment of the APEC Task Force, some funds were transferred from the Attorney-General's Department to PM&C to cover the costs of accreditation.

Senator CHRIS EVANS—What do you mean by accreditation?

Mr Henderson—The system by which you get your access card, which is like a pass, to come to the event.

Senator CHRIS EVANS—So A-G's transferred that function to PM&C and you got the funding associated with it?

Mr Henderson—Yes.

Senator CHRIS EVANS—How much was that?

Mr Henderson—It was \$18.3 million. But to get back to the original question: the total cost for PM&C, which includes those transfers, is \$149.1 million. There is a figure for agencies, most of which is for Attorney-General's, and some which is being forwarded on to the New South Wales Police—that is of the order of \$143 million. Why I say \$143 is because it is not for me to be talking about precisely what the efficiency dividend and the indexation factors were for Attorney-General's. That comes to an aggregate of the order of \$292 million and is for logistics and security.

Senator ROBERT RAY—What is the \$8.5 million capital works? What is that program?

Mr Henderson—In fact very little of it has been spent and maybe not all of it will be spent. My colleague Mr Harper can tell you just how much of that has been spent.

Senator ROBERT RAY—What is it intended to be spent on?

Mr Harper—The \$8.5 million was for fit-out works in the Sydney office.

Senator ROBERT RAY—Is that for the task force fit-out?

Mr Harper—Yes, and IT equipment et cetera.

Senator FAULKNER—Is the rest contingency, basically?

Mr Harper—No, we can give you a breakdown.

Senator FAULKNER—It might be best to take it on notice. Do you have it there?

Mr Harper—No, not in detail. I can get it for you.

Senator FAULKNER—I would appreciate that.

Senator ROBERT RAY—In that budget of \$292 million, how much has been allocated for the hire of private security contractors as opposed to police and other public security officials?

Mr Henderson—We have an item in our budget for that but, as you may be aware, we have just put a tender out to engage those security contractors.

Senator ROBERT RAY—I was not aware you had just put a tender out, so I might rephrase the question. In the tender that you put out, how many people do you intend to have involved on the ground?

Mr Henderson—I assume the news report drew on that tender document and came to a total of 1,800. We need to bear in mind that what they did there was add up the indicative numbers for a whole series of events around the country. Whether we need 1,800 at the end of the day will depend on whether we have indications that 50 demonstrators might choose to disrupt the event or 500. Whether we need to engage them for six days or two days, again, will depend on our security assessments.

Senator ROBERT RAY—Presumably you will have to make a decision on how many in time to have each one of those security people security cleared. You are going to have to make a decision somewhat in advance. Do you know when, without revealing any state secrets?

Mr Henderson—The first cab off the rank will be the senior officials' meeting that we are supporting in Canberra in January. The next one will be the mining ministers in Perth in February.

Senator ROBERT RAY—I will not pursue the total cost of that if it is out to tender because it may give them an indicative figure.

Mr Henderson—The next time we are back here we will have finished some of the meetings. We are envisaging not having a national contract but in fact engaging security companies event by event. One company may win the business for more than one event.

Senator ROBERT RAY—Your biggest liaison effort, from a state point of view, is obviously the New South Wales Police, but you are also liaising with other states and police forces for these Canberra, Perth and other meetings?

Mr Henderson—Yes, closely. We recently had an in-house desktop exercise based on our Perth meeting in February and there were two Western Australian Police present for that exercise.

Senator ROBERT RAY—Is it too early to know how many other heads of state or heads of government are coming or bringing their own security? Is it too early to get an indication of that?

Mr Henderson—Some of them will bring a substantial number.

Senator ROBERT RAY—For each one of those, do you have to have a memorandum of understanding or protocol signed as to the extent of their activities or can it all be encompassed in one agreement?

Mr Henderson—I am not aware that we plan to actually have memoranda of understanding with individual economies, but in December we are convening a conference—and we have invited representative security officials from every economy—where we explain our plans and our expectations. Of course, we will make ourselves available for bilateral discussions to address the particular concerns of particular economies.

Senator ROBERT RAY—I noticed that DIMA is not on the committee chaired by Dr Shergold. Is it not considered relevant, in terms of potential demonstrators coming into the country, to have them involved or will they just be consulted?

Mr Henderson—They are not on that committee, but they are most certainly involved in some of our key working parties, and our accreditation system will be interoperable with their system. They are a critical stakeholder in this—there is no question about that.

Senator FAULKNER—Do you have an indication yet—or is it too early—of the likely attendance of heads of government? In other words, do you know of any at this early stage that are unlikely to attend?

Mr Henderson—No, I do not know of any that are unlikely to attend. On the contrary, I would be expecting a full roll-up.

Senator FAULKNER—It normally has a full roll-up, I think it is fair to say.

Mr Henderson—We can judge by the roll-up in Hanoi next month, I guess. This year's APEC leaders' meeting is in Hanoi.

Senator FAULKNER—Sure.

Mr Henderson—I have not checked the record on that, but the expectation is that you get a full roll-up.

Senator ROBERT RAY—When you are providing security for all of these APEC meetings, will you also be identifying the one area where they are not occurring and make sure that security is provided there as well?

Mr Henderson—I am not quite clear on your point.

Senator ROBERT RAY—My point is this: as the London bombing in 2005 showed, any potential terrorist incident does not always occur where the event is but from where security has been taken away to protect the event—that is, the soft target syndrome. I do not know whether that will be in your thinking when you have these meetings in December.

Mr Henderson—I am sure that it is in the thinking of the relevant police forces and it would be in the consciousness of our national counterterrorism personnel as well.

Senator ROBERT RAY—It would be good if it is.

Senator FAULKNER—Is there any special work underway to ensure that the design for the interesting item of clothing that might be worn by APEC leaders is well underway? I am sure it is.

Mr Henderson—You are referring to the custom where people wear—

Senator ROBERT RAY—Silly outfits.

Mr Henderson—items of national dress?

Senator FAULKNER—You put that so nicely, Mr Henderson.

Mr Henderson—You have raised it with me before. I thought it would be coming.

Senator FAULKNER—So you knew what I was referring to. How are we going with that?

Mr Henderson—It is being given careful consideration.

Senator FAULKNER—What does that involve?

Mr Henderson—It involves the host and the task force.

Senator FAULKNER—Oh my God—don't tell me Mr Howard is involved in this!

Mr Henderson—Of course he is involved.

Senator Minchin—I think that was rhetorical. I would not respond to that.

Senator FAULKNER—So what are you going to do? Are you going to put that out to tender or is Mr Howard going to do drawings on the dining room table at Kirribilli House? How is it going to work?

Mr Henderson—We are engaging people to assist us in developing options.

Senator FAULKNER—Which people are you engaging?

Mr Henderson—I do not have the name of the company.

Senator FAULKNER—What is the role of the company?

Mr Henderson—I think we are at the point where they are considering design options. Do you want to know exactly where we are up to? I would have to take that on notice.

Senator FAULKNER—If you could just let us know where it is up to. The decision about those design options lies with the Prime Minister, does it?

Mr Henderson—Yes.

Senator ROBERT RAY—Beyond that, will you be hiring any public relations firms to assist in the main APEC meeting?

Mr Henderson—No, not for public relations. There will be a spokesperson. We will be coordinating public processes with whomever they might need to be coordinating—for instance, the New South Wales Police. That spokesperson will have an important role in managing the international press centre. I am talking about the Leaders Week in Sydney.

Senator ROBERT RAY—So you will have key personnel—someone where the buck stops.

Mr Henderson—Yes.

Senator ROBERT RAY—When is that person likely to be appointed?

Mr Henderson—I would hope in the near future. We did have the person, who has moved on to another position.

Senator ROBERT RAY—You are not talking about a public servant but about bringing in someone experienced, from outside, for these media liaison tasks?

Mr Henderson—We have not selected the new person. They could have a public sector background. The spokesperson at the Commonwealth Heads of Government Meeting, for example, had been a former colonel in the Australian Army, had been in the public affairs part of the Defence organisation early in his career and then he left that to be a private operator. He was engaged on a contract basis. But we do have a general manager, a branch head, Bernadette Ryan, who is in charge of our communications and media area. This person would be working in her branch.

Senator ROBERT RAY—So you will probably employ someone to help with the funny shirts, someone to do the media coordination. Are there any other likely similar type contracts that you will have to let—leaving aside security, obviously?

Mr Henderson—In fact, we had a tender out some weeks or months ago, and we are about to finalise the appointment of the so-called executive producer, who will assist in actually designing and arranging facilities in the main venue where the leaders are meeting.

Senator ROBERT RAY—Where is that?

Mr Henderson—We have not explicitly announced the key venues in Sydney, although the Prime Minister, in one of his press statements, alluded to the fact that it probably did not take a lot of imagination to work out one of the key ones.

Senator ROBERT RAY—If it has not been announced, we will await the announcement. I assume they will do stage settings, sound systems—the lot.

Mr Henderson—Exactly—yes.

Senator ROBERT RAY—Are any others likely?

Mr Henderson—No, not in the vein that you are talking about.

Senator CHRIS EVANS—Could I follow up on the funding issue, because I got a little lost in all of that. Is the total figure the same as that originally announced: a cost of \$216.3 million?

Mr Henderson—No, it is more than that.

Senator CHRIS EVANS—So the costings in the original release by the Minister for Foreign Affairs and Minister Vaile have altered? Is that correct? Looking at the release, the original costings seem to be a total provision from the government for all agencies of \$216.3 million to host APEC. You took me through the transfer of responsibilities between A-G's and PM&C which I thought explained the increase in the cost to PM&C, although it is not quite—

Mr Henderson—That did not involve a cost for the government as a whole. It was a transfer. The figures I identified for you were: PM&C, \$149.1 million—and I am saying that that is a precise figure, as you would expect because that is where we are from; and an indicative figure of \$143 million for security agencies. There is also funding being made available to the Department of Foreign Affairs and Trade, who are responsible for developing and advising the government on the policy agenda for the meeting—and I do not have those figures precisely here.

Senator CHRIS EVANS—The original agency list for funding had DFAT at \$14 million. Has that increased or is it still the figure?

Mr Henderson—I am not aware that that has increased a lot. As you would appreciate, DFAT can explain and account for their dollars. I have a figure here of approximately \$16 million for policy.

Senator CHRIS EVANS—What happened between the original estimate of \$213 million and the current estimate of \$292 million?

Mr Henderson—Nothing has changed for PM&C with the exception of the \$18.3 million, which was a transfer. There has been additional supplementation provided to Attorney-General's and some other security related agencies—such as Emergency Management Australia.

Senator CHRIS EVANS—Am I correct to say that the total figure is now \$292 million or is it greater than that?

Mr Henderson—For security and logistics, I think you can work with a figure of \$292 million. You mentioned DFAT policy for which you have a figure of \$14 million and I have a figure of \$16 million.

Senator CHRIS EVANS—Would that \$16 million be on top of the \$292 million?

Mr Henderson—That is right.

Senator CHRIS EVANS—That gets us to \$308 million. What about Customs? Are they in the security provisions?

Mr Henderson—Yes, they are in those figures.

Senator CHRIS EVANS—What about DOTARS? The original list had AFP, ASIO and Customs which I presume come under the security provisions you have indicated. Defence is listed at \$19.7 million. Would they come under the security provisions as well?

Mr Henderson—Yes, but I think it would be best to address the details of those to A-G's. I am dabbling outside my patch here.

Senator CHRIS EVANS—I am always wary of taking that advice on the basis of A-G's later saying, 'You should have asked PM&C.'

Mr Henderson—I have chanced my hand and given you a figure of \$308 million. I think you are batting pretty well. But we need to bear in mind that the \$77.8 million of that security funding is available for the New South Wales Police.

Senator CHRIS EVANS—When the original announcement was made in May 2005, the total budget for APEC was \$216.3 million among all the agencies. We now have a budget figure of at least \$308 million, which seems to be in the order of a 50 per cent increase in the costs for APEC. I am trying to get a sense of what is driving that increase in costs, whether that is the total increase or whether there are other additional funds allocated.

Mr Henderson—There are no additional funds allocated. I think these estimates were originally pulled together in January 2005. And, as we progressed our planning, you get a much firmer feel for what is actually involved in these things. As you could imagine, on the topic that Senator Ray was asking questions about—namely, security guards—that would be influenced significantly at the end of the day by how many people want to come along and try to disrupt some of these events.

Senator CHRIS EVANS—Yes, but what I am trying to get at is that I cannot find any announcement or record of what seems to be an almost 50 per cent increase in the costs. I am trying to get an understanding of what has driven that. Some of the issues you raise we are still yet to determine. Your argument about what sort of total security budget it might end up being I accept, but I guess you are no better placed now than you were at the original announcement point about that. Are you telling me you cannot help me with what has driven the increasing costs?

Mr Henderson—I just mentioned the point that as you get closer to planning you see exactly what is required and you then have a better feel. But, as I mentioned, the only change in the PM&C part of this was actually a transfer of responsibility and associated funding.

Senator CHRIS EVANS—I accept the conceptual point, but what I am asking is: do you know what has driven this increase in costs?

Mr Henderson—The short answer is no, Senator. I think the attorneys-general will be able to help you.

Senator CHRIS EVANS—Thank you. Is the budget for the hospitality for the Leaders Week still at \$2.5 million?

Mr Henderson—It has not changed, Senator.

Dr Morauta—Chair, can I ask you to indicate whether you want APEC to remain in the building or whether you are happy for them to leave at the end of this.

CHAIR—There are no more questions on the APEC task force. The task force are free to go.

Dr Morauta—Thank you very much.

CHAIR—We will now move to general questions.

Senator ROBERT RAY—Could I ask how many questions taken on notice in the budget hearings are yet to be answered? Could you identify them if there are any?

Dr Morauta—Yes. We now do not have any outstanding from the hearings in May.

Senator ROBERT RAY—They have all been answered?

Dr Morauta—Yes.

Senator ROBERT RAY—That is very good. Were they all answered on time?

Dr Morauta—No.

Senator ROBERT RAY—Which ones were not, approximately?

Dr Morauta—We answered 12 out of 32 on time, so that means we had 20 that were not on time.

Senator ROBERT RAY—So you did not even get to the pass mark. Are there reasons why those 20 did not reach the committee on time?

Dr Morauta—Sixteen of the 20 reached you within a week of the due date, some of them quite close to the due date, and then the ones that were really a lot slower were ones that required a lot of extra work and consideration.

Senator ROBERT RAY—Extra work was required on how many—four? Am I right in my maths there?

Dr Morauta—Yes, that is right.

Senator ROBERT RAY—Okay. Leaving aside estimates, questions on notice coming through either the Senate or the House of Reps are required to be answered within a specified period of time. Is the Department of the Prime Minister and Cabinet meeting those requirements?

Dr Morauta—I do not think I am able to specifically answer the question, except to note that there are one or two questions from earlier hearings which have not yet been answered.

Senator ROBERT RAY—Let me repeat the question; you did not hear it. Leaving aside the estimates process, it is possible for members of parliament to put questions on notice via the House of Reps chamber or the Senate chamber—an entirely different process. Each of those chambers has a specified reporting date, which is not always met. I am asking you: how many of the questions you have been given on notice have not been answered within the required time?

Dr Morauta—I think I need to take that on notice. I do not think I have the information in front of me. I will just check if anybody else has it with them. We are just having a look at what we have in the annual report. While people have a look for this, do you want to move on to something else or can we just pause for a moment?

Senator ROBERT RAY—Until I get the answer, I really cannot follow it up. I am just wondering whether departments generally are answering questions on notice within the required periods, whether questions are becoming so complex that they cannot be answered and whether we need to adjust the required period. That is the subject I am interested in looking at.

Ms Belcher—The deadline for questions on notice for the Senate is 30 days and for the House of Representatives it is 60 days.

Senator ROBERT RAY—Do you have any idea how often you overrun the 30 days and the 60 days? It is not always brought to the attention of the chamber, because we rarely do it after 30 days; we usually let several months elapse before we formally raise it.

Ms Belcher—I cannot tell you how many were answered on time. We provide in our annual report the number of days taken, so I could provide you with that information which indicates that a significant number is not answered on time.

Senator ROBERT RAY—Is there a disproportionate amount of Senate vis a vis Reps, given the fact that you have got 30 and 60 days, or is it about the same percentage of overrun?

Ms Belcher—The Senate questions are answered more quickly than the House of Representatives questions.

Senator ROBERT RAY—So giving you more time does not help—on the surface at least—or are we arguing that the House of Reps asks more complex and difficult questions?

Ms Belcher—Possibly the House of Representatives asks more questions that go to many ministers. That might be one difference.

Senator ROBERT RAY—Has PM&C in the last, let us say, financial year and until now taken over the coordination of questions that you just mentioned as put to all departments?

Ms Belcher—PM&C has always had a coordination role with questions that have been asked of multiple ministers. There is a significant increase in the number of such questions. So, yes, PM&C has had a bigger role there.

Senator ROBERT RAY—I do not think we need to pursue that much further. Ms Belcher, while you are at the table, do you have an updated list of DLOs?

Ms Belcher—Yes.

Senator ROBERT RAY—We always ask you that question and you are always prepared, so I thought we would get it over right now.

Ms Belcher—I have a list of DLOs as at 12 October.

Senator ROBERT RAY—Excellent.

Senator CHRIS EVANS—While we are on questions on notice, Dr Morauta, I think we asked this question in the June hearings, which was on notice from the February estimates round: No. 53 on the Cabinet Implementation Unit.

Dr Morauta—We have not answered that question yet.

Senator CHRIS EVANS—I know you have not answered it; that is why I am asking you.

Dr Morauta—We are still looking at the issues around cabinet confidentiality and answering the question, so we have not resolved them yet.

Senator CHRIS EVANS—So you are going to need another implementation unit to answer questions about the implementation unit that were asked in February, and last time you said:

... broadly speaking, there are rather large policy issues around the question asked and the detail that might be provided in answer, and we are still working on that.

Your answer this time again is: we are still working on that.

Dr Morauta—Yes.

Senator CHRIS EVANS—How long do you think it is going to take you to work on that?

Dr Morauta—I am sure we can have an answer before the next time we meet.

Senator CHRIS EVANS—So we will have it on the anniversary.

Dr Morauta—I am hopeful it will be earlier than that but I am not certain.

Senator CHRIS EVANS—So you cannot even promise it as an anniversary gift to me. I ought not get excited. So how does this fit into the assurances to Senator Ray that we are getting good service and meeting deadlines? How does this fit within that framework?

Dr Morauta—I think that we have made an effort on the bulk of the questions, but there will always be one or two questions that either raise more issues or require more work, and this falls into that category.

Senator CHRIS EVANS—So I should not take it personally. What about Nos. 25 and 36 from Senator Ludwig on the Hillsong grants? Have those two come in?

Dr Morauta—I do not have them as—

Senator CHRIS EVANS—They may have come in.

Dr Morauta—We will check that.

Senator CHRIS EVANS—Sorry, they were not mine, so I would not guarantee that I have not missed them.

Dr Morauta—We will just check it—they are not in my list.

Senator CHRIS EVANS—They were Nos. 35 and 36. Thank you.

Dr Morauta—We are just checking. Could I come back to you on 35 and 36? Thirty-five and 36 in the last batch were about water, but can we just check—

Senator CHRIS EVANS—I think we are dealing with the February round.

Dr Morauta—Okay. I have only one response outstanding.

Senator CHRIS EVANS—I had a list of six. I am advised by the secretariat that they have not come in. No. 26 is a question from Senator Faulkner; 35 and 36, from Senator Ludwig, refer to Hillson grants; 43 and 44, from Senator Ludwig, regard DPP referrals; and there was my Cabinet Implementation Unit question—all, I think, from the February round.

Dr Morauta—We will check that and, if we can get the answers back to you during the course of this afternoon, we will.

Senator CHRIS EVANS—Thank you. I want to ask about the new building. I gather that is better done here. You do not have the corporate section?

Dr Morauta—We will get Mr Williams, who is chasing the other question.

Senator CHRIS EVANS—Mr Williams, I just want to follow up on a few questions about the new building. Are you still scheduled to start moving in in December?

Mr Williams—The original schedule had the building completed in December and for the department to move in in early January. The current schedule is that the building will be available for us to move in on 16 February 2007, so we are about five weeks behind our initial—

Senator CHRIS EVANS—By building completion standards, that is a huge victory. That assumes the building is about a month behind or is there a problem with moving in?

Mr Williams—The current estimate is that the major construction elements will be finished before Christmas and that January will see commissioning, defect rectification and balancing of the building's airconditioning et cetera. It will be largely complete construction wise, but it will be just a matter of getting it fit for occupation in January. There are not a significant number of construction working days in January because of the normal Christmas building shut-down.

Senator CHRIS EVANS—Is your budget for the fit-out still \$22 million?

Mr Williams—The budget for the fit-out was \$23 million. We anticipate that the final cost of the fit-out will be about \$25.4 million.

Senator CHRIS EVANS—I do not know whether we raised this before, but the space requirement seems to be much larger than that for other departments moving into new office space. Can you explain that for me?

Mr Williams—The building was designed for 470 ongoing staff and an allowance for 135-136 task force stations. When we put the proposal together, we looked at the experience over the previous five years. In that course of time, we have had something between 55 and 60 task forces operating and we have had to attempt to accommodate them, mostly in our existing building but at times outside the building. There is a deliberate strategy with the new building to build it for core staff and also allow a capacity to undertake task force work. That was included in the submission that went to the public works committee.

Senator CHRIS EVANS—I have a figure of 580 workstations in the building. Is that not right? Is it actually 605?

Mr Williams—I stand to be corrected, but I think it is 605.

Senator CHRIS EVANS—Was 580 an old figure or do I have that wrong?

Mr Williams—No, I think it has always been 605, but I will check that.

Senator CHRIS EVANS—How many staff do you think will actually move into the new building in the new year?

Mr Williams—We are going through numbers at the moment—as you do as you get closer to it—and we think the core staff will be fairly much on the money. There are a number of task forces running at the moment and it will depend on when they complete or not as to how many of those will go to the new building. I think our planning at the time of developing the case for the building is right because we have had a number of task forces over the two or three years since we put the business case to the government. I would expect there is every expectation that task force activity will continue.

Senator CHRIS EVANS—What is the answer to the question about how many will move into the building?

Mr Williams—If you ask me in about six weeks time, I would be able to give you a degree of precision. At the moment, we are just testing back with divisions and task forces as to exactly how many people will be moving over.

Senator CHRIS EVANS—What is a rough guide?

Mr Williams—Roughly, in terms of core staff, maybe around the 450-plus mark. In terms of task forces, I would really have to take that on notice.

Senator CHRIS EVANS—How many people do you have employed on task forces apart from the APEC task force?

Mr Williams—I do not know that I have a list of the current task forces at the moment, but there are a number associated with COAG initiatives and there is the task force on uranium. I would have to take the question on notice.

Senator CHRIS EVANS—You say you are planning to move some of them into the building. I want to know how many people you are talking about. On the face of it, the portfolio statements show that in 2008-09 you will only have about 390 staff employed,

moving into a building with 605 workstations. For the uninitiated, it seems like we have a very big building for a small number of staff. Why is it that the PBS shows you have 390 staff, yet you have 605 workstations?

Mr Williams—The PBS for 2006-07 is showing an ASL of 564. The annual report as at 30 June was showing the number as 528, of which 437 are in Canberra. You would add the task force number on top of that. I would think that we would be well into 500, but, as I said, I will have a better picture in four to five weeks time when we do the survey.

Senator CHRIS EVANS—So next year you think you will have 437 FTEs who are permanent and then you have the task force on top of that. I think in the later years it is down to 390. I will double-check that, but that is the note I have. You cannot tell me how many people are likely to be employed on the task forces. Do you have any idea of how many you currently have employed on non-APEC task forces?

Dr Morauta—We answered a question for the 22 and 23 May hearings this year in which we said that we had 80 staff on all other task forces, IDCs and working groups. They were PM&C staff. Then there was another part of the question which was about non-PM&C staff. They also need accommodating, of course. We have 51 staff from other agencies. So there is always going to be a difference between what are our own staff and how many spaces we need for people in task forces, because it is in the nature of them that we bring people over from other agencies, often on the other agencies' budgets. So the actual prediction of our accommodation needs will usually be larger than our own staff.

Senator CHRIS EVANS—So you are allocating the space, then, in the same proportions as the other departments? I know that we have very strict metreage requirements. Are there Public Service standards? For example, do level IVs get 3.7 metres of breathing space?

Mr Williams—I do not know that it is that prescriptive. In the case of our building, the amount allocated for the task force is smaller in size than that allocated for permanent or core PM&C staff. That reflects the fact that you would expect core PM&C staff to have greater filing and record-keeping requirements. So the average floor space for a core PM&C staffer would be more than a task force staff member.

Senator CHRIS EVANS—So if you are put on a task force, you get sent to a smaller office?

Mr Williams—In a sense, yes. The workstations are not as big and the offices are not as big.

Senator CHRIS EVANS—So what ratios do you work on?

Mr Williams—I do not have that information with me, but I can certainly take that on notice.

Senator CHRIS EVANS—You are doing the supervision and you cannot tell me how much you have allocated on average for, say, junior staff?

Mr Williams—We have mapped out the building in terms of workstations and offices, but I do not have with me right now the average allocation for staff. I can take that on notice and possibly get it back to you before the end of today's hearings.

Senator CHRIS EVANS—But you have a formula, obviously. You told me you had—

Mr Williams—Yes, there is a formula for offices in the building. There are offices for SES officers and for executive level II officers. That is a fairly standard process across the Public Service. Executive level I and below will operate in workstations.

Senator CHRIS EVANS—Do they have a set square metreage as well?

Mr Williams—It would probably be safer to take it on notice, but, from memory, I think it is the same allocation for all staff from level APS 1.

Senator CHRIS EVANS—So you are following other Public Service guidelines for space? If I were to look at A-G's or Transport or Health, would they have the same allocation?

Mr Williams—As I was saying, I do not think there is a standard allocation but we would be within those norms. I am pretty sure that was a question asked of us by the Public Works Committee when it considered it.

Senator CHRIS EVANS—I picked up there had been a debate about it, which is partly why I was following it up.

Mr Williams—The other thing that distinguishes our building in terms of dividing the net lettable area by the number of staff is the fact that, because PM&C holds a large number of meetings, IDCs et cetera, we have a fairly large number of conference rooms in different sizes to handle that throughput of meetings.

Senator CHRIS EVANS—What about the secretary? What sort of space do the top dogs get?

Mr Williams—I have not got that information with me.

Senator CHRIS EVANS—Can you get that when you are getting the other stuff?

Mr Williams—Yes.

Senator CHRIS EVANS—In terms of the fit-out, what is happening to your old furniture and equipment? Is that going with you?

Mr Williams—By and large, no. The workstations in the current building are fairly old, and so we have got new ones for all staff. We are building offices for those who are entitled to offices and we are providing furniture for those offices in the new building, so there will not be a lot of furniture that makes the move from the old to the new building.

Senator CHRIS EVANS—What about the computers and things? Are they going with you?

Mr Williams—They will go with us. We have an ongoing program of refreshing our IT equipment, and the desktop equipment will make the move with us.

Senator CHRIS EVANS—So the workstations stuff is not going with you—is that fair?

Mr Williams—That is correct, and associated furniture.

Senator CHRIS EVANS—What do you mean by 'associated furniture'? Do you mean the chairs or—

Mr Williams—The chairs.

Senator CHRIS EVANS—Your conference stuff and all that is going with you?

Mr Williams—Some of the conference tables and furniture will go to the new building and some will not. It depends on age and condition.

Senator CHRIS EVANS—When I changed offices I had to fight against the guidelines to keep some of the stuff.

Mr Williams—Some people are taking some heritage furniture over to the new building.

Senator CHRIS EVANS—I could not see why it could not be transferred. What happens to your old stuff?

Mr Williams—We will dispose of it in accordance with our CEIs. I think the bottom line will be to move it through one of the firms that buys ex-government furniture.

Senator CHRIS EVANS—The auction process.

Senator ROBERT RAY—Who owns this building?

Mr Williams—It is owned by the Industry Superannuation Property Trust.

Senator ROBERT RAY—Who has the naming rights?

Mr Williams—The government.

Senator ROBERT RAY—What is the name of the building going to be?

Mr Williams—As far as I am aware, it is going to be called 1 National Circuit, which is the address.

Senator ROBERT RAY—That is catchy.

Senator CHRIS EVANS—Did you have an interdepartmental committee to work on that?

Senator ROBERT RAY—It is going to have a nice all-weather bus shelter outside, is it? Is it going to have a restoration of the bus travellers' rights?

Mr Williams—The bus shelter is in front of 3-5 National Circuit.

Senator ROBERT RAY—That is good news. Senator Minchin—if I can interrupt your flow—my questions are now directed to you, representing the Prime Minister, rather than the officials. They are to do with staffing. As you know, in another guise you have answered questions on staffing in DOFA—I think when you were Special Minister of State—but the actual appointment and approval of staff comes from the Prime Minister. The figures on that other one always followed this hearing, and we were always told to raise issues here and we never have, but today we going to, you will be pleased to know. My first question goes to the cabinet policy unit, which has now got a staff of six or seven: why is it thought necessary to appoint two media advisers to the cabinet policy unit?

Senator MINCHIN—Senator Ray, you know I always like to be terribly helpful at these sorts of hearings, but these questions are entirely without notice. If you had given me some notice that you wanted to ask questions about the cabinet unit or the PMO, I would have been happy to get fully briefed on it. I do not have any brief on that. I am not going to provide on-the-run commentary on the staffing of the cabinet unit or the PMO.

Senator ROBERT RAY—Well, I am going to ask the questions because—

Senator Minchin—I may well need to get back to you.

Senator ROBERT RAY—we were told at the budget hearings that some of these issues are matters for the Prime Minister and we should have asked them here. So I am asking them here. We do have on the record—I cannot point to it, so I can go only by memory—a rationale for the cabinet policy unit and what it does et cetera. I cannot rationalise that statement, unless there has been a change of purpose, with it having two media officers, one home-based in Sydney—I do not know whether the person is—and one based in Canberra, both basically paid at the highest rung. I am wondering what has changed.

Senator Minchin—I do not have any information on that. I do not deal with it. I do not have policy responsibility in my role as finance minister for it. I simply cannot give you an answer here and now. I will get you an answer.

Senator ROBERT RAY—I understand that. But you are the only one I can ask, because you represent the Prime Minister.

Senator Minchin—I appreciate and accept that you are properly asking it in the proper forum, but I—

Senator ROBERT RAY—You might have to take a few questions on notice. Basically, my question is: what is the rationale for appointing two? What is their role? Who are they? Who is home-based in Sydney and who is home-based in Canberra? I think that will do on that particular issue. My second question, again, goes to the Prime Minister approving staff. Could I have an explanation as to why the Prime Minister has approved 10 staff members for the Leader of National Party in the Senate seven days after The Nationals assumed the balance of power in 2005. I think you understand that therefore Senator Boswell is much more highly staffed than Senator Evans; and they do have different roles and capacities. But I assume you cannot help me with that now.

Senator Minchin—No. I will need to get you an answer on that.

Senator ROBERT RAY—You might also confirm that the Prime Minister has approved a senior adviser, three advisers, five assistant advisers and one admin assistant to Senator Boswell at a cost of over \$700,000 a year? And you might be able to help me with this: when did the Leader of National Party in the Senate cease to have any executive responsibilities—that is, cease to be a parliamentary secretary?

Senator Minchin—I cannot remember the date.

Senator ROBERT RAY—I cannot either, to be honest. You can comment or not on this, but I find it anomalous that the leader of the National Party can have 10 staff members, especially as some of them are at the higher level, compared with the entire section of nine minor-party people in the Senate. I will leave poor old Senator Evans alone—he has a far more high-powered staff. But they only have assistant advisers. It seems not the right balance.

Senator Minchin—I hear what you say and I will look into it.

Senator ROBERT RAY—I also have a question, in a similar vein, about Parliamentary Secretary Mr Andrew Robb. We can confirm, of course, that he has two DLOs, because Ms Belcher has very kindly given us the list. Can we have an explanation as to why he has been allocated another eight staff as parliamentary secretary—that is, he has two senior advisers,

three advisers, an assistant adviser, an EAOM and an admin assistant? He has eight staff plus two DLOs. That comes to about \$1 million worth of staffing a year. Why does a parliamentary secretary get that staffing?

Senator Minchin—It would depend on the role and responsibilities allocated to the particular parl sec and whether there is a junior minister in the portfolio. But, again, I will get an explanation for that and the break-up of responsibilities in that portfolio and why the parl sec has so many staff.

Senator ROBERT RAY—If you could take it on notice as to the reason for it.

Senator Minchin—It is certainly true that when I was a parl sec I did not have anything like that number of staff.

Senator FAULKNER—Senator Boswell, who has two more staff, is not a parliamentary secretary, is he?

Senator Minchin—We already discussed that.

Senator FAULKNER—Yes, I know. But he is not a parliamentary secretary, is he?

Senator Minchin—No. I said I would get you an explanation for the staffing.

Senator ROBERT RAY—Poor old Senator Kemp, a junior minister, has only got six! I am just wondering why a parliamentary secretary gets eight—well, eight ministerial staff plus two DLOs. It is a pretty powerful line-up.

Senator Minchin—As I say, it is a function of the role and responsibilities that he has as a parliamentary secretary. But, again, I will get you a more fulsome answer which will go to the question of the break-up of responsibilities in that portfolio.

Senator FAULKNER—If that is the explanation for Mr Robb, what is the explanation, did you say, for—

Senator Minchin—It was not an explanation; it was a framework within which an explanation would be—

Senator FAULKNER—It is a framework? But what is the framework for Senator Boswell?

Senator Ian Macdonald—Again, I have already said I will get you an explanation of the reasons for that allocation.

Senator ROBERT RAY—I see. I have raised this issue before, and I have tried to raise it excluding partisanship, but it never works—but I really think it should: at the moment the government has eight staff allocated to the whip's office and the opposition has two.

Senator Minchin—This is in the House of Reps?

Senator ROBERT RAY—In both. You can go four and one in the Reps and four and one in the Senate, I think. Our whip's office is expected to provide, which it does, cooperation with the government ones, yet there are almost make-work schemes in the government ones that are overwhelming our officers. I would have thought that, just for good governance, for one, we should step outside the partisanship and take both sets of figures out of the establishment. In other words, the government should be able to drop its establishment figures

by eight and should also fund a reasonable representation for the opposition. I know you will say—

Senator Minchin—This is to take the whips out of the—

Senator ROBERT RAY—Yes. I know you will say, ‘This is the way it’s always been done,’ but every now and then a government does step outside the square and change things for the better.

Senator Minchin—How would the number of office staff be determined in your scheme?

Senator ROBERT RAY—I would think even an eight to four ratio would be a lot fairer. But what I am offering from an opposition point of view is to take them out of the total establishment figures so it does not appear that you have got so many, because really these are not for partisanship reasons; this is for cooperation—

Senator Minchin—To help the parliament work, sure.

Senator ROBERT RAY—in the chamber. We always get a negative response to that, but I would like at least your considered response.

Senator Minchin—Yes.

Senator ROBERT RAY—While we are on the question of staffing, the government members secretariat has now grown to 12, including two senior advisers, five advisers, four assistant advisers and one admin assistant—compared to a secretariat of six assistant advisers under the Hawke-Keating government. Can we be provided with a reason for this growth and top-heaviness in staff?

Senator Minchin—Okay.

Senator ROBERT RAY—My next question goes to the fact that in the last figures we saw that an extra staff member was awarded, in recognition, a role on the backbenchers’ task force, which I think was chaired by Mr Robb—and I think that has passed, if you like; it is an unfilled position. What I am asking is: in the meantime, have any other staff been allocated to a government task force headed by backbenchers? I do not think there would be many, but I would be interested to see if the Prime Minister has improved.

Senator Minchin—The only task force I am aware of is the industrial relations task force.

Senator ROBERT RAY—Yes. I think Senator Barnett is deputy chair. I do not know if anyone can help me with who is chair.

Senator Minchin—The industrial relations task force, the backbench—

CHAIR—The chair is Phil Barresi.

Senator Minchin—So you do not know whether he has an extra staffer; you just want to know—

Senator ROBERT RAY—Whether one has been allocated to that task force.

Senator Minchin—Okay.

Senator ROBERT RAY—Could I ask: when did Mr Geoffrey Cousins cease to be a consultant to the Prime Minister? As you probably know, we have been asking questions about his consultancy for eight or nine years—almost 10 years.

Senator FAULKNER—And this is one question, Senator Minchin, that need not be taken on notice.

Senator ROBERT RAY—We know, because Ms Belcher is here.

Senator FAULKNER—Well, if Ms Belcher is here, we will get an answer.

Senator Minchin—It was recently, but I cannot remember the exact date. Perhaps there is a specific date available—

Senator FAULKNER—Probably something to do with his new corporate responsibilities.

Senator Minchin—Could well be.

Senator FAULKNER—Yes, could be—from one sinecure to the next.

Senator Minchin—I think that is an improper reflection on a citizen, Senator Faulkner.

Senator FAULKNER—I think it is perfectly accurate myself.

Senator ROBERT RAY—But I was looking for the date.

Ms Belcher—Senator, Mr Cousins ceased to be a ministerial consultant on 18 September.

Senator ROBERT RAY—So he sent in his resignation, did he?

Ms Belcher—I did not see it, so I do not know, but the contract ended on that day.

Senator ROBERT RAY—So he either resigned or was terminated. One would presume he resigned. Could you take on notice how he ceased to be a consultant on that day? We will give him the presumption of a resignation letter.

Senator FAULKNER—Did Mr Cousins ever actually work, physically, in the Prime Minister's office?

Ms Belcher—I am not sure. I know that Phillip Street was available to him, but I do not know whether or not he worked there.

Senator FAULKNER—He did not actually ever attend, did he? Senator Minchin, do you know that? You represent the Prime Minister.

Senator Minchin—I do not intimately know the comings and goings at the Prime Minister's office, I am sorry. I do not know the physical nature of the relationship or how he performed his tasks.

Senator FAULKNER—I do not think it was a physical relationship! I was not suggesting that. That is really a bridge too far.

Senator Minchin—I withdraw any inference. I think you know what I meant.

Ms Belcher—I have seen an earlier answer provided that does indicate that he occasionally attended a meeting at Phillip Street or Kirribilli House.

Senator FAULKNER—'Occasionally attended a meeting'—do we know what that means?

Ms Belcher—I do not know how many times.

Senator FAULKNER—Once every two or three years?

Ms Belcher—I do not know. He has attended meetings at Kirribilli and Phillip Street.

Senator FAULKNER—What was his actual responsibility? He was a consultant. Senator Minchin, do you know what the consultancy was for?

Senator Minchin—Do you have the detail there of the nature of—

Senator ROBERT RAY—It was actually reported to the parliament four weeks ago, so we have it.

Ms Belcher—To advise and assist the Prime Minister in relation to the formulation of communication strategies to promote the government's policies.

Senator ROBERT RAY—In other words, a spin doctor. That is not being unfair.

Senator FAULKNER—Communications policy?

Ms Belcher—Formulation of communication strategies to promote the government's policies.

Senator ROBERT RAY—So it was not to advise on communications policy. There is a distinction.

Senator FAULKNER—Are we sure of that distinction?

Ms Belcher—That is the description: the formulation of communication strategies to promote the government's policies.

Senator FAULKNER—Was this done from home?

Ms Belcher—There was no other office provided.

Senator ROBERT RAY—Senator Minchin, when you said that you do not know all the PM's staff, that is because it actually includes the cabinet policy unit. It is up to 47.3 now, isn't it?

Senator Minchin—The cabinet policy unit?

Senator ROBERT RAY—No—the Prime Minister's staff. He signs off on them. You artificially took it out of the Prime Minister's staff to lower the number of Prime Minister's staff about six or seven years ago, but he or his representative still signed them on, so it is his staff. It is 47.3 now.

Senator Minchin—I do not have that number in front of me, but I will take your word for it.

Senator ROBERT RAY—I am just wondering why it grew so big.

Senator Minchin—If you want an explanation for what everybody does in there—their roles—I am happy to get you an answer on that.

Senator ROBERT RAY—You might like to take this on notice, although I might be able to get the answer from DOFA. How many of the Prime Minister's staff have personal

classifications that place them at a higher salary level? Incidentally, we are not condemning them; we just want to know the information.

Senator Minchin—That is fine. We can get that.

Senator ROBERT RAY—Secondly, how many of the Prime Minister's staff are receiving salary outside the relevant salary band? Do you understand that there are bands set at each level?

Senator Minchin—Yes.

Senator ROBERT RAY—You might like to take that on notice.

Senator Minchin—Sure.

Senator ROBERT RAY—How many of the Prime Minister's staff are on AWAs? How many are on a certified agreement? Again, even on the best of days, I would not expect you to be able to give me that without taking it on notice.

Senator Minchin—I have no idea.

Senator ROBERT RAY—I suppose you could put your finance hat on here, Senator. In how many other elements of the Public Service do you think that staffing has increased as it has in ministerial staffing, from 292 in 1996—in a fanfare of saying how modest you were—to 446 in June this year?

Senator Minchin—Off the top of my head, I do not know what other areas of the public sector have increased. It has been a constant complaint of yours that the number of ministerial staff has increased. It is a fact of life that the number has increased. You will criticise that—I understand that.

Senator ROBERT RAY—I have not actually criticised the increase in staffing. You are wrong.

Senator FAULKNER—Just the hypocrisy.

Senator ROBERT RAY—I have criticised the hypocrisy of parading around in 1996 saying how frugal you are when you are now so far in front of the Keating government we could not shoot you. Being finance minister, you at least would understand the concept of constant dollars. We are looking at something like an extra \$20 million here in constant dollars. We are looking at record numbers of DLOs and we are looking at a staff that has got top heavy. For instance, we know that from 1997 to now the number of senior advisers has increased from 40 to 79.6—it has doubled. Not only has it increased; it has raced towards the top. I presume that in the future we might not get lectures about frugality of staff.

Senator Minchin—The government's overall position has been to seek to ensure that we contain the size of the growth of government which has been a constant in this country for a century, and we can proudly boast that we have essentially held government spending—it is constant in terms of its relationship to the size of the economy. You would know from being in government that that is an extremely difficult task but one that we are proud to have achieved overall.

Senator ROBERT RAY—At times, I will acknowledge some of your achievements—I am not that petty not to. But this is the one area where there has been no control—it has just blown out, month by month.

Senator Minchin—It is controlled growth.

Senator ROBERT RAY—Going from \$292 million to \$446 million! Actually we do not know the figure—\$446 million is just an ambit claim going back to June. It could easily be well beyond \$450 million now. It just grows and grows and grows. Of course, it is adjusted every March in regard to that growth, but that sort of regime was put in at a time when growth was nowhere as great. So we are disadvantaged.

Senator Minchin—I will get you answers on all those.

Senator ROBERT RAY—Thank you for taking those questions on notice. I appreciate that.

Senator FAULKNER—Senator Minchin, I want to acknowledge the fact that you have communicated with Senator Evans in relation to questions about AWB. I want you to understand that I do not agree with the decision that has been made and communicated at successive estimates committee rounds. I am sure you appreciate that. Notwithstanding that, while I do not accept the ruling, I do not intend to go to any of those elements. I want to ask some questions of process, which you appreciate are matters that have been asked previously. In doing so, I foreshadow my questions by a clear statement that I do not in any way accept the ruling or determination that government has made in this regard.

Senator Minchin—I acknowledge your disagreement with that approach.

Senator FAULKNER—I briefly want to go to one matter in terms of process which is to clarify a question in relation to some dates. This is a matter about which the Prime Minister answered questions in the House of Representatives. I want to ask about the date of an email that went from the former Australian Ambassador to the US, Mr Thawley, to the then head of the Iraq task force, Mr Blazey, and a reply—and I appreciate that obviously DFAT officers are involved here. The text of these emails between Mr Blazey and Mr Thawley are in the public arena—which you probably appreciate. I can identify the emails by content. Judging by answers in the House of Representatives in regard to these emails, this exchange took place in February 2005—that is my understanding; it may not be correct. I will identify the emails. The first one is from Thawley to Blazey and states:

We are going to have to take a more active role in managing Senator Coleman and his committee (there are three others looking at the same issue by the way)

And so it goes on. The email would be known to officials. The reply from Mr Blazey to Mr Thawley was:

We have discussed this issue in the Department and feel we would need to go to ministers to provide them with advice on the US Inquiry angles.

Our inclination would be to:

And it goes through a series of four dot points and some further information. I do not want to go to the content; I am just trying to identify the emails so we are clear. I am limiting my questions to these two emails. First a process question: can Dr Morauta or someone indicate

to me whether the Prime Minister or the Department of the Prime Minister and Cabinet were addressees on these emails? Could you confirm that for me, please?

Dr Morauta—I will have to get the right officers to the table. We are just checking the email now.

Senator FAULKNER—Thanks very much. I appreciate that. Minister, just so you can be clear, I want to know whether the Prime Minister or the Department of the Prime Minister and Cabinet were addressees—I am limiting my questions to these two emails. Also, can you please tell me the date of the Thawley-Blazey email, the first one which I have identified, and the date of the response, which was a Blazey-Thawley email?

Senator Minchin—You do not have the dates; you are wanting the dates from us or you are seeking our confirmation—

Senator FAULKNER—No. If I had the dates I would not ask the questions, Senator Minchin. Surely you would acknowledge that if I knew the date precisely. I think the date is around—

Senator Minchin—I was not sure if you were asking for confirmation of dates in the question.

Senator FAULKNER—I am giving information so you are clear—no tricks here. Judging by material in the public arena, it is around February 2005. I want to be clear of precise dates.

Senator Minchin—We will see if we can give you those answers while we are sitting here.

Dr Morauta—It might be that we have to get the information—

Senator FAULKNER—If you can, I am happy to hold off—

Dr Morauta—probably not immediately but during the course of the session.

Senator FAULKNER—I appreciate that. That is fine by me. We can come back to it.

Senator Minchin—I gather the PM was advised on the public record that it was February, but we will see if we can get the exact dates.

Senator FAULKNER—That is why I am saying to you that I believe it might be February. I do not necessarily accept anything that is on the public record; I just want to get it precise.

Senator Minchin—Sure.

Senator ROBERT RAY—On a much more minor matter, why was it necessary to spend \$69,920 hiring a media consultant for the visit by the Crown Prince and Crown Princess of Denmark? I think Ms Nina Fudala won the contract.

Mr Leverett—We have to hire media consultants on a fairly regular basis for high-level visits. This particular visit attracted far more media attention than most and it was for a slightly longer period than most. We had to hire two staff to handle the media, so the figure appears high. Although it is to one company, it covered two people rather than one person who would normally handle it.

Senator ROBERT RAY—I think *Woman's Day* would have done it for nothing; however, the reason it is so high is that you hired two people and it was for longer than usual.

Mr Leverett—Correct.

Senator ROBERT RAY—I still do not know why we hired them in the first place.

Mr Leverett—Because the department does not have media liaison officers. We need expert people to do that task and, as I said before, we hire them on a regular basis for high-level visits.

Senator ROBERT RAY—We disagree. Can I ask a question in relation to a question taken on notice, PM 24—do you have that one? This is where someone asks a question about where the costs are attributed, and someone very clever in the department says, ‘They are attributed to the appropriate program.’

Senator FAULKNER—That someone was me.

Senator ROBERT RAY—You asked the question; they did not answer it.

Dr Morauta—Can I ask: it is question 24 of what date?

Senator ROBERT RAY—I do not know.

Senator FAULKNER—It was at the last round.

Senator ROBERT RAY—Yes, at the last round. It was a breakdown of the costs of hospitality provided at the meeting and dining room facility of the Prime Minister’s office. Senator Faulkner effectively asked, ‘Where do I find those costs?’ and you said, ‘In the appropriate program.’ Well, thank you for that, but, nevertheless, just to be equally helpful, can we now have a breakdown of the costs? We were not going to ask this but, given the cleverness and glibness of the answer, we will. Can we have a breakdown of the costs for the year 2005-06, because you now know the appropriate program?

Dr Morauta—We will take that on notice. I do not think we have anything with us with which we can do that. We will see what we can do.

Senator ROBERT RAY—In relation to another general question: the President of the Builders’ Collective of Australia, Mr Phil Dwyer, wrote to the Prime Minister—maybe a little injudiciously, I would have to say—and made some comments about the HIA, which, as I understand it, is now using the contents of that letter as a basis for a defamation action against Mr Dwyer. We will not take sides on this, but is that newspaper article from the *Australian Financial Review* of 21 July correct when it says there was an investigation to see whether that letter had been ‘leaked’ from PM&C to the HIA? Having investigated, I understand that the office cleared itself. Was there an investigation? How certain are we that it did not emanate from there?

Ms Belcher—There were some inquiries made when the accusation was first made that the Prime Minister had received a letter from Mr Dwyer and had passed it to the Housing Industry Association. Those inquiries came to the conclusion that there had not been a leak. But, since then, the accusation of there having been a leak from the Prime Minister’s office or the department has been withdrawn because it became known that, in fact, the letter had been passed on to a journalist. All accusations have been withdrawn.

Senator ROBERT RAY—I will not ask who passed it on to a journalist, but clearly it has not leaked from the PM’s office or the department.

Ms Belcher—No, that is right.

Senator ROBERT RAY—That is good.

Senator FAULKNER—Could I ask you about something that received some publicity early last month which I think is a matter of concern to members of this committee and more broadly, which was that an intruder seemed to access the Commonwealth government building and the Prime Minister's offices in Phillip Street in Sydney. Are you aware of this alleged breach of security at Phillip Street, Dr Morauta?

Dr Morauta—We are just seeing if we know about this.

Senator FAULKNER—I am assuming it is Phillip Street. It does appear to be Phillip Street—

Senator ROBERT RAY—It is on the eighth floor.

Senator FAULKNER—Which is why I am jumping to the conclusion that it is Phillip Street. It seems very likely.

Dr Morauta—We are just checking in the anteroom, to see if somebody is there. Just going back to a question that Senator Evans asked us about some missing questions on notice, the reason they were not on my list is that they went to PM&C. I can give you the details. They went to the ONA and the Ombudsman. That is why they are not showing as my problem this time; they are questions which have not been answered by those two organisations.

Senator CHRIS EVANS—So who is responsible for following up and seeing that they are returned, Dr Morauta?

Mr Williams—In a sense, once we transfer the questions to portfolio agencies it is their responsibility to get them back to the committee.

Senator CHRIS EVANS—So you take no further involvement in ensuring compliance?

Senator ROBERT RAY—In other words, do the agencies then send the answers to the PM's office for clearance or do they send them back to you?

Mr Williams—It is a question that I will have to take on notice, Senator.

Senator ROBERT RAY—You are quick with the ambulance handball but not so quick now.

Senator FAULKNER—I am surprised that somebody does not understand that approach. It is critical, I would have thought, that for a vague understanding of departmental or portfolio processes somebody ought to be able to help us.

Mr Williams—I can give an answer but it may well have to be corrected. Our understanding is that their answers go back to the PMO for review and then release. But as I said, it would be safer to take it on notice just to confirm it.

Senator ROBERT RAY—It gets a little frustrating. We take on notice a question about what happened to the questions on notice—

Mr Williams—That is my advice at the moment but I would like to be a hundred per cent sure on these things.

Dr Morauta—We can chase that process up during the course of this event.

Senator ROBERT RAY—The point that we are making in a broad sense is that you are, if you like, the umbrella organisation and they are all clustered within your ranks, so there is just a slight responsibility to follow them up and give them a touch-up, basically, to get them in.

Dr Morauta—Senator, we will certainly look at the process and then get back to you.

Mr Williams—On the issue of the intruder at Phillip Street, I understand that an intruder was detected on the eighth floor of Phillip Street. The PMO is not on the eighth floor. My response to the committee is that that is probably a matter followed up with the AFP when they come before estimates.

Senator ROBERT RAY—No, this part is relevant.

Mr Williams—We are advised that an intruder had been detected on the eighth floor, which is not occupied by the PMO. The eighth floor is occupied by Ministerial and Parliamentary Services. We were notified that an intruder had been detected, but it is an issue for the security people.

Senator ROBERT RAY—I am not surprised that the newspaper got it wrong, but did they get this part wrong: the intruder was able to get to the eighth floor by reprogramming the lift system—'computer' is too strong a word—the panel. If they can get to the eighth floor, potentially they could have got to the Prime Minister's floor. That is my point.

Mr Williams—I cannot comment on that.

Senator ROBERT RAY—You cannot comment on it? We would like a response to know whether we have got a lift system in Sydney that makes the Prime Minister vulnerable. That is what we would like to know. You need to know that, as do we.

Mr Williams—The advice at hand is that the intruder tailgated someone to the eighth floor. For safety's sake, I will check to see that that is indeed the correct answer.

Senator Minchin—For the sake of the discussion, I work on that eighth floor and you can get to the eighth floor without a pass because police are there as you step out of the lift. But for me to get to the Prime Minister's floor I need a pass to make the lift work. You cannot go above the eighth floor without that pass.

Senator FAULKNER—I have been there a number of times too and what you say is fundamentally true. But what has clearly occurred is that someone has gone beyond the foyer on the eighth floor, inside what is effectively a security area.

Senator Minchin—It is a different issue from the one you raised about the security of the lift. I agree that the security of the eighth floor is clearly in question.

Senator FAULKNER—There are two elements to it. These issues of security are serious ones. As a consequence of this particular incident, is the Department of the Prime Minister and Cabinet aware of any review of security arrangements in the building that are being undertaken? I understand where the Prime Minister's office is and I understand the layout of the building. I am just asking you, given the Prime Minister has offices there and cabinet from time to time meets in that building—as Senator Minchin can confirm—whether there has been any review that you are aware of in relation to security arrangements?

Mr Williams—I will have to take that on notice.

Senator FAULKNER—So you are not aware of any?

Mr Williams—I am not aware, but I will take it on notice.

Senator ROBERT RAY—I want to ask Senator Minchin a very general question: is it the intention of the government or the Prime Minister to make a full statement to parliament about the existing circumstances in Iraq and future prospects, given that we have not had one for a long while?

Senator Minchin—I am not aware of any such intention. I have not been involved in any discussion at which such an intention was discussed, so I cannot give you an answer to that. If that were to be the case you would get notice of advice, but I am not aware of any such decision.

Mr Lewis—The government remains strongly committed to assisting in Iraq in the strategic objectives—

Senator ROBERT RAY—Hold on: don't answer a question I did not ask.

Senator Minchin—The question is whether there is a statement—

Senator ROBERT RAY—I did not ask what the nature of the statement would be. There is no criticism here. I am just asking whether it was the intention of the government—that is why I asked Senator Minchin. There is no point in going on a full-court press defence for the current position, because we have not asked for that.

Senator Minchin—I am sorry: if I knew I would tell you.

Senator FAULKNER—Going back to the Phillip Street facility, can any official indicate to the committee whether there has been any enhancement to or refurbishment of facilities at Phillip Street for the purpose of making them more suitable for media presentation or has there been the purchase or the leasing or the renting of any equipment for that purpose in those offices?

Senator Minchin—It sounds like a question for Ministerial and Parliamentary Services.

Senator FAULKNER—It might be. You might be right, Senator Minchin, but you might be wrong. I think you would appreciate—

Senator Minchin—I am happy if there is an officer here who can supply an answer on this.

Senator FAULKNER—I am trying to cover all bases here. You may be right, but I do not want to ask the question of DOFA and be told: 'There might be, but you should have asked PM&C.' You know how tricky you are.

Mr Williams—The answer is: we are not aware of any activity of the nature you have described.

Senator FAULKNER—Can I ask you to take on notice whether there has been? I am talking about PM&C resources here. I appreciate the point that Senator Minchin made. Was there any refurbishment, any rent of any equipment or effectively any cost to the Commonwealth for any such equipment refurbishment or changes at Phillip Street?

Mr Williams—The short answer to that is: no, not from departmental funds. We are not aware of any activity.

Senator FAULKNER—I am happy with the answer—

Senator Minchin—We will take it on notice.

Senator FAULKNER—I just do not like the answer that you are not aware of any.

Senator Minchin—We will get a formal answer.

Mr Williams—All I am saying is: no departmental funds—

Senator FAULKNER—A flat no is fine, and I will not go any further. There is no need to take it on notice. But if you say you are not aware of it when someone behind you, in the department or in Sydney is aware of it, we have got a problem. So, if the answer is no, let us leave it there.

Mr Williams—You asked a second question. I answered that definitively: we have not spent any money on any such function, so the answer is no.

Senator FAULKNER—Thank you.

Senator CHRIS EVANS—I wanted to ask about the taskforces. Maybe I will start with the Uranium Mining, Processing and Nuclear Energy Review Taskforce. Can someone tell me what is happening about the establishment of this and the support that PM&C is providing for the taskforce?

Ms Goddard—As you know, the Prime Minister announced the establishment of the taskforce on 6 June. The taskforce is located in the PM&C building and is supported by a cross-agency secretariat of officers. It is due to release a draft report for public consultation in November with a final report to be completed by the end of this year.

Senator CHRIS EVANS—What is the size of the secretariat?

Dr Dickson—I have just been looking for the exact numbers. I think it is around 26 staff. I will need to get the details for you, but we can provide that later in this session.

Senator CHRIS EVANS—We are talking about a fairly big secretariat, then.

Dr Dickson—Yes. I think those numbers include the panel and the secretariat. So it is a large number, but I will get the details for you later in this session.

Senator CHRIS EVANS—Maybe we could ask you again later on this afternoon. But that includes the panel. How many are on the panel?

Ms Goddard—There are six. Dr Ziggy Switkowski is the chair. There are also Prof. George Dracoulis, Dr Arthur Johnston, Mr Martin Thomas, Prof. Warwick McKibbin and Prof. Peter Johnston.

Senator CHRIS EVANS—Thank you. The secretariat, you say, is a cross-department one. Are its members working out of PM&C, though?

Ms Goddard—Yes, they are.

Senator CHRIS EVANS—Are most of them PM&C staff, or have you recruited widely?

Ms Goddard—We have recruited widely. The secretariat is headed by Mr John Ryan, who is a deputy secretary from the Department of Industry, Tourism and Resources. There are two PM&C staff on the secretariat.

Senator CHRIS EVANS—Who is the senior PM&C person?

Ms Goddard—They are both relatively junior.

Senator CHRIS EVANS—When the Prime Minister announced this on 6 June was PM&C involved in the planning of this?

Ms Goddard—Yes, PM&C advised the Prime Minister on possible details of that taskforce and helped set up the taskforce and the panel.

Senator CHRIS EVANS—When did you start on that work?

Ms Goddard—I would have to check, but it would have been in the weeks leading up to that announcement.

Senator CHRIS EVANS—Perhaps you could take that on notice for me. Can you describe for me the way the taskforce is operating? Are they holding formal meetings?

Ms Goddard—As I understand it, the panel meet periodically to discuss issues, and they have also been having meetings with a wide range of stakeholders. The secretariat is full time, based in the Department of the Prime Minister and Cabinet, and meets with the panel as needs be and prepares draft papers and draft reports for the panel members.

Senator CHRIS EVANS—So when they meet with the stakeholders, is that the whole panel?

Ms Goddard—I think it is a mixture: sometimes it is the whole panel, sometimes it is a selection of the panel and sometimes it is some of the secretariat members only.

Senator CHRIS EVANS—So are the panel members being paid? This is obviously quite a big commitment of time, isn't it?

Ms Goddard—Yes, the panel members are being paid.

Senator CHRIS EVANS—Is that an hourly rate or are they getting a sitting fee?

Dr Dickson—The panel members are being paid on a contract rate for the expected time that they would be operating. Do you want the details of the contract payments?

Senator CHRIS EVANS—Yes.

Dr Dickson—The chair is contracted to work for 69 days at \$1,450 a day. The panel members are contracted to work for 40 days at \$1,000 per day. There are also contingencies built in at that same rate should they be required to work for longer.

Senator CHRIS EVANS—So the chairman, Dr Switkowski, is on 69 days at \$1,450 a day and the other five members of the panel are on a contract for 40 days work at \$1,000 day?

Dr Dickson—That is right.

Senator CHRIS EVANS—And if they need more time—

Dr Dickson—That would be more time at that rate.

Senator CHRIS EVANS—Do you expect them to require more time? What is the expectation? You said that the timetable seemed to be in fitting with the original announcement. Are they on schedule, basically?

Ms Goddard—Yes.

Senator CHRIS EVANS—How did the selection for the members occur? Was this the decision of cabinet or just the decision of the PM? I mean not just the selection but the establishment of the task force.

Ms Goddard—Sure. I think it was essentially a decision of the Prime Minister.

Senator CHRIS EVANS—Did he choose the members of the task force?

Ms Goddard—I would have to check if that went to cabinet or not, but he was certainly closely involved in choosing the members of the task force.

Senator CHRIS EVANS—Did PM&C put up a recommended list of membership?

Ms Goddard—I think PM&C provided some advice on possible members, yes.

Senator CHRIS EVANS—When you provided advice, was that on a list already given to you? Do you look for people with expertise who you could put up for consideration?

Ms Goddard—The latter. We look for people with expertise.

Senator CHRIS EVANS—Did you do a due diligence type of process on them?

Ms Goddard—Yes. I think as a standard practice members are always asked about any potential conflicts of interest.

Senator CHRIS EVANS—They are asked or do you do a checking process or both?

Ms Goddard—I think it is both.

Senator CHRIS EVANS—What sort of checks do you undertake?

Ms Goddard—I was not here when the task force was appointed, but usually we would ask people to declare any conflicts of interest. We would look down their CV and look for any obvious conflicts of interest.

Senator CHRIS EVANS—But you do not do police checks or that sort of thing?

Ms Goddard—No.

Senator CHRIS EVANS—It is more looking for any potential problems in terms of their other interests.

Ms Goddard—That is right. I think when the task force members sign a contract they are asked again to sign some documentation declaring that they have no conflicts of interest.

Senator CHRIS EVANS—So what happened in relation to Dr Switkowski's position on the ANSTO board?

Ms Goddard—We would have to check on that.

Senator CHRIS EVANS—Was that raised by you as a problem for him in terms of a potential conflict of interest?

Ms Goddard—I would have to check if the department raised that.

Senator CHRIS EVANS—If you could check that for me, that would be helpful.

Ms Goddard—Sure.

Senator CHRIS EVANS—Did PM&C discuss with him the need for him to resign his position on the board?

Ms Goddard—Again, I will have to take that on notice. I will check that for you.

Senator CHRIS EVANS—You cannot help me with any detail about it. You told me that you go through this checking process. As you know—I am trying to refresh my memory—the issue of the membership of the ANSTO board was raised publicly, and I think Dr Switkowski then resigned from the ANSTO board.

Ms Goddard—I think that is right.

Senator CHRIS EVANS—I am interested to know whether you identified that as a conflict or not—and, if not, why not?

Ms Goddard—We need to check our records. The relevant officer who was mainly working on this is on leave overseas at present, so we need to check our records.

Senator CHRIS EVANS—The government is far too generous with its leave for staff! We will come back to that later on and see if you can help me there—and also whether there are any other conflicts of interest identified for members. What sort of a briefing process has been provided to the department or the Prime Minister arising out of the work of the task force? How is it operating in the sense of reporting to government?

Ms Goddard—The task force will provide its final report to the Prime Minister by the end of the year. In terms of the workings on a day-to-day basis, the head of the secretariat, Mr John Ryan, meets periodically with senior PM&C staff to keep them updated as to how the task force is going, and I think he would also routinely stay in touch with the Prime Minister's office to keep them updated as to how the work is going—and the Prime Minister.

Senator CHRIS EVANS—Is that done by Mr Ryan or by other officers in PM&C?

Ms Goddard—The contact at the secretariat level within PM&C is made mainly by Mr Ryan. I would think that the panel would be staying in touch with the Prime Minister and keeping him updated.

Senator CHRIS EVANS—I see. So there is no formal reporting, but you understand that the chair of the panel keeps the Prime Minister up to date and Mr Ryan keeps the department up to date.

Ms Goddard—That is correct.

Senator CHRIS EVANS—But this does not take the form of formal interim reports or published documents—not publicly available, but written documentation? Do they provide you with a monthly update or anything?

Ms Goddard—We have a meeting in my office with Mr John Ryan every two or three weeks, just to catch up.

Senator CHRIS EVANS—So he is not providing you with interim reports.

Ms Goddard—No.

Senator CHRIS EVANS—Before I move on from this, how are you meeting the task force's costs for non-panel members? Are you funding that out of PM&C? Obviously you have 20-odd staff.

Ms Goddard—We are seeking some additional funding through the additional estimates budget process for the costs of the task force in the broad.

Senator CHRIS EVANS—What are you—

Ms Goddard—We would meet the salaries of the PM&C staff on the secretariat.

Senator CHRIS EVANS—If you have only got two out of 20-odd, that is not a big call. What sort of level is the bid at?

Ms Goddard—I think it is still being finalised. We are in the middle of the additional estimates process.

Senator CHRIS EVANS—Will it be \$5 million, \$500 million?

Ms Goddard—I will have to check the details of that. It is a few million dollars.

Senator CHRIS EVANS—It is basically just salaries for those staff, is it?

Ms Goddard—Salaries and some money for consultancies for them to get expert advice, and some overseas and domestic travel to visit sites and meet stakeholders.

Senator CHRIS EVANS—For that consultation process they obviously have travel costs for around Australia.

Ms Goddard—That is right.

Senator CHRIS EVANS—What does the overseas travel involve?

Dr Dickson—They have already travelled to the United States, to Europe and to North Asia.

Senator CHRIS EVANS—Is this just the panel or the panel and a few staff?

Ms Goddard—It is the panel and a few secretariat members.

Senator CHRIS EVANS—Are those costs a part of the supplementation you are seeking?

Ms Goddard—That is correct.

Senator CHRIS EVANS—Perhaps on notice you could get me those costs. What are these consultancies? Are these people given tasks by the panel in addition to the 20 secretariat members?

Ms Goddard—Yes. If the secretariat or the panel need to draw on expert advice in any particular area of the remit of the task force, they have some funds to do so.

Senator CHRIS EVANS—What is the budget for that?

Ms Goddard—I would have to check that. It would be part of that broader bid that we mentioned earlier.

Senator CHRIS EVANS—You have not actually established a budget then for consultancies?

Dr Dickson—There has been a general budget established but it has not yet been finalised through the additional estimates process. But it does cover the travel and the consultancies.

Senator CHRIS EVANS—What is your internal budget?

Dr Dickson—I can get you the details. The need for the consultancies had not yet been finalised either. Some are firm and others are still being worked on.

Senator CHRIS EVANS—Aren't we getting towards the end of the process?

Dr Dickson—That is right. They are pretty close to being able to finalise it with exact costs.

Senator CHRIS EVANS—Yes, but you have let the consultancies, obviously.

Dr Dickson—That is right.

Senator CHRIS EVANS—Are there more to be let?

Dr Dickson—There may be one or two small ones I think, just for checking and verification.

Senator CHRIS EVANS—Basically it is all underway.

Dr Dickson—That is right.

Senator CHRIS EVANS—How many consultancies have you let?

Dr Dickson—I will have to get the details on that from the task force.

Senator CHRIS EVANS—What sorts of number are we talking about—10, 20, 30?

Dr Dickson—Fewer than 10.

Senator CHRIS EVANS—Can you give me an example?

Dr Dickson—I think there is a consultancy that has been let looking at the various costs, the whole of life cycle costs, on a whole range of power generation, electricity generation, from coal, gas, nuclear, wind—

Senator CHRIS EVANS—So it is a comparative cost study?

Dr Dickson—I think it is drawing on all the existing analyses and information that are around.

Senator CHRIS EVANS—Who is doing that for them?

Dr Dickson—Again, I would have to check on the name of the consultant.

Senator CHRIS EVANS—Could you get me the description of the consultancies, the consultant and the cost of that consultancy in each of the cases? They would be interesting.

Dr Dickson—Yes.

Senator CHRIS EVANS—So this is in addition to the work the secretariat is doing. They are getting other people to do specific tasks. Are they of a technical nature? That sounds like a sort of secretariat type of job.

Ms Goddard—Very much so. They are very technical, scientific, complex, specific issues that they need very specialist advice on.

Senator CHRIS EVANS—I thought that is what we got the panel members for.

Dr Dickson—This particular consultancy I was mentioning, though, is pretty comprehensive. There are dozens of studies of the analysis of life cycle costs and it is really getting an expert view of where the most reliable estimates are so that this wealth of information can be drawn through.

Senator CHRIS EVANS—Choose your expert and the opinion you want. The figures seem to vary widely, from what I have seen. Are you briefing any other departments as they go along?

Ms Goddard—PM&C is not briefing other departments, no.

Senator CHRIS EVANS—Is the task force briefing other departments?

Ms Goddard—Not that I am aware of.

Senator CHRIS EVANS—What is going to happen in terms of a draft report or circulation?

Ms Goddard—There is a draft report to be released for public consultation in November.

Senator CHRIS EVANS—Is that going to be circulated inside government first?

Ms Goddard—I do not know what the task force's plans are in that regard.

Senator CHRIS EVANS—I guess I was asking more for government or PM&C's plans. You are commissioning it. I guess they will do as you ask of them, won't they?

Ms Goddard—I think the details around the release of the draft report are still to be finalised.

Senator CHRIS EVANS—Is that a negotiation between the task force and PM&C or—

Ms Goddard—No, it is just that we have not sat down to talk about it.

Senator CHRIS EVANS—So it is envisaged that there be a public draft report and one to government as well, or just one report?

Ms Goddard—I understand that it is just one draft report that will be publicly released and inform the basis of further stakeholder consultation before the final report is produced.

Senator CHRIS EVANS—Will government departments provide feedback on the draft report to the task force?

Ms Goddard—That is open to them if they wish to but I think that it is more a document for wider stakeholder consultation. Presumably it would have some of the draft conclusions or draft factual findings that the task force has made.

Senator CHRIS EVANS—So there is the draft report in November. Do we still expect to see the final report by the end of 2006?

Ms Goddard—Yes.

Senator CHRIS EVANS—Can someone help me with issues about Australian involvement in the Global Nuclear Energy Partnership?

Ms Goddard—I am not sure that is something that PM&C has the lead on. It could be DFAT or ITR.

Senator CHRIS EVANS—Do you know which one has the lead on it?

Ms Goddard—No, I do not, I am sorry.

Dr Dickson—I think that it is ITR. We will confirm that though.

Senator CHRIS EVANS—Is PM&C represented on an IDC or task force or—

Ms Goddard—Not that I am aware of.

Dr Morauta—I think that we are. It is a DFAT committee—Global Nuclear Energy Partnership IDC. It says that it is a DFAT committee and we are represented on that but we are not the lead agency.

Senator CHRIS EVANS—Who is representing you on it, Dr Morauta?

Dr Morauta—I do not think that I have got that in front of me, but I picked it up on an answer that we gave with all the detail of the IDCs. We can find out. It is a PM&C officer representing us on the—

Senator CHRIS EVANS—For those who say estimates does not do any good, one thing is that it always informs the department what is going on. Generally it informs ministers as well. Senator Hill used to love defence estimates. He found out about all sorts of things that were going on in the department that they had not actually told him about—or they might have said something different to him. It sounds as though you are not very well briefed on the work of the Global Nuclear Energy Partnership IDC so I think I would be wasting my time exploring any further. We will mark that down for DFAT. When the Prime Minister went to the United States in May there were reports of him having met with a number of people to discuss the nuclear issues. Is the department able to advise me whom he met with to discuss those issues?

Mr Borrowman—The GNEP issues were discussed with a range of interlocutors. I have them in my head but, if it is all right with you, I can get back to you in the next 10 minutes or so and give you a definitive list.

Senator CHRIS EVANS—We are due for a break shortly so I will get the definitive list. Was William Frisk one of them?

Mr Borrowman—Yes, he was.

Senator CHRIS EVANS—What about Energy Secretary Bodman?

Mr Borrowman—From recollection, yes.

Senator CHRIS EVANS—So there were quite a few interlocutors that the Prime Minister met with on the trip?

Mr Borrowman—Yes.

Senator CHRIS EVANS—Did PM&C provide a briefing for the Prime Minister on nuclear issues before he went to America?

Mr Borrowman—I believe it was incorporated as part of his general briefings.

Senator CHRIS EVANS—But that was at the request of his office?

Mr Borrowman—We determine what goes into the Prime Minister's briefing. We put together the briefs for his visits in the department, based on our own knowledge and discussions about what should go forward. So the short answer is, no, it was not requested by his office.

Senator CHRIS EVANS—No, but how do you get an understanding about what he wants to talk about when he is on these trips? Does the Prime Minister's office say to you, 'This is the focus of the trip'? How do you work out what the focus of the trip is going to be?

Mr Borrowman—I think the broad answer to that is we work it out in consultation with DFAT and posts, so there are a variety of obvious issues that will occur in any given bilateral visit or relationship.

Senator CHRIS EVANS—I expect he would have mentioned the Iraq war when he went to America, but I suspect the time before, on his previous visit to the US, nuclear issues were not at the height of his agenda. I am trying to understand not necessarily about this issue but how you work out your priorities for briefing for a trip. It must involve some indication from the Prime Minister's office as to why he is going there and what he wants to talk about.

Mr Borrowman—In the process of preparing for the visit we have discussions with posts. We as advising departments come up with ideas about what the discussions will be. We have preplanning meetings then with the Prime Minister's office in the course of that preparation.

Senator CHRIS EVANS—So there is a discussion, eventually, between you and the Prime Minister's office about what the priorities ought to be, and it would seem natural that he would have input into what he was going to talk about.

Mr Borrowman—Yes.

Senator CHRIS EVANS—The way you described it, I was a bit worried that bureaucracy had total control and the Prime Minister had no say in what he was going to talk about. I am glad he was allowed some input. So through that sort of process you come up with the scope for your briefings for the Prime Minister?

Mr Borrowman—Yes.

Senator CHRIS EVANS—Had the nuclear energy emphasis been contained in earlier briefs for him for overseas travel?

Mr Borrowman—I would have to check that. It was, of course, an American initiative which came out at a certain time, which I do not have in my head. That is what I am working out. By definition it would not have been included beforehand because it did not exist. The question is when did it come on the agenda, and when therefore would we have subsequently briefed on it for visits.

Senator CHRIS EVANS—So effectively you are saying the US announcement was what put it on the agenda for the trip or what raised it up the priority list, as it were?

Mr Borrowman—It became an issue that would obviously come up. Or, on which briefing should be provided.

Senator CHRIS EVANS—Are you aware of what the process was regarding the decision to sign up to the Global Nuclear Energy Partnership?

Mr Borrowman—I think that is probably a question better directed to DFAT.

Senator CHRIS EVANS—That is what I am trying to get a sense of. Did DFAT get the job once it was agreed and you had running of it before that? Do you see what I am trying to get at? Did you brief the Prime Minister? The Prime Minister announced Australia's commitment to that partnership; I am trying to understand whether that came out of Foreign Affairs or whether after it was announced Foreign Affairs were given the job of providing that leadership.

Mr Borrowman—First, I think 'sign up' is perhaps too strong an expression. But again I would suggest that DFAT is better placed to answer that. In terms of leadership, again I would not quite agree with that characterisation. It is much more of an iterative process. There was an American initiative. When we prepare for a visit the normal process is we would seek briefing from line departments about various issues. So we would have sought a briefing from the Department of Foreign Affairs and Trade about the American initiative; we would have prepared a brief for the Prime Minister on the basis of that. It would have formed part of the basis of his discussions. DFAT would, in the normal course of events, take forward these matters.

Senator CHRIS EVANS—You said that my use of the words 'sign up' was not quite the right term; what is the official terminology?

Mr Borrowman—Again, this is where I would rather defer to DFAT because, in that sense, it is still developing initiative. As far as I am aware, there is not anything yet signed up. The issue is that a proposal which would affect the management of uranium would be of significant interest to Australia as a major uranium producer, and that was the basis of the interest. To my knowledge, and I defer to DFAT, discussions are still very much developing on this.

Senator CHRIS EVANS—Are you saying we have not committed? Is that what you are trying to say?

Mr Borrowman—It depends on what you mean by 'committed'. Again, the Prime Minister made very clear in his various press statements during the Washington visit: the basis of Australia's interest in the initiative was that it was something we would want to remain closely involved in, and those discussions are proceeding.

Senator CHRIS EVANS—They have taken some questions and will get back to us later, so I am happy to break now.

Proceedings suspended from 3.46 pm to 4.01 pm

National Water Commission

Office of Water resources

CHAIR—We are considering together the National Water Commission and the Office of Water Resources.

Senator STEPHENS—I think we will start with the Office of Water Resources. Dr Horne, perhaps you could begin by telling us about the Office of Water Resources: how it has been

established, what kind of resources it has to operate, where the budget appropriation is and where it has come from. That might be a good place to start.

Dr Horne—The office, as you well know, has just been established, and the intention is to build up to a staffing complement of around 20, including officers on the Department of the Prime Minister and Cabinet staff and other officers who may be seconded from time to time. Until the announcement of the establishment of the Office of Water Resources, the department had a group of around 10 people working on water matters. Thus, the intention of the establishment of the office is to basically double the input of human resources, if you like, into the water issue. As the Prime Minister said in his press release, the intention is to give a higher priority to water. I think the reasons are clear: to enable and to facilitate the rate of reform in the water area. Currently, from a resources point of view, the government is looking at resource levels in the context of the 2006-07 additional estimates processes.

Senator STEPHENS—Has a budget been struck for the office?

Dr Horne—At this point a budget is being worked out through the additional estimates processes.

Senator STEPHENS—Have you had to make some projections about what your needs would be for the office?

Dr Horne—That is correct. As I said, we will be looking, from a staffing point of view, at the people we need, given that a lot of the work of the office will be discussing various matters on water with our counterparts in premiers' offices and cabinet offices in the states. There will be a travel vote, a consultancy vote et cetera. That will add up to some amount of money, which is currently being worked through.

Senator STEPHENS—So there are no ballpark figures available yet?

Dr Horne—Given that they are being negotiated at the moment I think it is probably best that I not put a—

Senator STEPHENS—Sure. That is fair enough. I understand you are the head of the office?

Dr Horne—That is correct.

Senator STEPHENS—Were you formerly with the Department of the Prime Minister and Cabinet?

Dr Horne—That is correct.

Senator STEPHENS—Have you developed an organisational structure or plan yet?

Dr Horne—No. We have in fact advertised for staff. We have spent much of the last fortnight sifting through over 100 applications for staff at band 1, EL2 and EL1 levels. We have started interviewing for those. We are looking at getting a mix from the people who have applied. After we have looked at those carefully, we will look at the structure of the office. We want to use those resources as effectively as we can, given that it is a small office. For example, we have not got the resources for two or three hydrologists but we do have the resources for getting somebody who knows a lot about hydrology. We are trying to look at what the key specialties are that we need within the office plus some people who know about

government and how to get things done. The eight or 10 people we are looking to employee over and above the complement that is there at the moment will then form the office. We hope to be looking very carefully at structures and such. Now that we have had a look at who is in the field, we can look at how that is going to best suit what it is that we want to achieve.

Senator STEPHENS—Have you got a time frame for bedding all of this down?

Dr Horne—We will seek to bed it all down and to have offers out to people probably within a few weeks.

Senator STEPHENS—So you hope to have all of your positions filled and some strategic planning undertaken by the beginning of next year.

Dr Horne—I think that is what we are trying to do.

Senator STEPHENS—Where is the office located within the departmental structure?

Dr Horne—I report directly to Dr Shergold. That is where it is located in the structure. In the building we occupy whatever space we can find at the moment.

Senator STEPHENS—So you are actually located within PM&C.

Dr Horne—At the moment with our current complement we are. But we will be starting to put people in corridors before too long. It is a very full building.

Senator STEPHENS—Is finding a separate space also on the agenda?

Dr Horne—No, with the department moving into a new building in February there is sufficient space in the new building to accommodate the office.

Senator STEPHENS—I have a question about the relationship between the National Water Commission and the Department of the Prime Minister and Cabinet: what are the reporting lines there?

Dr Horne—The office reports to the Prime Minister and to the parliamentary secretary, Mr Turnbull. The commission can speak for its reporting arrangements. Beyond that, do you want me to talk about what we are doing relative to them?

Senator STEPHENS—I will be very interested to hear how your work is different to the work of the commission.

Dr Horne—I think there are two main streams in the work of the office as I see it and as set out in the Prime Minister's press release. The first is our role within the Australian government in trying to accelerate the rate of reform on water and to provide a high-level strategic coordination of the various elements of policy.

One of the ways we will do that—and clearly it is not limited to this—is through the water policy group, which I chair. It has been meeting monthly, and we are looking at its role and its frequency of meeting right now. Some years ago when we were putting the National Water Initiative together we met as a group on a weekly basis, and we may well want to get a small group of people to meet more frequently than monthly. But that is work in progress.

The second area is for us to facilitate relationships with the states, and that is though the work of Mr Turnbull, who chairs the water minister's group, which is a group under the NRMMC, the Natural Resource Management Ministerial Council. The work on water through

COAG involves us closely discussing water related matters with our opposite numbers in the premiers' departments. So it is both amongst Australian government departments and, more broadly, amongst the jurisdictions that we have. I think it is quite a distinct role, and clearly we will be providing advice to Mr Turnbull and to the Prime Minister on matters relating to water, as we would as part of the Prime Minister's department.

Senator STEPHENS—From the commission's point of view, how do you see yourselves relating to the Office of Water Resources?

Mr Matthews—Under its act, the commission reports to the Prime Minister. It is different from another element of the Public Service, the Office of Water Resources. We need to work in a closely complementary way with Dr Horne's group. The commission has two broad roles, which are reflected in its legislation. The first role is to advise on and facilitate the progress of the National Water Initiative and the second is to advise on financial assistance from the Australian government water fund. So there is financial assistance and policy reform. We report to the Prime Minister in that. We need to work closely with the Office of Water Resources. We participate in some of the process that Dr Horne has been describing, to make sure that we are all aware of current developments in water. The relationship is very business-like and satisfactory from both sides.

Senator STEPHENS—Has the role of the commission been redefined in any way with the establishment of the Office of Water Resources?

Mr Matthews—No; it is a very good question and a very important point. The role of the commission has not changed. The legislation has not changed. The National Water Initiative has not changed, and our reporting arrangements have not changed.

Senator STEPHENS—That is good.

Senator SIEWERT—I want to go back to the relationship and the different roles of the two bodies. I understand that you said the office was to accelerate the rate of reform. Have you worked out how?

Dr Horne—I think that as we develop the ideas on those matters we will take them to the Prime Minister and Mr Turnbull, work them through with them and see where we go from there.

Senator SIEWERT—I was looking at the media announcement, and it said that one of your roles will be to oversee initiatives. I understood that the role of the commission was to advise on the implementation of the NWI. How are you going to perform your functions if there is already a body doing that?

Dr Horne—There are a range of projects that Mr Matthews and the National Water Commission will be looking at and overseeing, and on which they will be making recommendations to the Prime Minister. As it is a part of the department, the Prime Minister would in the normal course of business seek the views of his department on those projects, and we would put them in the context of Australian government policy, as distinct from the approach of the National Water Commission, which, through its legislation, would provide some advice on implementing the National Water Initiative. Those often will be quite

congruent and will not cause any issues. If there are any issues, we would simply point them out to the Prime Minister.

Senator SIEWERT—Who has been doing that until now?

Dr Horne—Advice has been offered by the department on those issues. This is providing one element where there would be an enhanced role within the department to provide that analysis. The water area is very active at the moment. Keeping on top of it and keeping it moving really does require sustained effort as we go into this phase of implementing the National Water Initiative itself. Putting in place the initiative in June 2004 was really the beginning of a process of sustained activity. That has been cranked up. The need for it to be cranked up can be seen every day, I think, particularly as we are now in a severe drought and we can see the need for a range of things. That is what we are there for.

Senator SIEWERT—I want to check on the answer to one question. I apologise that I was slightly late; somebody walked into my office just as I was leaving. I think Senator Stephens asked a question about the additional resources. Did I hear you say that you are unable to specify that at the moment? I also understand that you will have additional resources to oversee some of the issues and I thought I heard you say to Senator Stephens that that is not really clear at the moment. Is that correct?

Dr Horne—That is being worked through by the government in the 2006-07 additional estimates processes.

Senator SIEWERT—I have more questions but I will hand back to Senator Stephens.

CHAIR—Actually, Senator Watson may have a few questions.

Senator WATSON—Thank you very much. The Australian government has established this \$2 billion water fund to deliver practical water projects to improve water efficiency and environmental outcomes. Will that responsibility be discharged by the Office of Water Resources or by the National Water Commission?

Mr Matthews—That continues to be a function of the National Water Commission. There is one set of projects where we are collaborating particularly closely—that is, a special call that the Prime Minister made for so-called icon projects: very large-scale transformative water projects. The Prime Minister has asked the parliamentary secretary, Malcolm Turnbull, to take a leading role in advising the Prime Minister about decisions to be made in that area. In that role he will be supported by the Office of Water Resources. The Prime Minister's guidance also gives a role for the National Water Commission in developing those projects with the states and territories because they are projects nominated by the states and territories.

Senator WATSON—Essentially, the differential between the two will be that the Office of Water Resources will deal with iconic or very large-scale operations—is that right? Would that be the separation?

Mr Matthews—I would not describe it quite that way. All normal Water Smart Australia projects are assessed and advice is provided from the National Water Commission. These iconic projects are also assessed by the National Water Commission but there is a special role in that case for the parliamentary secretary, and the Office of Water Resources will work in

support of the parliamentary secretary so we will need to work closely with them on those iconic projects.

Senator WATSON—Have you forwarded any practical iconic water projects for assessment by the Australian Water Commission and onward approval for the Prime Minister?

Mr Matthews—There have been projects proposed by all states and territories but at this stage no final advice has gone to the Prime Minister. We have given him interim updates, but no final advice has gone forward to the Prime Minister.

Senator WATSON—But some have gone for assessment by the National Water Commission, have they?

Mr Matthews—Yes, they are all in a process of assessment at the moment.

Senator WATSON—How many have you forwarded on for assessment by the National Water Commission?

Mr Matthews—Each state was invited to nominate one or two iconic projects and there have been one or two from most. One or two states have put forward more than two.

Senator WATSON—And how many of those have been forwarded on to the National Water Commission for assessment.

Mr Matthews—All of them.

Senator WATSON—They have all been forwarded on?

Mr Matthews—Yes.

Senator WATSON—Have you had any response back? I understand that they come back to you once they have been assessed and then you forward them on to the Prime Minister. Is that correct?

Mr Matthews—What happened was that the Prime Minister wrote to the premiers. Each of the premiers and chief ministers have replied to the Prime Minister. Those letters, or copies of them, were given immediately to the National Water Commission and assessment has commenced by the National Water Commission, which, as I said, we are doing in collaboration with the Office of Water Resources. There will be advice going to the Prime Minister when that assessment process has finished.

Senator WATSON—Yes, but do they go through your office or through the National Water Commission office? Are you the coordinating body?

Mr Matthews—I am the National Water Commission.

Senator WATSON—Right.

Dr Morauta—We have two groups here: the Office of Water Resources and—

Senator WATSON—I know, but this is where I am trying to work out the information flow—the processes that are involved. So in the first case the correspondence goes to you in respect of these iconic projects, then they go for assessment by the National Water Commission, then they go back to you and then on to the Prime Minister. Is that correct?

Dr Horne—Yes, in the case of the iconic projects there would be a provision of advice from the states back to the Prime Minister and Mr Turnbull. Clearly we would see copies of that information, but it would go to the National Water Commission. The intention is that Mr Turnbull would meet with each of the state ministers for water, in some cases that is the deputy premier. The first of those meetings, for example, with Victoria has already taken place. Subsequent meetings will be held with each of the other states to help our understanding of each of the projects that have been put forward—to give us as much of an understanding of how water reform is going or progressing in each of the states as possible and, against that, where these projects being suggested by state premiers fit into that process of water reform. The information and details of the project will be assessed in some detail by Mr Matthews and his team and then it will move forward to some recommendations and advice to the Prime Minister and Mr Turnbull. Out of that will come a statement on where the Australian government lies in relation to each of the projects.

Senator WATSON—The Australian government Office of Water Resources complements Mr Matthews' National Water Commission in facilitating the implementation. Could you describe to the committee how you complement and interact with each other to fulfil the aims of the Prime Minister?

Mr Matthews—I, in my own earlier answers, and Dr Horne have described how we complement each other on project assessment for icon projects. Perhaps you are talking also about the National Water Initiative and the water reforms that are involved in the National Water Initiative. A good example there would be that the National Water Commission will, from time to time, draw the attention of the Prime Minister or COAG to areas of the National Water Initiative reform agenda which are lagging. Dr Horne would then be able to consider that and develop with his colleagues in Australian government departments an Australian government response to that.

If, for example, there were a delay in the development of water markets and water trading in Australia—and there is—there could be a role for the Office of Water Resources to push that particularly hard. Indeed, in that particular example, Dr Horne chairs a group of Commonwealth and state officials which is looking at water trading. That is one way in which advice from the commission has identified an area where we are not satisfied with the progress of the states. Dr Horne's group has picked up and is giving that a bit of a nudge along.

Senator WATSON—So Dr Horne's office really deals with just the iconic projects plus any problems that may have arisen as a result of pricing problems between the respective states in terms of water trading—is that right?

Dr Horne—Certainly water trading is a very good example of where we see a role, but it is certainly not limited to water trading. As Mr Matthews said, if there are problems that arise we will want to have a look at those problems, see if we can help to resolve them and help to move forward the overall debate and the overall implementation of the National Water Initiative forward. There may also be issues that go beyond the National Water Initiative. We see a role for the office in that area.

Whilst the National Water Initiative does cover urban issues, it is one area where the coverage is implicit in the initiative rather than in detail and explicit. There has been some initial work on commissioning some studies in that area to see if there are any areas that need significant early attention and to see what we can do to facilitate that, or what other elements of government can do. It is not just us; there is a lot of very good work going on in many Australian government agencies and, for that matter, in many areas in the states and territories.

Senator WATSON—What heightened authority do you have, Dr Horne, over and above the National Water Commission?

Dr Horne—We work cooperatively together and that is the hallmark, I hope, of the relationship between the two offices.

Senator WATSON—Finally, when do you expect any practical water projects to be forwarded to the Prime Minister for his approval given the severity of the drought at the moment?

Senator SIEWERT—Do you mean the iconic ones?

Senator WATSON—Yes.

Mr Matthews—There are projects being forwarded to the Prime Minister all the time from the core other than the iconic projects, but our best estimate of when they might be going forward would be before the end of this year.

Senator WATSON—What are the sorts of programs that you referred to—other initiatives from the Water Commission—that are going forward to the Prime Minister?

Mr Matthews—What are the non-iconic types of projects?

Senator WATSON—Yes.

Mr Matthews—I might ask Mr Costello who administers that group to give you some examples.

Mr Costello—I administer the \$1.6 billion Water Smart Australia program. To date, we have had 39 projects announced with full funding of \$489 million. A number of those projects are well advanced. A practical example is the project linking the Hunter water supply system to Gosford. There is a very critical water supply issue for the Central Coast. That project will allow the surplus water from the Hunter system to be traded with the Gosford Wyong water authority. It is 80 per cent complete. It will be finished next month. The water will be able to flow into the Hunter area in December—so that is one example.

Another example is the Wimmera Mallee pipeline, which involves piping 16,000 kilometres of open channels replacing that open channel system with 8,000 kilometres of pipe. The design has been done for the first stage. The tenders have been released. The contracts have been signed and the construction has commenced. That will save 100 gegalitres, which is 100 billion litres of water through—

Senator WATSON—Can you give us details of the other 28? You said over 30.

Senator SIEWERT—Could those perhaps be tabled?

Senator WATSON—Tabled—that would be great.

Mr Costello—We can table a list of all the announced projects. They are on our website, of course.

Mr Matthews—I would like to add a little to an earlier answer. On the iconic projects, I want to make clear that, although we expect that the first of those projects would be recommended to the Prime Minister before the end of this year, that is not necessarily so for all of them. The various projects are at a different stage of development so the first ones, which might be well developed, will be going to the Prime Minister sooner than others.

Senator STEPHENS—Mr Matthews, thank you for the response to the questions we placed on notice last time. How are things going with your staffing levels now? You indicated that the staffing capacity was 48 and that you have 46. Are you up to full complement now?

Mr Matthews—As of today, we are at 47, I think, so we are very close to full complement. We have advertised recently because a number of our staffing arrangements are temporaries or contractors. We are going through a round of additional advertisements.

Senator STEPHENS—Are they the six that are on your website at the moment? Are they the six positions that you are recruiting for?

Mr Matthews—That is right. Would there be six? There would be at least six, depending on the field. We made a generic advertisement and those processes are running their course at the moment.

Senator STEPHENS—I want to ask some quite specific things, and perhaps some of the other staff may be able to help with this. First of all, I want to talk to you about the whole issue of environmental water allocations to get a sense of what the Water Commission is thinking about these things. You are probably aware that Senator Siewert and I have been involved in a rural committee inquiry into rural water use, so environmental issues are raised frequently. Can you advise us what your thinking is about the legal enforceability of environmental water allocations? First of all, under the National Water Initiative is there a legal requirement to make environmental water allocations and, if so, can you explain how that process has been rolled out, given the current drought situation?

Mr Thompson—To go to the second question first. The National Water Initiative does not require specifically what you are asking—that is, a legal requirement for the enforceability of water provided for environmental outcomes. We describe it as water for environmental outcomes because in some cases this water takes two forms: it can be bucket water—water that is actually held for the environment, so it is a specific quantity of water—or may be in the form of rules for the environment such as cease to pump rules and those sorts of things. The NWI requires at a higher level that that water which is provided for environmental purposes has at least the same level of security as water provided for productive purposes or consumptive purposes. Because the water provided for consumptive purposes does not have, in all circumstances, exactly the same the level of security neither does environmental water. So some will have the same level of security, for example, as a broader access entitlement for consumptive purposes and some will not.

To go to the first part of your question. The situation varies from state to state. In Queensland, for example, almost all the water provided for environmental purposes is that rules based water that I talked about before. It is not actually held as an entitlement. The water plans that specify those rules are effectively legal documents and they have that status, but then it depends on the detail of the plan as to how much enforceability attaches to it. In Victoria, New South Wales and South Australia where there are more managed systems, especially in the Murray-Darling Basin, there is rules based water and water which takes the form of an entitlement. If it takes the form of an entitlement, it should have precisely the same level of security as an entitlement for consumptive use. That is an overview.

Senator STEPHENS—Thank you. That is helpful. Once an environmental water allocation is made, it is that binding on government agencies and others?

Mr Thompson—If it is part of the water plan and the plan itself is a statutory document and has legal standing, then yes is the general answer to that. In specific terms, there may be some caveats in the plan itself about when rules for providing environmental water may not apply.

Senator STEPHENS—Would that be common?

Mr Thompson—It is not uncommon and the NWI I think refers to situations where for fire-fighting purposes, relief of drought circumstances and public health reasons for towns those sort of things might apply. So it is not uncommon.

Senator STEPHENS—Is it the role of the commission to actually monitor environmental water allocations?

Mr Thompson—We do that through the assessment role that we have. We do not have a role of policing individual actions by the states in meeting the obligations of their water plans. But when we assess the states for their progress in implementing the National Water Initiative, we look at specific examples as evidence of whether the states have actually met their requirements or not—though that might sound convoluted. For example, in the last major assessment that we undertook for national competition policy purposes, we did not go through every water plan that every state had done to see whether they had met their requirements under the National Water Initiative and the COAG water forms; but we did look at a few specific examples of water plans completed by states and used those as evidence of whether the states had met their higher level commitments under the NWI or not.

To come back to your question—and apologies for the long answer—we would look at some specific instances when we come to do assessment of states' progress against the National Water Initiative. Our next major assessment of state progress is the first biennial assessment of progress against the National Water Initiative and that is due to be completed halfway through next year, 2007.

Senator STEPHENS—I understand from my reading of both the water initiative and quite a lot of the literature around it that is available now that an environmental water entitlement is only a right to a share of the consumptive pool—is that right?

Mr Thompson—That is right, consistent with the way in which an access entitlement is defined for consumptive purposes.

Senator STEPHENS—Who determines the consumptive pool?

Mr Thompson—Mr Matthews has just corrected me: in some cases they are rules based and environment and department rules can override those.

Senator STEPHENS—Yes. Who determines the consumptive pool?

Mr Thompson—The consumptive pool is determined on a plan-by-plan, catchment-by-catchment basis. Essentially, the National Water Initiative logic is that the consumptive pool and the trade-off between environmental and consumptive use is worked out in the water plans for each system—groundwater systems and surface water systems. Communities and governments—state governments for the most part—are meant to take into account the science that they have available to them, the understanding they have of the impacts of cuts or increases in consumptive uses and the understanding they have too, locally, of the amenity value of water. They look at the best available information they have and then reach those trade-offs.

Senator STEPHENS—You mentioned communities making decisions based on the best access to science, which takes them into the next whole issue. One of the criticisms of the National Water Initiative has been that there has not been enough emphasis or resources given to recognising that there is incomplete science and that quite a lot of work needs to be done. There seems to be an assumption in the water initiative that research and science are available but many people are critical of that assumption and say that it is not true. I notice that we have a paper from the commission which is about the science and, if I could talk to you about that, that would be very useful. In terms of some of the benchmarking that the commission is doing on the science, there are several projects that have been rolled out in the National Water Initiative documentation. I just want to find out from you how things are going with the baseline assessment, for starters.

Mr Matthews—Let me say a few things and then my colleagues may add to them. It is true that sometimes the NWI has been criticised for insufficient science data for decisions, but in my view those criticisms are wrong. It was well recognised at the beginning that there is not enough science and that there are big inadequacies in data about water and for that reason we have developed a program called the Raising National Water Standards program, which does make direct investments in each of those areas in the gathering of the necessary data and sometimes doing science work. That is implicitly saying: yes, there is a need for that sort of information to make soundly based decisions particularly water planning decisions and there is a need for more resources to do that.

The baseline assessment project is separate from but related to that. The baseline assessment was a commitment under the National Water Initiative to do a benchmark as of the date of signing the National Water Initiative in June 2004 in two areas: how the states and territories and the Australian government are governing themselves for water management purposes—so, a governance assessment of how things look—and, secondly, an assessment of the state of our national water resources. Each of those assessments are called baseline assessments because they are to mark on the bench what it looked like when we embarked on this journey. Now, after five and 10 years, we can make comparisons and work out in an objective way whether progress has been sufficient.

We have recently released the first part of the baseline assessment of water resources. That addressed the beginning of the assessment of the state of health of Australia's water resources. There will be a next phase coming out early next year, which will be giving a particular focus to 50 key water management areas in Australia—water balances, what is available, what its state of health is and so on. That will be a very serious contribution to the knowledge and science that you are asking about.

Senator STEPHENS—Mr Matthews, you said that the second phase would be available, completed, early next year.

Mr Matthews—That is right.

Senator STEPHENS—Will that be the end of that project?

Dr Chartres—That project will be complete when we launch it with 2005 data. One of the critical issues that that is bringing to light is the issue of the quality of the data that is available and the speed with which we can collate and collect that data. We are currently discussing and contemplating how that can be improved. It is actually quite a good example, I think, of how we link across to the Office of Water Resources, in that we are talking together on how we might pull in that kind of data from the states much more rapidly using web based technologies. At the moment, that is only under discussion, but it is potentially the next stage. When we come to doing another assessment or when we come to pulling together the chart of accounts under the water accounting area, we will be able to more readily pull that together quickly and in a timely fashion.

Senator STEPHENS—Senator Siewert and I had the pleasure of visiting the Bureau of Rural Sciences and looking at NAMS. Do you envisage that your data would be able to be uploaded into that web based platform and provide assistance to the whole exceptional circumstances and drought-relief management issues? Do you see it being able to link to that whole system?

Dr Chartres—Absolutely. Ultimately, the ideal and the aim will be to provide one platform where all data can be served rapidly and easily from the states and used by a whole wide range of users. Some of the key things at the moment are technical in terms of what is called interoperability assistance but, clearly, we have been in liaison and discussion with the BRS. The BRS are part of the consortium pulling together the baseline assessment. We aim to work with them in the future and with a lot of other providers, such as the bureau of met, CSIRO, Geoscience Australia and the National Land and Water Resources Audit, to make sure we can focus scarce resources on the problem and come up with one solution that fits all.

Senator STEPHENS—Is that in the discussion phase at the moment?

Dr Chartres—Yes, it is in the discussion phase. Clearly, the priority for us at the moment is to deliver the final stage or the level 2 assessment of Australian water resources, which is the baseline assessment. As Mr Matthews says, that will be launched sometime early in the new year. The next stage is then to move towards what we are calling the Australian Water Resources Information System. But to get this right there has to be a lot of discussion between all Commonwealth and state agencies. We do not want to proceed too quickly. We want to get everyone on board and singing from the same hymn sheet.

Senator STEPHENS—You talked about the 50 water plans. Does that relate to the suggestion in Dr Chartres' paper about developing a register of high conservation value freshwater assets or is that something different?

Mr Matthews—No, that will be different. My reference was to 50 or perhaps a few more water balances—integrated surface water and groundwater balances; priority catchments, including capital cities of Australia; and priority basins, regions and capital cities. It will give a snapshot of a couple of aspects of each of those areas, showing water availability, water quality, river health and water use. It will show how much water is under entitlement, how much is allocated, how much is to be used and what types of water are used and for what purposes. So, for each of the 50-plus catchments, as we can call them, it will be a picture of what water is there, what its state of health is and what is available for environmental production purposes.

Senator STEPHENS—Are we still going to have a register of high conservation value freshwater assets?

Dr Chartres—In the level one assessment, which has been released, we have identified I think something in the order of over 3,000 of these assets. They have largely been determined from existing registers as prepared by the Department of the Environment and Heritage, the state governments and Ramsar sites. They are listed on the current website. The key work that is going on at the moment is to try to produce a methodology which will allow comparable assessment of river health conditions in the different jurisdictions. We are trialling that at the moment and we have a workshop forthcoming based largely on what is going on in Victoria and Tasmania, which are fairly well advanced in that area.

Senator STEPHENS—Just on the issue of environmental water allocations, Mr Matthews, is there a view to imposing a legal regime for water accounting? Will that just come into the water trading? Will the water market determine the legal framework? Is that how it will work?

Mr Thompson—It is a good question. The National Water Commission will not be imposing anything because at the moment we and other Australian government agencies are working with the states to help them meet their commitments under the National Water Initiative, which are around having in place accounting standards so that, when we talk about quantities of water, states of water and types of water across the country, we know what we are talking about. At the moment there are differences between systems and between states and territories. In fact, one of the major new elements of the National Water Initiative was to fix that.

There has been a major stocktake of how each of the states and territories account for their water resources—what standards they have in place for accounting and what systems they have for recording their water resources. That stocktake has been completed. It was funded using a lot of in-kind resources from the states and territories. Also, there was some funding from the Department of Agriculture, Fisheries And Forestry. That has been completed.

Governments are in a position where they are considering the next stage of that and how to take that forward as quickly as possible, in particular to develop effectively a charter of accounts for water that would be similar to that which we have had for many years in financial accounting.

To come back to your question, the National Water Commission will not be imposing that but there is an issue of how we can do that most effectively and quickly across the country, and that is something we would be pushing the states to think hard about. Is it going to happen by volunteerism and osmosis or should it happen through some other means? That is something we need to discuss with them.

Senator STEPHENS—Do you have a response to that from the Office of Water Resources, Dr Horne?

Dr Horne—I will add one thing: beyond the states, through the Murray-Darling Basin Commission and various initiatives such as that, water is going to be purchased for the environment. A lot of that will be through efficiency initiatives and such. It will be purchasing entitlements to water and will mean in years like this, which is a very tough year, that the allocations which go with those entitlements will be less than one, so that might be 70 per cent or 50 per cent of the water or an even lower number. The environmental managers that look after those water entitlements will need to look at the water that is available to them through allocations and say, 'How can I best use the water that is available to me to protect the environmental values which are important to us?' So they will need to make some assessments about which values are the most important and how to use that water. I think we are moving in a sense into an exciting period where the environmental managers, as the amount of water which they have under their control grows over time, will be able to influence the protection of those values. That said, we are going through a very dry period and it may be that in very dry periods they have some very difficult decisions to make in terms of a restricted access to water because the environment as well as our irrigators and others will be faced with reduced allocations.

Senator STEPHENS—So my question, Dr Horne, was whether I ask the National Water Commission would they be considering imposing a legal regime. Can you imagine that that would be something that the Office of Water Resources might consider?

Dr Horne—We are looking to, through the framework of the water initiative and the role of environmental managers, those environmental managers to manage the resources under their control. Those resources at the moment are available to them through a rule based framework or through purchasing of entitlements through various programs be they state based, Australian government programs or joint programs between a number of jurisdictions. The National Water Initiative has set up a framework which enables the protection of environmental values but does not impose an illegal framework. If you have purchased an entitlement and if a water manager purchases an entitlement then that is there for the use of the environment. Clearly, that is an amount of water which will vary according to seasonal conditions—and I will leave it at that.

Senator SIEWERT—This is still related but I want to go back a step. In terms of talking about the water reform, is anybody considering, whether it be the office or the commission, a review of the reforms in light of climate change? Is anybody saying, 'Oops! We actually might be in a permanent change here,' and reviewing the reforms?

Mr Matthews—We wish we could make it rain because things are dire. Given that we cannot make it rain, we think that the best approach to dealing with the situation is that the

water reforms that have been agreed are our best bet as a nation to making better use of the water that is available. The NWI does not assume any particular level of water. As Senator Stephens was saying earlier, water entitlements under the National Water Initiative are about a percentage of the available water. If the climate does reduce the amount of available water to such an extent then it is still a share—it is still based on a percentage.

Senator SIEWERT—There are a number of related issues there: (a) the system is overallocated; (b) the reforms are not happening quickly enough, and you have said that about a number of areas; and (c) you have only been able to identify 310 gigalitres of the minimum 500 that are needed—and I want to get back to the 500 level in a minute. You are dealing with a set of reforms under a number of climatic circumstances and not factoring in climate change sufficiently. The whole system is now changing. It seems to me that it needs a radical rethink—maybe accelerating the water reforms, changing the way we allocate water, and those sorts of the issues. How are the reforms geared to deal with that degree of change given that they are not working sufficiently fast enough now?

Mr Matthews—Our view continues to be that the water reforms do need to be done as speedily as possible. We have given frank and forthright advice about where things need to be accelerated. You use, for example, an example of overallocated systems. Overallocated water systems are a part of the National Water Initiative, and there are commitments under the National Water Initiative to bring overallocated systems back to sustainable levels of water use. To go back to Senator Stephens's earlier question—which is, as you said, related to yours—there are many things that need to be done to improve management of water which will still be the same even if the current climate predictions turn out to be as bad as some people are saying. For example, the deficiencies in the water data, the deficiencies in water accounting and the deficiencies in water metering, measuring and monitoring are all things that are very serious, and we already have a process in train to move them. The reason I make that point is that we want to keep those processes moving. To reopen the National Water Initiative at this time would seem to me to be running a serious risk of snatching no action from a process which is acting. Okay, it might not be acting as quickly as we might all like. But there are intergovernmental processes, there is a good deal of analytical work, there is research, there are projects and there are significant investments that have been made to make this National Water Initiative set of reforms work. I would pause and think very carefully before I threw that up and said, 'Let's start again.'

Senator SIEWERT—I did not say to start again; I said review and take into account climate change and adaptation strategies. What specific funding is there for adaptation strategies that relate to climate change?

Mr Thompson—Can I provide a start of an answer to that. We do have a joint project with the Australian Greenhouse Office which is scoping out the impact of climate change on water resources and on the policy framework. We expect that report to be finalised in the next month.

Senator SIEWERT—When was that started?

Mr Thompson—It was some time ago—I think about six months ago. We are undertaking it jointly with the Australian Greenhouse Office. We are joint funding it and CSIRO is doing the contract.

Senator SIEWERT—Is that for all of Australia or is it specifically for the Murray-Darling?

Mr Thompson—It is for all of Australia.

Senator SIEWERT—And will that be publicly available?

Mr Thompson—We expect so, yes. But can I make it clear that it is not a major piece of work. It is a first pass at some of the issues. It is not a major consultancy, by any means. It was put in train some time ago in order to help us understand this issue.

Senator SIEWERT—Did you say CSIRO is participating in that as well?

Mr Thompson—CSIRO was undertaking the work for the Australian Greenhouse Office and ourselves.

Mr Matthews—I will just add one per cent to that. In some of our work, including in the areas of project assessment and including those icon projects that the Prime Minister has called for, we are doing assessments about the climate change assumptions which underpin and underlie those projects. In other words, if there is a particular project which is providing water to a city or a region, some of the questions that we are asking are about whether the climate change assumptions are sufficiently conservative, given the sorts of trends that are worrying you.

Senator SIEWERT—Are you asking whether you are factoring that into those projects?

Mr Matthews—Yes, that is right. We are asking the questions about whether they are thinking sufficiently deeply about what the future might hold.

Senator SIEWERT—I will ask you a question that relates to the strategic icon projects—and I presume that this relates back to the Office of Water Resources—and involves looking at those in terms of a strategic approach. I understood from the assessment that you were talking about earlier that that is what you would be doing. Is that a correct assumption about what you were saying before about how you look at those projects and provide advice to the PM on them? When you look at the projects, are you looking at them as meeting specific needs in terms of Australia's water resources and looking at gaps? I will ask you about a specific example: water recycling. You would know very well that the Greens are pursuing a full-scale demonstration water recycling plant. I am not going to ask if you are going to be funding one of those, because I know that you will say that it is under assessment. If you are looking at the projects, for example, and a specific project is not there, would you then look at trying to fill that gap? How are you filling those gaps?

Mr Matthews—The answer is yes. The state governments have put up particular and specific proposals. Among the questions that we are asking—in addition to: what are your assumptions about climate change?—we are asking: have you looked at all the alternatives? Are there better ways of making this water available? And they would include better ways such as recycling, sometimes stormwater capture, sometimes desalination and sometimes

groundwater. All of those alternative sources of water should be looked at; and may the best one win.

Senator STEPHENS—I have a series of questions, which I can put on notice, but I want to ask quite a specific question, Mr Matthews, about water usage in nuclear power plants and whether or not the Water Commission has been asked to consider the requirements for water for nuclear power plants, given the discussion of the independent study that was released today in the *Australian*. Are you aware of that?

Mr Matthews—No, we have not.

Senator STEPHENS—Are you saying no, you are not aware?

Mr Matthews—No—we have not been asked.

Senator STEPHENS—The independent study suggests that nuclear power will use 25 per cent more water than current power generation. This raises the issue about the link between energy, water and climate change, and the capacity for us to start thinking more than systemically about water and about the whole energy debate. Where does the National Water Commission get to engage in that kind of conversation? Is there a forum or working group that allows that discussion about energy, water, climate change impacts and resources?

Mr Matthews—I think there are probably two areas to my answer. Firstly, you are talking about the development of Australian government policy, which would be coordinated by the Office of Water Resources because it is coordinating among different portfolios. Secondly, if there were to be a serious specific proposal about nuclear power then that would need to be picked up by a regional planning process and, if there is—and I do not doubt there is—a greater water requirement for nuclear power, that would be taken into account and weighed up alongside the alternatives in the way that I was describing earlier.

Senator SIEWERT—I want to return to that adaptation strategy and the adaptation issues around climate change. There is the report that you are doing with AGO—what is the process after that? Is that then going to be factored into decision making for the NWI? Can money be made available for adaptation strategies? What is the preliminary thinking on that?

Mr Thompson—The preliminary thinking—and it is preliminary—is that we the commission would then use it to better understand where there might be gaps in the need to invest in understanding climate change and the impact of water resources, to reflect on the current policy settings including in the NWI in relation to climate change and water resources, and in particular consider whether we needed to make some investments under the Raising National Water Standards program. I understand there is a separate process for the Australian government in relation to an adaptation framework, which I think is under the COAG banner. I could not speak with any confidence about that because we are not fully au fait with that.

Senator STEPHENS—I have got some questions to put on notice, but I want to ask about the relationship between the National Water Commission and the parliamentary secretary's office. Do you provide direct advice to the parliamentary secretary on water issues or does that go through the Office of Water Resources or through the Prime Minister's office?

Mr Matthews—As I said, we report to the Prime Minister. The parliamentary secretary is the Parliamentary Secretary to the Prime Minister so he would routinely receive a copy of our advice. But our advice is to the Prime Minister and decisions are made by the Prime Minister.

Senator STEPHENS—Has the National Water Commission actually seconded any staff to the Office of Water Resources?

Mr Matthews—No, we have a not.

Senator STEPHENS—Have any of your staff been recruited to the Office of Water Resources?

Mr Matthews—You have touched on a sore point, Senator. We are in constant touch with each other and, yes, there have been some staff who have applied for positions in—

Senator STEPHENS—They have been poached.

Mr Matthews—Not yet.

Senator STEPHENS—Thank you very much for your time, and safe travel.

[5.13 pm]

CHAIR—We will resume with the Department of Prime Minister and Cabinet and general questions. Given that we take a fairly liberal interpretation of general questions, I think that Senator Siewert would have some questions in the social policy area, which we might go to now. Dr Morauta indicated during the afternoon break that she wanted to add to—

Dr Morauta—We were not very clear in our answer about how questions on notice from portfolio agencies were handled and I have a clearer answer there. When we get a question to the whole portfolio and it covers all the agencies, PM&C will coordinate it and put all the answers together and put them back. In the case of the particular five that are missing here, they were asked individually of those agencies during a session and because they were asked only of those agencies they will go directly from those agencies to PMO and then to the committee. So that was the thing that had me confused.

Senator FAULKNER—Do you have a response for me yet on those questions I asked in relation to the emails?

Dr Morauta—No, they are continuing to check. I did ask at the tea break.

Senator FAULKNER—Thank you.

Senator SIEWERT—I would like to follow up on the issues we were talking about at last estimates in relation to the whole-of-government approach and the secretaries group that deals with Aboriginal issues. I asked a specific question last time around the bilaterals with each state. At the time Western Australia had not signed and I am wondering if Western Australia has signed yet.

Ms Wilson—Yes, WA has signed the bilateral.

Senator SIEWERT—I want to go to the secretaries group annual report. I note that the department has their annual report out, but I cannot find the secretaries group annual report. I presume the Indigenous report has not been completed.

Ms Wilson—That is correct. It is due in December this year.

Senator SIEWERT—I did ask a specific question about that last time which I will ask again because at that time I was told that not a lot of work had been put into the parameters that they were to report against. That was in May. I specifically asked what Dr Shergold had said about the characteristics of a whole-of-government approach to mainstreaming, which was about collaboration between agencies—which of course is essential for the whole-of-government approach—the focus on regional needs, flexibility of program guidelines, departmental allocations, accountability and leadership. I asked whether you were going to report against those issues. The previous secretaries report did not report in that manner. Has any thought been given to how they will report against those issues in the annual report?

Ms Wilson—The Office of Indigenous Policy Coordination in the Department of Families, Community Services and Indigenous Affairs actually develops the secretaries annual report. I believe we gave you that evidence at the last hearing. I am not aware of the details of what is planned for this year's annual report. My colleague Mr Hoffman has, I think, had some interaction with FaCSIA around that, but it is still only in the developmental phase, as far as I am aware.

Mr Hoffman—I do not know that I can say more about the secretaries group annual report because it has not yet been cleared by the secretaries group. It is due to be considered by the secretaries group at their meeting on 8 November and then will be published later in November or early December.

Senator SIEWERT—You can understand why I am asking—and I was trying to get to this point last time. As there is an extensive secretaries group and they are dealing with a whole-of-government approach to the delivery of Aboriginal services, I am very keen to know how you will actually measure that. That is what I am after. When I previously asked OIPC about this, I did not receive a satisfactory answer either. Some thought should have gone into that by now if the report is due in December.

Mr Hoffman—I am not suggesting no thought has gone into the development of the report—there certainly has been. The draft will be considered by the secretaries at their meeting. I do not know that I can really say a lot more about it until the report is considered by the secretaries and then made available publicly.

Senator SIEWERT—So I will have to wait until next time to find out whether you are actually reporting against those five key areas that you said were critical to the approach the government is taking in delivering whole-of-government mainstreaming.

Ms Wilson—Senator, as Mr Hoffman explained, the report is under development and is subject to the secretaries signing off on it at their next meeting in November. It will then be subsequently made public, when it has been cleared. It will be a key accountability document.

Senator SIEWERT—In December, did you say?

Ms Wilson—I understand it is scheduled in December. I do not have an exact date, but it is due at the end of the year.

Senator SIEWERT—I want to ask a question about the previous report and the secretaries group. I presume that was the responsibility of Dr Shergold. Are you the appropriate people to be asking?

Ms Wilson—No. OIPC publish the annual report and they are currently located in FaCSIA. Questions on the report should properly be referred to them.

Senator SIEWERT—Okay. I want to ask, because it is in your report, about Indigenous issues. On COAG reporting it says you coordinated reporting to COAG on progress and improving services to Indigenous peoples and on reconciliation. Would that be reported in the secretaries report? Where does that get reported?

Ms Wilson—COAG received a number of reports on Indigenous issues, which were considered at its last meeting. The COAG communique covers-off areas of those reports that COAG may wish to make public in their communique.

Senator SIEWERT—Will some of that be available in the secretaries report, do you think?

Ms Wilson—The reporting to COAG is cross jurisdictional. So it is not just the Commonwealth reporting to COAG; it is every jurisdiction. The secretaries report covers-off what the Australian government has been doing in respect of Indigenous affairs.

Senator SIEWERT—Some of the issues that I hoped to raise I will have to raise with OIPC, I think. We did talk extensively last time about the trials and I want an update on them. Is that a question for OIPC?

Ms Wilson—That is correct.

Senator SIEWERT—Again, I do not know if you are the appropriate people—it is not about Indigenous issues this time—but I want to know about how the overall impact of climate change is being factored into decision making within PM&C. Has there been planning for climate change?

Ms Goddard—There are a number of different ways that we brief the Prime Minister on climate change matters. It is really when a major report or something of note comes out that we typically do an information brief for him. There is also work going on between the Commonwealth and the states and territories under COAG auspices. There is a COAG climate change process, which is to come back with specific proposals to the next meeting of COAG in early 2007. It is looking at a few different strands of activity. Officials are working on an adaptation framework.

Senator SIEWERT—Who is doing that?

Ms Goddard—Commonwealth, state and territory officials.

Senator SIEWERT—In COAG?

Ms Goddard—Yes, under COAG. And they are getting proposals together for members of COAG to consider at their next meeting in 2007. So they are looking at an adaptation framework. They are looking, I think, at whether there are gaps in renewables and low-emissions technologies or in the work that is already happening across all jurisdictions. They are also looking at more standardised and streamlined emissions-reporting across jurisdictions. At the moment there are a number of different approaches across jurisdictions and they are trying to harmonise and streamline those two to cut red tape on business. They have been holding various stakeholder forums around each of those strands to get the views of

affected industries and other environmental groups and so on on each of those strands of activity.

Senator SIEWERT—Who is carrying out the stakeholder meetings?

Ms Goddard—The Commonwealth and state officials group.

Senator SIEWERT—Is the approach looking at planning for environmental refugees?

Ms Goddard—No.

Senator SIEWERT—Can I ask why not?

Ms Goddard—It is not part of the remit of that group to look at this issue.

Senator SIEWERT—Can I take a step back: outside the COAG process, is that being considered anywhere?

Ms Goddard—It is not something that PM&C is working on that I am aware of. I might check with our International Division colleagues. No, it is not something that PM&C is working on.

Senator SIEWERT—Has there been any further economic analysis of the impact of the ramifications of climate change?

Ms Goddard—We have not done our own analysis but we watch out for any analysis that experts produce and for notable reports. We would typically brief the Prime Minister for his information on those reports. For instance, on the Stern report that is coming out today we would prepare an information brief and on any notable ABARE reports or any other UN reports. On anything of standing that has notable conclusions we would typically prepare a brief.

Senator SIEWERT—Is there any consideration of getting any work done specifically for Australia?

Ms Goddard—The Greenhouse Office is probably the best agency to ask about that. We have not specifically commissioned work from PM&C.

Senator SIEWERT—Thanks.

Senator CHRIS EVANS—We were going to get some information back from the officers on the earlier discussions and now might be the time to follow that up.

Ms Goddard—Are you referring to the nuclear questions?

Senator CHRIS EVANS—Yes.

Ms Goddard—We just need a little more time. We are close to getting information. We are just waiting on a little more. We were hoping to get it after the break.

Senator CHRIS EVANS—Okay. Does that mean you wanted it all together because there were some other issues? To the gentleman behind, do you want to do yours now or later? You might get an early leave pass if you get this out of the way.

Mr Borrowman—You asked earlier with whom the Prime Minister had discussed GNEP matters during his visit. The answers are: Mr Frist, the Senate Majority Leader; Sam Bodman, the Energy Secretary, whom I think you mentioned; Speaker Hastert, the House speaker;

President Bush; and Dr Bernanke, the chair of the US Federal Reserve. You also asked how this matter got on the agenda. The process is as I outlined in my earlier remarks. On this particular one, however, Mr Downer wrote to the Prime Minister in late April informing him about the initiative issue, which had been announced by the Americans earlier this year, and suggesting that he discuss it. So then, on this occasion, it was raised with the Prime Minister as an issue for discussion by the foreign minister.

Senator CHRIS EVANS—I see. Was the foreign minister involved in briefing the Prime Minister before he left or was it purely done by you?

Mr Borrowman—It is done through us. As I explained before, we commission briefings from the relevant line agencies so, whether it is foreign or whoever, we go to the experts and get an initial briefing from them. On the basis of that we, Prime Minister and Cabinet, brief the Prime Minister.

Senator CHRIS EVANS—Was part of the briefing the export of uranium to India? Was that one of the issues he was briefed on?

Mr Borrowman—I think the answer is that I really should not be going into what we actually briefed the Prime Minister on.

Senator CHRIS EVANS—Was the issue of uranium sales to India part of his discussions with the Americans?

Mr Borrowman—Again, I would have to either refer you to his remarks or go back myself to the Prime Minister's published remarks to check whether he has disclosed that as one of the subjects of his discussion.

Senator CHRIS EVANS—So you are unable to tell us about that. I think the Prime Minister went to Canada and Ireland during that particular trip. Were these issues that he canvassed with those countries as well?

Mr Borrowman—It was certainly canvassed in Canada, Senator, but not to my recollection in Ireland. I think it unlikely but I can check that and get back to you, if you wish, and take that one on notice. Certainly it was discussed in Canada for the obvious reason that Canada is also a significant uranium producer. There would be no particular reason for it to come up in Ireland and I do not recall that it did.

Senator CHRIS EVANS—I was going to ask about the Commonwealth climate change IDC. Is it the case that PM&C is still chairing that?

Ms Goddard—The IDC was mentioned in that earlier question on notice answer—is that correct?

Senator CHRIS EVANS—Yes.

Ms Goddard—I just want to check which one it is because there are a couple of different climate change IDCs—

Senator CHRIS EVANS—You mean that you have got so many that you cannot keep track of them now?

Ms Goddard—No, they have been running at different periods of time.

Senator CHRIS EVANS—COAG Commonwealth climate change IDC—

Ms Goddard—Yes, I just answered some questions a little while ago about the COAG climate change process, which is a Commonwealth and state and territory officials' process for getting proposals together for COAG's consideration at the next meeting of COAG, in 2007. The IDC is a grouping of the Commonwealth agencies to get the Commonwealth's position together for those processes.

Senator CHRIS EVANS—I will not traverse ground you have already covered with Senator Siewert. I apologise for missing that. What about the Tasmanian forest package implementation IDC? Is that still going? Are you still chairing that?

Dr Dickson—Yes, it is.

Senator CHRIS EVANS—What is the ongoing work then?

Dr Dickson—One of the issues is the finalisation of the Tasmanian land clearing implementation guidelines, which have been discussed with stakeholders but have yet to be finalised by Tasmania. That was one of the requirements of the agreement.

Senator CHRIS EVANS—You have not devolved this to the relevant department?

Dr Dickson—Yes, it has been devolved to the departments. The IDC just meets from time to time when issues have come up that involve discussion between departments. That is the most recent issue that I can recall that was discussed by the IDC.

Senator CHRIS EVANS—But DAFF basically provide the leadership on the implementation now—is that right?

Dr Dickson—No, both departments, DAFF and the department of environment, have their respective roles. DAFF manage some of the industry assistance programs—

Senator CHRIS EVANS—But it is fair to say that PM&C's role in chairing the interdepartmental committee is fairly minor and has been scaled down now?

Dr Dickson—Yes, it has been completely scaled down. But issues that need to be resolved are addressed, such as where to go to next between portfolios before approaching Tasmania. They are the only ones we deal with when it occasionally meets.

Senator CHRIS EVANS—Thanks for that.

CHAIR—Any other general questions? Any specific questions on output 1?

Senator CHRIS EVANS—That was output 1.

CHAIR—Yes, meaning economic policy. Output group 2?

Senator CHRIS EVANS—I have some in group 2. I want to ask about the MP Consulting review, which was the report done, I gather, for the Prime Minister in relation to stem cells. Can someone help me with that?

Dr Morauta—Yes. Was there a specific question?

Senator CHRIS EVANS—Yes. I wanted to ask who initiated the review, what the instructions were and what the cost of the contract was. I am just trying to understand what happened with it. I think the first I heard about it was in August when there was some media

reporting about whether it would be made available more broadly. So can you tell me when the MPC review of the Lockhart report was commissioned and by whom?

Ms Smith—Prime Minister and Cabinet directly engaged Matthews Pegg Consulting on 28 April 2006.

Senator CHRIS EVANS—What is the proper name of the firm?

Ms Smith—The firm is Matthews Pegg Consulting.

Senator CHRIS EVANS—What were they commissioned to do?

Ms Smith—They were commissioned to provide advice on the change in the state of play for the cloning legislation, and that was really around scientific developments, unintended consequences of the legislation or any new ethical arguments since the 2002 introduction of the legislation.

Senator CHRIS EVANS—So it was not a scientific review; it was a political development—

Ms Smith—It was in the sense that it was aimed at looking at whether there had been changes in the science since the previous debate in 2002.

Senator CHRIS EVANS—I see. So they were asked to review the science.

Ms Smith—To look at whether there had been significant changes in the science, yes.

Senator CHRIS EVANS—But it was also about reviewing the legislation for unintended consequences?

Ms Smith—That is right.

Senator CHRIS EVANS—And then you said something about new ethical—

Ms Smith—To look at whether new ethical arguments had emerged since 2002.

Senator CHRIS EVANS—So it was not reviewing the Lockhart report per se?

Ms Smith—No.

Senator CHRIS EVANS—But it was commissioned after the receipt of the Lockhart report?

Ms Smith—That is correct.

Senator CHRIS EVANS—Who initiated the commissioning of the Matthews Pegg Consulting report?

Ms Wilson—The department engaged the consultant.

Senator CHRIS EVANS—At whose instigation?

Ms Wilson—Ours. It was our decision.

Senator CHRIS EVANS—So the PM ticked off on it? What is the authority for it?

Ms Wilson—It was a departmental decision; it was departmental resources.

Senator FAULKNER—Was it a departmental initiative?

Ms Wilson—Yes.

Senator FAULKNER—At what level was the initiative taken? Who came up with this grand plan?

Ms Wilson—I think there was discussion within the department about whether we felt we needed some additional advice to be able to provide advice and brief the Prime Minister on the issues. Given that it is a fairly technical area and the chief consultant, Andrea Matthews, was involved very directly in the development of the Commonwealth legislation in 2002, we considered that it was appropriate to commission her to do this work.

Senator CHRIS EVANS—So there was no direction from the Prime Minister or the Prime Minister's office; this was just something that arose out of the department because you felt you needed to be better informed in providing advice to government. Did you let this consultancy out for tender?

Ms Wilson—No, it was a direct engagement because of the expertise of the lead consultant.

Senator CHRIS EVANS—What was their expertise?

Ms Wilson—Andrea Matthews was very much involved in the development of the legislation in 2002 and therefore had the background in this area. Thus we considered it appropriate to directly engage them.

Senator CHRIS EVANS—What was the value of the consultancy?

Ms Wilson—The original quote was for \$19,800, but the final value of the contract was \$16,775 including GST.

Senator CHRIS EVANS—That was under any limits you had about having to let things for contract anyway, I suspect, wasn't it?

Ms Wilson—Yes.

Senator CHRIS EVANS—There is some process where you can get excluded from that, isn't there, but you did not need that?

Ms Wilson—No.

Senator CHRIS EVANS—There was no publicity associated with this; it was just done as part of normal internal advice being sought?

Ms Wilson—That is correct.

Senator CHRIS EVANS—When was the report provided to the department?

Ms Wilson—I am sorry, I do not have information with me about when we received the final report, but I should be able to get that during the course of the hearing.

Ms Smith—I think it was around June.

Ms Wilson—Yes, it was on 14 June.

Senator CHRIS EVANS—To whom was the report made available?

Ms Wilson—It was a report to the department.

Senator CHRIS EVANS—So it was only circulated inside the department?

Ms Wilson—No, we provided a copy of it to the Prime Minister's office as part of our advice. We provided a brief on it and the report was attached to the brief, as is commonly the case when you are providing advice on something and there is a report that supports that advice.

Senator CHRIS EVANS—Did you brief on it?

Ms Wilson—Yes, we did.

Senator CHRIS EVANS—Whom did you brief?

Ms Wilson—We briefed the Prime Minister's office—the Prime Minister.

Senator CHRIS EVANS—When did you do that?

Ms Wilson—It may just have been the Prime Minister's office, I am sorry. I do not have the detail on whether it was the Prime Minister or his office. We provided the brief on 16 June.

Senator CHRIS EVANS—So you are not sure whether the PM was in the room?

Ms Wilson—It was a written brief. We will need to check whether it was to the Prime Minister himself or to his office—to an adviser.

Senator CHRIS EVANS—I used the word 'brief' in the sense of verbally taking them through it, but by 'brief' you mean that you provided a memo attached to the report. Is that correct?

Ms Wilson—Yes, that is the word we use to describe a written brief.

Senator CHRIS EVANS—Did it get distributed to any other ministers?

Ms Wilson—I think we will need to check. I am sorry, I do not have that information.

Senator CHRIS EVANS—Perhaps you can take on notice for me—and if you could check in the breaks that would be good—who else got copies of the report; who else was on the distribution list. When was the report then made more widely available?

Ms Wilson—It was released on the departmental website on 31 August.

Senator CHRIS EVANS—Why was that decision taken?

Ms Wilson—Because there was some interest in the report. We often publish reports that the department receives and it seemed an appropriate thing to provide it in that way.

Senator CHRIS EVANS—The irony!

Senator ROBERT RAY—Yes. It runs contrary to every other publication we see. Was it published just because everyone in the Prime Minister's office agreed with it?

Senator CHRIS EVANS—For every other report I have an interest in you tell me I cannot see it.

Ms Wilson—It was a departmental decision—

Senator ROBERT RAY—It was departmental, was it?

Dr Morauta—The PM released it.

Senator ROBERT RAY—That is a big difference in the answer.

Senator CHRIS EVANS—So, did you put it up on the website or did the PM release it?

Ms Wilson—It was put up on the departmental website and the PM put out a press release that the report was available on the departmental website.

Senator CHRIS EVANS—So you put it up on the website because the PM asked for it to be put up?

Dr Morauta—The Prime Minister's decision was to make a statement about it and at the same time it went on our website.

Senator CHRIS EVANS—So the PM made a decision that it be released, he made a public statement and you put it on the website as a means of enacting his decision?

Dr Morauta—Yes.

Senator CHRIS EVANS—So it was not just because people like me were interested then. Have you employed MPC since on matters relating to stem cells?

Ms Wilson—No.

Senator CHRIS EVANS—They were the people employed to provide advice to Senator Patterson?

Ms Smith—Yes. But not by Prime Minister and Cabinet.

Senator ROBERT RAY—Can you assist us and tell us who?

Ms Smith—I think questions about that matter need to be directed to the Department of Health and Ageing.

Senator ROBERT RAY—That is helpful.

Senator CHRIS EVANS—Did PM&C have any involvement in the letting of that particular consultancy or work?

Ms Smith—No.

Senator CHRIS EVANS—So you found out how? You may have read it in the paper, but I am really asking, in terms of the department: was there no engagement with this process at all?

Ms Smith—Not specifically. We would have found out simply through our normal interactive processes with the department.

Senator CHRIS EVANS—But you were not in the loop in terms of the decision or the implementation?

Ms Smith—No.

Senator CHRIS EVANS—Did you provide advice to the Prime Minister on that one?

Ms Smith—Not that I can recall.

Ms Wilson—No, I do not believe so.

Senator CHRIS EVANS—I will ask Health and Ageing about that. I wish to follow up on the discussion we had last time about the National Framework on Indigenous Family Violence and Child Protection. I thought you would be more across it this time, after I gave you a run

with it last time. Has the national framework been discussed at the secretaries group in recent times?

Mr Hoffman—No, not specifically.

Senator CHRIS EVANS—Where does it appear on people's agendas now?

Mr Hoffman—The national framework is a COAG framework, so it was agreed to by all Australian governments.

Senator CHRIS EVANS—As I understand it, it never appeared on the COAG agenda after the 2004 meeting. That is the answer you gave me on notice.

Ms Wilson—Senator, there was no subsequent reporting at that time. However, there is now broad reporting back to COAG on a range of its initiatives, including that framework and initiatives that have been taken subsequently through the intergovernmental summit that was held and convened by Minister Brough earlier this year.

Senator CHRIS EVANS—So after the establishment of the National Framework on Indigenous Family Violence and Child Protection, which was the result of the previous government summit, there was no reporting back and it did not appear on the agenda again until the meeting which followed the June 2006 summit convened by Mr Brough. Is that correct?

Ms Wilson—I understand that is correct.

Senator CHRIS EVANS—So after the most recent summit it was put back on the COAG agenda and, as part of that, the framework has been subsumed into the more general discussion of Indigenous family violence issues. Is that a fair description?

Ms Wilson—That is probably a fair description. The commitment to pursuing those issues has been reaffirmed by COAG, and COAG has requested reporting on progress arising from the summit convened by Mr Brough for subsequent meetings—for the next COAG meeting.

Senator CHRIS EVANS—What assessment has been done of the progress on implementing the national framework which was agreed in 2003?

Mr Hoffman—That is being done for a report to the next COAG meeting, and it will be a report from all jurisdictions.

Senator CHRIS EVANS—That is actually on the framework?

Mr Hoffman—It will be on the framework among other matters. There will be an integrated report to COAG on Indigenous issues, including a report against the framework.

Senator CHRIS EVANS—I am just interested in the framework at the moment. What assessment of or reporting on the framework has occurred since 2003?

Ms Wilson—As you yourself identified, Senator, there was no specific reporting against the framework subsequent to 2003. But, as part of the evidence that Mr Hoffman and I are giving you now, we are able to advise you that reporting against the framework and against subsequent initiatives around family violence and child sex abuse in Indigenous communities will be covered off in a report to COAG at its next meeting, and all jurisdictions will be reporting on that issue.

Senator CHRIS EVANS—I accept that it is now back on the agenda again after the third summit, but the question is what assessment was made of the progress on the national framework following the 2003 implementation. I know it was not on the COAG agenda; was there any assessment done of the national framework that was established following the 2003 crisis?

Ms Wilson—I think specific questions on that issue are probably best directed to the Department of Families, Community Services and Indigenous Affairs, which then took the lead on implementing the initiatives that were agreed over the 2003 and 2004 period. That department now has responsibility, and I gave evidence about a range of projects that have been funded through that department subsequently.

Senator CHRIS EVANS—So basically it went off your radar after that and it was left to FaCSIA, effectively—because it has not come back onto the COAG agenda. So you did not have any ongoing engagement?

Ms Wilson—Many things go to line agencies for implementation after being agreed at COAG.

Senator CHRIS EVANS—Yes, it is a question of fact; that is all. It has not come back onto your agenda per se since FaCSIA took over control in 2004?

Ms Wilson—Not to COAG, as far as I am aware. You will also recall that there was some evidence about the ongoing monitoring of the progress of projects that PM&C is involved with from time to time.

Senator CHRIS EVANS—Okay. So what is the PM&C role now, following the 2006 summit, in terms of the national framework? What role are you playing in that?

Ms Wilson—Mr Brough and his department have the lead, and other ministers have some responsibility for implementing elements arising from the 2006 summit. Our responsibility will be to provide briefs when we receive reports on progress against those initiatives.

Senator CHRIS EVANS—So you do not have any direct day-to-day involvement in the implementation?

Ms Wilson—We do not have a direct, lead role, no.

Senator CHRIS EVANS—Are you briefing the secretaries group? Who briefs them—FaCSIA, is it?

Ms Wilson—Each of the agencies that have initiatives to implement will brief the secretaries group. Mr Brough has the broadest range of responsibilities in respect of that summit.

Senator CHRIS EVANS—Have you briefed the Prime Minister's office on implementation of the national strategy since the July COAG meeting?

Ms Wilson—We provided some briefing to the PMO following on from COAG in respect of letters that were sent by the Prime Minister to his colleagues asking them to implement things that have been agreed by COAG.

Senator CHRIS EVANS—But you haven't briefed since then?

Ms Wilson—Since COAG and since those letters, no.

Senator CHRIS EVANS—And what is your role in reporting back to COAG? There was an undertaking to report back to COAG. Are you involved in that?

Ms Wilson—Within PM&C we would provide briefing for the secretary and senior officials for the senior officials meeting. We would provide briefing on the reports themselves to the Prime Minister for his participation in COAG.

Senator CHRIS EVANS—Thanks for that. I have a couple of quick questions about the Prime Minister's prize for Australian history. We are after more detail than was in the press release. Can you tell me what has happened to its implementation? Who is on the panel of judges? Have they been appointed?

Ms Wilson—I do not believe that has been finalised as yet. This is probably a question best directed to the Department of Education, Science and Training, that will be implementing the arrangements for the prize on history.

Senator CHRIS EVANS—I see. So carriage has gone to education, but the Prime Minister will be making the award.

Ms Wilson—That is correct.

Senator FAULKNER—So are you saying that the appointment of the panel for the Prime Minister's prize for Australian history is a matter of responsibility for the minister for education?

Ms Wilson—That is my understanding. Whether the minister consults more broadly on that is a question for the minister. She would potentially consult the PM but I do not believe that—

Senator FAULKNER—So it is not the Prime Minister's prize for Australian history at all—it is Ms Bishop's prize. I find that quite extraordinary. So this is actually being marketed under false pretences.

Senator ROBERT RAY—The PM does not pick the PM's cricket side—

Senator FAULKNER—No, but he normally would pick a panel for the Prime Minister's prize.

Senator Minchin—For your information, Senator, we have had for years the Prime Minister's prize for science, which, as I say, occurred at my initiative because no-one knew what the Australia Prize was, which was the science prize. We decided to make it, when I was science minister, the Prime Minister's prize for science, but that was all managed and is managed in the science department—

Senator FAULKNER—So the prize for Australian history—

Senator Minchin—which is now also in education, of course. Science has moved to education. But that is all managed, as you would expect, by the department. But to give appropriate recognition to the science prize, it was and is regarded as the Prime Minister's prize, and I think it is appropriate in history but by definition it is going to be managed by the relevant department concerned.

Senator FAULKNER—Who put out the press release?

Ms Wilson—The Prime Minister, I think, put out a press release.

Senator FAULKNER—So have you got a copy of the press release there?

Ms Wilson—Not with me, Senator.

Senator CHRIS EVANS—Would you like a copy of mine, Senator Faulkner?

Senator FAULKNER—Yes, I would. Thank you very much. Can I take you to paragraph 4 of Senator Evans' press release?

Ms Wilson—Senator, I do not have it so you may have to read paragraph 4 to me, I am afraid.

Senator FAULKNER—Right. It says:

I will invite a panel of eminent historians to assess nominations.

Senator ROBERT RAY—Maybe this is something we could check over the dinner break and get an answer to it.

Senator FAULKNER—So can we have a correction of the evidence?

Senator Minchin—Sure. I was just saying that, certainly in the case of science, the thing was managed by the relevant department. It would not surprise me if that occurred with education—

Senator FAULKNER—Thank you for that helpful intervention, Senator Minchin. In this particular case, you have not been too helpful at all.

Senator Minchin—But in this case, if the Prime Minister has already said that he is selecting the panel, that is fine.

Senator FAULKNER—Okay.

Senator Minchin—I am sure he will pick an outstanding panel.

Senator FAULKNER—You just told me he was not going to pick one at all. I was worried about Ms Bishop.

Senator CHRIS EVANS—I was worried that you would have to be a Latin scholar and prove you are not a Maoist! But, if the Prime Minister is doing it, I am sure there will be broader criteria.

Senator FAULKNER—I do not think we have a clue as to who is doing it, which is not surprising.

Senator ROBERT RAY—I would be more worried that David Barnett's biography of him will not win it!

Senator FAULKNER—I would be much more worried about Senator Minchin not knowing who is doing it. But he does now know, you would be pleased to know, the antiterrorism hotline number. He learnt that as a result of my—

Senator Minchin—I have you to thank for that, Senator Faulkner. I do appreciate it.

Senator FAULKNER—Yes, you have indeed.

Senator ROBERT RAY—Have you double-checked?

Senator FAULKNER—No, I know he does. He informed me he knows.

CHAIR—Senator Evans, I know you are on a roll, but we will adjourn for dinner.

Proceedings suspended from 6.03 pm to 7.15 pm

CHAIR—I call the committee to order. Is there anything that you have to report back?

Dr Morauta—I will call on Ms Goddard first.

Ms Goddard—Senator Evans asked me a number of questions about the nuclear task force, which I am able to give some answers to. Senator, you asked about the consultancies that had been let by the task force. Three have been let to date. One is a study being undertaken by the Electric Power Research Institute in the United States at a cost of \$US60,000—

Senator CHRIS EVANS—It is a US company?

Ms Goddard—Yes, it is a US research institute. That one is doing an expert review of international studies comparing the economics of electricity generation technologies.

Senator CHRIS EVANS—Do you know whether that is a private company or is it attached to one of the universities?

Ms Goddard—I do not know, I am afraid. It is a research institute so I suspect it is—

Senator CHRIS EVANS—Do you know where in America it is based?

Ms Goddard—No, I do not. I can find out for you. Then there is one that has been commissioned from Sydney university at an estimated cost of \$A79,233. That is for an expert analysis of the energy use and greenhouse gas emissions associated with the nuclear fuel cycle. The third one is being done by ABARE, the Australian Bureau of Agriculture and Resource Economics. The cost is being shared half-half with the Department of Industry, Tourism and Resources at a total cost of \$A110,000—\$55,000 for the task force. ABARE has been commissioned to help assess the prospects for development of Australia's uranium industry. You asked also about the overseas travel of the panel of task force members. They undertook a trip in September this year for 18 days. They visited Finland, the Ukraine, the UK, France, Canada, the USA, Korea and Japan. The final costs are not available yet but so far the estimated cost is about \$200,000.

Senator CHRIS EVANS—So that is the travel cost?

Ms Goddard—That is the travel cost. All six panel members went, though they did not all go to all locations. They split up and went to different places and I think a few secretariat staff travelled with the panel. You also asked about the size of the secretariat. Seventeen staff from Australian government agencies have been working full time in the secretariat and there are a couple of other staff that may participate peripherally later. Of the 17, there are six from the Department of Industry, Tourism and Resources; one from the Department of Education, Science and Training; one from the Australian Greenhouse Office; one from the Department of Environment and Heritage; two from the Treasury; and three from PM&C. In addition to the two policy officers that I mentioned, there is an executive assistant funded by PM&C.

There is also one officer from the Department of Foreign Affairs and Trade, one from CSIRO, and one from ANSTO.

In relation to the processes around the appointments of the task force members, PM&C provided advice on a large number of potential candidates, including Dr Switkowski as a possible chair. In that advice to the Prime Minister we advised on the expertise, qualifications, background and possible conflicts of interest of the panel members.

Senator CHRIS EVANS—This was a larger group than the six?

Ms Goddard—Yes, that is right. Dr Switkowski was recommended as a possible chair on the basis of his expertise in nuclear science and business expertise. All panel members, except Dr Arthur Johnston, have signed contracts. Dr Johnston was a late appointee because he replaced Silvia Kidziak, who, for personal reasons, left the panel. All those panel members who have signed contracts, which is everybody except Dr Johnston, have signed statements attesting to no conflicts of interest. As you said earlier, Dr Switkowski announced his resignation from ANSTO shortly after the announcement by the Prime Minister of the members of the task force.

Senator CHRIS EVANS—But was the membership of ANSTO raised with him as a problem prior to his appointment?

Ms Goddard—We did not raise it in formal advice.

Senator CHRIS EVANS—It was known to you and not identified as a—

Ms Goddard—I think we identified his ANSTO experience as in fact being relevant. It was shortly thereafter that he resigned. I do not know the detail of the sequence of events, but he resigned from ANSTO shortly after the Prime Minister announced the task force.

Senator CHRIS EVANS—But before he had been required to sign a contract about conflict of interest?

Ms Goddard—That is probably right. He would have signed the contract thereafter.

Senator CHRIS EVANS—Are you sure about that?

Ms Goddard—Pretty sure. I can double-check that.

Senator CHRIS EVANS—But you did not raise the ANSTO membership as a potential conflict of interest with him?

Ms Goddard—No. We did not raise it in any written advice that I am aware of.

Senator CHRIS EVANS—Did PM&C raise it with him as a problem?

Ms Goddard—I am not aware that we did. I think we pointed out that he had the involvement with ANSTO. In part, that was relevant experience.

The **Senator CHRIS EVANS**—You did not see it as a problem?

Ms Goddard—Well, I think that we did not highlight it as a problem, but the sequence of events was such that he was resigning in any case.

Senator CHRIS EVANS—I am not sure whether I asked you this before, but what is the total budget for the task force?

Ms Goddard—The budget has not been finalised. We are just going through the additional estimates process now, so I will probably have to take that on notice. But it will be a few million dollars—of that order.

Senator CHRIS EVANS—Yes. It is racking up quite quickly, isn't it?

Ms Goddard—We need to see how much is finally spent. I will probably be in a better position to give you those numbers in a couple of months time when it is completed.

Senator CHRIS EVANS—You have got a hundred grand's worth for the chair and 50-odd grand per member in wages. You have a \$200,000 travel bill. You have \$300,000, probably, spent on consultants' fees. Are you sourcing the staff wages against the task force?

Ms Goddard—Yes. A number of the staff wages are being sourced against the task force. It will be in the order of a few million dollars, but we do not know the final bid or amount yet.

Senator CHRIS EVANS—You must be getting spoilt at PM&C to be talking about a few million dollars without having to say whether it is one or seven. There was no indicative budget set at the start of the process then?

Ms Goddard—No. The way these processes work is that they will be getting their budget bid together and then getting it costed by the Department of Finance and Administration. Then they will see exactly what they spend and then it will all be finalised.

Senator CHRIS EVANS—Sure, but it is a bit late, isn't it? You have spent a lot of it already. You must have got some authorisation.

Ms Goddard—They are spending what they need to do the fact-finding remit that is set out in the terms of reference.

Senator CHRIS EVANS—So at the moment they just charge it up, you meet the bill and you give them some guidance about the total budget at the end?

Ms Goddard—They have to go through an internal process within PM&C to justify their bid, and that is still ongoing, and then it is taken to the department of finance and, ultimately, it is resolved between ministers.

Senator CHRIS EVANS—Yes, but you will wrap it up in December. Isn't it November tomorrow?

Ms Goddard—The additional estimates processes are going on at the moment and it should be finalised fairly soon.

Senator CHRIS EVANS—So you have a \$200,000-plus travel bill. Is any more travel expected?

Ms Goddard—Not that I am aware of. No overseas travel. We will be doing some domestic travel, seeing different sites and stakeholders.

Senator CHRIS EVANS—So the figure for travel you gave me was just the international travel?

Ms Goddard—That is right.

Senator CHRIS EVANS—Do you have any idea what the interstate travel is going to cost you?

Ms Goddard—No, I do not, sorry.

Senator CHRIS EVANS—You said there might be another small consultancy let—is that right?

Ms Goddard—There could be. That might not be all of the consultancies, but that is all of those that have been let to date.

Senator CHRIS EVANS—Are they writing the report internally or are they—

Ms Goddard—Yes, they are. The secretariat is writing the report with the panel.

Senator CHRIS EVANS—Is there any expectation of any other major consultancy or are you talking about fairly minor stuff?

Ms Goddard—As far as I know, it is fairly minor stuff at this stage.

Senator CHRIS EVANS—Thanks for that.

Dr Morauta—We have an answer to a question on Matthews Pegg Consulting.

Ms Smith—Senator, you had a question relating to whether the Prime Minister was briefed on the MP Consulting report, and the answer is yes.

Senator CHRIS EVANS—That was a written brief?

Ms Smith—Yes. And was it distributed to any other ministers or departments? The answer is no.

Dr Morauta—We want to correct the record on the history prize.

Ms Wilson—The prize was announced by the Prime Minister on 17 August in conjunction with the history summit. The Prime Minister has invited panel members to participate. An announcement will be made shortly on who those panel members are. The Prime Minister will make the decision on who is awarded the prize after receiving advice from the panel.

Senator FAULKNER—So it is the Prime Minister who appoints the panel?

Ms Wilson—Yes.

Senator FAULKNER—Senator Minchin, do you have that on board?

Senator Minchin—I have noted that, thank you, Senator Faulkner.

Senator FAULKNER—That is okay. Always happy to assist you—

Senator Minchin—I am enlightened with your help.

Senator FAULKNER—to understand the processes of government.

Senator Minchin—I appreciate your assistance.

Senator CHRIS EVANS—But I gather, because you and Senator Minchin did not know about this—first of all, Senator Minchin had not been consulted, and I think that is probably excusable on this occasion, given that—

Senator FAULKNER—And even if he had, he probably would not have remembered, which is always handy.

Senator CHRIS EVANS—He was practising that number! It seems to me remarkable that the department did not know the Prime Minister was selecting the panel.

Dr Morauta—I think that people in the department did know, but we did not quite have the right information in front of us at the table.

Senator ROBERT RAY—Are you gathering recommendations to put to the Prime Minister?

Ms Wilson—No.

Senator CHRIS EVANS—How are they getting the list together?

Senator ROBERT RAY—Round up the usual suspects.

Senator CHRIS EVANS—Is this being done in your department or is it being done in the Prime Minister's office?

Ms Wilson—I do not understand the question. Is the question about the nominations?

Senator FAULKNER—Is a short list being developed by the department for the panel?

Ms Wilson—In respect of the—

Senator FAULKNER—Is the Prime Minister drawing up the list or is the department giving him a set of recommended names?

Ms Wilson—The process was that the Department of Education, Science and Training put forward some suggested names to the Minister for Education, Science and Training and that was communicated to PM&C, which provided advice to the Prime Minister about some possible panel members.

Senator FAULKNER—So who was the PM&C official who received that advice and was responsible for forwarding it to the Prime Minister—at what level of the department? It would not have been a junior woodchuck somewhere, would it?

Ms Wilson—No, it was an SES officer.

Senator FAULKNER—Which SES officer?

Ms Wilson—It was Mr Dominic English, the Assistant Secretary of the Education Branch in the Social Policy Division.

Senator FAULKNER—Okay. So when Mr English forwarded this on to the Prime Minister's office, that would have gone through you, Dr Morauta, or through Dr Shergold?

Dr Morauta—No, I do not think so.

Senator FAULKNER—Just straight from the assistant secretary to the Prime Minister?

Dr Morauta—A lot of material within the department is copied to people but they get after it has gone. A great deal of material goes straight from assistant secretaries to the department—

Senator FAULKNER—So were any names added by the Department of the Prime Minister and Cabinet?

Ms Wilson—I will ask my colleague Mr English to come to the table.

Senator FAULKNER—It might be an idea, yes.

Mr English—The question you asked is did we add names to the list of people that the department had brought forward to us. The answer is no, we did not.

Senator FAULKNER—So the names came from the minister for education and only those names were forwarded to the Prime Minister. Is that right?

Mr English—That is right.

Senator FAULKNER—And when were they forwarded?

Mr English—At the end of September.

Senator FAULKNER—When is it expected that a sign-off will be achieved in the Prime Minister's office?

Mr English—I could not tell you precisely when they expect to announce it. There is a matter of confirming the acceptance of the invitation to be on the panel from those who have been invited.

Senator FAULKNER—Obviously you have to make a decision as to who is to be invited before any invitation is forwarded.

Mr English—That is right.

Senator FAULKNER—So at this stage the primary decision about who might comprise the panel has not been made, has it?

Mr English—Yes. The invitations have gone out.

Senator FAULKNER—So the invitations have gone out.

Mr English—But until those invitations have been accepted, it would not be reasonable to announce the panel.

Senator FAULKNER—No. I accept that completely.

Senator CHRIS EVANS—There is obviously some urgency, though, because the prize has to be announced by the end of the year, according to the Prime Minister's press release.

Mr English—Yes. I am not expecting that it will be a long time. But it is not within the department's control at this time.

Senator CHRIS EVANS—You have to appoint the panel, call for public nominations for the prize and then award the prize, all before the end of the year. So clearly time is getting short.

Mr English—Yes.

Senator CHRIS EVANS—Just so we are clear, given the confusion before dinner, will this all be handled by the department of education and the minister for education, or will PM&C have ongoing involvement?

Mr English—The administration process will be managed by the Department of Education, Science and Training. There will be a process of the panel's recommendations being put forward to the Prime Minister. I expect that the Department of Prime Minister and

Cabinet would be involved in briefing the Prime Minister on those recommendations, as is our normal activity.

Senator FAULKNER—So the invitations have been issued by the Prime Minister's office. Is that right?

Mr English—The Prime Minister has written to the nominees, yes.

Senator FAULKNER—As opposed to the department of education or the Department of Prime Minister and Cabinet?

Mr English—That is correct.

Senator CHRIS EVANS—And the Prime Minister will make the announcement, I think you said, of the panel shortly. Dr Morauta, I think that was your advice, was it?

Ms Wilson—That is the advice I gave, Senator. That is my understanding.

Senator CHRIS EVANS—I know a very good Labor historian, if they are looking for one.

Senator FAULKNER—Dr Morauta, do you have answers to the two brief questions I placed on notice?

Mr Lewis—Yes, I have an answer to your question regarding the email correspondence between Ambassador Thawley and Mr Blazey.

Senator FAULKNER—I appreciate that.

Mr Lewis—PM&C was not an addressee on that correspondence. It is not our document.

Senator FAULKNER—Was the Prime Minister? I asked whether the Prime Minister or the Department of Prime Minister and Cabinet were addressees.

Mr Lewis—The Prime Minister was not an addressee either.

Senator FAULKNER—Are you able to assist me, then, with the dates of these two emails?

Mr Lewis—No. I will have to take any further questioning in that regard on notice and come back to you on it.

Senator ROBERT RAY—You know who is not on the addressee list. Do you know who is?

Mr Lewis—No, Senator, I do not.

Senator ROBERT RAY—How do you know who is not? Because it is not received by you?

Mr Lewis—That is correct.

Senator ROBERT RAY—And you know the Prime Minister did not receive it. How do you know that?

Mr Lewis—I am unable to answer further questions on this matter.

Senator ROBERT RAY—Hold on. You told us. Clearly, you will know whether the department has a record of this or not. You say you have not. How do you know that the Prime Minister's office was not if you do not know who was on the list of addressees?

Mr Lewis—As I say, Senator, this is a matter which I cannot answer further. I take issue with the fact that it is a matter of process, which you raised before. It is not actually a matter of process. The document in question is actually one of the documents tabled before the Cole commission. As you know, it is on the website. It is a matter before the commission and I am not able to answer further.

Senator ROBERT RAY—What I am going to is your evidence you have just given here. I am not going to anything else. You have made the definitive statement that PM&C was not an addressee and the Prime Minister was not an addressee. I think I can understand how you can assert PM&C was not. I want to know how you can assert that the Prime Minister was not an addressee if you have not seen a copy of the email.

Mr Lewis—Well, we had a check done. I am advised that the Prime Minister was not a recipient.

Senator ROBERT RAY—Who did you have the check done with? That is the end of it, I think. Who did you have the check done with?

Mr Lewis—With the Prime Minister's office.

Senator ROBERT RAY—Why couldn't you have told me that five minutes ago—that you checked with the Prime Minister's office and they were not an addressee? It would have saved us a bit of dancing.

Senator FAULKNER—What is not clear to me—perhaps you can assist me, Senator Minchin—is how the Prime Minister can answer a question on dates in the parliament if this matter is not a process matter and should not be addressed? This simply does not compute to me. I am just asking for slightly more detail on some information that the Prime Minister himself has given in parliament. It beggars belief that we could hear an excuse provided at this committee that this matter is before Cole, given that the Prime Minister spoke about this in answer to a question—I do not have the question in front of me. I do not think it was directly around dates and the like, but I stand to be corrected on that. But the Prime Minister made a response in the House of Representatives on this matter on 10 May 2006. It is preposterous, it seems to me, to now run some sort of defence that it is not a process issue. Well, it is a process issue. These sorts of questions have been asked and answered at estimates committees. I am being careful about this. I am not going to a range of issues about substance; you have heard that today and at previous estimates committees. We have dealt with process issues, including dates, and the Prime Minister himself has made some commentary on this. I am just asking for more specific information that has been provided.

Senator Minchin—The Prime Minister, I think, indicated that it was February, whatever year it was. You asked what date in February. This officer is not authorised at this stage to give you that information.

Senator ROBERT RAY—What do you mean by 'not authorised'?

Senator Minchin—Well, I gather he has been instructed not to—

Senator FAULKNER—Why do you gather that?

Senator ROBERT RAY—Have you been instructed not to answer it?

Senator Minchin—He can speak for himself.

Mr Lewis—Well, I am going by the direction that has been given that, in my particular case, I am not to answer on matters that are before the Cole commission. This is a document that is clearly before the commission.

Senator FAULKNER—Come off it. How on earth, then, did Mr Howard answer a question in parliament on a very similar matter just a few months ago? Why did he?

Senator Minchin—You are asking for further information beyond that given by the Prime Minister, not a confirmation. We have confirmed the information given to you by the Prime Minister. You are asking for additional information which this officer has made a judgement he is not at liberty to give you. Sorry.

Senator FAULKNER—Well, hang on. I asked a question on notice about this—I do not know whether you are aware of that, Senator Minchin—at the budget estimates. This is not a matter that is new. It is question No. 41 in the *Hansard* at page 114 of 29 May 2006. This is my question:

What is the date of the declassified document, posted on the web site of the Cole inquiry, from the then head of the ITF (Bassim Blazey) to Mr Michael Thawley?

Answer:

On 10 May 2006, the Prime Minister informed the House of Representatives that the email exchange took place in February 2005.

Fine. I ask for more specific information in two senses here. First of all, because there was an original email and a response, if you like, I asked for a more specific date. I have already received one answer to this—that it took place in February 2005. I am now asking specifically for the date of the two matters and I am told: ‘Oh, dear, this is highly classified. You can’t know that.’ Come off it. Let’s get serious. This is a straightforward process question to which I have been given some answer, and I am just asking for a bit more detail. So let’s not run some absurd excuse that I cannot be provided with the information, when you have already told me what month it was and all I am asking for is what day it was, for heaven’s sake. Now, come on. Senator Minchin, you have got to be a bit reasonable about this. Surely you can see the problem with not providing this sort of information or running that preposterous excuse that Mr Lewis just ran then, given that I have already been provided this information in answer to a question on notice?

Senator Minchin—Say that again. You have already been provided with the answer?

Senator FAULKNER—I have just run through the history of this. I asked question No. 41.

Senator Minchin—You have not been provided with the specific date, I presume.

Senator FAULKNER—I have been provided with a month. It is February 2005. My follow-up question was what the specific date was. Are you seriously saying to me, ‘I can tell you the month but I can’t tell you the date because it might impugn some arrangement or some ruling that has been made in relation to the Cole commission?’ That is absurd. That will not fly. That cannot fly.

Senator Minchin—Well, I am sorry to disappoint you, but this officer is not able to give you that date. He may be able to take further instructions and maybe during the course of this week, if he is at liberty or if this committee is able to be given further information, we will supply it.

Senator FAULKNER—Why can't this officer give me the date?

Senator Minchin—He has told you that he is not at liberty to give you the date.

Senator FAULKNER—I am asking why, when you as the minister at the table and having been the minister when an answer to a question on notice was approved, you are telling me that the email exchange took place in February 2005. I ask you, Senator Minchin: why can't a little more detailed information be provided as to the precise date? Why cover this up?

Senator Minchin—I am sure you would like it, but we are not at liberty to give you that date.

Senator FAULKNER—Why?

Senator Minchin—I do not know the date, so it is no good asking me. But the officer at the table has given you his answer. He is not able to give you any further information.

Senator ROBERT RAY—No. Don't say he is not able to. He is not willing to.

Senator Minchin—You know what I mean.

Senator ROBERT RAY—Well, there is a distinction.

CHAIR—Senator Minchin, you are following the practice which was taken at the last estimates committee. You indicated clearly there that matters which were before the royal commission would not be canvassed. This is just the same policy, in effect. That is correct, is it?

Senator Minchin—That is correct, Chair. I took the courtesy of writing to Senator Evans and other party leaders, giving them advance notice that, because the Cole royal commission had not yet reported, the same injunction applied. Now, there will always be questions about where that line should be drawn. I understand you think a date should not fall across that line—

Senator FAULKNER—Why is it answered here?

Senator Minchin—but officers of the department have come to the view that, in terms of the instruction issued to them, the date does fall across the line. I am sorry that disappoints you, but that is the position. We could waste all night going on about this, but that is the position we are in.

Senator FAULKNER—Please acknowledge that at this estimates committee and, as you know, in previous rounds, the opposition senators—although not agreeing with the decisions or rulings that have been made—have been careful not to waste a great deal of time going to areas which we know will not be answered. Please look at the answers to the question on notice. I ask your officers to go to the answer to question No. 41. It is at *Hansard* page 114 of 29 May. Could you just look at that now, please, so we know what we are talking about. I am trying to understand why, Senator Minchin, in answer to a question on notice that I placed on

notice on 29 May 2006 about the date of a declassified document posted on the website of the Cole inquiry, I was told that it took place in February 2005. Let me quote exactly the answer:

On 10 May 2006, the Prime Minister informed the House of Representatives that the email exchange took place in February 2005.

I am just asking for a specific date.

Senator Minchin—I said we have given you an answer and we are not at liberty to provide you with any further information.

Senator ROBERT RAY—The difficulty with that is Mr Lewis has said, as a secondary part of his answer, that he is following the direction not to answer questions on these matters. But of course in the first part of his answer he does answer questions on this by telling us that neither his department nor the Prime Minister was an addressee. So he is having his cake and eating it, answering that part of the question that helps and denying us an answer for some reason because it may not help. I do not know—

Senator Minchin—We are trying to be as cooperative as we can with you subject to that injunction. Do not criticise us for giving you as much as we did give you—

Senator ROBERT RAY—No, you gave us the answer that suited you.

Senator Minchin—and then attack us for not giving you more. It is ridiculous.

Senator ROBERT RAY—No, you gave us the answer that suited you, that got you off the hook, because you are not an addressee. You were happy to do that—

Senator Minchin—He has given you what information he can, or tried to give you that.

Senator ROBERT RAY—and then a minute later you are saying, ‘Oh, this is a document before Cole; we can’t answer questions on it.’ Well, you already have. You are not consistent at all here.

Senator Minchin—We felt at liberty to give you the information we gave you in cooperation with the committee and wanting to be cooperative with the committee. Further information is not able to be supplied. Sorry.

Senator FAULKNER—At some stage, Mr Lewis—I will ask Mr Lewis, through the minister—was the Department of Prime Minister and Cabinet consulted in the answer to my DFAT question No. 41, dated 29 May 2006? Was the Department of Prime Minister and Cabinet consulted as DFAT prepared an answer to that question? This is a DFAT answer. You understand that, Minister. It is not a PM&C matter. I know you do.

Senator Minchin—Yes.

Senator FAULKNER—Just so we are clear. I am now asking whether Prime Minister and Cabinet consulted in the preparation of that DFAT answer.

Mr Lewis—I do not know the answer to that question. I do not think we would have a record of it if there had been.

Senator FAULKNER—You do not think you would have a record if you had?

Mr Lewis—I doubt it very much. It was a question time matter.

Senator FAULKNER—No, this is a question on notice. It is my question. It is numbered 41 for the Department of Foreign Affairs and Trade. I know it is not the Department of Foreign Affairs and Trade at the table. I know it is the Department of Prime Minister and Cabinet. I am asking whether DFAT consulted PM&C in the preparation of an answer to that DFAT question that I asked. I am not surprised to hear you might not have been consulted, but I would be very surprised to hear you would not have a record of it if you had been.

Mr Lewis—I will have to take that question on notice. I do not know.

Senator FAULKNER—Is any official at the table able to confirm the accuracy of the answer that I received to that question—that is, that the email exchange took place in February 2005? You are able to confirm who were not addressees. Is it in fact true that this email exchange took place in February 2005, or is the reluctance to answer the question because in fact the answer provided was not accurate?

Senator Minchin—That is the answer you were given on notice. That is what the Prime Minister said in the parliament. No-one is suggesting that—

Senator FAULKNER—I am checking the veracity of what the Prime Minister said. The only conclusion I can come to, hearing this duckshoving and covering up, is that the information that is contained in the answer is not accurate.

Senator Minchin—That is ridiculous.

Senator FAULKNER—So you are confirming it is accurate?

Senator Minchin—There is no evidence to suggest that the answer of February is wrong. We are simply not able to give you the exact date in February.

Senator FAULKNER—That is not right. Mr Lewis is able to give me the date, I am sure. He will not give it to me. It is not that he is not able to—he won't.

Senator Minchin—Don't quibble with my choice of words.

Senator FAULKNER—I am quibbling because what you are saying is wrong.

Senator Minchin—All right. Not willing, not at liberty to, whatever you want.

Senator FAULKNER—Not willing to.

Senator Minchin—Not in a position to, not at liberty to.

Senator FAULKNER—We have not had an explanation as to why that is the case. I now am concerned about the accuracy of the information of the Prime Minister's answer in the House of Representatives. Anyway, time will tell. I am just amazed that you are not willing to provide what I think is more detailed information to a very proper and, frankly, quite simple process question, similar questions of which have been answered in a range of committees on this matter. So it is a new low standard in accountability. Anyway, keep covering up. I have no further questions on that because they are not being answered.

CHAIR—Any further questions on output group 2?

Senator ROBERT RAY—There are no further answers to other questions, are there? We have spent about the last 35 minutes on that. There are no more?

Dr Morauta—No.

Senator CHRIS EVANS—I want to ask quickly about the chaplaincy announcement that was made yesterday or today. Can someone help me with the chaplaincy? Was this run through PM&C? Are you responsible?

Mr English—It is an initiative that was developed by both the Department of Education, Science and Training with Ms Bishop's input as well as some advice from the Prime Minister's department.

Senator CHRIS EVANS—So the responsibility is more with the department of education? Is that what you are telling me?

Mr English—The development of the proposal, yes.

Senator CHRIS EVANS—So you were not involved in the development of the proposal?

Ms Wilson—We provided advice to the Prime Minister in response to correspondence that he received, putting forward the proposal. So we briefed the Prime Minister on the proposal. The development work was undertaken by the Department of Education, Science and Training.

Senator CHRIS EVANS—And the proposition was for Minister Bishop—the correspondence?

Ms Wilson—What Ms Bishop said this morning was that the idea had been raised within government and put to her and she thought it was a good idea. She then raised it with the Prime Minister.

Senator CHRIS EVANS—So there has been no IDC? The development work has gone on in the education department, basically. Is that right?

Mr English—Between the two departments.

Senator CHRIS EVANS—So who is funding it? Is it coming out of the education department or yours?

Ms Wilson—The education portfolio.

Senator CHRIS EVANS—Is that out of an existing budget or is it part of additional estimates?

Mr English—It will be funded through the additional estimates process.

Senator CHRIS EVANS—So questions about how it is to be applied would be best directed to Education. Is that right?

Ms Wilson—That is correct.

Senator CHRIS EVANS—Did the proposal go to cabinet?

Mr English—No. The proposal was considered by the Prime Minister.

Senator CHRIS EVANS—I will leave it at that. I will ask Education. Thank you.

CHAIR—Any further questions on output group 2.

Senator CHRIS EVANS—I have a quick one. The Prime Minister made an announcement about therapy equipment for a Victorian hospital recently. Can you tell me what that was funded out of? It was \$200,000 to the Northern Hospital in Epping.

Ms Wilson—I will have to take that on notice, I am sorry.

Senator CHRIS EVANS—On 26 September, the Prime Minister announced a \$200,000 contribution for the therapy project. Was he just doing that on behalf of the minister for health, or was it something out of PM&C?

Ms Wilson—I will have to get some details for you, Senator. I am not aware of that announcement.

Senator CHRIS EVANS—He just did not refer to Health at all. I am just wondering where it came from. If you take the detail of that on notice, I would appreciate it.

Ms Wilson—Certainly.

CHAIR—We will now move to output group 3, International policy advice and coordination.

Senator CHRIS EVANS—I want to ask about what involvement PM&C has had in Australia's positioning on the Declaration on the Rights of Indigenous Peoples.

Dr Morauta—We are just trying to find out between our international area and social policy who might take the question. We are still not sure. The question was what role we played?

Senator CHRIS EVANS—Yes. Foreign Affairs, I suspect, are involved, but I gather the Prime Minister has had some involvement in Australia's lobbying and discussions about a decision not to support the Declaration on the Rights of Indigenous Peoples. I just wonder what PM&C's involvement with that has been.

Mr Borrowman—PM&C has been one of a number of departments, including Foreign Affairs and Trade, as you mentioned, and the Office of Indigenous Policy, that have together worked on developing the Australian government's position on this question.

Senator CHRIS EVANS—Is there an IDC?

Mr Borrowman—I would have to check the list. I am pretty certain there is no IDC per se. From time to time there have been meetings, though not one that I am aware of recently. There has been correspondence about the matter.

Senator CHRIS EVANS—I do not think it was on the list you gave me. I thought I had done you a service and made you compile a list. Glad to see you using it now. Who says I do not perform a public service. So you have been briefing the Prime Minister on the matter?

Mr Borrowman—The department has been briefing the Prime Minister, yes. The international division's role is as much about policy and practices in terms of international committees. The substance has been much more handled by the Office of Indigenous Policy.

Senator CHRIS EVANS—So has the Prime Minister been briefed with a view to discussing it with other leaders?

Mr Borrowman—Yes.

Senator CHRIS EVANS—Was he involved with the decision to make a joint submission with New Zealand and the US?

Mr Borrowman—I would have to take that on notice.

Senator CHRIS EVANS—Can you tell me whether the Prime Minister was briefed on this issue prior to his recent visit to Canada?

Mr Borrowman—Yes, he was.

Senator CHRIS EVANS—And subsequently, Canada withdrew its support for the declaration?

Mr Borrowman—That is true. But in saying that, I would also point out that the government had very recently changed in Canada. So in that sense it would not be surprising that there were new policies that the incoming government followed which were different from those followed by the outgoing government.

Senator CHRIS EVANS—They seem to have adopted all the other indigenous policies. I notice that they actually honoured the commitment to the residential schools settlement in full but they did not on this issue. So the prime development of our position though to oppose the declaration has been handled inside Foreign Affairs?

Mr Borrowman—I think it is a whole-of-government position. That is the best answer I can give there. Yes, Foreign Affairs has a lead on it because it is handled in an international forum. But, as I say, the Office of Indigenous Policy Coordination has been closely involved. Our position, as you know, is that these negotiations have been carrying on for at least some 10 years substantively and I believe 20 years procedurally and this government at least has certainly expressed consistent concerns about certain aspects of the draft declaration in respect of the treatment of self-determination in the draft declaration.

Senator CHRIS EVANS—I think you raised concerns with three articles, but you would say at the heart of it is this question of self-determination?

Mr Borrowman—Again, I would not like to comment without informing myself further about it because, as I say, it is a matter that is shared among a number of areas. You give particular weight to that, but certainly self-determination was one of the particular issues. In the context of how it eventually panned out, there were also some unusual procedural approaches adopted. There was not a consensus about the final document. Nevertheless, the chair of the working group, the relevant UN chairman, decided to proceed in the absence of consensus, which is very unusual. That was also of concern to us.

Senator CHRIS EVANS—So you are saying there was concern about process or that helped determine the government's final position?

Mr Borrowman—It was certainly a factor in the government's final position.

Senator CHRIS EVANS—Do you know whether you briefed the Prime Minister for any discussions with the Russian officials on this matter?

Mr Borrowman—I am not aware that the Prime Minister has had any discussion with Russian officials on this matter.

Senator CHRIS EVANS—He is a bit like the nuclear task force: he travels widely and someone has to keep a close track. Do you mind taking that on notice? Thanks for that.

Dr Morauta—If we could just catch up on a question. We have a little more information.

Ms Wilson—Senator, you asked about a \$200,000 announcement by the Prime Minister. That is a health portfolio matter. You can ask the Department of Health and Ageing.

Senator CHRIS EVANS—So the money came out of Health?

Ms Wilson—Yes. That is correct.

Senator CHRIS EVANS—I just saw there was no mention of Health at all. He gave them no credit for funding in the announcement so I thought you might have come good with the \$200,000. But obviously he used Mr Abbott's money to make the announcement and gave him no credit for it in Epping.

CHAIR—Any more questions on output 3?

Senator CHRIS EVANS—I think Senator Faulkner wants to do something on output 4, so I think I will move on.

CHAIR—We will move to output 4, Support services for government operations.

Senator FAULKNER—I want to ask some questions of the Government Communications Unit. I was hoping that Mr Williams and Dr Morauta might be able to table a document. I have made this suggestion now at a number of estimates committees. How are we going with that, Mr Williams? Bingo, as they say?

Mr Williams—Yes.

Senator FAULKNER—All right. That is good.

Mr Williams—While we are waiting for that, Senator Faulkner, I have some additional information in response to a question I took earlier on the new building. Is it okay to answer that now?

Senator FAULKNER—Yes. I think it was asked by Senator Evans. Would you mind just waiting until Senator Evans returns?

Ms Wilson—Sure.

Senator FAULKNER—I think it will save a bit of time. Perhaps as you start here, Mr Williams, you might outline for us what the document is that you have tabled so that is clear in the *Hansard* record.

Mr Williams—The document I have tabled is a list of active campaigns that have been through MCGC-GCU processes.

Senator FAULKNER—We are awaiting that document and we are awaiting Senator Evans's return. I think it is best if we do. It saves so much time if we can just ask questions to the document, I think, if you are comfortable with that.

Mr Williams—Yes. Senator, you asked a question before about whether there were any APS wide guidelines on space allocation for staff in the APS. I am advised that there are not, but I can give you an indication of the space allocation we are applying in the new building. The secretary has 70 square metres. That includes a meeting room. The deputy secretaries have 50 square metres. Division heads, SES band 2, have 24 square metres. Branch heads, SES band 1, have 22 square metres. EL2s have 13 square metres and other staff have 10 square metres. In respect of the—

Senator CHRIS EVANS—That is an open plan, I presume, some of that?

Mr Williams—Yes. The 10 square metres is open plan.

Senator CHRIS EVANS—Are the others all offices?

Mr Williams—The others are all offices. In the task force areas in the new building, the open plan or the workstation areas, staff members will have seven square metres in their workstations. So they will go from 10 to seven.

Senator CHRIS EVANS—So you will be selecting smaller staff for the task force?

Mr Williams—As I said earlier, they will not have the records et cetera that you would expect ongoing staff to have.

Senator CHRIS EVANS—That was just a joke.

Mr Williams—I know.

Senator CHRIS EVANS—Thanks for that.

Senator FAULKNER—Thank you for tabling this document, Mr Williams, which is described as ‘Briefing on campaign activity 2005-06 as at October 2006’. You can confirm that this is campaign activity for financial year 2005-06?

Mr Williams—This is campaign activity as at the moment. Most is active this financial year, although there are a couple of campaigns that carry on from last financial year.

Senator FAULKNER—Thank you for that. For the record, if a campaign were to commence after 1 July 2007, it would not appear on this tabulation, would it?

Mr Williams—For 1 July 2007, no.

Senator FAULKNER—What about a campaign that commenced on 1 January 2007? Would that appear on this tabulation?

Mr Williams—In some cases, yes.

Senator FAULKNER—In some cases, yes—does that mean in some cases, no?

Mr Williams—Well, some of these active campaigns end in this calendar year and some of these active campaigns end in the next calendar year.

Senator FAULKNER—I appreciate that. I suppose the key word in my question is ‘commenced’. If a campaign were to commence after 1 January 2007, does it appear on this table?

Mr Williams—No. It will not.

Senator FAULKNER—So any campaign that commences before the end of calendar year 2006 between the current date and the end of calendar year 2006 does appear on this table?

Mr Williams—Can you just ask that question again?

Senator FAULKNER—Are there any campaigns that commence between the current date and the end of this calendar year?

Mr Williams—No. This list provides details of campaigns that are active at the moment.

Senator FAULKNER—But because it is described as ‘Briefing on campaign activity 2005-06’, I was just asking about the circumstances. I do not know whether it is hypothetical or not. Is there a planned campaign to commence between today’s date and the end of this calendar year, 2006? There might be, but if there were, I assume it would be on this tabulation. Is that right?

Mr Williams—No, because these are campaigns that are active as at October—as at now.

Senator FAULKNER—So no campaign that commences after today’s date is on this list?

Mr Williams—No. By definition it would not be active. If the list is as at today, there may be projects in prospect which are not campaigns which would not appear on this list.

Senator FAULKNER—Right. It is useful to try and extend it, if we can, beyond today’s date. So we will get to that. Anyway, I will explain that to you later, Senator Evans. Of these campaigns, are you able now to provide me with budget figures for them? The first one is bushfire preparedness, October 2005 to December 2006. Can you give me a budget figure?

Mr Williams—As I have indicated at the previous estimates hearings, I can give you the budgeted media spend. For bushfire preparedness, the amount is \$3.6 million.

Senator FAULKNER—As you define ‘media spend’—and I appreciate you can only give me those figures—perhaps just for the completeness of the record you can explain the creative work and research and so forth that is not included in this figure.

Mr Williams—For that particular campaign there is an advertising agency and a research company whose costs will be met by the home department.

Senator FAULKNER—In any of the campaigns that you have given us a list of, is the home department PM&C or an agency of PM&C?

Mr Williams—No.

Senator FAULKNER—So you do not have figures available, then, on the creative costs, agency costs, research costs and the like for any of these campaigns?

Mr Williams—No. Those contracts are held between the department running the campaign and the particular companies that were engaged to assist in the development of the campaign.

Senator FAULKNER—So in the case of these 13 ongoing campaigns, you can only provide the media spend figures?

Mr Williams—That is correct.

Senator FAULKNER—You have provided a \$3.6 million media spend figure for bushfire preparedness. Can you provide a media spend figure for people trafficking for July 2005 to June 2006, please.

Mr Williams—I think I mentioned this one to you at our last hearing. That advertising is provided free by the various media outlets. Essentially it appears in the personal columns. It just suggests that if someone believes that someone you see might be subject to people trafficking, these are contact numbers. So the media provides that advertising free. We have done an estimate. We think it is probably worth between \$1 million and \$1.2 million a year.

Senator FAULKNER—But it is in kind?

Mr Williams—No. It is just in a sense a service provided by the print media.

Senator FAULKNER—So there is no cost for that \$1 million to \$1.2 million of advertising or publicity?

Mr Williams—Yes.

Senator FAULKNER—What about family law reform? What is the media spend there?

Mr Williams—Three million dollars.

Senator FAULKNER—That is from June 2006 to December 2006. Can you give me the figure for the bird flu AQIS campaign from July 2005 to June 2006?

Mr Williams—That is a print campaign. That is \$0.3 million.

Senator FAULKNER—The Quarantine Matters campaign, another AQIS campaign, from July 2006 to December 2006?

Mr Williams—That is \$0.5 million.

Senator FAULKNER—Can you give me the media spend for the 30 per cent child care tax rebate ATO campaign of May 2006 to November 2006?

Mr Williams—That is \$1.2 million.

Senator FAULKNER—What is the estimate for Defence Force recruiting, which of course is Defence for July 2006 to June 2007.

Mr Williams—The estimate for that is \$20 million.

Senator FAULKNER—Can you just explain—I think I know the answer to this—for the record why it is an estimate.

Mr Williams—That is a series of campaigns which are timed around when the Defence Force needs to get recruits in. Those campaigns come before the committee during the year. They come with a more detailed media spend. But until we have seen them all, \$20 million is the best estimate.

Senator FAULKNER—What about the DEST Skills for the Future campaign from October 2006 to June 2007?

Mr Williams—That is also an estimate. That is \$16.5 million.

Senator FAULKNER—That is \$16.5 million?

Mr Williams—Yes. That is an estimate because there are a couple of flights of advertising which will run between now and next June. Until we actually get into the buy, we do not know the definitive figures.

Senator FAULKNER—Welfare to Work, which is a DEWR campaign, from November this year?

Mr Williams—That is \$3 million.

Senator FAULKNER—Citizenship, which is DIMA, from September this year to June next year?

Mr Williams—That is an estimate of \$2 million. That is because there are further flights to be run during the latter part of the year. We will not know the figures until those bookings have been made.

Senator FAULKNER—T3, which is DOFA.

Mr Williams—That is \$17.8 million.

Senator FAULKNER—Eliminating Violence Against Women, which is FaCS?

Mr Williams—That is a continuation of an earlier campaign. The figure there is \$9.1 million.

Senator FAULKNER—And, finally, Financial Literacy, a Treasury campaign?

Mr Williams—That is \$11.1 million.

Senator FAULKNER—I may have suggested this previously, Senator Minchin. It would be a useful addition to the table and perhaps save all of us a little time if the media spend figures also could be included. I appreciate the evidence that has been given by Mr Williams. It might be an incremental step for those media spend figures to be included in the tabulation. I do appreciate the table. As you would understand, it saves a lot of time. But I think we could even save a bit more.

Senator Minchin—Sure. I am happy to consider that.

Senator FAULKNER—I will now move, just to get the picture, to the forthcoming campaigns, which are not obviously included on this table. Mr Williams, could you just outline the forthcoming campaigns and their status as regards your role in the Government Communications Unit?

Mr Williams—I think we discuss this each time we meet at estimates. They are not campaigns until they have been approved by the MCGC as campaigns. As such, they are really a work in progress.

Senator FAULKNER—Well, let's call them the works in progress; I am happy to use your terminology. For the sake of the exercise, what are the works in progress?

Mr Williams—I have been reluctant to provide that information because they do not actually become a campaign until they are approved. Some material goes to the MCGC which does not see the light of day as a campaign. As I have said in earlier estimates hearings, I am loath to describe something that may or may not happen until it has been approved.

Senator FAULKNER—You may have been reluctant, but you have done it. You always seem reluctant, which you should wear as a badge of honour, to provide any information to the committee. I am not critical of that, Mr Williams. That just seems to be the way it is. I do not blame you for that. I appreciate that. But however reluctant you might be—

Mr Williams—It is not a case of reluctance. It is just that these are not campaigns and they will not be campaigns until they are considered to be and approved by the MCGC. Some proposals may not end up as campaigns. So I have not answered that question.

Senator FAULKNER—No. But we are not calling them campaigns. We are calling them works in progress. This information has been provided previously by whatever definition we call it.

Mr Williams—It has not been provided in recent hearings.

Senator FAULKNER—How recent? I do not think we asked you too many questions at the last hearing.

Mr Williams—You generally ask me questions at each hearing.

Senator FAULKNER—I thought you got away pretty well scot-free at the last hearing. You had a ball.

Mr Williams—I do not think the *Hansard* would indicate that.

Senator FAULKNER—You smiled once. I remember that.

Mr Williams—I do not think the *Hansard* would indicate that.

Senator FAULKNER—I always remember when you smile, Mr Williams. It is a red-letter day.

Mr Williams—I am comfortable giving you details of approved campaigns because they are on the public record and money is being spent on them. But until something becomes a campaign, I do not believe it is something I can respond to.

Senator FAULKNER—Now tell me this: has your reporting mechanism changed for the PM&C annual report on the central advertising system? It seems to have to me, but I want you to tell me whether that is right or wrong.

Mr Williams—I am not a mind reader, Senator Faulkner, but I think I can guess what you are going to say.

Senator FAULKNER—You must be a mind reader, then.

Mr Williams—I am not, but I am a good guesser sometimes.

Senator FAULKNER—You have a guess. What do you think I was going to say?

Mr Williams—I think you were going to ask me, ‘Mr Williams, there’s no number that appears for expenditure on the central advertising system this year.’

Senator FAULKNER—Well, you are a mind reader, Mr Williams. If you can read my mind, I reckon that is just about the end of your career in the Commonwealth Public Service. But, anyway, tell us why.

Mr Williams—I am going to have to do a mea culpa here. It was an oversight. It was in an earlier version and I am not sure why it did not appear this year. I can give you the figure, but it just did not appear.

Senator FAULKNER—So are you saying to the committee that the fact that the global figure for the central advertising system or total figure—what is the best terminology for us to use?

Mr Williams—I would say the media expenditure that was placed through the central advertising system.

Senator FAULKNER—So the figure for the central advertising system does not appear in this year's annual report. The reason it does not appear is an oversight. That is what you are saying. It is an error in the report?

Mr Williams—Hand on heart, Senator, I did not realise until I had read the report again today in final preparation for your questioning. It should have appeared there.

Senator FAULKNER—But you are not responsible for the preparation of the annual report, are you?

Mr Williams—It is part of my operational area, yes.

Senator FAULKNER—Who is responsible for proofing the annual report? Don't tell me they lumber you with that too.

Mr Williams—No. I guess it is a combination of myself and Mr McMahon as head of the GCU. It certainly was in an earlier iteration. I can only apologise for it not being in the current version.

Senator FAULKNER—So there is no conspiracy theory is what you are saying?

Mr Williams—There is no conspiracy.

Senator FAULKNER—Not that I had developed one at this stage, I might say.

Mr Williams—Hand on my heart.

Senator FAULKNER—I am reluctant to develop conspiracy theories.

Mr Williams—Hand on my heart, Senator Faulkner. It was an oversight.

Senator FAULKNER—I accept what you are saying, Mr Williams.

Mr Williams—But if you would like, Senator—

Senator FAULKNER—We will get to that. I want to go to the broader process. Dr Morauta, I assume this was drawn to your attention: that the figure for the central advertising system was not in the annual report of the department.

Dr Morauta—No.

Mr Williams—No, it was not. I only just discovered it as I was getting ready after dinner to give evidence.

Senator FAULKNER—Fair enough. Well, it is drawn to your attention now. Can we just be assured that the checking system, the proofing system, is adequate for the PM&C annual report? It does not necessarily fit in this program, but it is a question for you, Dr Morauta. You are the senior official at the estimates hearings.

Dr Morauta—We certainly have a number of checks and rechecks, and we go round a number of clearance processes. But it seems that in this case we missed something. Often it is harder to pick the omission than it is to pick the thing that is written and wrong. It is always possible that we omit things.

Senator FAULKNER—If something is written and wrong, you just normally include an erratum, don't you?

Dr Morauta—We would correct it; yes, that is right.

Mr Williams—We do a corrigendum.

Senator FAULKNER—Can you confirm that for financial year 2004-05 the figure was \$137.7 million? Is that right?

Mr Williams—Yes. That comprised \$88 million of campaign advertising and \$49.7 million of non-campaign advertising, giving a total of \$137 million.

Senator FAULKNER—Can you give me the figure and the breakdown for 2005-06?

Mr Williams—The figure for campaign advertising was \$137.8 million and for non-campaign advertising it was \$70.7 million, giving a total of \$208.5 million.

Senator FAULKNER—Just give me the 2004-05 figures again.

Mr Williams—It was \$88 million for campaign and \$49.7 million for non-campaign, giving a total of \$137.7 million.

Senator FAULKNER—Yes. And what is the total this year?

Mr Williams—It is \$208.5 million.

Senator FAULKNER—What is that as a percentage increase? It is massive, isn't it?

Mr Williams—I have not done the arithmetic on that.

Senator FAULKNER—You haven't?

Mr Williams—No.

Senator FAULKNER—Campaign advertising has gone up from \$88.8 million to \$137.8 million in the last financial year and non-campaign advertising from \$49.7 million to \$70.7 million. The total for 2004-05 was \$137.7 million and that has gone up to \$208.5 million this year. What a blow-out that is. No wonder it is not in the annual report. I had no contemplation the figure would be as massive as that. I would not be putting it in the annual report either. I hope I am not being conned here when I am told the reason for this not being in the annual report is that it is just an oversight, because the figure is an absolute shocker, isn't it?

Senator Minchin—You cannot ask the officer to comment on that.

Senator FAULKNER—Well, I am asking you. I can ask you.

Senator Minchin—You can ask me.

Senator FAULKNER—You rarely answer any questions I ask of you.

Senator Minchin—That is true.

Senator FAULKNER—I nevertheless invite you to comment.

Senator Minchin—Well, all I did was say you cannot make that inference of the officer.

Senator FAULKNER—Well, that is a terrific answer. Do you know why the figure was not in the annual report?

Senator Minchin—No, I do not.

Senator FAULKNER—You have not been listening.

Senator Minchin—I do not know why it is not in the annual report.

Senator FAULKNER—No. That is right. Well, you just get back to doing whatever you are doing there—reading your briefs. At least you are concentrating on something. You are certainly not concentrating on the evidence at this estimates committee.

Senator Minchin—I am not going to allow you to ask improper questions of the witnesses.

Senator FAULKNER—Well, why have campaign and non-campaign advertising costs gone up from \$137.7 million last financial year to \$208.5 million this financial year and for the first time in the history of the Department of the Prime Minister and Cabinet it has never been reported in the annual report? Can you answer that, Senator Minchin?

Senator Minchin—I do not have the details on what goes in and out of the reports, no.

Senator FAULKNER—You cannot answer that?

Senator CHRIS EVANS—I will intercede. I do not have Senator Faulkner's experience on failing to understand how peak programs get on and off this list and the definitions of active and inactive et cetera. Forgive me. But it strikes me, looking at the list you supplied at the last estimates hearing, that there are a number of campaigns that were not there last time that are now on the list. The most obvious of those is a campaign called Skills for the Future that commenced, it seems, on 6 October. I know it is running because I saw the ad the other day. It looked like a very professional and, therefore, expensive TV ad. Where did this one come from?

Mr Williams—This was, in a sense, an ongoing development of the apprenticeships campaign, which has run over a number of years. It also takes into account informing the target audience of the Australian technical colleges and the career advice facilities.

Senator CHRIS EVANS—So are you telling me that it is part of a coordinated campaign, or are you telling me the subject matter is similar?

Mr Williams—I am saying that the New Apprenticeships campaigns have been run on a number of occasions over the past few years. This particular campaign has, in a sense, three prongs. One is that it promotes the value of undertaking an apprenticeship. It promotes the value of using the Australian technical colleges and the value of the career advice centres. It also indicates the benefits that were announced by the Prime Minister a couple of weeks ago in terms of encouraging people to finish their higher school certificate or, indeed, train as a mature age apprentice. It comes out of the Department of Education, Science and Training. That is where the earlier apprenticeships campaigns came out of.

Senator CHRIS EVANS—Well, some have contended that the main aim is to promote the government. Putting that to one side, are you telling me the funding for this came out of previous campaigns? Is it a stand-alone?

Mr Williams—It is a stand-alone campaign.

Senator CHRIS EVANS—It is not coming out of any existing budget—is that right? You are just telling me it continues on the sort of—

Mr Williams—It continues on the sort of message, but you would need to ask DEST what the source of the funding is. I am assuming it probably came out of the 2006-07 budget process, but you would need to ask DEST that.

Senator CHRIS EVANS—You are assuming it came out of the 2006-07 budget process—is that right?

Mr Williams—Well, I suggest you ask DEST.

Senator CHRIS EVANS—I will. I am just checking whether you knew that to be the case.

Mr Williams—No, I cannot recall.

Senator CHRIS EVANS—I had not heard of it before. But I do not do the DEST estimates.

Mr Williams—I cannot answer that with any certainty.

Senator CHRIS EVANS—When did you first hear about this campaign?

Mr Williams—The research company was appointed in June.

Senator CHRIS EVANS—Was that June 2006?

Mr Williams—June 2006.

Senator CHRIS EVANS—Who was that?

Mr Williams—The research company is Worthington Di Marzio. The advertising agency was selected on 16 August 2006.

Senator CHRIS EVANS—What agency was selected?

Mr Williams—The agency is The Campaign Palace/Red Cell.

Senator CHRIS EVANS—They get more exotic each year, don't they?

Mr Williams—They do. It is because they merge and neither party likes to give up their name.

Senator CHRIS EVANS—They want to sound like law firms so that they can charge more. Can you give me that name again. It was a bit of a mouthful.

Mr Williams—It was The Campaign Palace/Red Cell.

Senator CHRIS EVANS—It does not sound like the sort of company that the government would employ, really.

Mr Williams—Well, their antecedent—

Senator CHRIS EVANS—Cell of reds.

Mr Williams—Their antecedent company was Batey Red Cell and prior to that it was Batey Kazoo. So they have been around for a while. They are a very reputable company.

Senator CHRIS EVANS—They just sound a bit revolutionary. They got the contract for the advertising. Were they just taken off the list again?

Mr Williams—Yes. We approached four companies. Two were shortlisted. And The Campaign Palace/Red Cell was successful.

Senator CHRIS EVANS—So you are telling me this is \$16.5 million at the moment. But I think you said in your opening remarks there were three stages to the campaign.

Mr Williams—There were three flights to this campaign. The overall budget is of the order of \$16.5 million.

Senator CHRIS EVANS—Can you explain to me what the three flights are and what ‘flights’ means.

Mr Williams—The campaign will run in October. You have seen it in the media. It will run again in January and February 2007. It will run again in June 2007.

Senator CHRIS EVANS—What is the rationale for having three goes at the same campaign?

Mr Williams—The January-February 2007 one will encourage people to do year 12. From July next year, people over the age of 30 will be eligible for financial assistance should they take up an apprenticeship. So it is really an ongoing message to alert the target audience of the opportunities offered.

Senator CHRIS EVANS—So the targeting, though, of the three stages is different. Is that fair?

Mr Williams—In a sense, yes. There are different elements to the target group.

Senator CHRIS EVANS—So the current campaign is general.

Mr Williams—The current campaign is aimed at employers. It is aimed at older people taking up mature age apprenticeships. It is aimed at younger people taking up apprenticeships. It is aiming at people potentially going to the Australian technical colleges and advising people of what services Careers Advice Australia can provide them.

Senator CHRIS EVANS—And who is the January-February campaign directed at?

Mr Williams—I do not have that detail here with me.

Senator CHRIS EVANS—Didn’t you say it was something about—

Mr Williams—Just given the timing of it, I think it would be aimed at the people going to the Australian technical colleges. But that is not to say it would not include a further burst on employers for apprenticeships. The June one will be aimed at people taking up mature age apprenticeships because I think there will be financial assistance for people taking them up.

Senator CHRIS EVANS—Have you got a breakdown of the funding for the various elements of the campaign?

Mr Williams—We do not have the media plan here with us, so we can take that on notice.

Senator CHRIS EVANS—Have you got a rough idea? Are the three evenly spread or is it front-end loaded?

Mr Williams—I would rather take it on notice. I would hazard a guess and say there is a bit of front-end loading just to get the campaign going. But I would really want to take it on notice to give you a substantive answer.

Senator CHRIS EVANS—You seemed to imply earlier that this might not be the end of it; that there might be a ramping-up or additional elements.

Mr Williams—No. If I gave that impression, it was not the correct impression. I said there would be three flights of this advertising, including the current one. We will not be finalising media bookings until we get a bit closer to particularly the June burst. So we will not have a definitive amount of spend until we have booked that June burst.

Senator CHRIS EVANS—But the \$16.5 million is to cover all three stages?

Mr Williams—That is correct, yes.

Senator CHRIS EVANS—But it is very much the largest of the additions to the campaigns, isn't it? What did you say T3 was worth?

Mr Williams—It is \$17.8 million.

Senator CHRIS EVANS—Why wasn't that provided on the previous list?

Mr Williams—I do not think the government had taken a decision on the timing of the T3 float.

Senator CHRIS EVANS—So you only put it on your list once the timing was known?

Mr Williams—As I said to Senator Faulkner earlier, a campaign is not a campaign until it is approved. Finance and I have been doing some speculative work in the department on the possible announcement of a sale date. But until the MCGC approves the campaign, there is nothing—

Senator CHRIS EVANS—I think I have heard you and Senator Faulkner do that two or three times now and I think it is fair to say that I, like the rest of the crew, am tired of it.

Mr Williams—I will say no more.

Senator CHRIS EVANS—I will not encourage you. I am sure you do not want to traverse that ground again.

Mr Williams—No, I do not.

Senator CHRIS EVANS—So you have awarded the contract for the T3, obviously?

Mr Williams—Yes, we have.

Senator CHRIS EVANS—Can you tell me who and when.

Mr Williams—Yes. A public relations company was selected on 1 March.

Senator CHRIS EVANS—Who is that? Senator Minchin, remind me: when did you decide to do the T3 sale? Was it October or November?

Senator Minchin—I cannot think when the actual decision to proceed was made. It was not until about July or August.

Senator CHRIS EVANS—That is what I thought. I know you were looking very tense during the period.

Senator Minchin—As I have said here and in the chamber before, from the point of view of the department of finance, we obviously had to ensure that the government was in a

position to proceed with the sale, which meant engaging a range of consultants and doing a number of things to prepare for a sale in order that the sale could be held if that was the government's decision. While no advertising was entered into, a range of consultants, like PR companies and banks et cetera, were of course engaged in order to ensure that, if, ultimately, the decision was made to proceed, it could in fact proceed.

Senator CHRIS EVANS—There is no doubt that all of those things are a major contributor to economic growth, Senator Minchin. Everyone is getting a slice, from what I have seen of the list.

Senator Minchin—The biggest expense was the advertising. No decision was made on that until we had made a decision to actually go to a sale.

Mr Williams—I will run through the consultants. For public relations, two companies were selected: Gavin Anderson and Company; and Cox Inall Communications. They were selected on 1 March 2005. The research company was DBM Consultants. They were selected on 19 April 2005. A non-English-speaking background consultant was selected on 11 April 2006. An advertising agency was selected on 30 March 2006.

Senator CHRIS EVANS—And who are the last two?

Mr Williams—The NESB consultant was Sudler and Hennessy Multicultural. The advertising agency was Young and Rubicam. I think they are now called George Patterson Young and Rubicam because there has been a merger.

Senator FAULKNER—Wasn't Geoffrey Cousins a principal of George Patterson?

Mr Williams—I would have to take that on notice.

Senator Minchin—Yes. Incidentally he was. He had absolutely no connection with the firm at the time that Young and Rubicam, subsequently George Patterson, earned the contract.

Mr Williams—It merged shortly after—

Senator Minchin—I think he left George Patterson in the early 1990s or mid-1990s.

Mr Williams—From recollection, George Patterson, was an equity buyout by the staff. It was George Patterson and Partners. So I do not have an adequate—

Senator FAULKNER—Hasn't he been recently appointed to the Telstra board?

Senator Minchin—He nominated for election at the AGM.

Senator FAULKNER—And he was chairman of George Patterson, wasn't he?

Senator Minchin—He was MD. But, as I say, I think he left in the mid-1990s.

Mr Williams—Not to my knowledge since I have been involved, which is the late 1990s.

Senator FAULKNER—I would be surprised if we were not talking about the same George Patterson and the same Geoffrey Cousins. That is very interesting.

Mr Williams—I think the firm has gone through different ownerships since then. As I say, it has now merged with Young and Rubicam.

Senator Minchin—It was actually Young and Rubicam that won it.

Mr Williams—Young and Rubicam won it.

Senator Minchin—And then merged with George Patterson.

Senator CHRIS EVANS—It is a small world, isn't it?

Senator FAULKNER—I reckon he was chairman of George Patterson for the best part of a decade. He may well have been managing director too.

Senator Minchin—He was MD of the company when it did the Liberal Party's advertising in 1990 for the 1990 election.

Senator FAULKNER—It just gets murkier and murkier. And then he became an adviser to the Prime Minister on communication strategy. Is this the same George Patterson advertising agency that Mr Geoffrey Cousins was chairman of and chief executive of? That is my question. The answer is: yes, it is.

Mr Williams—No. I think the answer is that it is the same name but I think it has gone through a variety of ownerships since Mr Cousins had anything to do with it.

Senator FAULKNER—So it is a different agency with the same name? Are you really saying that to us?

Mr Williams—What I am saying is that the agency has gone through a variety of ownerships as is common in the business.

Senator Minchin—It was actually Young and Rubicam that won the account which was then subsequently merged with—

Mr Williams—George Patterson.

Senator Minchin—what is now George Patterson.

Senator FAULKNER—I suppose there were full and open tender processes for this, were there?

Mr Williams—Yes.

Senator FAULKNER—I'll bet.

Senator CHRIS EVANS—They should have no trouble working with the new members of the board.

Senator FAULKNER—A very good relationship.

Mr Williams—Six companies were asked to respond to the brief.

Senator CHRIS EVANS—Six companies off the preferred tender list?

Mr Williams—Off the GC register, yes.

Senator CHRIS EVANS—What was the price of the contract forwarded?

Mr Williams—You would have to ask that question of the department of finance because they hold the contract with Young and Rubicam.

Senator FAULKNER—It is on their website, isn't it?

Mr Williams—They would have gazetted it.

Senator FAULKNER—I think Senator Minchin can confirm that. It is all on the website?

Senator Minchin—I think that is right, yes.

Mr Williams—I am sure it would have been gazetted, yes.

Senator CHRIS EVANS—So that is true of all these contracts you told us about—the PR ones as well as the advertising ones?

Mr Williams—There is a requirement to gazette contracts.

Senator CHRIS EVANS—You are telling me that the responsibility is with the department of finance and I ought to look at their website or ask them for all those?

Mr Williams—Yes. They hold the contracts.

Senator FAULKNER—I must say that I drag them off the website. Then again, I am a suspicious person.

Senator CHRIS EVANS—I have always regarded you as suspicious, Senator Faulkner.

Senator FAULKNER—Very wise.

Senator Minchin—It is hard going through life like that.

Senator FAULKNER—Very wise.

Senator CHRIS EVANS—There is always a certain symmetry about these appointments and contracts, Minister.

Senator FAULKNER—George Patterson—\$1,870,950 from 1 May 2006 to 31 December 2006. We are told it is not the same George Patterson that Mr Cousins was involved in. We will see.

Mr Williams—I do know the firm has gone through changes of ownership.

Senator FAULKNER—We will see.

Senator CHRIS EVANS—Anyway, I am sure on other occasions, Mr Williams, you will tell us that is not within your duty statement.

Senator FAULKNER—No. But you were very quick to jump in there.

Senator CHRIS EVANS—Is that the extent of the contracts awarded for the T3, for the \$17.8 million spend?

Mr Williams—The \$17.8 million spend will be placed through our media master placement agency, Universal McCann. They will book the media and pay the media, yes.

Senator CHRIS EVANS—Is that the totality of it?

Mr Williams—That is the totality of the contract in terms of the information campaign, yes.

Senator CHRIS EVANS—When will that end? Does it end with the day of the float?

Mr Williams—I have 9 November.

Senator Minchin—It is part of the retail offer so advertising will cease then.

Senator CHRIS EVANS—That is the end of the advertising period?

Senator Minchin—Yes.

Senator CHRIS EVANS—There is no further advertising planned congratulating you on your selection or nothing to that effect?

Senator Minchin—I do not think so.

Senator CHRIS EVANS—There is a quid in this for everybody.

Senator FAULKNER—Not everybody.

Dr Morauta—Officers from output groups 2 and 3 are wondering whether they can leave now.

CHAIR—From 2 and 3, yes.

Dr Morauta—Thank you very much.

Mr Williams—I might correct my previous answer. As has been the case with T1 and T2, when the payments for the second instalment are due, there is a reminder campaign reminding instalment holders they need to pay another instalment to have fully paid shares. When that time arrives, I would imagine there will be a small reminder campaign. It will be sensible for the consultancy based on the initial campaign to do that.

Senator CHRIS EVANS—That will no longer be a government responsibility.

Mr Williams—It is a government responsibility to collect the money, yes, because the government is selling it.

Senator Minchin—You would trust the company that holds the shares in effect, so we wear, in effect, any non-payment, yes.

Senator CHRIS EVANS—So you have divested yourself of the ownership but you are still responsible for advertising the—

Senator Minchin—People pay in two instalments. So in effect they get the benefit of ownership but the shares themselves and the instalments are listed and traded. But those who have paid the first instalment have an obligation to pay the second instalment. This is the way T1 and T2 worked. You do it by instalments. You give the purchaser the opportunity to pay just the first instalment at \$2 but receive the full benefit of ownership of the shares. But they still owe the balance of the share price to the government. So we need to go out and collect that money to get the full benefit of the purchase price of the share. So there is, as Greg has said, an advertising campaign to remind people that they have committed to paying that second instalment and it is due by X date.

Senator CHRIS EVANS—What is the enforcement opportunity on that?

Senator Minchin—This is probably better pursued with DOFA. Off the top of my head, if they do not pay the instalment, the share reverts to the government.

Mr Williams—I think that is right: I think they just forfeit their entitlement.

Senator CHRIS EVANS—So in effect there is a service to them to remind them, but you still hold all the cards, as it were.

Senator Minchin—That is right. Yes, the shares revert to us. We do not particularly want to have the shares back, but that is what would happen so the taxpayer does not lose out in that sense, no.

Senator CHRIS EVANS—So is there an indicative budget for that?

Mr Williams—That is too far out, I think.

Senator Minchin—It is 18 months.

Mr Williams—I am not sure. Finance would be able to answer that.

Senator Minchin—It is 18 months.

Senator CHRIS EVANS—I will put that on the inactive list, then.

Mr Williams—Put that on the projects list.

Senator CHRIS EVANS—We know we are going to do it, but it is not active.

Mr Williams—It is not a campaign until it is a campaign.

Senator CHRIS EVANS—Do not start again. You might get shot and it might be from behind, not from the front. Why has the Welfare to Work one come back on the list?

Mr Williams—It is the second phase of that campaign. The first phase ran from 4 June for six weeks. Another phase will be running in November.

Senator CHRIS EVANS—For what impact? What is the purpose of the additional campaign in November?

Mr Williams—It is just a further emphasis of what the campaign is about, which is encouraging people to rejoin the workforce. With these campaigns, you front end a campaign to get the program in the mind of the target audience, but awareness and knowledge falls away, so you need to run a further flight of advertising to increase that knowledge and interest.

Senator FAULKNER—Are there any plans for any further Work Choices communication campaigns that you can inform the committee about, Mr Williams?

Mr Williams—I am not aware of any Work Choices campaign.

Senator FAULKNER—I want to place some questions on notice about the staffing levels within the GCU and some questions about consultancies perhaps under the \$10,000 threshold so they may not be reported in the annual report. I think it best to do that on notice to save some time.

CHAIR—Thank you. Any further questions on output group 4?

Senator CHRIS EVANS—No. I have a couple of bits and bobs that I will put on notice given the time. We have a couple of other agencies to go. I think we will move on.

CHAIR—Any other questions on output group 4? If not, that concludes the Department of Prime Minister and Cabinet. We will now move to the Office of National Assessments.

[9.00 pm]

Office of National Assessments

CHAIR—Welcome, Mr Varghese. Do you have an opening statement?

Mr Varghese—No.

CHAIR—We might just move straight to general questions.

Senator FAULKNER—Did ONA at any stage receive a copy of Dr John Gee's resignation covering letter and six-page report?

Mr Varghese—No. We did not receive a copy of Dr Gee's letter.

Senator FAULKNER—Is that still the case?

Mr Varghese—That is still the case.

Senator FAULKNER—It is true, however, isn't it, that Dr Gee briefed ONA officials?

Mr Varghese—We did meet with Dr Gee soon after he returned from Iraq.

Senator FAULKNER—Can you briefly explain the circumstances surrounding that. First of all, at what initiative? Was this an ONA initiative?

Mr Varghese—I would have to check the sequence of events, but my expectation is that it would have been at our initiative. He was in Iraq doing work that was very relevant to our own analysis of what was happening in Iraq. As is often the case, we would have arranged a round table to meet with him and to discuss some of his perceptions of what was happening.

Senator FAULKNER—I do not want you to run through the names of the officers, but can you say whether your officials or analysts at a senior level met with Dr Gee? Perhaps you could indicate whether you were there.

Mr Varghese—It was a round table, as I recall. I chaired it. It would have had a number of senior ONA officials there.

Senator FAULKNER—I see. Are you able to say when that round table occurred?

Mr Varghese—No. I do not have the date with me.

Senator FAULKNER—You do not know when it occurred.

Mr Varghese—I do not have the date; I could take it on notice.

Senator FAULKNER—I would appreciate it if you could. You cannot say to me why a decision was made to have a round table?

Mr Varghese—No. But I just repeat the point that it is not unusual for us to arrange for such debriefing sessions or to have meetings with people who have a particular expertise or a particular exposure to an issue that we are following.

Senator FAULKNER—I see. Was any reporting done out of the round table?

Mr Varghese—I would need to check. It is not normally our practice to do detailed reports of those sorts of meetings, but I would check to see whether a record was kept of that particular meeting.

Senator FAULKNER—Was there any follow-up to the round table from ONA?

Mr Varghese—There was not any follow-up in the sense that there was an issue raised at the round table that required following up. The subject of the round table was essentially the work of the Iraq Survey Group. That was a subject of continuing interest by ONA.

Senator FAULKNER—But given that Dr Gee was a senior person who had first-hand experience and very direct experience with the work of the Iraq Survey Group and there are

only literally a handful of Australians who had that experience, I think that it is fair to say, isn't it Mr Varghese?

Mr Varghese—That is correct.

Senator FAULKNER—I would have thought that such a round table might have caused a little more interest than just your comment that you are not 100 per cent sure what happened as a result of it.

Mr Varghese—Well, it is not the sort of meeting that necessarily has a result. He was debriefing us on his experience with the Iraq Survey Group. We listened to the debrief, we discussed issues with him and we asked questions. It is not the sort of meeting that requires a particular follow-up.

Senator FAULKNER—Doesn't that depend on the content of the briefing?

Mr Varghese—As a matter of logic, it would. But a debriefing is a debriefing.

Senator FAULKNER—And isn't the timing of such a debriefing critical, depending on what Dr Gee may have been saying about the existence of weapons of mass destruction and the like and related issues?

Mr Varghese—In what sense critical?

Senator FAULKNER—I was not at the briefing, Mr Varghese. I have had at least the benefit of reading some press reports which appear to outline some of the views that Dr Gee was expressing in his letter and report or covering document. You would have seen those press stories. You would be aware that at Senate estimates previously and at the Senate references committee I have asked many questions about Dr Gee. It took ages, in fact, to find out Dr Gee's name. You would no doubt be aware of all of that background. We now have an understanding, or we appear to have an understanding, of the sorts of things that Dr Gee was saying. That was not the case previously, as you would appreciate. So I am trying to establish what role, if any, and what interface, if any, ONA had with Dr Gee and what might have been the follow-up to some of the views that he was expressing, given that he was in the unique position of having a direct involvement in the work of the Iraq Survey Group. If you can just give me a response to that, that would be helpful.

Mr Varghese—I thought I had been giving a response to that. The role ONA played was to meet with Dr Gee to hear from him a debriefing on his work with the Iraq Survey Group.

Senator FAULKNER—Are you able to explain to the committee why ONA did not receive a copy of Dr Gee's resignation letter and report?

Mr Varghese—My understanding—I did not raise this issue directly with Dr Gee—is that we were advised by DFAT that the letter of resignation was not available to us.

Senator FAULKNER—You mentioned your understanding. How did you come to that understanding?

Mr Varghese—It is the result of a discussion with the relevant DFAT official with responsibility for the Iraq Task Force at the time. It was not a discussion I had directly, I should add.

Senator FAULKNER—Was that Mr Quinn?

Mr Varghese—That is correct.

Senator FAULKNER—So Mr Quinn headed up the Iraq Task Force at the time?

Mr Varghese—That is correct.

Senator FAULKNER—And one of your officers or officials—it was a senior official of ONA—

Mr Varghese—Yes, I would characterise him as a senior official.

Senator FAULKNER—had a discussion with the head of the Iraq Task Force. Do you know why that discussion ensued?

Mr Varghese—It was in the course of a visit by Mr Quinn to ONA.

Senator FAULKNER—Did one of your officials request a copy of this documentation?

Mr Varghese—Yes, he did.

Senator FAULKNER—Can you explain to the committee why your official requested a copy of this documentation?

Mr Varghese—I assume he was interested in the explanation in Dr Gee's letter as to the circumstances of his departure.

Senator FAULKNER—It is always best probably not to assume. But you were not directly informed? In other words, this was not done on your behalf?

Mr Varghese—No.

Senator FAULKNER—When did you become aware that your official had approached Mr Quinn in this regard?

Mr Varghese—I only became aware of it when this issue was the subject of some media speculation—that is, relatively recently.

Senator FAULKNER—Would that be the—

Mr Varghese—That was in the article in the *Financial Review* of 1 September 2006.

Senator FAULKNER—Okay. I certainly am aware of coverage on this issue in the *Sydney Morning Herald* on 31 August and 1 September 2006, copies of which I have. I do not have a copy of the *Financial Review* story, but certainly I am sure the thrust of the press commentary is the same. So when you became aware of that press coverage, did you undertake some sort of checking process in ONA to establish what the ONA role or involvement, if any, might have been?

Mr Varghese—Well, I made some inquiries within the office to establish whether what was reported in the media was accurate from the ONA's point of view.

Senator FAULKNER—Which particular media comment did you try and explore for accuracy?

Mr Varghese—It was the reference in the media coverage that Dr Gee had claimed that Mr Quinn had told ONA he was not allowed to give them a copy of the letter.

Senator FAULKNER—So you checked that with officials who had had contact with Mr Quinn?

Mr Varghese—That is correct.

Senator FAULKNER—You were able to effectively verify the broad thrust of that reportage. Is that fair to say?

Mr Varghese—I was not conducting a forensic examination, but I did make inquiries as to what the recollection of the officers in ONA was.

Senator FAULKNER—Is it only one officer we are talking about, or more than one?

Mr Varghese—That is correct.

Senator FAULKNER—Just the one officer?

Mr Varghese—One officer.

Senator FAULKNER—And you are willing to accept that that officer is a senior officer in ONA. So we are clear, can you just indicate to the committee in terms you are comfortable with what the recollection of the official was or what the official said to you?

Mr Varghese—The recollection of the ONA officer?

Senator FAULKNER—Yes.

Mr Varghese—Mr Quinn had indicated that he was not able to provide the ONA with a copy of the letter.

Senator FAULKNER—You did not check this outside the ONA, I assume?

Mr Varghese—No.

Senator FAULKNER—You did not check with Mr Quinn. I would not think that would be appropriate. That is correct, isn't it? You would only check with your own staff?

Mr Varghese—I checked with my colleague.

Senator FAULKNER—Your colleague?

Mr Varghese—Yes.

Senator FAULKNER—Sorry, I thought you said colleagues.

Mr Varghese—Colleague, singular.

Senator FAULKNER—You checked with your own colleague?

Mr Varghese—Yes.

Senator FAULKNER—Having established that that was the case, did you take any further action? This is around the time of the reportage, which was around early September this year.

Mr Varghese—No, I did not, and I did not see the need to take any further action.

Senator FAULKNER—Was your colleague able to say why Mr Quinn gave that advice to him?

Mr Varghese—No. He was not able to say why he gave that advice. Can I just point out that he was going on a recollection of an event that happened in March 2004. This was a conversation I would have had in early September.

Senator FAULKNER—So it is fresh in your mind but it was not necessarily fresh in his?

Mr Varghese—Correct.

Senator FAULKNER—I do broadly understand the timelines. I think that is a point worth making. But your colleague in ONA obviously had subsequent contact with someone for this matter to be able to be reported on.

Mr Varghese—Sorry, Senator, could you just repeat that question?

Senator FAULKNER—Your colleague in ONA at the time—when did you begin your responsibilities in ONA?

Mr Varghese—January 2004.

Senator FAULKNER—Did your colleague report to you at that time?

Mr Varghese—In hierarchical terms?

Senator FAULKNER—Yes. In hierarchical terms.

Mr Varghese—Yes, he did, yes.

Senator FAULKNER—On his conversation with Mr Quinn?

Mr Varghese—No. As I indicated to you previously, at the time that that conversation was conducted, I was neither involved nor advised.

Senator FAULKNER—No. That is right. I am jumping to a conclusion—tell me if I am wrong—that your colleague in ONA must have spoken to someone about that. How did this become—

Mr Varghese—He spoke to Mr Quinn about it.

Senator FAULKNER—He spoke to Mr Quinn?

Mr Varghese—Yes.

Senator FAULKNER—Did he speak to anyone else, apart from Mr Quinn? Do we know how this became public?

Mr Varghese—The issue became public because of the article that appeared in September 2006.

Senator FAULKNER—That is right: how does the conversation between Mr Quinn and your colleague get related in a newspaper?

Mr Varghese—Well, I do not know.

Senator FAULKNER—That is what I am trying to establish—whether you either knew or set about finding out, whether you were concerned about the fact that it was made public.

Mr Varghese—The newspaper refers to claims made by Dr Gee.

Senator FAULKNER—Exactly.

Mr Varghese—So, as to how the newspaper had access to claims made by Dr Gee, you would have to ask the newspaper.

Senator FAULKNER—I do not intend to ask the newspaper because its employees are not sitting before me. I wonder if you had asked your colleague whether he or she had had a conversation or discussion with Dr Gee, for example. Are you confident that your colleague in ONA was not responsible for this information?

Mr Varghese—I am confident that my colleague in ONA was not the source of the story.

Senator FAULKNER—Right. Why are you so confident of that?

Mr Varghese—Because I have confidence in my colleagues and I know that they will not breach ONA's rule of not talking to the media.

Senator FAULKNER—The reason I am asking you these questions, Mr Varghese, is that it would be a concern if one of your colleagues was responsible for that matter appearing in a newspaper. I think you would accept that, wouldn't you?

Mr Varghese—It would be a matter of concern for me if ONA officials were talking to the media, yes. It would.

Senator FAULKNER—Yes. So I think it is a reasonable thing for me to ask you whether you have assured yourself that, by whatever mechanism this matter appeared in the newspaper, it does not appear as a result of information provided by an ONA official. That is all. I think that is a reasonable question to ask. I hope you do too.

Mr Varghese—Well, it is a reasonable question. Let me say that I am satisfied that an ONA officer was not the source of the information.

Senator FAULKNER—Can I ask you how you satisfied yourself with that?

Mr Varghese—Because I am familiar with the integrity of the person concerned.

Senator FAULKNER—I see. Are you aware of any investigation that has taken place to try and establish how this conversation between a senior ONA official and the head of the Iraq Task Force did appear in the media? Has there been any investigation of that, to your knowledge?

Mr Varghese—There has not, to my knowledge, been any investigation of that.

Senator FAULKNER—So you cannot throw any light on that for us?

Mr Varghese—No, I cannot.

Senator FAULKNER—I see. Was your ONA colleague required to formally report on these events after the publication of this material in the newspaper? I am not suggesting you should have, but I am just wondering whether or not you required your colleague to complete any report to you after that event.

Mr Varghese—No, I did not.

Senator FAULKNER—So you were satisfied—having had, if you like, a discussion as head of ONA with this particular official—that the matter need go no further and was concluded as far as you were concerned?

Mr Varghese—As far as ONA was concerned.

Senator FAULKNER—As far as ONA was concerned?

Mr Varghese—That is correct.

Senator FAULKNER—Did any other agency approach ONA about this matter subsequently?

Mr Varghese—Not to my knowledge.

Senator FAULKNER—But you would be aware if they had, I assume?

Mr Varghese—I am sure there are many conversations that happen between individual staff members of ONA and other agencies that I would not be aware of, so I would not want to give you a categorical answer on that.

Senator FAULKNER—But this is a pretty important matter, isn't it?

Mr Varghese—I would expect, if there were something substantive, I would be informed. But I cannot give you a categorical answer. That is why I phrased it the way I did, 'to the best of my knowledge'.

Senator FAULKNER—Even as late as the weekend *Australian*. I do not know whether you read the weekend *Australian*, Mr Varghese, but I do from time to time, I have to admit. On the 21st and 22nd of this month—

Senator CHRIS EVANS—I start from the back.

Senator FAULKNER—What is that—the careers section?

Senator CHRIS EVANS—Some of us are up at the next election!

Senator FAULKNER—The weekend before last, there was an article referring to ONA by Patrick Walters, the national security editor. I do not know if you saw this article or not. It is entitled 'Spies' Iraq outlook bleak'. The reason I dragged it in here tonight is that I saw this and I was concerned by it. It says:

The top-secret analysis provided by intelligence agencies led by the peak assessment agency, the Office of National Assessments, this month shows an increasing risk to coalition forces from sectarian militias and terrorist groups operating inside Iraq.

I do not know if you saw that article or not. It may have been drawn to your attention.

Mr Varghese—I did.

Senator FAULKNER—Are you able to comment, for example, on why your agency is named in that article? You may not be, but you might be able to throw some light on it for us.

Mr Varghese—You are asking me to comment as to why ONA appears in that article?

Senator FAULKNER—I am interested to know—

Mr Varghese—You would have to direct that to Mr Walters.

Senator FAULKNER—I do not have Mr Walters before me but I do have the head of the Office of National Assessments, which is described here as a peak assessment agency. Allegedly, top-secret analysis provided by the Office of National Assessments is being described in the *Australian* newspaper. Should I be concerned about that?

Mr Varghese—Well, if it were accurate, you might need to be concerned about it. I do not think it is appropriate for references to be made to ONA analysis in the media.

Senator FAULKNER—These things do happen from time to time, Mr Varghese, as you know. Have you been able to establish, since the time your official was informed about the resignation letter and report that could not be provided to ONA, whether there are instructions beyond that information you have provided to us that the report was not to be circulated outside the Department of Foreign Affairs and Trade? Can you assist the committee with any further information about that?

Mr Varghese—No, I cannot.

Senator FAULKNER—So your entire knowledge of this is limited to the conversation that Mr Quinn had with one of your senior officers—that comment made by Mr Quinn to one of your senior officers?

Mr Varghese—That is correct—and, obviously, the media coverage that was subsequently given to this issue.

Senator FAULKNER—But you are not able to say to me why it was arranged for Dr Gee to brief ONA in 2004?

Mr Varghese—I thought I had explained why it was the case. It is quite common practice for ONA to invite particularly government officials, who are involved in issues that the office is following closely, when they are in Australia, to meet with us. We meet with government officials in those circumstances very frequently.

Senator FAULKNER—What were the actual terms of the information that Mr Quinn provided to your senior official about the circulation of Dr Gee's resignation and report?

Mr Varghese—Are you asking about what Mr Quinn had said?

Senator FAULKNER—Yes. I want to know the precise terms—whether they are as broad as you have suggested to the committee or whether in fact there was a little bit more information in there about whether the instructions had come from the minister.

Mr Varghese—No. I did ask for clarification on that particular point. My ONA colleague's response was that he did not recollect Mr Quinn saying that there had been a direction from the minister.

Senator FAULKNER—So his recollection was just in the very simple terms that you have outlined to the committee?

Mr Varghese—Correct.

Senator FAULKNER—And that was the sum total of the recollection? That was it?

Mr Varghese—That was the question I was asking him about and that was the response I received.

Senator FAULKNER—You did not ask about the context of his conversation with Mr Quinn?

Mr Varghese—Mr Quinn would have been in the ONA at the time to talk about Iraq. This was a discussion held in the ONA. There is nothing unusual about the Iraq Task Force coming to the ONA.

Senator FAULKNER—I am not suggesting there is. Did anyone check what the nature of the visit was at the time and what it was about? You say it was about Iraq. I accept that. Who did he meet with? What specifically was discussed? Have you got any records of that?

Mr Varghese—I would have to check whether we have records of that.

Senator FAULKNER—It would be helpful if you could. There seem to be some things that you have records of and some things that you do not.

Mr Varghese—Actually, in that time in the ONA, as you may be aware from discussions in another context, there was not clear guidance on record keeping on meetings. I would like to think that has changed.

Senator FAULKNER—So can you explain to the committee what would happen in the circumstances today? I appreciate this did happen in 2004, which is a point that you make; it is a fair point to make to this committee. If such a discussion took place now, what would be the difference in terms of reporting and recording? What would be the obligation placed on your senior official that was not placed on him or her at that time?

Mr Varghese—There would be a requirement to at least record the convening of the meeting, the participants in the meeting and at least a list of the main issues discussed. It would not be a record of the meeting in the sense of a verbatim record or minutes of the meeting but certainly a record of the issues that would have been covered or the headings that would have been covered.

Senator FAULKNER—And that would go to whom?

Mr Varghese—It is part of the filed documents.

Senator FAULKNER—It would be effectively notes for file, would it? Would that be the status that it would be fair to describe it as having?

Mr Varghese—Correct.

Senator FAULKNER—You are not aware, either at the time or subsequently, of any discussions with anyone from the Department of Defence, the department of foreign affairs or the Department of the Prime Minister and Cabinet about this incident? I think you are suggesting to us that the matter effectively did not progress beyond your official at the time. But let's just be clear that that is the situation.

Mr Varghese—This is in relation to Dr Gee's resignation?

Senator FAULKNER—Yes.

Mr Varghese—There may well have been discussions at the Department of Defence about Dr Gee's resignation because he worked for the Department of Defence. I do not know that for a fact, but it would not at all surprise me if there had been discussions with Defence about his resignation.

Senator FAULKNER—Can you say to us, then, in relation to the discussion between Mr Quinn, the head of the Iraq Task Force, and your senior official that there had been no engagement with the Department of Defence or any other agency about that discussion? Are you able to say that to us?

Mr Varghese—I am not aware of any.

Senator FAULKNER—Thank you. And there has been no formal brief on this matter at all? Is that right?

Mr Varghese—A formal brief to?

Senator FAULKNER—To the Prime Minister?

Mr Varghese—No.

Senator FAULKNER—Have you yourself made a note for file about these matters?

Mr Varghese—No.

Senator FAULKNER—You have not?

Mr Varghese—No, I have not.

Senator FAULKNER—You did not make a note for file when you had your discussion with the senior official?

Mr Varghese—No, I did not.

Senator FAULKNER—Why wouldn't you do that?

Mr Varghese—Because the purpose of the discussion was to satisfy myself about whether what was reported in the paper was accurate or not, and I did satisfy myself.

Senator FAULKNER—You just did not think it was worth a note for file?

Mr Varghese—As I said, the purpose was to satisfy myself, and I was satisfied. I do not need to add a note to file to complete the process.

Senator FAULKNER—I thought the changed arrangements would have meant that you would have done that, but I must have misunderstood that. I have nothing further.

Senator CHRIS EVANS—I will take the opportunity while you are here to get a sense from you of the current assessment of the situation in Timor or what appears to be a deteriorating security situation there. What is your analysis of it?

Mr Varghese—I do not think it is appropriate for me to go into the details of the ONA's assessment of East Timor. I think that is a matter that ought to properly remain confidential between the ONA and the government.

Senator CHRIS EVANS—In the past we have had a general discussion about some of these sorts of things, Mr Varghese. Are you saying it is particularly because of the current situation in East Timor?

Mr Varghese—I think it is a sensitive situation in East Timor. I do not think it would be appropriate for me to go into the ONA's analysis of it. I think that, more broadly, the contents of the ONA's assessments ought not be publicly aired.

Senator FAULKNER—While I broadly understand why you make that point, at a recent hearing I asked you about some contemporary events in East Timor. You felt you were able to give a status report, if you like, on events there. That was certainly appreciated by me and I am sure by other committee members. I am sure you recall doing so. I think Senator Evans asked this question in the same spirit. I am sure, as you always do, you can respond in a way that is helpful to the committee without risking any of those concerns that you outline to us, because you have done it, I think successfully, before. I think that has been useful and helpful. I am sure you recall doing so.

Mr Varghese—I recall at our last hearing that you did put some factual questions to me about East Timor and I did my best to try and respond within the constraints of my position. I think it is a very different thing to respond to a request for the ONA's assessment and analysis of East Timor in the broad. I just do not think it is appropriate for me to do that.

Senator FAULKNER—I accept that, Mr Varghese. What I am suggesting to you is that it might be helpful to the committee if you feel you are able just to give a similar status report as you did last time. If you feel you are unable to, so be it. But if you are able to, that would be helpful.

Mr Varghese—I would rather not start down this path because were I to begin to share bits of the ONA's assessment on East Timor or, indeed, any other topic, I think it would be very difficult for me to find a clear stopping point to that process. I would rather not begin that process.

Senator FAULKNER—We must have been very lucky previously.

Senator CHRIS EVANS—So you do not think there is much point us calling you in future, Mr Varghese? Under this new policy of yours, you are not going to say anything about anything.

Mr Varghese—It is not a new policy. I think it has always been the case that the contents of the ONA's assessments are not for public airing. I do not think we can do our job properly if the contents of our assessments are for public airing.

Senator CHRIS EVANS—I thought you were bordering on chatty on a few occasions in the past, Mr Varghese. That is a relative term, I know, but we had a good discussion about Iraq on one occasion, as I recall. It was a security assessment on Iraq. Any reference to the *Hansard* will reflect that. I was going to ask you about Iraq intelligence as well. Are you telling me that is off limits too?

Senator FAULKNER—It is a bit rich, given the way some ONA reports have been used in the past by the Prime Minister at the Press Club a few days before a general election and the like. It is a bit rich, really.

Senator Minchin—That is not a fair question.

Senator FAULKNER—It is not a question; it is a comment. It is a perfectly fair comment. It is certainly not a question; it is a comment.

Senator Minchin—As a politician you decided to make that comment. But it is not one that you can expect a response to.

Senator FAULKNER—That is what I was doing. Of course I am entitled to make it, and I just did. I just made it.

Senator CHRIS EVANS—Do we take it from that that Iraq is off limits too, Mr Varghese?

Mr Varghese—I am not prepared to go into the ONA's assessments of Iraq.

Senator FAULKNER—But you would be prepared to answer questions if I asked them about, as I have asked on many occasions, civilian casualties in Iraq?

Mr Varghese—I will endeavour to do my best to respond to factual questions.

Senator CHRIS EVANS—Do you support the findings of the US national intelligence estimate in April, which found that Iraq had become a cause celebre for jihadists?

Mr Varghese—I do not think I can answer that question without going into the substance of the ONA's assessment of what is happening in Iraq.

Senator FAULKNER—You would be aware in the Senate, I suppose, Mr Varghese, that we have a tabling of departmental files. I think you would be broadly aware of that requirement. It originated from an order of the Senate that was proposed by former senator Harradine. I think you would have a broad understanding.

Mr Varghese—I recall it from my Foreign Affairs days.

Senator FAULKNER—I thought you would. We all recall it with a little trepidation and agony from time to time. But I noted in the DFAT new file list, which is published in accordance with this Senate order, in the last six months that the Iraq Task Force has opened a new file. I can give you the number, if you like. It is 06/120138. It is called 'International relations—monitoring—Iraq civilian casualties'. I thought that was a good thing and a step forward because, as you know, I have had a real interest in this issue. I will flag now that I intend to ask DFAT in a positive way about this development. I think it is a good one and I was pleased to see it. Have there been any changes administratively as far as the ONA is concerned in relation to the way you have been dealing with this issue? There is some indication in DFAT that at least there is a new file and, I hope, some monitoring and so forth. Can you indicate whether there have been any new approaches or renewed interest in this in ONA?

Mr Varghese—I cannot point to any new approaches. We obviously follow Iraq very closely as a subject of analysis and assessment. Not least thanks to your close interest in the issue of civilian casualties, that includes civilian casualties.

Senator FAULKNER—You would be aware of the 1 September Pentagon report to the US Congress that Iraqi casualties had increased by 50 per cent over the previous three months. You would be aware of that report, I assume. I would hope you would be.

Mr Varghese—I am, yes. I think they are May to August figures, aren't they?

Senator FAULKNER—Yes. There is also now UN reporting, of course, which you would be aware of, to the UN Security Council. There was reportage of 1 September 2006 that said that Iraq was now the most violent conflict in the world, that on average 100 civilians a day are being killed as a result of the conflict. They had figures of 3,149 civilians in June and 3,438 in July. You would be aware of those figures?

Mr Varghese—I am.

Senator FAULKNER—There has also been a much more what would be fair to describe as a very controversial report in the British medical journal the *Lancet*. You would be aware of that. It was published research of the John Hopkins School of Medical Research that over 650,000—you would be very well aware of this, of course—Iraqi civilians have died as a result of the war in Iraq and that over 600,000 of those had died as a result of violence. It is fair to say that unlike the other two examples I have mentioned—the Pentagon report to the US Congress and the, say, UN Security Council reportage—the *Lancet* material is controversial?

Mr Varghese—It is very contested.

Senator FAULKNER—Contested. Is it the view of the ONA that that is a fair description of the *Lancet* material?

Mr Varghese—I can recall at an earlier hearing that we did have a discussion about an earlier *Lancet* piece on estimating Iraqi civilian deaths. I said at that time that I did not think the methodology stood up to careful scrutiny. In relation to this most recent estimate of 655,000, I think there are a number of people, including well-respected academics, who have questioned the methodology. As you know, it is based on a sample approach. Indeed, it uses a sample of people located in areas with very high levels of conflict and then extrapolates that to the entire Iraqi population. So I do not find that figure particularly credible. It is in a quantum of magnitude above most other estimates. I think if you were to accept it, one conclusion would be that less than one-tenth of those estimated casualties would have been picked up by the media or any other public surveillance mechanism. I think that is a little incredible.

Senator FAULKNER—But you would describe, I assume, the Pentagon reports about the increase in civilian casualties of over 50 per cent in the last three months as credible or incontestable.

Mr Varghese—I would certainly see them as credible.

Senator FAULKNER—I am just trying to understand whether the ONA is now looking more closely at this issue of civilian casualties than perhaps the agency was when I first raised it around this table. It has similar resources and similar interest.

Mr Varghese—We monitor the various NGO estimates. We monitor the Iraq body count. We monitor the work of the Brookings Institute. We obviously read the quarterly congressional reports and the other reports to which you have referred.

Senator FAULKNER—How long has the ONA been doing that for?

Mr Varghese—We would have been looking at those statistics for quite some time now. I cannot tell you when exactly we started. Each of those sources, of course, has a different start date. The Iraqi government has only relatively recently begun to put some figures out into the public as well.

Senator FAULKNER—At the end of the day, aren't a lot of these reports actually based on media reports, the first-hand reportage of journalists? A lot of them are limited, aren't they,

to areas where journalists can actually travel or go. That is certainly my understanding. It seems to be acknowledged by a lot of the experts.

Mr Varghese—I think the point I would make is that there are not any definitive figures. We have a variety of figures. Their methodologies vary. Most of them are clustered around, I think, a number that is not far from the Iraq body count number, with the exception of the *Lancet* estimate, which is clearly completely different.

Senator FAULKNER—Have you looked at where these reports originate? I am making the point that a lot of these reports actually do come from media or journalistic sources, don't they?

Mr Varghese—They do. But I think, for instance, with the Brookings institution reporting, they do try and check the media reporting against other sources in order to have as balanced a database as possible.

Senator CHRIS EVANS—Would the ONA receive things like that US national intelligence estimate as a matter of course, as a procedural thing?

Mr Varghese—We did receive that particular estimate, yes.

Senator CHRIS EVANS—You did?

Mr Varghese—Yes.

Senator CHRIS EVANS—Does that mean that you are on the circulation list for that type of estimate?

Mr Varghese—Not necessarily. I think the US system probably produces a wide range of national intelligence estimates, some of which they would share with their intelligence partners and some of which they may not share.

Senator CHRIS EVANS—Did we receive that one because of our involvement in Iraq or more—

Mr Varghese—Not necessarily. I would assume we received it as part of the broader intelligence relationship. Obviously Iraq is something we discuss with our United States intelligence colleagues.

Senator CHRIS EVANS—So it may not be necessarily an automatic procedure that you would receive such an intelligence estimate, but you did receive the one dated April 2006?

Mr Varghese—We did, yes.

Senator CHRIS EVANS—Does that just go to ONA or does it go to PM&C and DFAT?

Mr Varghese—It would go to other members of the Australian intelligence community. I would need to check whether it goes to policy departments as well. I think it probably is received by Foreign Affairs, but I would need to check whether other agencies also receive it.

Senator CHRIS EVANS—Perhaps if you could take it on notice, that would be appreciated. So when would you have got this?

Mr Varghese—I think we received it in August.

Senator CHRIS EVANS—So you did not receive it for quite a while after?

Mr Varghese—That would not be unusual in terms of these sorts of documents.

Senator CHRIS EVANS—Why the delay? I thought intelligence relied on timeliness.

Mr Varghese—Certainly intelligence is helped by timeliness, but these are assessments we are dealing with rather than raw intelligence. Normally it is the case that intelligence communities write for their own audience and then go through a process of looking at the document to share with partners. So it is sort of a two-step process.

Senator CHRIS EVANS—About a three- to four-step process before they are prepared to share. I am surprised. I know it is an assessment rather than immediate intelligence, but there does seem to be quite a time gap. It was released publicly in September so you only had a month or so before it was declassified. Is that right?

Mr Varghese—I am not sure whether the timing of the declassification was planned a long time beforehand. I think it was circumstances that led to its declassification.

Senator CHRIS EVANS—Not out of concern that Patrick Walters might have it already. Could you just explain to me what the difference is between an estimate and normal intelligence. What are we describing when we say an estimate?

Mr Varghese—An estimate has a particular meaning in the United States system in that it is a considered piece of assessment which represents the consensus view of the United States intelligence community. It is not dissimilar to the national assessments that we have in our system. So it is a very formal process that is gone through.

Senator CHRIS EVANS—So all the US intelligence agencies would have been involved and consulted in the formation of that?

Mr Varghese—They would. Where there may not be total consensus, that is sometimes indicated in the text as well.

Senator CHRIS EVANS—So it is a more weighty, considered document than a daily or weekly one?

Mr Varghese—Correct.

Senator CHRIS EVANS—And do we provide through our intelligence sharing with the United States information that might have fed into that?

Mr Varghese—They would draw on all available intelligence in putting an estimate together just as we would draw on all available intelligence in putting our own assessments together. Some of that intelligence may have been Australian sourced.

Senator CHRIS EVANS—But you would not know in the sense that it feeds into the general intelligence sharing?

Mr Varghese—Into the mix.

Senator CHRIS EVANS—Into the mix. Had you received estimates before from the US on Iraq?

Mr Varghese—We certainly receive analytical product from the Americans on Iraq. Whether there has been an earlier national intelligence estimate, which is the very formal process, on Iraq, I would just need to refresh my memory.

Senator CHRIS EVANS—I would be interested, if you would not mind taking that on notice. If so, how many and when? I take it these are not things that are churned out every couple of weeks or months. You said they are more considered pieces of work. I assume they are not nearly as frequent, then.

Mr Varghese—That is right. I am a bit reluctant to promise to share that information with you because, as you will appreciate, we are dealing with highly classified documents. I would just need to go and check the relevant facts first before getting back to you.

Senator CHRIS EVANS—I take it from that that the presumption is that the others were not declassified, earlier versions?

Mr Varghese—It is extremely rare for a national intelligence estimate to be declassified. There was one that was declassified in relation to Iraq WMD. It received a lot of media attention at the time. As you would appreciate, these are not documents that are written with a view to being declassified.

Senator CHRIS EVANS—The rules on that seem to be changing. So you probably received earlier estimates, but we may not be able to find out how many and when. Part of the issue is whether or not they have been declassified. That is part of your consideration.

Mr Varghese—That is right.

Senator CHRIS EVANS—Do you know how broadly the estimate was distributed in terms of the coalition of the willing partners et cetera?

Mr Varghese—No. I would need to check on that. Again, I am not sure that is necessarily information I could share with you. This is a document that does not belong to us. It is a document that belongs to our partner. I think the question of who they share it with is really for them to indicate.

Senator CHRIS EVANS—Effectively, they would have made a decision on the merits as to who they sent this to, you think, rather than have a normal distribution list?

Mr Varghese—I think with all intelligence product it is done on a case-by-case basis.

Senator CHRIS EVANS—What was done with the estimate inside the ONA or the rest of the Australian intelligence community?

Mr Varghese—It is one of many inputs into our analysis of Iraq. It went into our mix, I guess, is the way I would put it.

Senator CHRIS EVANS—Obviously, it is a fairly authoritative one.

Mr Varghese—It has the standing of a considered assessment by the United States intelligence community.

Senator CHRIS EVANS—About an area in which they have a very keen, close and personal interest at the moment.

Mr Varghese—Sure.

Senator CHRIS EVANS—Apart from the American product and our own product, would other people be supplying you with similar assessments, such as the British?

Mr Varghese—Well, we have intelligence sharing arrangements with a number of countries. We would receive material from them.

Senator CHRIS EVANS—Is that part of the normal exchange network?

Mr Varghese—That is right.

Senator CHRIS EVANS—Has anything special been put in place in terms of Iraq? I forget what is classified and what is not. In terms of the intelligence sharing, we did get a few briefings in a former life. I am now worrying whether I am asking the wrong question.

Mr Varghese—I think what is shared flows from the intelligence relationships.

Senator CHRIS EVANS—Not necessarily from those who are militarily engaged in Iraq—is that right?

Mr Varghese—That is right.

Senator CHRIS EVANS—Do you provide assessments on the jihadist threat in Iraq, Australia, Asia and other areas? What is the nature of your reporting on those threats? Obviously the home issues are paramount.

Mr Varghese—We cover, if you like, the strategic context for Islamist terrorism, so we would from time to time do analyses of the nature of the global Islamist threat and the nature of the threat in particular regions, particularly South-East Asia. The question of the threat assessment in relation to Australia is the responsibility of ASIO and the National Threat Assessment Centre within ASIO.

Senator CHRIS EVANS—Have we done a similar piece of work to the American work in recent times?

Mr Varghese—As you would expect, we do fairly regular assessment reports on Iraq.

Senator CHRIS EVANS—I was really looking at the issue of whether the ONA had done a more considered piece of work on developments in Iraq—a sort of considered collective-view piece for government.

Mr Varghese—We have done ONA assessments and, in the past, a national assessment on Iraq.

Senator CHRIS EVANS—And how often would you do the sort of national assessments?

Mr Varghese—It depends on the topic. Obviously, it is not something you would do weekly, fortnightly or monthly. You would probably measure it in years rather than weeks or months.

Senator CHRIS EVANS—Have you done one since you received the US national intelligence estimate?

Mr Varghese—We have not concluded a national assessment on Iraq since then.

Senator CHRIS EVANS—Do you do that on a regular timetable or do you do it on the basis of request or on the basis of responding to a change in circumstances?

Mr Varghese—In terms of national assessments?

Senator CHRIS EVANS—Yes.

Mr Varghese—The decision to do a national assessment is usually one that is initiated by the ONA, although from time to time we are requested to do one either by other agencies or by the government. It really depends on the topic. You may be aware that one of Phillip Flood's recommendations in his report was that the ONA ought to do more national assessments. That is something we have been trying to give effect to.

Senator CHRIS EVANS—In doing that, do you bring all the intelligence agencies together?

Mr Varghese—We bring all of the relevant policy agencies together as well as the Defence Intelligence Organisation as an assessment agency. The procedures for this are set out in our act—the convening of a national assessments board and who should be a participant in it. Essentially, all of the departments that have a policy interest in the issue would participate in the National Assessments Board. The two assessment agencies—ONA and DIO—would handle the intelligence side of the shop, if I could put it that way.

Senator CHRIS EVANS—When was the last time you did one on Iraq?

Mr Varghese—Probably a year ago.

Senator CHRIS EVANS—Around October 2005?

Mr Varghese—I would have to check.

Senator CHRIS EVANS—Roughly a year ago—is that right?

Mr Varghese—In the last quarter of last year.

Senator CHRIS EVANS—Do you have one underway currently?

Mr Varghese—We have a number of reports on Iraq that we are working on.

Senator CHRIS EVANS—I assume that would involve a fairly major concentration of work for you—I would be surprised if it did not. In terms of the current discussion we have been having about a national assessment, are you working on one of those currently?

Mr Varghese—We do not have one currently in the drafting stage, if I can put it that way.

Senator CHRIS EVANS—I am not familiar with your act. It is a while since I read the Flood report. You obviously have a fairly formal process for going to that stage.

Mr Varghese—We do, yes.

Senator CHRIS EVANS—Have you initiated such a process for another assessment on Iraq?

Mr Varghese—We have not yet formally initiated it. I would imagine it is something that we would be probably looking at in the not too distant future.

Senator CHRIS EVANS—Do you feel it in your waters that it is coming on?

Mr Varghese—It is a big issue.

Senator CHRIS EVANS—What about Timor? Have you done a national assessment on Timor?

Mr Varghese—Yes, we have. I would need to check when we did that.

Senator CHRIS EVANS—Perhaps you could or you could indicate what sort of timetable we are looking at.

Mr Varghese—It would have been in the last six months.

Senator CHRIS EVANS—Okay. And, because of Australia's responsibilities in Timor, I presume we do those more often?

Mr Varghese—Normally a national assessment is meant to consider an issue in a medium-term time frame. That is typically three to five years. Sometimes it goes well beyond that. It just depends on the issue. So there is not much point doing them too often when you are looking out, say, five years.

Senator CHRIS EVANS—But am I right in saying that, because of Australia's lead role at Timor, not only would we be providing assessments for the Australian government but also, effectively, we would be seen as providing lead information for other countries?

Mr Varghese—I think it is fair to say that it is an issue to which other countries look to Australia for a certain measure of advice and analysis.

Senator CHRIS EVANS—So how do we distribute that—electronically or by snail mail? I am asking about the sort of distribution network or method by which we share our assessments of the situation in Timor.

Mr Varghese—With other countries?

Senator CHRIS EVANS—Yes.

Mr Varghese—It would be part of the broader intelligence-sharing arrangements we have with our close intelligence partners. It would be through those channels that we would share something like a national assessment on Timor.

Senator CHRIS EVANS—I assumed we would be sharing with the main intelligence partners. I guess my question, better phrased, is whether we are sharing that information on Timor more widely than we would share our normal intelligence information with, say, other Asian countries who would obviously be interested and concerned about developments in Timor?

Mr Varghese—Well, on a selective basis, I would think.

Senator CHRIS EVANS—Selective as in country or selective as in the assessment?

Mr Varghese—A bit of both.

Senator CHRIS EVANS—So you choose what you want to send and to whom you send it?

Mr Varghese—Exactly.

Senator CHRIS EVANS—I guess what I am getting at is whether there is a system now in place for the assessment of developments in Timor that we are sharing with a broader set of people than we normally share direct intelligence with.

Mr Varghese—Not in terms of broader assessments. There is obviously going to be, on the ground in Timor, a certain degree of sharing of intelligence amongst the countries that are participating in the military enforcement action. But that would tend to be more tactical.

Senator CHRIS EVANS—So we would be sharing much more with countries like Portugal et cetera than we would normally share with them, for instance—both at an analytical and a tactical level or just at the tactical level?

Mr Varghese—I think there is a dialogue with Portugal about Timorese issues, but there is not an intelligence-sharing agreement with Portugal in terms of our assessments, if I could put it that way.

Senator CHRIS EVANS—That is all from me.

Senator TROOD—Mr Varghese, I just want to ask you a couple of questions about staffing matters. As tempted as I am to ask you about other matters of substance, I sense that we may not get very far on that subject. Could you just tell me, please, whether or not the ONA's staffing establishment is up to full strength at the moment.

Mr Varghese—Yes. You will recall that one of the recommendations of the Flood report was to substantially increase the ONA's budget and, in effect, to double our staffing. I am pleased to say that we have now essentially completed that process. We have taken our staff numbers to around 150. I am pleased to say we have been able to do that a little ahead of schedule.

Senator TROOD—That is gratifying news. As I recall, when I spoke to you on these matters in the past, you were having some difficulty in relation to linguists. I think you specifically mentioned some difficulties in finding adequate or well-trained Indonesian linguists. I wonder whether or not you have been able to address that problem. Secondly, are you satisfied that you have strengths across other languages as well—Arabic, for example?

Mr Varghese—To take the second question first, I am certainly very satisfied by the breadth of the ONA's language skills and, in particular, Arabic. I think we probably have the strongest Arabic language skills in the public sector at the moment, certainly in terms of those areas working on analysis. Indonesian linguists are still a scarce commodity. We have been able to fill our positions, although we still have one or two that have been advertised again. I think that just reflects the market at the moment. There is not a great surfeit of Indonesian language experts out there. It reflects the pipelines from the universities having slowed down in terms of students studying bahasa Indonesian.

Senator TROOD—So you have filled your positions but you are still seeking to recruit more Indonesian linguists. Is that the position?

Mr Varghese—I think there are a couple of positions in our open source branch, which was transferred from DFAT to the ONA as a result of the Flood inquiry. They deal with the regional media and follow the Indonesian media in particular. We still have not fully recruited up to their maximum level at the moment. We are in the process of doing so. We are in the process of going through interviews, but we have not actually made the final selections for all of them.

Senator TROOD—But you have a pool from which you can make selections?

Mr Varghese—We advertise in the media and people apply. It is not a pre-existing pool.

Senator TROOD—I understand that. But you have advertised, applications have been received and you are in the process of selecting.

Mr Varghese—That is right.

Senator TROOD—Can you tell the committee whether or not, on the basis of what you have seen, you think you will find the people you need, with the skills you need, among the people who have applied?

Mr Varghese—I think we will probably find a satisfactory applicant, so I do not worry that we are not going to be able to fill the positions. It may take a little longer than we had originally planned.

Senator TROOD—It is taking a long while. I have been asking you questions about these things for quite some time. I do not hold the ONA responsible for this, but I am concerned about what it may reflect about the nation's position in language skills. As you have said on several occasions, they seem to be limited.

Mr Varghese—There is also a bit of mobility at work here. We have also had the situation where people have come into the ONA and then moved on to other positions. I think you need to look at this from the point of view of the community overall and not just the ONA's interest.

Senator TROOD—Move to positions elsewhere within the intelligence establishment or the national security establishment, perhaps is a better way of putting it?

Mr Varghese—That is right. Yes.

Senator TROOD—I see. You are satisfied in relation to Arabic, Chinese, Japanese and other languages?

Mr Varghese—I think in all of those areas we are very strong. Our analysts dealing with those countries invariably have the language.

Senator TROOD—Good. Now the other matter, in which I think you will recall I have some interest, is the long-term strategic analysis. I think they are the national assessment activities—

Mr Varghese—That is right.

Senator TROOD—in which the ONA takes some interest. Can you tell us how many national assessments you have completed in the last 12 months or so?

Mr Varghese—Last financial year we completed 10. This financial year I expect we will do 11. That compares with three in 2003-04 before the Flood report. So before Flood we had three, after Flood we have had 10 and we will probably end this financial year with 11.

Senator TROOD—I will resist the temptation to make the obvious pun there, I think. Could you give us some idea of the matters upon which you have reported over the last financial year? I know you cannot go into detail. I do not ask you to address the substance of these issues or the conclusions you have reached, although I would be fascinated by them. But I suspect you will not be able to inform the committee on those matters.

Mr Varghese—I would rather not indicate the topics of those assessments because to do so would probably reveal more than I think is prudent to in terms of where our intelligence focus is. But we obviously are dealing with, by definition, national assessments issues which are important to Australia's strategic and economic outlook over the medium term.

Senator TROOD—I understood they were also not just medium-term matters but longer term strategic analyses looking, as it were, over the horizon to try to identify some of the challenges with which we might be confronted into the future.

Mr Varghese—That is true. The time frames vary from three to five years in terms of some national assessments. It depends on the topic. It is 10 to 15 years in terms of others. The work we do on Australia's strategic outlook, for instance, typically will look over a 10- to 15-year time frame out to 2020. It will vary according to the topic, obviously.

Senator TROOD—There have been some media reports about the possibility that your agency may well be undertaking an inquiry or an assessment into the security implications of climate change. Are you able to confirm whether that is the case?

Mr Varghese—Certainly climate change is the subject of ONA analysis and reporting. There are a couple of reports in the pipeline for us on climate change.

Senator TROOD—So you are in the process of doing climate change analyses?

Mr Varghese—We have done some reports and we will be doing other reports.

Senator TROOD—Are you doing a national assessment on climate change in that specific category that Senator Evans was speaking to you about?

Mr Varghese—I think what we are planning next is a strategic assessment on climate change.

Senator TROOD—How does that differ from a national assessment?

Mr Varghese—A national assessment goes through a formal National Assessments Board process whereas a strategic assessment is a document that the ONA essentially drafts, obviously in consultation with a wide range of stakeholders, but it does not go through a formal National Assessments Board process.

Senator TROOD—Does it have a different time frame on it?

Mr Varghese—No. The time frames can be the same as that for a national assessment. It is not necessarily a different time frame.

Senator TROOD—I see. I hope you will be able to come back to us in a year from now, Mr Varghese, and perhaps report that you might have done 15 national assessments or 12 or at least or somewhat more than the 11 that you seem to be batting an average of at the moment.

CHAIR—Any other questions for the ONA?

Senator CHRIS EVANS—No. He has become far too chatty. We had better stop before he gets into trouble.

CHAIR—Thank you very much, Mr Varghese. We will now call on the Australian National Audit Office.

[10.19 pm]

Australian National Audit Office

CHAIR—Welcome, Mr McPhee. Do you have an opening statement?

Mr McPhee—No.

CHAIR—We will go straight to questions.

Senator CHRIS EVANS—We always get to you at five to midnight. We will have to reverse the batting order sometime and get you on when you are nice and fresh. I want to ask you about, first of all, a press report in the *Canberra Times* today which indicates that the defence department has resolved its financial statements problems and that the secretary, Mr Ric Smith, has signed off on the accounts for the 2005-06 financial year. As you know, he has been unable to do so for a number of years now because of concerns about a range of major matters within the Defence accounts. I just want to check what involvement the Audit Office has in providing advice as to whether or not those accounts could be signed off or to understand what your role is in the secretary having confidence that he can sign off.

Mr McPhee—The secretary of any agency is responsible under the FMA Act for preparing financial statements for their particular agency. Of course, we have the responsibility to audit the financial statements. In Defence's case, for the last two years, the secretary has been unable to say that the accounts have been true and fair. He has basically said there has been a degree of uncertainty in the accounts that has not enabled him to give a nominal certificate on the financial statements. The audit opinion was along the same lines. Basically, the secretary and I last year disclaimed the opinion on the financial statements. As you are also aware, Defence has put in a lot of effort in terms of the remediation of its financial management systems. This year, the secretary was able to provide a certificate, which basically indicated that in his view the financial statements were true and fair except for a couple of matters.

Senator CHRIS EVANS—Does this mean they are qualified like the previous years or not?

Mr McPhee—They are less qualified than the previous years. The previous years had a very significant and severe qualification. This year's is an improvement on that. Nevertheless, it is not a clear opinion.

Senator CHRIS EVANS—I do not want to misrepresent what the reporter said. It seemed to indicate that Mr Smith was now able to sign off as if all was shipshape. You are saying that is not the case, that it is very much improved but still qualified. What is the correct terminology?

Mr McPhee—A qualified certificate. I understand that Defence's accounts will be tabled within its annual report tomorrow. That was my understanding. The reason I am talking now is that I have also read the same press report. I think it is important to put on the record at least the ANAO perspective on the Defence accounts. I issued a qualified opinion on those accounts, which is that it is an improvement on the prior year's position.

Senator CHRIS EVANS—And your qualifying opinion will be in the annual report tomorrow?

Mr McPhee—In the annual report tomorrow. We and Defence are in agreement about the position in relation to their accounts. There is not a disagreed position in respect of their accounts.

Senator CHRIS EVANS—Is it true to say that this inventory record keeping is still the major problem?

Mr McPhee—That is one of the more difficult issues that they have—indeed. There are issues to do with the underlying systems and some special issues that Defence has to do with the pricing of inventory.

Senator CHRIS EVANS—But it would be wrong to say there is only one issue still outstanding?

Mr McPhee—There is another issue related to repairable items, which are a component of specialist military equipment.

Senator CHRIS EVANS—I think we have been through that before. Is it the case, then, that they can find everything but cannot value it?

Mr McPhee—It is not just that. There are issues with location still.

Senator CHRIS EVANS—So they still cannot find some assets?

Mr McPhee—There are still issues of location, and quantity issues and pricing issues. But they are working hard on both fronts.

Senator CHRIS EVANS—So it is not fair to say that they can effectively locate and account for all the assets, let alone price them?

Mr McPhee—‘All’ is a very precise position. I would certainly say there are some assets that they cannot locate at the moment or that historically they have had trouble locating. As you say, the pricing is another dimension of that.

Senator CHRIS EVANS—What sort of assets are they still unable to locate?

Mr Watson—Repairable items, which in layman’s terms are spare parts. They are still having those particular issues. There has been a long-term program to evaluate it. We have been out there and had a look with them. It is year 2 of a three-year program, so eventually they will get across that.

Senator CHRIS EVANS—So they are not major capital items but mainly spare part type items?

Mr Watson—That is right—not platform or work in progress or assets under construction type issues, no.

Senator CHRIS EVANS—But the spare parts could be major items of a platform, I presume.

Mr Hawley—Eventually they form part of the platform, at some time.

Senator CHRIS EVANS—You did your report in 2004 on the SDSS. To refresh my memory, it is the standard Defence supply system. It seemed to be at the heart of these problems.

Mr Watson—I think in the fiscal year 2004-05 we were very critical of the SDSS. It is the scorekeeping system that records your inventory. We made some very strong comments about that.

Senator CHRIS EVANS—Is that still at the heart of the problem?

Mr McPhee—There are still some issues. We are tabling another report on SDSS, I think tomorrow, on that, so that will give you an update on it.

Senator CHRIS EVANS—My spies are right. So you are actually tabling that tomorrow. I heard there was one coming, but I did not realise it was that soon.

Mr McPhee—Yes.

Senator CHRIS EVANS—This is purely on the SDSS?

Mr McPhee—The SDSS.

Senator CHRIS EVANS—So are you going to give me a sneak preview of your findings?

Mr McPhee—I would prefer not to. One more sleep!

Senator CHRIS EVANS—I will have to delay my excitement with another sleep. It gives me something to look forward to in the morning, apart from Senator Minchin's smiling face. So that is a new audit report. What about the MIMS? Is that part of this new Auditor-General report?

Mr McPhee—I do not know the MIMS.

Senator CHRIS EVANS—There was talk of upgrades. It is software, including Mincom's MIMS system.

Mr McPhee—Certainly Defence is looking to in the longer term build a new inventory management system. It may be that one you are referring to.

Senator CHRIS EVANS—I confess to getting lost in the acronyms. I have not looked at them for a long time. I am trying to remember how they all fit together. We will get that report tomorrow. The main observation in your 2004 report was about Finance's request to consider alternatives to the mix of SDSS and MIMS. Have you followed that up? Am I getting to a level of specificity that will test you?

Mr Cronin—I think you may be referring to joint project 2077, for which we have an estimate that it will amount to in excess of \$600 million in due course. It is a series of projects. Replacing the current SDSS Mincom version will be a new system called Ellipse. That is to be rolled out in future years. It is part of joint project 2077.

Senator CHRIS EVANS—How does that relate to the SDSS?

Mr Cronin—The Mincom system and the basis of SDSS are essentially being replaced by a new system coming through, which is the Ellipse system. That starts to roll out in the next couple of years.

Senator CHRIS EVANS—Is this ground covered in tomorrow's report?

Mr Cronin—There is reference in our reports to the other projects which relate to the logistics system.

Senator CHRIS EVANS—I will look at that tomorrow. I am sure Senator Bishop will be keen to have a look. I want to ask you about the ASLAV report, which you released last week, I think. It is a fairly critical report. I know it is becoming a bit old hat—more critical reports of Defence acquisition projects. Is there any sense that they are learning their lesson? It is a broad question, but I have been looking at these for about four or five years now and they do

not get any better. Everyone says 'legacy project' to me, or a new minister says there is a new system. But we have had about three ministers and three sets of legacy projects and every ANAO report seems to come to pretty much the same sorts of conclusions. I guess I want to start in the broad. Are these problems being addressed in a systemic way?

Mr McPhee—There is a lot of effort going into improving their performance at this level and there is certainly training and work on risk management and risk assessments. But we are not in a position to comment on whether that is having an effect on the ground as yet because tend to look at some of these projects which, as you said, started some years ago.

Senator CHRIS EVANS—This sounds like *Keystone Kops* stuff. They could have saved \$22 million on the original order offered by the contractor but they did not take it up. They forgot to pay GST totalling \$12.4 million over two years—the minister for finance might like to note that. There was \$350,000 spent on forensic accountants to find out exactly what had been spent on the project. It goes on and on. This seems to be a completely bumbling administration. You did not pull any punches in the report.

Mr McPhee—Certainly, contract management, in our view, needs to be improved. As I say, DMO would maintain they are working on that.

Senator CHRIS EVANS—This is probably not a question for you, I suspect. But report after report does not reflect that. There is no evidence of that occurring.

Mr McPhee—We continue to see issues with contract management and financial management in DMO.

Senator CHRIS EVANS—In paragraph 13 of the report, you say:

The Program Office did not have an up to date version of the Contract between February 2002 and March 2006 ...

For four years, they did not have an up-to-date version of the contract for a major project they were working on. Did they provide any explanation to you for these things?

Mr Cronin—They just did not keep up to date with the contract change arrangements. That is not necessarily unusual.

Senator CHRIS EVANS—For Defence or for people generally?

Mr Cronin—In recent audits we have done. It was also covered in our audit on explosive ordnance that we tabled in May.

Senator CHRIS EVANS—Exactly. That is what I am saying. The same issues keep coming up in a different way. The prime contractor made an offer to Defence and offered a price reduction to 90 per cent of the phase two vehicle price valid for some three months. So the contractor actually offered them a reduced price. You say they just did not respond to the offer?

Mr Cronin—The offer elapsed through time.

Senator CHRIS EVANS—So they missed out on a 10 per cent discount because they did not respond.

Mr Cronin—It was an unsolicited offer and the offer lapsed and they moved on to get a different type of vehicle, a more advanced vehicle, when they did actually move to phase three.

Senator CHRIS EVANS—What was Defence's defence for not taking a price reduction offered by the supplier?

Mr Cronin—From what I can recall, it is covered in chapter 1. I think it is about paragraph 1.6 or 1.7. We are just merely reporting the fact that there was an unsolicited offer. It was at 90 per cent. It lapsed. Some time later they then entered into phase three, which resulted in a phase three contract some years later.

Senator CHRIS EVANS—So it was clearly a missed opportunity.

Mr Cronin—I am not in a position to comment on that.

Senator CHRIS EVANS—I see at one point you state that planning time has been overly optimistic. What were you referring to there?

Mr Cronin—Was this in terms of the contract or in terms of the various—

Senator CHRIS EVANS—The additional capabilities.

Mr Cronin—A series of additional capabilities was to be added during phase two of the project. On the whole, they were not done. Some of them—for example, the standardisation, the upgrade of phase two vehicles to phase three—have been completed on time. But there are other aspects relating to surveillance which were considerably later in their delivery.

Senator CHRIS EVANS—At page 15, paragraph 18, you say:

Phase 3 includes the transfer of elements of Phase 2 components which were not achieved under the existing Contract. In May 2005 these requirements, at a value of \$66.24 million, were moved from Phase 2 to Phase 3 of the Project.

Does that mean Defence will pay an extra \$66 million to get the components of phase two that were transferred to phase three?

Mr Cronin—They have essentially moved components out of the phase two acquisition into phase three. I think table 3.1 gives you the various components which are the major components of that. You will see the add-on that is in the main chapter.

Senator CHRIS EVANS—Have you got a page number for me?

Mr McPhee—Page 38.

Senator CHRIS EVANS—You have been good in the past at explaining it to me in language I can understand. Does this mean we paid an extra \$66 million for things that were in the original contract and we had already paid for?

Mr Cronin—Not so much. Things were transferred out of that contract into a subsequent phase of the project. So they were moved out. They were not delivered under phase two. They were then translated into phase three of the process.

Senator CHRIS EVANS—Did we get a discount on phase two?

Mr Cronin—I do not believe we paid for these aspects that were undelivered. We did not find an issue there, from my recollection.

Senator CHRIS EVANS—So you do not think we sort of got caught twice? It seems to me to imply that we got caught twice.

Mr Cronin—I do not believe we found that in the audit.

Senator CHRIS EVANS—So you think the cost was just transferred and paid once, effectively?

Mr Cronin—Yes.

Senator CHRIS EVANS—From reading that, it sounds like we got done coming and going. I thought that was even worse than normal. What are forensic accountant services? I thought that is what you blokes did. Is this what they do before you come, to prepare for you coming?

Mr McPhee—We tend to follow through the key controls and the more significant transactions. Forensic accountants get into the nuts and the bolts and try and establish what the situation really is. We do not have the resources or the inclination to get into matters in that detail. But if you have an issue that needs to be sorted, you need to get the forensic accountant to get into the weeds to sort things out.

Senator CHRIS EVANS—There is the non-payment of \$12.4 million worth of GST by Defence. I am sure lots of small businessmen would be interested to see whether they get the same treatment. Senator Watson, this might be interesting to you. How could they get away with not paying the GST?

Mr Cronin—Under this arrangement, their prime contractor, which is a Canadian company, did not wish to be involved in the GST. Defence entered into a reverse charge agreement which spanned the period until November 2002. Under the reverse charge agreement, something like \$124 million worth of payments were made. Under this agreement, Defence was obliged to pay the GST. We could not find any evidence that GST had been paid by Defence, which amounts to the \$12 million we are talking about. The charge agreement was revoked through a contract change proposal. So from late November 2002, Defence then paid the contractor GST. So it went through the normal process. But prior to that, between essentially November 2000 and November 2002, under the arrangements which applied under this reverse charge agreement, it was Defence who had to pay the GST. We could find no evidence of such payments being made.

Senator CHRIS EVANS—So do we know whether they subsequently paid the \$12.4 million they owe in GST?

Mr Cronin—We do not know that. We have what is reported in this audit report. Up until that time, we had not been advised that they had paid the GST.

Senator CHRIS EVANS—But they get to see your findings and they get published.

Mr Cronin—Yes. There is a process. We go through issues papers and, in this one, discussion papers and a section 19 report.

Senator CHRIS EVANS—So have they disputed that finding?

Mr Cronin—As you will see in the back of the report, their response is on pages 61 and 62.

Senator CHRIS EVANS—I did not get around to reading that. It says:

In summary, Defence agrees with the recommendation contained in the section 19 report.

Without my glasses, I am having trouble reading this. What do they actually say about the GST?

Mr Cronin—What they have said on the GST is at page 65. In terms of these aspects relating to the reimbursement of contractors and the goods and services tax, which is covered from page 53 through to page 57, we do not believe that they dispute our information, which is gleaned from their Defence financial management system.

Senator CHRIS EVANS—So they do not dispute the finding you make—that they should have paid \$12.4 million in GST and had not?

Mr Cronin—That is as we understand it.

Senator CHRIS EVANS—Minister, have you been alerted to the suggestion that Defence owes you \$12.4 million?

Senator Minchin—No. That is a matter that has come to my attention in these proceedings.

Senator CHRIS EVANS—I think the normal commission for this sort of thing is 10 per cent, Senator Minchin.

Senator Minchin—The tax office is the responsible body to take that up with Defence.

CHAIR—Senator Evans, I do not want to cut you off. Bear in mind that we are keen to give Senator Nettle an opportunity to ask questions of the Ombudsman's office.

Senator CHRIS EVANS—Sure. I will try and be quick. So as far as you know, they still owe the tax office \$12.4 million?

Mr Cronin—That is as we understand it.

Senator CHRIS EVANS—Time does not allow me to do justice to that report. I am sure Senator Bishop will be keen to have a chat to Defence about it. Before going to Senator Nettle, let me say that a while back you took an interest in the FFG projects, which I think is another classic purchasing bungle. I think the last time you referred to it was in the report on the Defence Materiel Organisation's system program officers, when you covered the FFG upgrade project. Again, you were highly critical. I understand things have not improved on the FFG front. I just wanted to check your ongoing involvement and monitoring of the FFG upgrade project. Have you had any recent involvement, or do you plan to go back to it?

Mr Cronin—Yes. We have an audit scheduled in our current audit work plan for 2006-07. We would be expecting to start that audit early next year.

Senator CHRIS EVANS—You know those ships were going to be delivered a couple of years ago. They might get them done before you get to the audit.

Mr McPhee—Just for your information, the JCPAA has been making some inquiries into that matter during their hearings into the Defence acquisition process.

Senator CHRIS EVANS—What about this question of liquidated damages? We have had a number of Defence projects now where liquidated damages clauses never seemed to be

applied. More recently, Seasprite has been in the news again. That also has a damages clause. In your experience, is there any reason why Defence, like other government departments, could not exercise damages clauses to protect the Commonwealth interest?

Mr Cronin—Section 47 of the Financial Management Accountability Act seeks the recovery of debts. Liquidated damages would require a chief executive to actually recover that money.

Senator CHRIS EVANS—So they are under an obligation to seek to recover it?

Mr Cronin—Yes. Section 47 spells that out.

Senator CHRIS EVANS—But, as you know, Defence never seem to.

Mr Cronin—Sometimes the LD, or liquidated damages, can be of a relatively modest amount compared with the total contract. For example, in the FFG, the liquidated damages was about one per cent of the total value of the contract. Without looking at specific—

Senator CHRIS EVANS—Doesn't it reflect poor negotiation in the first place that the penalty was not sufficient to ensure compliance with the contract?

Mr Cronin—We did not actually look at the formation of the contract when we looked at the FFG. We looked at it from contract inception through. The LD provisions would vary depending on the commercial negotiation between the parties. Whether they are actually paid in kind or paid in cash is another aspect or at the point they are often recovered. Certain events often have to take place—that is, there has to be acceptance of a piece of equipment to actually give rise to the LD for your collection, I should say. So the event might have happened in the past but it is not until another event happens that you can actually claim them. There can be considerable distances between them.

Senator CHRIS EVANS—So you can claim damages for failure to deliver but you cannot claim them until it is delivered.

Mr Cronin—It varies across the projects.

Senator CHRIS EVANS—But your key message, though, is that there is an obligation on the department and the relevant officers to seek liquidated damages.

Mr Cronin—Yes. And you often see in our audit reports footnotes that refer to section 47 of the FMA Act.

Senator CHRIS EVANS—Thanks for that.

CHAIR—Thank you, Senator Evans. Thank you, Mr McPhee. I now call upon the Commonwealth Ombudsman's Office.

[10.48 pm]

Office of the Commonwealth Ombudsman

CHAIR—Welcome, Professor McMillan. Do you have an opening statement?

Prof. McMillan—No.

CHAIR—We will go straight to Senator Nettle.

Senator NETTLE—My questions relate to your role as Immigration Ombudsman. I just want to ask for an update on the 220 cases that were referred to you.

Prof. McMillan—It is now 247. Two hundred and forty-seven cases have been referred. What we initially did was divide those cases into seven different groups. This is on the basis of the information that was provided by the department of immigration. For example, there were about nine cases relating to mental health; about 10 relating to children in detention; another 44 relating to data issues; another group of about 60 relating to notice; and another group of the same size relating to cases where there were implications following a decision in a case called Sray and other legal issues. So we divided them into those.

There were a couple of reports done initially on cases that individually seemed to be significant and revealed quite a lot about issues in the system. One of the reports, in a case called Mr T, has already been published. That follows, I might say, two other reports of which senators will be aware. One is the case of Cornelia Rau, a report done by Mr Palmer, and the other is a case concerning Vivian Alvarez, a case that was completed jointly by Mr Comrie and the Ombudsman's office. So three individual reports spanning those different investigations have been published. We have completed another report in a case called Mr G. It has been provided to the department and a response has been provided. It is ready for publication before the end of the year.

All of the other cases are going to be dealt with in two ways. This is really dealing with the 245 other cases. As to those other 245 cases, individual reports will be provided on each case to the department but will not be published separately for my office, for reasons that I am happy to go into. But the details of all of those other reports will be published probably in seven consolidated reports dealing with the generic issues that I mentioned—mental health and children in detention. As to progress—this is a long answer, but there are 247 cases—in those other 245 cases, a report on the mental health cases has been provided to the department. We are awaiting a response any day. A report on the children in detention cases will be going in the next day or so. We are awaiting some final editorial touches. Again, 10 individual reports will go to the department with that. Of the 44 cases or so that we have put under the heading of 'data', there is a draft report at the editorial stage with my colleagues. The investigations of the individual cases have been completed. Similarly, with the report on the notice cases, I think there is a draft with my colleagues and the individual reports have been completed. So in summary, of the 247 cases, we have completed investigations of 107 cases, and provided two reports to the department on individual cases, provided another consolidated report on mental health and have three other reports soon to go, including one this week. Of the other 130 cases, the investigation of each of those is well-advanced.

Senator NETTLE—And what category does Mr G fall into?

Prof. McMillan—Mental health.

Senator NETTLE—Can you provide any details about that case?

Prof. McMillan—The report will be published later in the year. There is a proposal to publish at least two or three reports—Mr G, mental health and possibly children in detention—concurrently. Perhaps I will provide a sketch. They are similar issues to those raised, say, in the Mr T case—that is, a person who was lawfully resident in Australia was

taken into detention under the misapprehension that he was an unlawful noncitizen. He was taken into detention under section 189 of the Migration Act, which provides that if an officer reasonably suspects somebody is an unlawful noncitizen, they must detain them. In this case, after about 38 days in detention, it was identified that the person held a visa, an absorbed person visa, and so was entitled lawfully to be free in the community. The reason we have identified it as a mental health case is that the person suffered from poor mental health. That was a complicating factor in the person's initial detention and continuing detention. But there were other factors. We identified, for example, that the person held an absorbed person visa, which is a unique and complex category of visa. All the other cases identified as mental health cases have similar issues but sometimes individual issues as well.

Senator NETTLE—I know I am very limited for time. I might put some questions on notice. I want to ask you about your capacity to investigate in Nauru. Have you made any application to seek to investigate any cases or people in Nauru and, if so, have you had a response to that?

Prof. McMillan—You may be aware that there was a proposed legislative amendment at the time there was discussion of what was called the Nauru settlement to confirm that the Ombudsman had jurisdiction to investigate the actions of Australian government officials. That legislative amendment essentially would have confirmed what we understand the current position to be—that is, we can investigate the actions of any Australian government official wherever the Australian government official happens to be. Secondly, we can, as a result of legislative amendments enacted last year, investigate the actions of government service providers. These are basically private firms that deliver government services to members of the public under a contract with a government agency. So we could investigate issues that relate to actions taken, say, in Nauru by an Australian government official and, depending upon the exact circumstances, a government contractor. However, on the question of visiting Nauru, we would be in the same position as any other person of having to make arrangements and get visa clearance and things of that kind.

Senator NETTLE—Have you done any investigations in relation to actions on Nauru?

Prof. McMillan—My colleagues will know it is an issue that we have kept an eye on. But on those things we tend to be complaint driven.

Senator NETTLE—Additional resources were provided to you to take on the role of Immigration Ombudsman. I want to ask you how that is going and whether those resources are meeting your requirements.

Prof. McMillan—We are satisfied at the moment with the extra resources provided for the Immigration Ombudsman role. At the moment we have a team that is working at full capacity on complex issues and a team that has been well trained to do both these referred cases and our two-year detention reviews. It is quite time consuming, I might say, to recruit and train this team of people. That is why we are not bidding for extra resources for either of those two functions at the moment. We see that the quickest path to completion or to satisfactory progress on both tasks is to sort of steam ahead with the existing team we have.

CHAIR—Senator Nettle, I know you have been squeezed, but we are at that time. Are you happy to put some questions on notice?

Senator NETTLE—Yes. I will put a couple more on notice.

Prof. McMillan—I hope my answers were not too long.

Senator NETTLE—Thank you.

Senator CHRIS EVANS—It is an old trick but not one that I am sure you have tried.

CHAIR—Thank you, Senator Nettle. Thank you, Professor McMillan. We will adjourn until nine o'clock tomorrow morning, when we will resume with the Finance and Administration portfolio, starting with the Australian Electoral Commission. Thank you.

Committee adjourned at 11.00 pm