



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

**Consideration of Budget Estimates**

WEDNESDAY, 24 MAY 2000

CANBERRA

BY AUTHORITY OF THE SENATE



---

**SENATE****FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE****Wednesday, 24 May 2000**

**Members:** Senator Parer (*Chair*), Senator Murray (*Deputy Chair*), Senators Calvert, Conroy, Lightfoot and Ray

**Senators in attendance:** Senators Calvert, Conroy, Crossin, Bolkus, Evans, Faulkner, Ferris, Lightfoot, Lundy, Mason, Murray, and Ray

**Committee met at 9.17 a.m.**

**PRIME MINISTER AND CABINET PORTFOLIO**

Consideration resumed from 22 May.

**In Attendance**

Senator Hill, Minister for the Environment and Heritage

Senator Herron, Minister for Aboriginal and Torres Strait Islander Affairs

**Department of the Prime Minister and Cabinet**

Mr Alan Henderson, Executive Coordinator, Government and Corporate

**Social policy advice and coordination**

Mr Peter Vaughan, First Assistant Secretary, Office of Indigenous Policy

Ms Julie Yeend, Assistant Secretary, Reconciliation and Equity Branch, Office of Indigenous Policy

**Aboriginal and Torres Strait Islander Commission**

Mr M Sullivan, Chief Executive Officer

Mr J Eldridge, General Manager, Social and Cultural

Ms K Sculthorpe, General Manager, Strategic Development and Support

Mr J Ramsay, General Manager, Corporate Services

Mr C Plowman, Acting General Manager, Economic

Mr W Miller, Director, Office of Evaluation and Audit

Mr N Bouhafs, Registrar, Aboriginal Corporations

Mr R Goodrick, Assistant General Manager, Legal

Mr B Stacey, Assistant General Manager, Native Title and Land Rights

Mr M O’Ryan, Assistant General Manager, CDEP and Employment Policy

Mr L Hawke, Assistant General Manager, Commercial

Mr I Parmeter, Assistant General Manager, Strategic Support

Mr W Sutherland, Assistant General Manager, Strategic Planning and Policy

Mr G Cypros, Acting Assistant General Manager, Finance

Ms M Henderson, Acting Assistant General Manager, Human Resources and Corporate Administration

Mr T Cornforth, Acting Assistant General Manager, Culture, Legal Aid and Family Policy

Mr C McCarthy, Acting Assistant General Manager, Housing, Infrastructure, Health and Heritage

**Aboriginal Hostels Limited**

Mr K Clarke, General Manager  
Mr R Lane, Assistant General Manager, Operations  
Mr K Sharma, Company Secretary

**Australian Institute of Aboriginal and Torres Strait Islander Studies**

Mr R Taylor, Principal  
Dr K Palmer, Deputy Principal  
Mr B Robinson, Chief Finance Officer

**Aboriginal and Torres Strait Islander Commercial Development Corporation**

Mr I Myers, Deputy General Manager

**Support Services for Government Operations**

Ms Barbara Belcher, First Assistant Secretary, Government  
Mr David Macgill, Acting Assistant Secretary, Government  
Mr John Doherty, Assistant Secretary, Government  
Mr Paul O'Neill, Assistant Secretary, Awards and National Symbols  
Mr Nhan Vo-Van, Assistant Secretary, Cabinet Secretariat  
Mr Greg Williams, First Assistant Secretary, Government Communications Unit  
Dr Susan Ball, Assistant Secretary, Information Services  
Mr Richard Oliver, Assistant Secretary, Corporate Support  
Mr Joe d'Angelo, Senior Finance Adviser, Corporate Support  
Mr Terry Crane, Senior Adviser, Services and Security

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

Mr Bill Blick, Inspector-General of Intelligence and Security

**Australian National Audit Office**

Mr Ian McPhee, Deputy Auditor-General  
Mr Russell Coleman, Executive Director and CFO  
Mr Alan Greenslade, Executive Director, PASG

**Public Service and Merit Protection Commission**

Ms Helen Williams AO, Public Service Commissioner  
Mr Peter Kennedy, Deputy Public Service Commissioner  
Mr Alan Doolan, Merit Protection Commissioner  
Mr Jeff Lamond, Team Leader, Staff, Structures and Performance Team  
Mr Dominic Downie, Team Leader, People and Organisation Development Team  
Ms Jenny Harrison, Team Leader, Values, Conduct and Diversity Team  
Mr Mike Jones, Team Leader, Corporate Strategy and Support Team  
Mr Frank Nicholas, Chief Finance Officer

**CHAIR**—Good morning. I declare open this public hearing of the Finance and Public Administration Legislation Committee. Today we continue our consideration of budget estimates 2000-2001 for the portfolios of the Prime Minister and Cabinet and Finance and Administration. We will commence with output group 2 of the Prime Minister's portfolio—Social policy advice and coordination, specifically the Office of Indigenous Policy, followed by the Aboriginal and Torres Strait Islander Affairs portfolio agencies as listed on the program circulated. We will then move to matters outstanding from Monday's program, output group 4 of the Department of the Prime Minister and Cabinet. This will be followed by the remaining

agencies of the Prime Minister's portfolio and the Finance and Administration portfolio: Office of the Inspector General of Intelligence and Security, the Australian National Audit Office, the Australian Electoral Commission, the Public Service and Merit Protection Commission and the Office of Asset Sales and Information Technology Outsourcing.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET**

**CHAIR**—I welcome Senator Hill, Minister for the Environment and Heritage, representing the Prime Minister and officers from the Department of Prime Minister and Cabinet. Senator Ellison today has a prior commitment to fill in for Senator Alston on the Environment, Communications, Information Technology and the Arts Committee. Senator Hill, do you wish to make an opening statement?

**Senator Hill**—No.

**Output group 2 – Social policy advice and coordination (Office of Indigenous Policy only)**

**Senator BOLKUS**—I ask the officers whether the Minister for the Environment and Heritage consulted them when he decided to defer the commencement of a ban on the Buburu lagoon in recent weeks.

**Mr Vaughan**—The office is not involved in the administration of the Aboriginal Heritage Protection Act. That would fall in Senator Hill's portfolio, Environment.

**Senator BOLKUS**—I have asked you whether you were consulted, Mr Vaughan.

**Mr Vaughan**—I was not personally consulted. I would have to take it on notice as to whether the office was otherwise consulted.

**Senator BOLKUS**—Were you consulted as to deferring the ban, and were you also consulted as to the choice of the person to review the ban's commencement date?

**Senator Hill**—Mr Chairman, I think Senator Bolkus is failing to appreciate that this act is now administered by my department and it is my department, not the Prime Minister's department that gives me advice on the matter.

**Senator BOLKUS**—Mr Chairman, I appreciate that, but I am trying to establish to what extent the minister for the environment may have consulted the areas of government that have an interest in indigenous affairs when he is about to defer a ban on activity in relation to a sacred site.

**Senator Hill**—I am not necessarily about to do anything. The point is that if Senator Bolkus wants an answer to a question as to who if anyone gave me advice on that particular matter, he ought to ask me. The officer has already said that they are not the body that advises the action minister now under that particular piece of legislation.

**Senator BOLKUS**—Minister, I am asking the officer whether they were consulted—or did you consult any indigenous body?

**Senator Hill**—I do not mind the question to the officer asking if they are involved in the administration of that legislation.

**Senator BOLKUS**—The question was, 'Have you been consulted?' There is not much difference between that question and the one that you do not mind. Mr Vaughan has said he will take that on notice to check.

**Senator Hill**—It is not a question of not liking the question, it is whether it is being asked of the appropriate officer.

**Senator BOLKUS**—He and his office would be in a very appropriate position to be consulted in these sorts of matters, Minister, as would ATSIC.

**Senator Hill**—I do not mind if a question is asked whether the Office of Indigenous Affairs has been involved in that matter of recent times, and I think the answer has already been given that the administration has been passed to another department.

**Senator BOLKUS**—The answer has been given that he is not sure whether anyone has been consulted and he will take it on notice. I think that is a fair answer, unless you want to elaborate further in your other capacity. I will ask ATSIC later whether they were consulted as well.

Mr Vaughan, can you give us the total figure spent to date by the Commonwealth in its defence of the Cubillo-Gunner case?

**Mr Vaughan**—As at 31 March, the total cost to the Commonwealth comprised two elements; first, the costs incurred by the Prime Minister's portfolio on behalf of the Commonwealth, which was \$7.5 million to 31 March. The other element is the expenses incurred by ATSIC in funding the case for the litigants. ATSIC is better positioned than I am to answer that question, and I understand it is complicated by the fact that some of the funding for the case makes up part of a more general purpose grant from ATSIC, so it is not easy for them to identify exactly how much of the grant went on the case as opposed to related matters. I understand the total could be as much as \$3.2 million.

**Senator BOLKUS**—That is the ATSIC cost.

**Mr Vaughan**—But, as I said, that includes some indirect and probably unrelated costs.

**Senator BOLKUS**—Such as?

**Mr Vaughan**—It is easier for ATSIC to answer, but they fund the case through the Northern Territory stolen generation litigation unit of the North Australian Aboriginal Legal Service. This is not the only case that that unit has afoot, and the funding is not tied exclusively to this case.

**Senator BOLKUS**—Are you saying this is not the only stolen generation case it has afoot?

**Mr Vaughan**—There are some 2,200 writs.

**Senator BOLKUS**—Sure. So essentially that \$3.2 million figure is primarily Cubillo-and Gunner but it may include some other stolen generation cases.

**Mr Vaughan**—It certainly includes some others. It is an upper limit figure.

**Senator BOLKUS**—Some other stolen generation cases.

**Mr Vaughan**—Yes, that is my understanding.

**Senator BOLKUS**—Does that \$7.5 million you say was spent by the PM's department reflect all the money spent by the Commonwealth, other than the ATSIC funds?

**Mr Vaughan**—It would represent all the money associated with the preparation and conduct of the case in so far as AGS has been handling the case for the Commonwealth and the Prime Minister's portfolio has been the client department which has been paying the bills.

**Senator BOLKUS**—Can you give us a breakdown of those expenses?

**Mr Vaughan**—They are broken down approximately fifty-fifty between AGS's own direct expenses and external costs—counsel, investigations, inquiries, evidence collecting and so forth. The expenditure by year is: \$0.1 million in 1996-97; \$0.4 million in 1997-98; \$3.7 million in 1998-99 and \$3.3 million until March this year.

**Senator BOLKUS**—Can you give us also a breakdown in terms of aspects of spending, such as legal teams, travel and consultants, and identify who gets paid what?

**Mr Vaughan**—I am happy to take that on notice. We have provided some similar material in the past, and we will update that.

**Senator BOLKUS**—What did you say you have spent in this current financial year to date?

**Mr Vaughan**—It was \$3.3 million up until 31 March. There obviously would be some further minor bills in the pipeline, but the bulk of issues expenditure would be reflected in those figures because of the stage the trial had reached at that point.

**Senator BOLKUS**—In the information you provide to us, could you also list within each year which agencies provided that funding or bore the costs, and how much these amount to for each agency in each financial year?

**Mr Vaughan**—Yes.

**Senator BOLKUS**—Do you have any projection of the final costs of this case?

**Mr Vaughan**—No, we do not at this point, and that is partly because we do not know what appeals may arise from the decision.

**Senator BOLKUS**—At what stage is the case at at the moment?

**Mr Vaughan**—Final submissions have been heard. The judge has now concluded the case and is preparing his judgment.

**Senator BOLKUS**—Have any new consultants been contracted since you last answered questions on this case in the estimates process?

**Mr Vaughan**—I do not think so, but I will confirm that. I will take that, subject to confirmation.

**Senator CROSSIN**—Mr Vaughan, where exactly would we find that amount in the PBS?

**Mr Vaughan**—On page 18.

**Senator CROSSIN**—This is the PM&C PBS?

**Mr Vaughan**—Yes. I should say that the amount for this particular case is not separately identified, but the appropriations from which those costs are drawn are among those listed on page 18.

**Senator BOLKUS**—Mr Vaughan, was your office or the government consulted as to who should sing the national anthem at Corroboree 2000 on the weekend?

**Ms Yeend**—I am the Assistant Secretary of the Reconciliation and Equity Branch. I am also Secretary to the Council for Aboriginal Reconciliation, which is planning the Corroboree 2000 event. No-one in the office was consulted. It was a matter for the executive that was planning the event. The office was not consulted.

**Senator BOLKUS**—Was the government consulted generally? Were any ministers consulted?

**Ms Yeend**—I am not aware that any consultations took place.

**Senator BOLKUS**—Could you take on notice a question as to whether any minister was consulted?

**Senator Hill**—What does whether a minister was consulted have to do with this officer?

**Senator BOLKUS**—The Prime Minister's office might have been, Minister.

**Senator Hill**—Then you should ask me that question.

**Senator BOLKUS**—Was the Prime Minister's office consulted?

**Senator Hill**—I do not know.

**Senator BOLKUS**—That has got us a long way.

**Senator Hill**—Well, ask the next question.

**Senator BOLKUS**—Will you find out?

**Senator Hill**—I will ask the Prime Minister.

**Senator BOLKUS**—It is not just whether the Prime Minister was consulted, it is also whether his office was consulted.

**Senator Hill**—I am not going to speak for his staff, but I will refer the question to the Prime Minister and see whether he wants to respond.

**Senator BOLKUS**—This should probably go to OIP. Could you find out for us who may have suggested the name of Ms Court to perform at Corroboree 2000, or do you know?

**Senator Hill**—Who are you asking?

**Senator BOLKUS**—I am asking Ms Yeend.

**Senator Hill**—You have asked her the question as to whether her office was involved in the issue and she said no. That is what she is here to do, to account for the operations of her office.

**Senator BOLKUS**—Sure, but she does have some responsibility for the process on Sunday.

**Senator Hill**—She has probably got a range of sources on the issue of indigenous affairs, but that is not what she is here for. She is here to account for the operation of her office and, in particular, the financial accountability.

**Senator BOLKUS**—Her office has also got responsibility for Corroboree 2000, and what else did you say, Ms Yeend?

**Ms Yeend**—I am also the Secretary to the Council for Aboriginal Reconciliation.

**Senator BOLKUS**—That is right. So in those capacities, Minister, I think it is a fair question to ask who suggested that person.

**Senator Hill**—This is a matter of great moment, but the question was asked of her whether she in her role as secretary, or the office, became aware of the issue. I suppose you might be able to explore that, but the question should relate to her and her administrative functions.

**Senator BOLKUS**—It does.

**Senator Hill**—In those limited terms, she can answer.



**Senator BOLKUS**—I suppose it depends on what your definition of administrative functions is, but this office has an involvement in and responsibility for the process.

**Senator Hill**—Administrative functions are what she was doing for the reconciliation council as an officer of this department.

**Senator BOLKUS**—And what officers working to her might have been doing for the council, as well and to what extent any of them may have been involved in the decision making process or selection process and what knowledge they may in fact have of the processes for which they are responsible.

**Senator Hill**—But I think the question, Mr Chairman, has already been asked as to whether this officer was involved in that matter and the answer was no.

**Senator BOLKUS**—The next question is: can you find out from within your structure of responsibility who did suggest the name?

**Ms Yeend**—In that respect I can say that no officer for whom I am responsible was involved in any selection process. There is an executive of the Council for Aboriginal Reconciliation and a small team headed by Ray Martin from the council's executive that is responsible for planning the event. I expect that the decision was made amongst that team.

**Senator BOLKUS**—I am asking you to confirm whether the name was suggested by anyone, for instance, at a ministerial level or anyone in government, or whether in fact it came through—

**Ms Yeend**—Certainly I can ask that.

**Senator BOLKUS**—Thank you. Thanks for your help, Minister.

**Senator Hill**—Pleasure.

**Senator BOLKUS**—It has been reported that we are moving towards a body called Reconciliation Australia to replace the Council for Aboriginal Reconciliation. Have you or has the office had any involvement in developing proposals for a new body to be called Reconciliation Australia, or to be called anything else?

**Ms Yeend**—The office is involved. One of the Council for Aboriginal Reconciliation's four national strategies includes a process of sustaining the reconciliation process and council has a proposal that a foundation be established. In that capacity the council has asked its secretariat to commence the establishment of a foundation and to support a steering committee of the council in the establishment of the Foundation of Reconciliation Australia. That involves a range of consultations with various stakeholders.

**Senator BOLKUS**—What stage are we at with the winding up of the Council for Aboriginal Reconciliation?

**Mr Vaughan**—The legislation provides for a sunset clause that is activated on 31 December this year.

**Senator BOLKUS**—So we are developing proposals for a new body.

**Senator CROSSIN**—Can I just ask who are the various stakeholders that you are consulting in this process?

**Ms Yeend**—There are state reconciliation committees that have been established and there are various people in the community who are working for reconciliation, and the council itself.

**Senator CROSSIN**—What sort of people are you referring to there—individuals?

**Ms Yeend**—Yes.

**Senator CROSSIN**—Are you able to provide us with a list of them?

**Ms Yeend**—It is something that I would prefer to ask the chair about. I have responsibilities to the chairperson of the council. If I could be permitted to seek her agreement to the provision of a list of the steering committee, I would be prepared to do so.

**Mr Vaughan**—One of the difficulties is that the council members themselves in their own right consult other people, so we are not necessarily aware of the full range of people whom they might have been consulting.

**Senator Hill**—The difficulty with this line of questioning is that this officer services the council but the council obviously determines its own business and makes its own decisions. To be asking this officer questions that really relate to decisions of the council, its contacts and motivations and the like seems to me to be inappropriate.

**CHAIR**—It is difficult for Ms Yeend to answer perhaps fully, but we will have to press on.

**Senator BOLKUS**—I do not know about that, Mr Chair. This officer does have responsibility. We are trying to find out who has been consulted by the government, by the council. The minister is being unnecessarily difficult at the moment.

**Senator Hill**—I do not think so at all. If you want to find out who has been consulted by the council you ought to ask the chairman of the council.

**Senator CROSSIN**—The reconciliation council, I assume, is funded from the public purse.

**Senator Hill**—That is correct. That is why administrative questions relating to the council are appropriate. Questions testing whether the expenditure is being properly appropriated—that the moneys are being properly appropriated—are certainly appropriate.

**Senator CROSSIN**—Perhaps if you give us an opportunity, we will get to that. My next question goes to the consultation process you referred to. You mentioned various stakeholders. Does that involve some sort of written communication to assess or to canvass their opinion or travel to each state and territory reconciliation council? How is that occurring?

**Ms Yeend**—The council undertook an extraordinarily wide consultation process between June and December last year about all of its draft national strategies, including the strategy to sustain the process. The possibility of the establishment of a foundation was part of that consultation process, as was the draft declaration. The council has received responses from a very wide range of people in the form of both submissions and the returning of questionnaires. There has been very broad consultation.

**Senator CROSSIN**—What happens now? Are you responsible for collating those questionnaires or submissions?

**Ms Yeend**—The purpose of the consultation was to inform the council about its document for reconciliation that it wished to present to the nation, which was released a couple of weeks ago. The information was for the purposes of the council to see the level of support for all of its draft strategies and its draft document. That process is now complete.

**Senator BOLKUS**—Has a decision been taken by government as to whether there will be a follow-up body to the council?

**Ms Yeend**—In this respect the council has decided—

**Senator Hill**—That is a decision to ask the government.

**Senator BOLKUS**—Has an in-principle decision been taken, Minister, that there will be a follow-up body to the council?

**Senator Hill**—I will refer it to the Prime Minister. It is not really an estimates question.

**Senator BOLKUS**—Of course it is an estimates question. We can sit here all morning and you can keep on saying, 'I will refer it to the Prime Minister.'

**Senator Hill**—It is not an estimates question; it is a question about government policy. It has never been an estimates question to ask about issues such as what is the intention of the government in relation to a particular matter.

**Senator BOLKUS**—It is an estimates question in that a lot of questions of an administrative nature flow from it. A lot of policy related questions and processes flow from it as well.

**Senator Hill**—The answer is that when the government is ready to make an announcement on that issue it will do so.

**Senator BOLKUS**—You sit in the cabinet room. Have you made a decision as yet?

**Senator Hill**—It is not for me to come in here and tell you what is decided in the cabinet room.

**Senator BOLKUS**—It seems like it is for you to come in here and be as difficult as possible this morning.

**Senator Hill**—I am not difficult. You have come in predetermined that you will ask questions that are outside of the scope of the estimates committee. There are other opportunities for that.

**Senator BOLKUS**—I will ask the question in another way which might satisfy you. Is the office currently considering alternative proposals to the Council for Aboriginal Reconciliation?

**Mr Vaughan**—The council itself is considering alternative or successive bodies.

**Senator BOLKUS**—But what about the office? You obviously advise government.

**Senator Hill**—I do not mind if you ask the officer whether the office is giving advice to government on that matter.

**Senator BOLKUS**—I am actually doing that. It is really nice of you to appreciate and support it.

**Senator Hill**—But then when you ask the next question—what advice has been given—if the answer is in the affirmative, I will say it is inappropriate.

**Senator BOLKUS**—Not necessarily. We will get to that. You can complain about—

**Senator Hill**—Is the office giving advice to government on that issue?

**Mr Vaughan**—Advice to both the council and to the government.

**Senator BOLKUS**—Are you looking at different alternatives?

**Senator Hill**—That stands to go to the substance of the advice. I do not know about the advice you give the council, but certainly the advice you are giving to government would be inappropriate to explore in this place.

**Senator BOLKUS**—What alternatives are you considering?

**Senator Hill**—That is a matter of deliberate policy consideration by the government.

**Senator BOLKUS**—If I did not know this process any better, I would reckon that the Prime Minister has had you all up against the wall for the last couple of days.

**Senator Hill**—You would know that that would not be so.

**Senator BOLKUS**—I know that it would be so. You are not going to tell us whether you are considering alternatives. When would you be in a position to put to government a range of alternatives to the council?

**Senator Hill**—The officer has said that advice is being given to government.

**Senator BOLKUS**—Has that been consultative, Mr Vaughan?

**Mr Vaughan**—ATSIC has two positions on the reconciliation council itself. The Chairman and Deputy Chairman of ATSIC are members of the reconciliation council.

**Senator BOLKUS**—We are talking about two processes here. We have got the reconciliation council doing their bit. I am trying to get to what your office is doing as an advisory body and a core department. I am asking you whether your office has consulted with ATSIC.

**Mr Vaughan**—We do not see a need for a separate consultation process of ATSIC when the Chairman and Deputy Chairman of ATSIC are members of the reconciliation council.

**Senator BOLKUS**—That means they get consulted by the reconciliation council. But we all know that your office has a distinctly different route to government decision making and different processes. I want to know whether you are consulting with ATSIC.

**Mr Vaughan**—We regard ourselves as having ATSIC's input by the reconciliation council.

**Senator BOLKUS**—But you also have input from other sources separate from the reconciliation council?

**Mr Vaughan**—As Ms Yeend indicated, the reconciliation council itself has been involved in a large-scale public consultation process which, from time to time, included ATSIC regional councillors and non-ATSIC personnel as well.

**Senator BOLKUS**—Mr Vaughan, I am sure you can understand the question when I ask it. Who has taken a decision to freeze ATSIC out of the OIP consultation process?

**Senator Hill**—The what consultation?

**Senator BOLKUS**—Office of Indigenous Policy. It is the office that you are here with at the moment, Minister, OIP. They have got their consultation process. They get input from organisations. Someone has taken a decision not to consult ATSIC at this core level. I am trying to work out who it was.

**Senator Hill**—But ATSIC is quite able to act in a way that it sees as appropriate, and no doubt it will take advices that it wishes and it will make whatever statements it wants. The issue here is what advice this office has given to government. What I have said is that any advice that it has given to government would not normally be put on the public record. The fact that it is giving advice can be because that is a legitimate question relating to public expenditure.

**Senator CROSSIN**—Mr Vaughan, can you clarify for me something you said a moment ago? In relation to reconciliation matters ATSIIC expresses its view to you through the reconciliation council only? Is that as I understand it?

**Mr Vaughan**—Not exclusively, Senator. There are officer-to-officer contacts. There is correspondence that ATSIIC writes independently of its membership of the council. The consultation process has been undertaken by and on behalf of the council. The office is not involved in a separate consultation process from that of the council.

**Senator BOLKUS**—Will you provide separate advice to government from the council?

**Mr Vaughan**—Yes, we do provide advice to government as well as to the council.

**Senator BOLKUS**—And you will provide separate advice on this particular issue?

**Mr Vaughan**—To which?

**Senator BOLKUS**—To the council on what body takes over from the council. You will obviously have a separate advisory role to government on what body takes over from the council.

**Senator Hill**—Perhaps the officer can clarify whether it is part of the role of the office to give advice to the reconciliation council—

**Senator BOLKUS**—That is not the question—

**Senator Hill**—on what might follow the completion of its term under the existing legislation. It seems to me that would be quite an odd thing for the department to be providing to an existing body.

**Senator BOLKUS**—It would be, and that is why I have not asked that question, Minister. Either concentrate on this or concentrate on your briefs and we will all get through this much quicker.

**Senator Hill**—I got advice.

**Senator BOLKUS**—The question to Mr Vaughan was not would they provide advice to the council, but do they provide advice to government.

**Senator Hill**—The answer was yes.

**Senator BOLKUS**—That is right, and that is why we are trying to establish why, in the formulation and development of OIP advice to government, they are not having direct access to ATSIIC, why they are not taking advice from ATSIIC, why they are not consulting ATSIIC.

**Senator Hill**—That is okay. Do you discuss with ATSIIC these matters in the course of developing advice for government?

**Senator BOLKUS**—And the answer was no. Someone has taken a decision not to consult ATSIIC. I have asked Mr Vaughan just a few minutes ago who took that decision.

**Mr Vaughan**—I thought I indicated, Senator, that we believed we had the benefit of ATSIIC's views already on the question.

**Senator BOLKUS**—Yes, but who took that decision? Who took the decision that you will siphon those views through the council rather than have direct access to ATSIIC?

**Mr Vaughan**—As I indicated, there has also been direct communication. The chairman of ATSIIC writes to the minister and the Prime Minister about a whole range of related issues and meets with the Prime Minister. ATSIIC's input comes in a variety of forms and circumstances.

There may be unnecessary confusion here. The reconciliation council has proposed a non-government foundation to continue on its work. The government has given in-principle support to that idea.

**Senator BOLKUS**—That is a question which you could have answered about 10 minutes ago had it not been for the minister's intervention.

**Mr Vaughan**—I thought, Senator, that you were focussing on the process rather than the-

**Senator BOLKUS**—Ten minutes ago, Mr Vaughan, I was actually focussing on what model was going to take over from the council. That is when the Minister decided to intervene.

**Senator Hill**—That is a decision for government.

**Senator BOLKUS**—We have already had a different answer. It is very frustrating, Minister. I do not know what the briefs are in front of you but I wish you would either concentrate on those or concentrate on this.

**Senator Hill**—I am concentrating on your questions.

**Senator CROSSIN**—We have just heard that a decision has been made.

**Senator Hill**—Is that right?

**Mr Vaughan**—I said the council is proposing the concept of a foundation. The government has indicated in-principle support for that concept.

**Senator BOLKUS**—So when 10 minutes ago I asked you whether an in-principal decision had been taken in respect of a follow-up body, I wish the minister had not intervened.

**Mr Vaughan**—Your question was whether the government was setting up a follow-up body. That is not what is being proposed. What the council is proposing is a body independent of government.

**Senator BOLKUS**—And that is the body that is seemingly called Reconciliation Australia. Is that what we are talking about?

**Mr Vaughan**—That is correct.

**Senator CROSSIN**—Are there funds allocated in the PBS to fund this body after 1 January next year?

**Mr Vaughan**—No. The PBS does not go to that question.

**Senator Hill**—Can I just clarify something. I am sorry.

**Senator BOLKUS**—Are you satisfied now?

**Senator Hill**—I have clarified a matter. I want to make sure all answers are accurate and helpful.

**Senator CROSSIN**—Has there been any discussion about how this non-government body—I am assuming it is part of the council for reconciliation's discussions or outcomes with the OIP—would be funded or would operate after 1 January?

**Mr Vaughan**—The council envisages that the foundation, were it to be established, would attract funding from a variety of sources, government and non-government. It has flagged to the government that it would be looking for tax deductibility status for non-government donations and also perhaps some seed funding from government.

**Senator CROSSIN**—If that decision was made, would that need to be an allocation over and above the budget outcome for the next 12 months?

**Mr Vaughan**—It would depend on the timing of the initial funding as to whether it came out of this coming year's appropriations or not and it would depend on whether savings within the existing appropriations could be found to provide that resource.

**Senator BOLKUS**—As to the composition of the follow-up body, has the office been given any instructions or suggestions by the Prime Minister as to whether existing members of the council could translate their membership to Reconciliation Australia? There have been press reports to the effect that the PM's view was that no member of the present council executive should translate to membership of Reconciliation Australia.

**Mr Vaughan**—That goes to the question of communications between departments and ministers which is a general point of principle. We do not canvass the import or contents of that.

**Senator BOLKUS**—Are you looking at any current council executive members going on to Reconciliation Australia membership?

**Senator Hill**—That does not seem to me to be an appropriate question to the officer.

**Senator BOLKUS**—You might be right, Minister.

**Senator Hill**—I am sure I am, in this instance.

**Senator BOLKUS**—But has an in-principle decision been taken by government as to whether a current executive member of the council would be eligible for membership of Reconciliation Australia?

**Senator Hill**—I do not know of any in-principle decision by government on that matter.

**Senator BOLKUS**—Does Mr Vaughan know of any?

**Senator Hill**—Mr Vaughan is making the point that it will ultimately be up to those who establish the foundation, because the foundation is not proposed to be a government instrumentality.

**Senator BOLKUS**—Has a decision been taken by government that funding would be dependent on the current executive members not being accepted as members for the follow-up body?

**Senator Hill**—I would not think so.

**Senator BOLKUS**—Minister, you are here in—

**Senator Hill**—But the committee has been told that the government has given in-principle support. Now what Senator Bolkus is trying to explore are matters of detailed implementation of a new structure of the foundation. That seems to be many steps beyond having given in-principle support. That is why I said I would not expect that government would have made any such decision.

**Senator BOLKUS**—The question really goes to whether that in-principle support is conditional on any factor. It is not a long bow at all; it is an obvious second question.

**Senator Hill**—I would be surprised if that were so.

**Senator BOLKUS**—I would be surprised if you knew.

**Senator Hill**—I said I do not know, but I am making a reasonable assumption that, if government has given in-principle support, it would not have made any determinations in relation to terms and conditions under which financial support might ultimately be given because, as I said, that seems to me to be many steps down the path from in-principle support. If Senator Bolkus wants me to find out whether government has made any determination on that particular matter, I will do so.

**Senator BOLKUS**—You could do so, but as we have found out time and time again, the officer would be in a position to know whether there has been a conditional decision made because he is the person who has to implement it. That is why I am asking him.

**Senator Hill**—You can ask the government whether the government has made any statement on that particular matter.

**Senator BOLKUS**—I did five minutes ago, but you have not allowed him to answer it.

**Senator Hill**—You asked a different question.

**Senator BOLKUS**—I will ask you again. Mr Vaughan, is that in-principle decision dependent upon any factor? Is it conditional in any sense at all?

**Mr Vaughan**—The nature of in-principle support is that it is subject to further consideration in terms of the detail of what is being proposed. For example, the question of tax deductibility cannot be finally determined until there is a legal entity with a constitution, objectives, and so forth. Essentially, that is the phase we are in at the moment where the council is fine-tuning its proposal and, until that fine-tuning is completed, government cannot make its final detailed commitment.

**Senator BOLKUS**—The Prime Minister said that it will be funded only if it represents mainstream Australia's views on reconciliation. How have you translated that edict?

**Senator Hill**—What is the source of that?

**Senator BOLKUS**—Michael Gordon, 19 May 2000, the *Age*.

**Senator Hill**—A journalist's view.

**Senator BOLKUS**—Talking to many of your colleagues.

**Senator Hill**—Now that we have established the authority, it makes it easier to answer the question. Perhaps you should not rely on press speculation.

**Senator BOLKUS**—Mr Vaughan, has the office been advised that we need to be searching for people who represent mainstream views on reconciliation?

**Mr Vaughan**—No, Senator.

**Senator BOLKUS**—What would you take that instruction to mean? What would be a mainstream view on reconciliation?

**Senator Hill**—That is speculation upon speculation.

**Senator BOLKUS**—I think Mr Vaughan might be in a good position to know what a mainstream view on reconciliation is.

**Senator Hill**—I am not sure whether that is a compliment or an offensive statement.

**CHAIR**—The chair takes it as a compliment, Senator Hill.

**Senator Hill**—I do know that it is an inappropriate question.



**Senator BOLKUS**—Would you like to answer it, Mr Vaughan.

**Senator Hill**—I am sure he does not.

**Mr Vaughan**—I do not know what the journalist meant by the observation.

**Senator BOLKUS**—You do not know what the Prime Minister meant by the observation? He has never discussed with you the need to get mainstream Australian views in this process?

**Senator Hill**—Nobody has conceded that that was an observation of the Prime Minister. It does not sound like the Prime Minister to me.

**Senator FAULKNER**—Could I ask whether the Council for Aboriginal Reconciliation determined that it would be appropriate to have a whole of government response to reconciliation and made that decision some time in 1998? I think this is the case. I just want to check.

**Senator Hill**—That the council decided?

**Senator FAULKNER**—The council suggested to government that it would be appropriate to have a whole of government response to reconciliation.

**Mr Vaughan**—Certainly the council has been consulting across the Commonwealth government in terms of portfolio range and has been involved in direct discussions, consultations and negotiations with state premiers, chief ministers and other ministers, and also with local government to some extent. In that sense, the council has obviously been looking for a comprehensive approach.

**Senator FAULKNER**—Did the council request the Prime Minister to write to all his ministers and state and territory governments suggesting there was a need for a whole of government response to reconciliation and also to promote the Council for Aboriginal Reconciliation's proposals to address indigenous disadvantage?

**Mr Vaughan**—The issue has been the subject of correspondence between the Prime Minister and premiers. I would have to check whether there is other correspondence as well.

**Senator FAULKNER**—Thanks for that information, but my question went to whether the Council for Aboriginal Reconciliation made this request of the Prime Minister. Did the council ask the Prime Minister to write to all his ministers to promote the need for a whole of government response to reconciliation?

**Senator Hill**—I am not sure that I know what the question means actually.

**Senator FAULKNER**—I will try to make it clear for you, Senator Hill.

**Senator Hill**—I understand the question.

**Senator FAULKNER**—So you do understand it? I thought you said you didn't.

**Senator Hill**—I understand the question, but I am not sure if the council wrote such a letter what a whole of government response is. What is the distinction between a whole of government response and another alternative. Government is government.

**Senator FAULKNER**—Minister, just to explain it to you: what I am asking is whether the council requested the Prime Minister to write to all his ministers about the appropriateness of a concerted action across government—whole of government action—to promote reconciliation.

**Mr Vaughan**—That certainly has been the council's expectation in respect of the heads of each government it has spoken to, state and Commonwealth. That certainly has been the sort of indication in response that it has received.

**Senator FAULKNER**—Let be more specific. Was such a request minuted at the Council for Aboriginal Reconciliation towards the end of 1998—in other words, after the 1998 election?

**Mr Vaughan**—I would have to take that on notice and check the council's records. In responding to that, I will address the question of whether there has been specific correspondence from the Prime Minister or the Minister assisting the Prime Minister for Reconciliation in the terms in which you have been asking.

**Senator BOLKUS**—Mr Vaughan I think said that they had minuted such a request, but had they made a request?

**Senator Hill**—It is better to face them up.

**Mr Vaughan**—My response was meant to cover both of those questions. The only indication of where they had made such a request would be whether it was on the record or not.

**Senator BOLKUS**—Does Ms Yeend know, for instance?

**Ms Yeend**—I have been present at meetings of the council with various premiers, and a whole of government request was made. I have not looked at the council minutes back to 1998 to have a look at the records, as Senator Faulkner is suggesting.

**Senator FAULKNER**—I am asking whether the council requested the Prime Minister to write to his ministers and state and territory leaders. I think the question is clear, isn't it?

**Senator Hill**—It is, now, in those terms.

**Senator FAULKNER**—I think it has been clear. It might not be clear to you but it is clear to the officers.

**Senator Hill**—The answer is that the officers do not know and will need to check—

**Senator FAULKNER**—You should concentrate. You are doing those briefs again—greenhouse briefs, probably.

**Senator Hill**—We will check the minutes. If we are going to have a long and torturous process in trying to establish whether the government—

**Senator FAULKNER**—No, we are not, we are asking a simple question and just trying to elicit an answer.

**Senator Hill**—I am trying to help you.

**Senator FAULKNER**—Unsuccessfully at the moment.

**Senator Hill**—If you are trying to establish whether the government sees reconciliation as a whole of government issue, I might shortcut it by saying that obviously the government does.

**Senator FAULKNER**—I am asking whether the council requested the Prime Minister to write to ministers and state and territory governments along those lines. That is my question. You can answer other questions that I did not ask; that is fine, Minister.

**Senator Hill**—It was an attempt to be helpful.

**Senator FAULKNER**—It was not very helpful—

**Senator Hill**—I am disappointed.

**Senator FAULKNER**—because it did not go, unfortunately, to the point of the question that I asked. But thank you anyway for trying to assist. Having tried to assist, you can help us now by letting us know whether the Prime Minister wrote to you.

**Senator Hill**—I think the Prime Minister has written several times on reconciliation. What I ought to do is a search, if it is a matter of consequence. I say that because the Prime Minister obviously treats the matter as a whole of government issue and has urged our involvement and support for the process.

**Senator FAULKNER**—So you do not know. That is fair enough. I do not expect you to remember every single letter that comes across your desk, but Mr Vaughan will find out for us whether the request was made in those terms in, I think, November or late 1998—after the election and after the election night commitment that the Prime Minister made—and whether it was followed through after the request was made. Thank you for your assistance, Minister—back to your brief.

Could I now ask about the respective roles of the Governor-General and the Prime Minister in Corroboree 2000? Could I first of all understand the government's perspective on the significance of Corroboree 2000? Perhaps that is something you would care to comment on, Senator Hill? I am just trying to get him concentrating.

**Senator Hill**—If you wish to ask me a specific question, I will answer it.

**Senator FAULKNER**—I did ask it and I am just trying to—

**Senator Hill**—No, you did not. You were sort of musing about who you would ask.

**Senator FAULKNER**—I am trying to get you to concentrate, Minister, so if you missed that one, that was a big opportunity for you and you have lost it. We heard evidence at the estimates, Mr Vaughan, from the Office of the Governor-General—you may or may not have read the *Hansard* there. I did ask a number of questions on the arrangements for Corroboree 2000 in relation to who would or who would not accept the reconciliation document. You too, Mr Henderson, may be aware of those questions asked at that time. That is the issue I am going to. Were you involved in any way, Mr Vaughan, or was the Office of Indigenous Affairs involved, in the decisions about arrangements and the appropriateness or otherwise of the Governor-General's role and the Prime Minister's role? Were you or OIP involved in those discussions?

**Mr Vaughan**—We were involved in the preparation of correspondence commencing in December 1998 from the chairperson to the Governor-General about the Governor-General's involvement. The Governor-General accepted a general invitation 12 months later, and a more specific invitation or letter of invitation went from the chairman to the Governor-General in April this year. And then there was the Governor-General's official secretary's announcement on 27 April.

**Senator FAULKNER**—Thank you for that, Mr Vaughan. I am aware of some of that background. I am also aware that the Governor-General's official announcement of 27 April—we have to get our dates right here—was the announcement that the Governor-General would accept the declaration on reconciliation. Is that the announcement you are referring to, as opposed to 28 April when the Prime Minister moved in on the Governor-General and the late night phone call occurred? That is why I want to focus on the right date;

it is important. Which announcement are you referring to: the Governor-General going to have the primary role or the Governor-General being reined in by the Prime Minister?

**Mr Vaughan**—The only official announcement I am aware of was that of the Official Secretary to the Governor-General on 27 April, which was responding to a press report in the *Sydney Morning Herald*, in which the official secretary said that the Governor-General had not accepted an invitation to participate in the 27th May event at which the proposed document would be launched. The Governor-General had not seen the document, which he understands is still to be finalised, and that he was surprised to note the suggestion in the press that his participation in the ceremony would preclude or affect the Prime Minister's role, and that he had sought advice of the government in relation to some aspects of his participation in the ceremony.

**Senator FAULKNER**—The Governor-General's secretary withdrew the earlier remarks that he had made after it became clear that there was publicity in the *Sydney Morning Herald* that the Governor-General would be accepting the declaration at Corroboree 2000. Something happened. There was a bit of action over here or in your department or somewhere else, and I am wondering whether you or the OIP were involved on and around 27 April in any discussions with the Office of the Governor-General.

**Mr Vaughan**—I am not aware of that at all.

**Senator FAULKNER**—How did you become aware that the position given some publicity in relation to the Governor-General's role at Corroboree 2000, which was public on 27 April, had changed dramatically within 24 hours? How was OIP informed of this?

**Mr Vaughan**—I am not sure whether there had been a change or not. As I said, we were not privy to that, which was a media report. All we know as a matter of fact is what the Governor-General's official secretary announced on 27 April, which was obviously intended, since it referred specifically to media reports, to apparently correct those media reports.

**Senator FAULKNER**—Of 27 April. The original understanding was no doubt on the 26th but was made public via press reports on the morning of 27 April. That is the significance in the date. Mr Howard had reined in the Governor-General some time on the 27th, after it had been made public. I only wanted to know whether OIP had any involvement at all in any contact with the Office of the Governor-General on this matter. I think you have said no. It is a pretty clear question.

**Mr Vaughan**—Not at all on 27 April, Senator.

**Senator FAULKNER**—Did you have any liaison with the Office of the Prime Minister about the Prime Minister's role in accepting the declaration of reconciliation on or around 27 April?

**Mr Vaughan**—No, Senator.

**Senator FAULKNER**—So this is just something that the OIP was not in the loop on at all. That is fair enough, if that is the case.

**Senator Hill**—The questions have been answered.

**Senator FAULKNER**—That one has not been answered. I just asked it then.

**Senator Hill**—I do not know what 'in the loop' means.

**Senator FAULKNER**—Can we get a dictionary for Senator Hill.

**Senator Hill**—I think you will have trouble finding that in the dictionary.

**Senator FAULKNER**—Mr Anderson is in the loop and you are out of it. That is what it means. Does that help a bit?

**Senator Hill**—No.

**Senator FAULKNER**—Mr Henderson, are you aware of any role in relation to the communications with the Office of the Governor-General that the Department of the Prime Minister and Cabinet had?

**Mr Henderson**—No, I am not aware of any such communication, Senator.

**Senator FAULKNER**—Did the Department of the Prime Minister and Cabinet have any role in those events on and around 27 April this year?

**Mr Henderson**—I am not aware of any. The most likely area is Mr Vaughan's. He has given you an answer. If you are asking more generally, I will have to take it on notice.

**Senator FAULKNER**—I was, but I do appreciate the point you make about OIP.

**Mr Henderson**—I will take it on notice.

**Senator FAULKNER**—Thank you. Could I ask now about the government submission to the Senate on the stolen generations. I do not want to go into great detail—in fact in any detail—about the contents of that submission. I think that is a matter which has had a great deal of public attention. I am, however, keen to ask one or two questions about process. Of course this submission was signed by Senator Herron on behalf of the government. I think that is an accurate statement, is it not?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—Where was the submission drafted?

**Mr Vaughan**—The drafting of the submission was undertaken within the office within the department.

**Senator FAULKNER**—Within the office?

**Mr Vaughan**—The Office of Indigenous Policy.

**Senator FAULKNER**—I think we understood that. It was an OIP draft.

**Mr Vaughan**—The drafting was done, yes.

**Senator FAULKNER**—How were you tasked to draft the submission, Mr Vaughan? Who tasked you?

**Mr Vaughan**—We were directed by the minister's office on 24 November last year, which was the day that the reference—I think Senator Bolkus's motion—was given to the particular Senate committee. We were directed on that day to draft a submission for the minister in relation to the issue.

**Senator FAULKNER**—You were tasked by the minister's office?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—Can you let us know what resources were involved in developing that and how long that took? A very quick thumb nail sketch will suffice.

**Mr Vaughan**—From go to woe—that is from 24 November. It was finally lodged on 21 March—

**Senator FAULKNER**—That is why I am asking.

**Mr Vaughan**—Its preparation took place over that time. Obviously it was not a full-time task for any individual over that time, but there were a number of individuals involved on an ad hoc and part-time basis in the preparation.

**Senator FAULKNER**—One assumes that before lodgment the OIP completed a draft submission for presentation to the minister. Would that be a reasonable understanding of what happened internally?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—Can you let me know when the minister was presented with a draft submission for his consideration?

**Mr Vaughan**—A first draft was submitted to the minister on 13 March.

**Senator FAULKNER**—Was this the draft that came out of OIP or was there any consultation with OIP and, say, the Prime Minister's office or other areas of government before the first draft went off to Senator Herron?

**Mr Vaughan**—There had been no consultation with ministers' offices, but there had been consultation with other areas of government in respect of particular issues that were covered in the draft.

**Senator FAULKNER**—Again, can you briefly indicate to us the sorts of areas you touched base with?

**Mr Vaughan**—The Attorney-General's Department and the Department of Finance and Administration—those people.

**Senator BOLKUS**—At any stage did you put up to any minister's office an issues paper for their consideration for drafting instructions for you?

**Mr Vaughan**—No, Senator. The drafting instructions came in the discussion of 24 November.

**Senator FAULKNER**—I hear what you say about the involvement of the other department. That sounds perfectly reasonable to me. There was not anything going to the extent of an IDC or anything like that. There were consultations between OIP and various branches in other government departments. Is that the level we are talking about?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—This was prepared totally internally to OIP. That is what I think you have told us.

**Mr Vaughan**—Totally internally in consultation about particular issues with other arms of government.

**Senator FAULKNER**—There is consultation with other departments, no minister's office, not the Prime Minister's office, but the preparation is internal to OIP.

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—I want to be clear on this point: you have got a first draft and that is presented to Minister Herron on 13 March.

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—But between the OIP finalising a first draft and presenting it to Minister Herron is there any consultative process at all?

**Mr Vaughan**—Consultative process of what kind?

**Senator FAULKNER**—Are you talking about the first draft with anyone else before you shoot it off to Senator Herron?

**Senator Hill**—After preparation of the—

**Senator FAULKNER**—After the first draft is finalised.

**Mr Vaughan**—Elements of the first draft relating to the interests of other portfolios were obviously canvassed with them and in some cases they were provided with draft text or made input to draft text. There was a lot of that in the preparation of it.

**Senator FAULKNER**—What you are saying is that it was an iterative process with departments.

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—After the first draft was finalised, which was submitted to Minister Herron, you did not have any discussions with ministers' offices or anywhere else. Obviously it was going to a minister anyway.

**Mr Vaughan**—After it was submitted to Senator Herron?

**Senator FAULKNER**—No, before it was submitted.

**Mr Vaughan**—Not before it was submitted—aside from the 24 November discussion.

**Senator FAULKNER**—How did you receive your drafting instruction? Minister Herron asked OIP to prepare a submission. That is perfectly understandable. In fact, it sounds perfectly reasonable. That was from Senator Herron's office, or Senator Herron, I assume.

**Mr Vaughan**—It was from Senator Herron's office, from his chief of staff.

**Senator FAULKNER**—Were you given any framework for that? How was that communicated? Was that done in writing or by email? Did you get a telephone call?

**Mr Vaughan**—It was done through a telephone call involving me and one of my section heads at our end of the phone and the minister's chief of staff on the other end of the phone.

**Senator FAULKNER**—Were there any instructions or suggestions to OIP about areas that might be canvassed in the submission?

**Mr Vaughan**—The indication was that it was to be a broad-ranging submission that went to the key issues involved, including, since it had been contemplated in the Senate reference, the question of cash compensation.

**Senator FAULKNER**—So you were requested to give a focus to those areas?

**Mr Vaughan**—The question of cash compensation is one of the particular areas, yes, and more generally the issue of the government's response, because that also went to the broad terms of reference, and to the fundamental assumptions and issues inherent in the question.

**Senator FAULKNER**—Was the question of the actual existence of the stolen generation touched on by Senator Herron's senior adviser?

**Mr Vaughan**—It would be a question of the numbers of children affected being integral to the question of cash compensation, there being a direct relationship obviously.

**Senator FAULKNER**—So you had a pretty clear idea from Senator Herron's office of what you had to do, and you provided a first draft on 13 March. What happened then?

**Mr Vaughan**—There were two meetings the following day with Senator Herron's advisers, as a result of which an amended draft went to the minister's office. Further amendments were requested by the minister and his advisers, resulting in a final draft on 21 March.

**Senator FAULKNER**—So there are two drafts and a final document; is that right?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—You had a first draft, then you had a couple of meetings and then you had an amended draft—

**Mr Vaughan**—And then a further series of amendments, which resulted in the third draft.

**Senator FAULKNER**—Through the stages of this process was there involvement by anyone else, apart from OIP and Senator Herron's office, or was this just contained between Senator Herron's office and yourselves?

**Mr Vaughan**—We did not receive input to the draft from any other parties.

**Senator FAULKNER**—You did not receive input to the draft. Were others involved in the meetings and discussions?

**Mr Vaughan**—No. Only my officers and Senator Herron or his staff.

**Senator FAULKNER**—So you had a final document at what date?

**Mr Vaughan**—On 21 March.

**Senator FAULKNER**—So what happened to it then? Did it go to the Prime Minister's office for approval or ticking off?

**Mr Vaughan**—No. It was then lodged by Senator Herron.

**Senator FAULKNER**—So at no stage did the Prime Minister or his office have any involvement in this at all?

**Mr Vaughan**—No. The Prime Minister indicated in parliament that he had not seen the draft at any stage but that one of his staff had seen the draft.

**Senator FAULKNER**—Yes, but I do not understand that, because where does the Prime Minister's staff seeing the draft get into this?

**Mr Vaughan**—The day after the initial draft was sent to Senator Herron, a copy was sent to an adviser in the Prime Minister's office.

**Senator FAULKNER**—How many other drop copies of this thing were there?

**Mr Vaughan**—There were a couple of drop copies to various people within the department.

**Senator FAULKNER**—Of Prime Minister and Cabinet?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—Other departments?

**Mr Vaughan**—No, not other departments.

**Senator FAULKNER**—So, of the first draft, there is a drop copy to the Prime Minister's office and some others in PM&C, and that is it?

**Mr Vaughan**—That is correct.



**Senator FAULKNER**—Did you get any feedback as a result of the drop copy going to the Prime Minister's office?

**Mr Vaughan**—No, there was no feedback.

**Senator FAULKNER**—Nothing?

**Mr Vaughan**—No.

**Senator FAULKNER**—Do you even know whether the envelope was opened?

**Mr Vaughan**—I do know that.

**Senator FAULKNER**—How do you know that?

**Mr Vaughan**—Because the question of the subsequent drafts was the subject of discussion mentioned a couple of days later.

**Senator FAULKNER**—Just explain that to me. This just does not seem to gel. I do not quite understand it.

**Senator Hill**—As I have interpreted it, the officer has said that the Prime Minister's office received the draft but did not provide input. Is that correct?

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—But what did happen with the Prime Minister's office? Mr Vaughan was about to tell us.

**Senator Hill**—That is a very broad—

**Senator FAULKNER**—The question here is—

**Senator Hill**—What do you mean—what did happen with the Prime Minister's office?

**Senator FAULKNER**—I am trying to interpret.

**Senator Hill**—It is not a fishing expedition. Well, it is, and that is the problem.

**Senator FAULKNER**—I am trying to interpret Mr Vaughan's comments. You get back to your briefs.

**Senator Hill**—I have not got any. I have asked for them.

**Senator FAULKNER**—I am trying to understand your comments about the involvement of the Prime Minister's office. That is all.

**Mr Vaughan**—Receipt of the document was acknowledged.

**Senator FAULKNER**—And that is it; that is the limit of it?

**Mr Vaughan**—Yes.

**Senator FAULKNER**—So no-one in the Prime Minister's office acknowledged receipt of the document and no-one in the Department of the Prime Minister and Cabinet and the Prime Minister's office receives the document—you would not expect Senator Herron to be across the game—

**Senator Hill**—We have already received evidence that Senator's Herron's office did provide input.

**Senator FAULKNER**—You do not know what I going to say, Senator Hill. Thanks for that comment.

**Senator Hill**—The editorial was unfair because you have already been advised that Senator Herron's office participated in the process.

**Senator FAULKNER**—I actually had not concluded my editorial. I was going to make the point that no-one would expect Senator Herron to have any understanding of political sensitivities. But I am a little surprised that those in the Department of the Prime Minister and Cabinet did not appear to be able to draw attention to the highly controversial aspects of the report.

**Senator Hill**—That is your interpretation of events.

**Senator FAULKNER**—It is my view.

**Senator Hill**—But it is not a question to be asked.

**Senator FAULKNER**—It is a question to you, which as you know invoked a very negative reaction in the community. Minister, would this not be a normal response for a department like Prime Minister and Cabinet, which is so experienced in dealing with such significant potential public problems?

**Senator Hill**—What would be a normal response?

**Senator FAULKNER**—To actually identify the fact that there were some very controversial matters being canvassed in the submission. No-one caught up with it until the submission was leaked.

**Senator Hill**—It was tabled, wasn't it?

**Senator FAULKNER**—It was leaked.

**Senator Hill**—But it was tabled.

**Senator FAULKNER**—It was tabled as well as being leaked, you are quite right. It is fair to say it was tabled. It was also leaked.

**Senator Hill**—As I understand it, it was made available to the committee secretariat before it appeared in the press, so it was publicly available.

**Senator FAULKNER**—We will get to that.

**Senator Hill**—The point is that you are asking the officer, as I understand it, whether—

**Senator FAULKNER**—No, I was asking you.

**Senator Hill**—If you are asking me whether I think the department should have underlined particular parts of it, no, I do not think so. The department prepares a draft, the minister considers the draft and makes such variations as he sees fit, and that is the matter.

**Senator FAULKNER**—Did the Secretary to the Department of the Prime Minister and Cabinet receive one of these drop copies?

**Mr Vaughan**—No.

**Senator FAULKNER**—What was the most senior level in the department you went to with these drop copies?

**Mr Vaughan**—The executive coordinator responsible for the office.

**Senator FAULKNER**—Was any advice given by the Department of the Prime Minister and Cabinet about the appropriateness or otherwise of getting this material out into the public arena?

**Mr Vaughan**—There was a brief that went to the minister with the draft submission and it was copied to the other parties to whom I referred.

**Senator FAULKNER**—That brief went to promotion of the report and its contents, did it?

**Senator Hill**—It was what was being tabled for a Senate committee.

**Senator FAULKNER**—I understand that.

**Senator Hill**—It was being made public.

**Senator FAULKNER**—I am asking whether the brief that accompanied the report went to its promotion in the public arena—

**Senator Hill**—I see. Did the department give advice on any additional—

**Senator FAULKNER**—I think Mr Vaughan was hinting at that, but I just wanted to understand if I caught the nuance correctly.

**Senator Hill**—Mr Vaughan may well have difficulty in appreciating your question.

**Senator FAULKNER**—No, I do not think so.

**Senator Hill**—It was very imprecise, if I might say.

**Senator FAULKNER**—I think it was pretty precise, and I think he is right on the money. It is just you who are finding it hard to keep up with the game.

**Senator Hill**—Did the department give advice on any supportive promotional activities?

**Mr Vaughan**—The advice concerned only the content of the document.

**Senator FAULKNER**—Mr Vaughan, did the advice note that some aspects of this report might be highly contentious and controversial once this report became public?

**Senator Hill**—It is not normal practice to put on the public record advice that is given by a department in support of a draft that is prepared by that department for the minister's purposes.

**Senator FAULKNER**—So can we now have an answer?

**Senator Hill**—I am not too fussed, but I think that the question probably goes beyond that which is normally provided to an estimates committee. In other words, the detail of advice that is given by departments to ministers is an internal matter.

**Senator FAULKNER**—So can we now have an answer?

**Senator Hill**—I will get an answer first. The trouble is that, if you answer it in general terms, that legitimises subsequent questions on specifics. Certainly it has been my practice in relation to my portfolio, which I understood to be the practice of previous ministers in that area, not to put on the public record the content of briefs giving advice to ministers. Certainly the issue of whether advice was given is legitimate, because that goes to public expenditure, but the content does not. I think for consistency it would be better if I stuck to that position and therefore said that the contents of the brief and the subject matters of the brief are matters of internal government consideration and therefore respectfully decline to provide that information.

**Senator FAULKNER**—Does Mr Vaughan have any inside knowledge as to whether it was Senator Herron himself or a member of his staff who leaked the submission to the media?

**Senator Hill**—Even Senator Faulkner knows that that is a totally inappropriate question. It is a good try.

**CHAIR**—It is a bit beyond the bounds, Senator.

**Senator FAULKNER**—I do not think it is beyond the bounds at all. We know it was either leaked by Senator Herron or a member of his staff; so, if it is inappropriate, Mr Vaughan is probably in a reasonably better position even than you, Senator Hill, to know.

**Senator Hill**—In terms of the content of the submission, it was obviously never intended to be any secret because it was a response to a parliamentary committee.

**Senator FAULKNER**—It was not that, as you know, Senator Hill. It was not just any old submission going to a boring old Senate inquiry. On this occasion it was a very important inquiry.

**Senator Hill**—They are all important inquiries and they are all important submissions.

**Senator FAULKNER**—Some, as you know, are more important than others. This is a very significant inquiry. This is the government submission on the stolen generation, and the government and Senator Herron particularly worked hard to promote what turned out to be a highly contentious and politically damaging submission for the government. I wonder if you would be willing to let us know—and of course this submission that was leaked turned out to be a debacle for the government—if Senator Herron is fronting up to take the responsibility or whether he is blaming a member of his staff. If you cannot help me, we will move on.

**Senator Hill**—We cannot help you on that.

**Senator FAULKNER**—Why don't you ask Senator Herron to come back to us? In relation to the Newspoll quantitative research into issues relating to a document of reconciliation, which is something that I know you are well aware of, Mr Vaughan, I did notice in section 4.6 of the Newspoll report, under special rights, it says, under the first dot point, that the client requested that a question concerning special rights be included in the survey. That was the client's request, wasn't it, Mr Vaughan?

**Mr Vaughan**—As were, in effect, many questions in the survey.

**Senator FAULKNER**—Yes, but that was the client's request.

**Mr Vaughan**—That is correct, yes.

**Senator FAULKNER**—And it was you who communicated the client's request. Effectively you were the client, weren't you?

**Mr Vaughan**—The office on behalf of the council was the client. The communication with Newspoll was through another member of the office.

**Senator FAULKNER**—Would I be right to think that Newspoll have included that particular comment and those words in the report because Newspoll is trying to make a point here that it viewed such a question as inappropriate?

**Mr Vaughan**—No. The issue was that Newspoll thought it would be difficult to frame a question on that issue that was meaningful to respondents because the concept of special rights, while it is one that is familiar to us who work closely in the area, is not one that is understood in a very sophisticated sense, if at all, by the general public, and the problem was to frame a question that would be both meaningful and as neutral as possible to get a meaningful response, and that was the dilemma that Newspoll had.

**Senator FAULKNER**—But they advised against such a question being included, did they?

**Mr Vaughan**—Their concern was whether we could come up with a formulation that was meaningful.

**Senator FAULKNER**—Thank you for that. I am asking: did they advise against the inclusion of a question on special rights?

**Mr Vaughan**—Their initial concern was they did not think it was possible to ask a meaningful question.

**Senator FAULKNER**—Did they advise against its inclusion?

**Mr Vaughan**—Only caution in the sense I have just described—their professional concern at the start about whether a meaningful question of that kind could be framed such as to get a meaningful response. So they did not say ‘You should not ask this question,’ or, ‘You should not ask such a question,’ or, ‘We disagree with the question that was eventually asked, per se.’ They said, ‘This is a difficult question.’

**Senator FAULKNER**—How did they express their caution?

**Mr Vaughan**—It took place in the telephone conversations between the officer who was dealing with them from the office and themselves.

**Senator FAULKNER**—So it was done verbally?

**Mr Vaughan**—There was a lot of oral and there were some exchanges of draft questionnaires between us. Copies of our comments on their drafts were provided to them—the sort of documentation that has been released publicly. Much of it was oral. Obviously, given the nature of that discussion, there was a lot of constant telephone discussion.

**Senator FAULKNER**—You mean documentation that I had FOIed.

**Mr Vaughan**—Yes. That is the documentation to which I was referring.

**Senator FAULKNER**—That is not what I would describe as being released publicly, but I understand the point you are making. Could you let the committee know the strength of their expression of this caution?

**Mr Vaughan**—I do not know if I could communicate or convey that any more with any more specificity than I already have. Essentially theirs was a methodological and conceptual problem with the question, not a problem as to its content per se.

**Senator FAULKNER**—There was obviously a bit of tick-tacking around the department on this issue, wasn't there? It went up to at least the level of Ms Halton.

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—What position does Ms Halton hold currently in the department, Mr Henderson?

**Mr Henderson**—She is an executive coordinator. In the old language that equals deputy secretary.

**Senator FAULKNER**—Yes, that is right. And she held that position on 25 January this year?

**Mr Henderson**—Yes.

**Senator FAULKNER**—There is a file note that was FOIed—my FOI—which is signed by Ms Yeend. This is on the special rights issue:

I discussed the question with Ms Halton late this afternoon and she said that the native title reference should be removed if it was inaccurate.

So this is washing around right at the highest levels of the department. It is pretty controversial, isn't it? You do not normally discuss with Ms Halton questions that are going into research being undertaken by the Council for Aboriginal Reconciliation, do you?

**Mr Vaughan**—Ms Halton frequently attends meetings of the Reconciliation Council, so she is very substantively involved in the issues.

**Senator FAULKNER**—I ask Ms Yeend what the background of this particular file note was, given that she signed it, and why Ms Halton was involved.

**Ms Yeend**—It was just in the course of a discussion about other matters relating to the Council for Aboriginal Reconciliation. Ms Halton was aware that the council had asked for research to be commissioned and this was an issue that was currently a concern. That is the reason that it was raised with her, just in general conversation.

**Senator FAULKNER**—Senator Bolkus is far more expert in these matters than I, but the truth is that native title is not a special right, is it?

**Senator BOLKUS**—It is a common law right under the Constitution.

**Senator FAULKNER**—It is in fact a common law right. So it is inaccurate, isn't it?

**Ms Yeend**—It was a concern. However, as Mr Vaughan has already stated, the council had a number of concepts that it wanted tested. One of them in particular was its strategy for the promotion of the recognition of indigenous rights. It was a question on the issue of indigenous rights that needed to be formulated that Newspoll found particular problems with. They could not find a way, in the way that they ordinarily run their questionnaires, that would require no detailed explanation. So there was a problem with the formulation and the methodology of this question. A judgment was made in the department and eventually by me that, due to the public awareness of native title because of the recent publicity about the concept of native title as a right that attracts only to indigenous people, it would be a way of testing the concept that the council wanted tested.

**Senator FAULKNER**—But isn't the truth here that Newspoll do not want this to go in? According to Mr Vaughan, they cautioned against it. I think that is a very moderate way of expressing what is in fact strong advice from a newspaper poll. They do not want it in.

**Mr Henderson**—I do not recall Mr Vaughan saying that they did not want it in. They were constantly reminding him that it was a difficult question to formulate.

**Senator FAULKNER**—They advised against it going in, Mr Henderson.

**Mr Henderson**—I do not recall Mr Vaughan saying that.

**Senator FAULKNER**—I am saying that. We will get to that a bit later. But Mr Vaughan was saying they were 'cautioning him'—they are his words, not mine. I do not want to put words into his mouth but, if you check the *Hansard* record, you will see that Mr Vaughan said that they were cautioning him.

**Mr Henderson**—Yes, I know. I am sorry, I thought you were making a statement based on what Mr Vaughan had been saying earlier, but I now understand you are claiming that.

**Senator FAULKNER**—I certainly am. I hope we will be able to establish the strength of Newspoll's view on this. It is quite clear, Mr Henderson, from the material that I FOIed that Newspoll make the point in their report that it is unusual. Under 4.6, special rights, they make

it clear that the client requested a question concerning special rights be included in the survey. So we know the client requested it. I am personally convinced that that has been put in Newspoll's formal report because they want to remove themselves from the question going in. That is my editorial comment on it. I also know that we have Ms Yeend's file note that has been provided saying:

I discussed the issue with Ms Halton late this afternoon—

that is 25 January 2000—

and she said that the native title reference should be removed if it was inaccurate.

It is inaccurate. Of course the statement is inaccurate. Native title is not a special right.

**Senator Hill**—That is a very legalistic interpretation. The concept may mean different things to different people and, therefore, the concern for insertion is whether you would get a meaningful response from that. So to come in here and place a legalistic interpretation upon it is to simply reinforce that particular aspect of the concern.

**Senator FAULKNER**—You may not understand this, but I think it do, Senator Hill. You get professional polling organisations always wanting to maintain or defend the integrity of the research that they do. Perhaps you do understand that that is the case. As a polling company looks at these sorts of divisive questions, they have to ask themselves whether it is professional to include such questions. If you put a divisive question in, that can be both unprofessional and inaccurate. It can really pollute the sorts of results that can be obtained. You must know that that is the case.

**Senator Hill**—The evidence that I have heard this morning is that the issue was not as to whether the expression was divisive; the issue was as to clarity of the expression, whether it would be meaningful to read it or that they would have a common interpretation of what was being asked and therefore give a meaningful response. If it is not such an expression, then that would affect the integrity of the survey.

**Senator FAULKNER**—We all know the fix went in on this questionnaire, Senator Hill. What I now want to know is whether Newspoll communicated with you about this issue after the publicity about the wedge question going into the survey which received some publicity in early April this year.

**Mr Vaughan**—Newspoll did say in a letter subsequently that they had advised against such a question, not that question—I suppose that question was an example in point. The reason they had advised against it was the one I previously indicated. It was a methodological one about whether such a question could be asked in such a way as to get a meaningful response. That is why, to illustrate the question, to make it meaningful to people who were not familiar with the debate, the two examples of native title and special seats in parliament were incorporated in the question. While there can be a legal debate about whether native title, because it is a common law right, is not therefore a special right, although it is certainly one that applies only to indigenous people, the fact is that in the council's own issues paper on the question of rights native title is given as an example of an indigenous special right.

**Senator FAULKNER**—So Newspoll did advise against the inclusion of the question. I think that answers Mr Henderson. We have just heard now from Mr Vaughan that they did advise. Apparently they have communicated to the department indicating that they advised against it.

**Senator Hill**—Mr Vaughan has answered the question about three times.

**Senator FAULKNER**—Mr Henderson was questioning my use of the word ‘advice’. We have now heard that Newspoll have indicated formally that they did advise against the wedge politics question in the questionnaire. I just want to indicate to Mr Henderson that I think my use of the word is utterly appropriate.

**Senator Hill**—Newspoll expressed concerns for the reasons Mr Vaughan has just said.

**Senator FAULKNER**—They advised against it, Senator Hill, according to Mr Vaughan, but it went in, didn’t it? The fix went in and the wedge went in.

**Senator Hill**—Contrary to what Senator Faulkner is asserting, Newspoll’s concern with the integrity of its survey apparently—from what I have heard this morning—related to whether the question was meaningful. Even the reconciliation council refers to special rights as including native title rights.

**Senator FAULKNER**—Senator Hill, the fix went in and the wedge went in.

**Senator Hill**—I do not see how you can describe that as a fix. I do not think there is anything wrong with seeking the public’s attitude on special rights. If there is a problem with public support, the government might need to do more to build public support.

**Senator FAULKNER**—You get back to your files and concentrate on them. You are behind the game here. Can I move to the next question on a different matter, Chair.

**CHAIR**—Go ahead, Senator Faulkner.

**Senator FAULKNER**—I want to get an understanding of how the chairperson of the Indigenous Land Corporation is chosen and what the selection process is. Is this something that OIP can assist me with?

**Mr Vaughan**—It depends on the nature of your question. The office provides an administrative support role to Senator Herron in respect of statutory and suchlike appointments within his portfolio.

**Senator FAULKNER**—Can someone tell me about the process of appointment of the chairperson of the ILC?

**Mr Vaughan**—My recollection is that the minister, when he knew the position was coming up and that of a couple of other directors of the ILC for appointment or reappointment about this time last year, turned his mind to that question and eventually communicated to the office that he wished to appoint persons X and Y, and we assisted with the related paperwork.

**Senator FAULKNER**—What is it? Is it a ministerial appointment? Is it a cabinet appointment? What level of appointment is it? I just want to get an understanding of the process.

**Senator Hill**—What does the legislation provide? Senator Faulkner wants your help on what the legislation provides, because it is the legislation provision that would have been followed.

**Mr Vaughan**—It is not the Governor-General in Council, from recollection. I would have to check the act. I think the minister, under the act, makes the appointment.

**Senator FAULKNER**—Thank you. That is all I am asking. It does not go to cabinet?

**Mr Vaughan**—No, because—

**Senator FAULKNER**—Okay.



**Mr Vaughan**—Let me answer the question, Senator. Because an act confers on a minister the right to make an appointment, it does not mean that as a matter of policy or judgment the minister does not elect to take the matter to cabinet or to consult the Prime Minister as to whether it should go to cabinet. That is a standard consideration for ministers all the time in making appointments.

**Senator Hill**—I have little doubt that Senator Herron would have at least sought the advice of the Prime Minister, and almost without exception the Prime Minister takes such matters to cabinet for discussion—that is, senior public appointments.

**Senator FAULKNER**—But in this case we do not know whether it went to cabinet for noting.

**Senator Hill**—It is not a cabinet appointment as such.

**Senator FAULKNER**—We do not know that. Do you know that, Mr Henderson?

**Mr Henderson**—No, but we can take that on notice.

**Senator Hill**—I think the chances are it would have.

**Senator FAULKNER**—Let us get an answer. I would have checked the process out myself if I had time but there are so many crises in the government that are taking all of my time. The current chairperson is Ms Firebrace, I understand.

**Mr Vaughan**—That is correct.

**Senator FAULKNER**—When was she appointed?

**Mr Vaughan**—In about August 1999.

**Senator FAULKNER**—Thank you. In relation to that appointment, did you prepare a short list in OIP for the minister? Or would that be something that, if it were to be done, would be a role of OIP?

**Mr Vaughan**—It varies from case to case as to whether the minister asks the office for options or not. I would have to take it on notice. I cannot recall whether we provided options on this occasion or not. My recollection is that we did not formally provide any options.

**Senator FAULKNER**—Can't we do a bit better than that?

**Mr Vaughan**—I will certainly—

**Senator FAULKNER**—Can't we do a bit better than that now? We are only talking about August 1999, for heaven's sake.

**Mr Vaughan**—I can make a phone call to confirm that, but I am pretty confident of my recollection—which I will confirm—that the office did not provide the minister with options or suggestions or a range of names in relation to the chairman of the ILC.

**Senator FAULKNER**—So this was all Senator Herron's own work? Is that what you are saying?

**Senator Hill**—He did not say that.

**Senator FAULKNER**—Whose work was it then?

**Senator Hill**—He said that he does not believe that the office provided suggestions.

**Senator FAULKNER**—But he said before that Senator Herron came up with a name.

**Senator Hill**—That is right. Then you went on to say that this was all Senator Herron's own work.

**Senator FAULKNER**—It sounds like it, doesn't it? Were you involved, Minister?

**Senator Hill**—As I have already said to the committee—

**Senator FAULKNER**—You do not even know whether it went to cabinet.

**Senator Hill**—That is the point I am making. As I have already said—

**Senator FAULKNER**—Exactly. I do not think you should make any comment at all. You do not even know whether it went to cabinet. You are sitting there and you do not know. So I do not think you really have much of a contribution to make on this.

**Senator Hill**—I thought my contribution was quite helpful actually.

**Senator FAULKNER**—It was not very helpful at all, because you are totally ignorant as to whether this appointment went to cabinet and you are sitting round the game. Lift your game.

**Senator Hill**—My ignorance is not the subject of the debate. The issue, and the debate, is whether this witness can answer whether it was Senator Herron's own work and obviously he cannot.

**Senator FAULKNER**—Did Senator Herron provide you with a name, Mr Vaughan?

**Senator Hill**—He has already answered that. He said yes.

**Senator FAULKNER**—When was the name provided, Mr Vaughan?

**Mr Vaughan**—I would have to check the records on that, Senator.

**Senator FAULKNER**—How was the name provided?

**Mr Vaughan**—It would initially have been communicated orally by either the minister or his chief of staff.

**Senator FAULKNER**—But you did not draw Ms Firebrace's curriculum vitae or qualifications for the job to Senator Herron's attention anyway, because there was no short-list or work done on this in the OIP.

**Mr Vaughan**—That is my recollection, subject to confirmation.

**Senator FAULKNER**—Did Ms Firebrace at any stage communicate with the Prime Minister or the department promoting her own qualifications for this or any other position?

**Senator Hill**—'With the Prime Minister' I do not think is appropriate for this witness to answer. Lots of people write to the Prime Minister. Some of them even write promoting themselves.

**Senator FAULKNER**—Of course they do.

**Senator Hill**—It is not for the Office of Indigenous Policy to be reporting on such correspondence.

**Senator FAULKNER**—But I am trying to understand the process around this. Was the position advertised?

**Mr Vaughan**—No, it was not advertised.

**Senator FAULKNER**—Were expressions of interest sought in any way?

**Senator Hill**—Surely the sensible way to approach this—

**Senator FAULKNER**—You cannot answer this, Senator Hill. You do not even know whether it was in the cabinet papers.

**Senator Hill**—That is why I am about to say that surely the sensible way to approach this is to ask Senator Herron.

**Senator FAULKNER**—He is not here, so I am doing the best we can.

**Senator Hill**—He is going to be here.

**Senator FAULKNER**—That is good. When is he going to be here?

**CHAIR**—I think when we do the Aboriginal and Torres Strait Islander—

**Senator FAULKNER**—This is not a matter for ATSIC. This is a matter for OIP. I would not want to be ruled out of order. I know how pedantic government ministers can get, Senator Hill.

**Senator Hill**—But it is pointless to be asking an officer of the department a deliberative process of Senator Herron.

**Senator FAULKNER**—I am asking him about the process around it. Was it advertised?

**Senator Hill**—You can ask that.

**Senator FAULKNER**—I have asked that and I got an answer. The answer was no. I then asked whether expressions of interest were sought and you interceded. So now let us ask that question. Were expressions of interest sought?

**Mr Vaughan**—I am not aware as to what processes Senator Herron or his office went to in arriving at their final decision.

**Senator FAULKNER**—There was no involvement from the Department of the Prime Minister and Cabinet in this appointment, apart from the actual detail, one assumes, of the appointment process itself.

**Mr Vaughan**—The implementation in an administrative sense, certainly.

**Senator FAULKNER**—That is what I am trying to check.

**Mr Vaughan**—As I said, I do not think—subject to confirmation—that we had any prior involvement.

**Senator FAULKNER**—Given that you have informed me that Senator Herron will be perfectly willing to answer questions on this, Minister, I will address my remaining questions about this to Senator Herron at some point. Hopefully he will be at the table relatively soon. Mr Henderson, I asked whether you were aware of Ms Firebrace promoting her qualifications for government appointments to either the Prime Minister or the department. Can you help on that one at all?

**Mr Henderson**—No, Senator, I cannot. I am not aware of any such correspondence or approaches. As with the previous question to me, the most likely area of the department to know the answer is the Office of Indigenous Policy.

**Senator FAULKNER**—They are at the table too.

**Mr Henderson**—You have asked him and he is not aware of any.

**Senator FAULKNER**—I appreciate that. Senator Hill suggests that I ask Senator Herron. That is likely to draw a blank too, wouldn't you think?

**Mr Henderson**—I cannot speculate.

**Senator FAULKNER**—How would he know? Would he know if someone had written to the Department of the Prime Minister and Cabinet?

**Mr Henderson**—We will check.

**Senator Hill**—No, no. I suggested you ask Senator Herron about his deliberative processes of appointment.

**Senator FAULKNER**—Thank you for checking, Mr Henderson. I will ask Senator Herron in short order.

**Mr Henderson**—Just to clarify, what I am checking on is not approaches to Senator Herron but whether there has been correspondence with the department or handled by the department.

**Senator FAULKNER**—Or the Prime Minister.

**Mr Henderson**—Correspondence in the department. Not all correspondence to the Prime Minister is handled by the department.

**Senator FAULKNER**—But if the department is aware of it, I would appreciate your response. Thank you, Mr Henderson.

**CHAIR**—Are there any other questions relating to the Office of Indigenous Policy?

**Senator BOLKUS**—I have a few more before we get the minister here. I think that, given the time, I might put some on notice. I have some in relation to the statement of risks for the stolen generations compensation. It might be best to put all those on notice. Could I turn to the presence of Mr Vaughan before the CERD committee of the United Nations on 21 March. Mr Vaughan, could you briefly outline the reasons for your appearance and the content of your presentation?

**Mr Vaughan**—Yes. The committee was looking at Australia's periodic reports under the convention, and that covered a range of issues, both indigenous and non-indigenous. The presentation was led by Minister Ruddock, with the support of officials from his own department, the Attorney-General's Department and the Office of Indigenous Policy.

**Senator BOLKUS**—Did you present any documents to the committee?

**Mr Vaughan**—There was the report itself. We did not have time to answer all of the committee's questions orally, so we provided them with some notes in relation to the remaining questions.

**Senator BOLKUS**—Did you speak from notes? Did you have briefing papers?

**Mr Vaughan**—The formal presentations were done from notes. The answers to questions, which were handled orally, were done off the cuff or, in some cases, from prepared notes.

**Senator BOLKUS**—And you would have had an issues brief covering anticipated questions?

**Senator Hill**—He probably wrote it himself.

**Senator BOLKUS**—He would not have asked you for help, Senator Hill, I am sure of that.

**Senator Hill**—You are probably right.

---

**Mr Vaughan**—That is correct. There was a brief at the delegation.

**Senator BOLKUS**—Can you make that brief available to the committee?

**Mr Vaughan**—I would have to take that on notice.

**Senator Hill**—It would not be normal practice.

**Senator BOLKUS**—Not necessarily not normal practice. It is probably a document that is FOIable, Minister, as you would know. What reservation would you have about making that document available, Mr Vaughan?

**Senator Hill**—He could have all sorts of reservations. It might refer to the positions of other governments. If you are asking for it to be tabled, we would have to consider that.

**Senator BOLKUS**—Mr Vaughan, what concerns would you have as to tabling it?

**Mr Vaughan**—I would have to go back and refresh myself with the individual documents, but those documents are normally prepared on the assumption that they would be for the eyes of Australian government officials only. To put them in the public domain obviously exposes them to foreign government officials and the like.

**Senator BOLKUS**—You are not claiming national security grounds, I hope.

**Mr Vaughan**—No.

**Senator BOLKUS**—What are you claiming?

**Senator Hill**—I have just given you one example. It is a well-established principle that if it could lead to publication it could lead to difficulties in intergovernmental relations. Then it is not put into the public domain.

**Senator BOLKUS**—We are essentially talking about a committee of the United Nations. We are not talking about people being present there as representatives of any government. I cannot imagine how it would affect relations with other governments. We are talking about people being there in their own right.

**Senator Hill**—That might be so, but without reading the document it is impossible to answer. That is why I speculated on a possible ground for exclusion.

**Senator BOLKUS**—So, basically, you are being as unhelpful as usual.

**Senator Hill**—No, I have tried to be helpful. I have said that we will look at the document and see whether we are prepared to table it. If we are not prepared to table it, we will give the committee the reasons.

**Senator BOLKUS**—Which agencies were involved or consulted in regard to your presentation? Did you write it all yourself? Did you write the briefing notes yourself?

**Mr Vaughan**—There were four presentations in total—the minister, an official from Immigration and Multicultural Affairs, an official from Attorney-General's and me. Each of those presentations was subject to different consultative processes, depending on the subject matter.

**Senator BOLKUS**—In your case?

**Mr Vaughan**—In my case I recollect that I consulted Foreign Affairs and the Attorney-General's Department about the presentation.

**Senator BOLKUS**—Which ministerial office did you consult?

**Mr Vaughan**—Copies were provided to Senator Herron's office and to Minister Ruddock's office.

**Senator BOLKUS**—Which office did you consult? Did you consult any in the preparation?

**Mr Vaughan**—The draft of the presentation was provided in advance to those two ministerial offices, for their information and consideration.

**Senator BOLKUS**—Before you sat down to prepare a draft did you consult with those officers?

**Mr Vaughan**—Not about the specifics of the document. Not about the presentation as such.

**Senator BOLKUS**—Not about the specifics of the document?

**Mr Vaughan**—But there was an IDC meeting, at which it was agreed between the various agencies what the presentations would be and who would be responsible for them.

**Senator BOLKUS**—When did that IDC meet? You may want to take this on notice. When was the IDC set up?

**Mr Vaughan**—It was not a formal IDC, but there was a meeting with a number of departments, and it met on a couple of occasions prior to the March presentations.

**Senator BOLKUS**—Could you take on notice: when did it meet, who was present and were there people there from ministerial offices?

**Mr Vaughan**—My recollection is that there were not. But a check of the records will confirm that.

**Senator BOLKUS**—Did an issues brief go to any minister at any stage of the process?

**Mr Vaughan**—The process was coordinated by the Department of Foreign Affairs and Trade because they had portfolio coordination and carriage of the matter. Our office was only involved insofar as indigenous issues were concerned. I can really only answer in respect of that. It probably would be better if some of these questions went to Foreign Affairs and Trade, which had primary carriage of the matter.

**Senator BOLKUS**—But, in your circumstance, I would like you to answer whether an issues brief did go to any minister from your office. Just going back to that previous request for your briefing notes and so on, you indicated that you provided written notes and documents to the committee. I wonder if you can make those available to us. That should not be a problem, should it?

**Mr Vaughan**—That is correct. They are already in the public domain in that sense.

**Senator BOLKUS**—That was a two-part question. Could you provide those and the others, and you are taking the other part on notice. You are telling us essentially that, in terms of your development of the position you put to the committee, you did not get any steering advice from any ministerial office?

**Mr Vaughan**—In the sense that a draft of the presentation was provided to ministers' offices and that did not result in a request for any specific changes, there was implicit or tacit approval.

**Senator BOLKUS**—So basically you provided a draft and no minister thought a need to make any amendment to it.

**Mr Vaughan**—That is correct, Senator.

**Senator BOLKUS**—Which officers did your draft go to?

**Mr Vaughan**—To Senator Herron's office in the first instance, and then to Minister Ruddock.

**Senator BOLKUS**—So there is no written document. Did you or any of your officers consult with the minister or their officers in the process of preparation of the position?

**Mr Vaughan**—Sorry, Senator. Could you ask me that again?

**Senator BOLKUS**—We have established there was no written document other than that draft. I am trying to establish whether either you or your officers had any verbal consultations with the minister or their officers in the process.

**Mr Vaughan**—We are talking about the presentations. We are not talking about the report itself. I presume we have not got a misunderstanding there.

**Senator BOLKUS**—I am talking about the presentation, but I was going to get to the report next.

**Mr Vaughan**—No changes were made to the presentation as a result of it being provided to ministers' offices.

**Senator BOLKUS**—But I am trying to establish whether before you provided it there was consultation between your officers and any minister's office. You may want to take that on notice.

**Mr Vaughan**—Not specifically concerning the content of my presentation.

**Senator BOLKUS**—Concerning the elements of your presentation, the direction of your presentation.

**Mr Vaughan**—No, not specifically on the presentation.

**Senator BOLKUS**—What about the report? When was the report prepared?

**Mr Vaughan**—The report was prepared last year.

**Senator BOLKUS**—That is a long time—365 days. When?

**Mr Vaughan**—I would have to check. I think around mid last year there was a deadline for its submission to the committee which we had to meet and which was obviously several months in advance of the committee's actual deliberations.

**Senator BOLKUS**—In the lead-up to that report was there an issues paper or a level of consultation with ministers' officers?

**Mr Vaughan**—Again, on that one I would have to ask you raise that with the Department of Foreign Affairs and Trade because they coordinated the preparation of the Australian government report, which covered a whole range of issues in relation to Aboriginal affairs. So we were only involved in inputting to the indigenous affairs component of it and not to the overall clearance processes for it.

**Senator BOLKUS**—In respect of that indigenous affairs component of it, what sort of riding instructions did you get from ministers?

**Mr Vaughan**—I cannot recollect any specific riding instructions from ministers.

**Senator BOLKUS**—So basically you just developed the position and put it up and did not consult ministers at all.

**Mr Vaughan**—The report covered part of the area of the previous government as well as the current government. It was a reporting of facts and legislation and developments in terms of the structure of the convention.

**Senator BOLKUS**—Mr Vaughan, I am particularly interested in some of the statistics you presented to the committee on the wellbeing or otherwise of indigenous Australians. Where did you get those from?

**Mr Vaughan**—Those statistics come from a variety of sources. Some are administrative collections, some are ABS data, some may be DATSIA data.

**Senator BOLKUS**—Can you provide those sources to us? Can you provide the source documents for us?

**Mr Vaughan**—Yes, I can provide the references.

**Senator BOLKUS**—You undertook to take some questions on notice at the committee. Have you provided answers to those questions?

**Mr Vaughan**—Yes. We appeared on the Tuesday afternoon, made a presentation and took on notice that afternoon a series of questions from the committee. We responded to those questions the following morning, on the Wednesday morning.

**Senator BOLKUS**—Can you provide the committee with copies of your answers?

**Mr Vaughan**—The oral answers are evident from the transcript. I indicated earlier that we would provide the notes in response to the other questions.

**Senator BOLKUS**—What you are saying is that all the questions taken on notice you provided oral answers for?

**Mr Vaughan**—Oral or in the form of notes on the day.

**Senator BOLKUS**—So you provided notes to the committee?

**Mr Vaughan**—Yes.

**Senator BOLKUS**—Can we have copies of those?

**Mr Vaughan**—Yes, I indicated earlier that we could do that.

**Senator BOLKUS**—Were any indigenous Australians included on the delegation?

**Mr Vaughan**—No, I do not recollect so.

**Senator BOLKUS**—You do not recollect that there were?

**Mr Vaughan**—I do not recollect that there were.

**Senator BOLKUS**—So you are saying there were not?

**Mr Vaughan**—Yes.

**Senator BOLKUS**—Why not?

**Mr Vaughan**—Departments chose their individual representatives. You would have to ask individual departments. In my case, I was the head of the office; so it was an ex officio duty.

**Senator BOLKUS**—Why wasn't, for instance, ATSIK asked to be part of the delegation?



**Mr Vaughan**—ATSIC elects to participate in UN forums as a non-government organisation and therefore does not participate as a member of government delegations.

**Senator BOLKUS**—Were they asked whether they wanted to be involved in this one?

**Mr Vaughan**—It is a standard practice by mutual agreement that, since they elected to participate as an NGO, they do not participate as a member of a government delegation.

**Senator BOLKUS**—But no-one asked them if they wanted to in this particular instance, given the gravity of the situation?

**Mr Vaughan**—It is a standard practice that has been in existence for several years at ATSIC's choice and preference.

**Senator BOLKUS**—Mr Vaughan, you have had a few questions with respect to the *Bringing them home* report. Was ATSIC consulted in the preparation of the submission to the Senate legal committee?

**Mr Vaughan**—Yes, in respect of the elements of the submission that related to ATSIC's funding of Link Up programs.

**Senator BOLKUS**—And that was the extent of the consultation, was it?

**Mr Vaughan**—That is correct.

**Senator BOLKUS**—Could you provide us with details of any person or organisation outside the public sector that were involved in advising, drafting and checking the submission?

**Mr Vaughan**—I will check whether there were any, but I am not aware of any or do not recollect any at all. If that answer is incorrect, I will correct it.

**Senator BOLKUS**—Could you tell us, if there were any, what they were paid and what they were paid for? What measures are in place in your office to monitor the progress of the \$63 million package?

**Mr Vaughan**—Aside from the fact that individual agencies obviously account to their ministers and others in respect of the programs and the elements of the \$63 million that they are managing, Senator Herron also periodically tables in the Senate an across-the-board report on progress within the Commonwealth's \$63 million initiatives.

**Senator BOLKUS**—Is there anything in place in your office to monitor the progress?

**Mr Vaughan**—Yes. We provide administrative support to Senator Herron in pulling together that cross-portfolio report.

**Senator BOLKUS**—That is in pulling together a cross-portfolio report, but I am concerned about a continuing need to monitor implementation of the programs, expenditure of them and accountability.

**Mr Vaughan**—Was that a question?

**Senator BOLKUS**—It was a question. You were saying that you were involved in the preparation of the report, but I am more concerned about an ongoing monitoring process.

**Mr Vaughan**—That is an ongoing monitoring process.

**Senator BOLKUS**—What is the number of personnel that you might have monitoring the progress, Mr Vaughan?

**Mr Vaughan**—It falls to one particular branch in one particular section of the office as part of their responsibility.

**Senator BOLKUS**—Which branch is that?

**Mr Vaughan**—It is the Program Policy and Coordination Branch.

**Senator BOLKUS**—What other responsibilities do they have?

**Mr Vaughan**—They have responsibility for a range of other matters, including ad hoc ones from time to time. They range from ministerial appointments, housing and infrastructure issues and family violence to budget coordination and suchlike things.

**Senator BOLKUS**—How many people are in the branch?

**Mr Vaughan**—There are about seven people in the branch.

**Senator BOLKUS**—Can you tell us when you first became aware that, as at December 1999, only 3.2 per cent of the parenting and family wellbeing funding had been spent?

**Mr Vaughan**—Some lags in that element of the program were evident in the December progress report and continued to be evidenced in the main report, which was tabled in June.

**Senator BOLKUS**—So when did you first become aware of it?

**Mr Vaughan**—We first became aware of it in dollar terms late last year, but we were aware in non-dollar terms that there were implementation delays arising from the health framework agreements that the Department of Health and Aged Care had entered into with the states and with the community controlled health organisations and which require certain consultation processes, in the form of their partnership forums, before certain key decisions are taken. The placement of the 50 counsellors, which account for the bulk of the program that helps the administration of the \$63 million, was necessarily the subject of quite complicated and protracted consultations with the community controlled health organisations sector before the funds could be allocated to individual organisations. There were also consequential delays in finding and recruiting suitable personnel.

**Senator BOLKUS**—We could go on for hours on this, Mr Vaughan, but I will just ask you to take a question on notice as to when your office first became aware, who was the officer who first became aware and in what circumstances they became aware, that, as of one December 1999, (a) only 3.2 per cent of the parenting and family wellbeing funding had been spent, (b) that 5.1 per cent of the regional training centres funding had been spent and (c) that 10.7 per cent of the specialist indigenous counsellors funding had been spent. On what date did you advise either the Prime Minister's office or Minister Herron?

**Mr Vaughan**—Certainly, Senator.

**Senator BOLKUS**—As I say, we could spend quite a bit of time on that.

**Mr Vaughan**—There are a couple of questions just before we finish—I know you have some other questions—about the ILC chair that I can clarify now for you if you wish. It was a ministerial appointment, not ex officio; it did go to cabinet. Expressions of interest or possible nominations were sought from ATSIC and the ILC, as well as any names the minister himself had in mind.

**Senator BOLKUS**—I put those questions in respect of statements of risk. I am sure Senator Faulkner will have an interest in those answers. The statement of risks questions I will put on notice, Mr Chairman.

**CHAIR**—Thank you, Senator Bolkus.

**Senator CROSSIN**—Mr Chairman, I will put further questions to the OIP on notice.

**CHAIR**—Thank you very much; I appreciate that.

**Proceedings suspended from 11.35 a.m. to 11.45 a.m.**

**ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION**

**CHAIR**—I welcome the Minister for Aboriginal and Torres Strait Islander Affairs, Senator Herron. The committee will now ask questions relating to the Aboriginal and Torres Strait Islander Commission. I call on Senator Bolkus to commence questions.

**Senator BOLKUS**—I would like to start with the Cubillo-Gunner case. The officers would have heard OIP telling us that they thought ATSIC has spent \$3.2 million to date in funding the plaintiffs in the case. Is that figure accurate?

**Mr Eldridge**—Yes, that is the figure we have advised. It does include an element of what could be regarded as operating costs of the Northern Territory's Stolen Generations Litigation Unit which are very difficult to disaggregate between costs directly attributable to Cubillo-Gunner and costs that would otherwise be applied in any case. But \$3.2 million is about it.

**Senator BOLKUS**—So basically a minor component for some sort of admin support.

**Mr Eldridge**—Yes.

**Senator BOLKUS**—You may want to take this on notice. I would like to know what amount is being spent this financial year. Can you give us a breakdown of expenses for each financial year inclusive of the current year?

**Mr Eldridge**—Sure.

**Senator BOLKUS**—Do you have any projected level of final costs?

**Mr Eldridge**—No. I am advised that the figure for this year is expected to be in the order of \$1.2 million. As to a figure for final costs, that depends where it goes from here.

**Senator BOLKUS**—And you have no idea as to when we can expect judgment?

**Mr Eldridge**—I understand early in the new financial year, but I do not have a firm date.

**Senator BOLKUS**—If you could take those questions on notice, that would be great. Has ATSIC been consulted in any way on proposals for a future reconciliation body?

**Mr Sullivan**—Of course the Chair and Deputy Chair of ATSIC are members of the Council for Aboriginal Reconciliation and have been involved as participating members of that council. We administratively support the chair and the deputy chair as members of council. Separately from that, no, we have not been engaged in consultation on any future structure.

**Senator BOLKUS**—On the government's response to the stolen generations report, we have established that, as of last December, something like three per cent of parenting and family wellbeing funding had been spent, five per cent of regional training centres funding had been spent and 10 per cent of the specialist indigenous councils funding had actually been spent. When did you first discover that there had been such low levels of funding spent?

**Senator Herron**—I will have to take that on notice. I do not recall the exact date.

**Senator BOLKUS**—When was the funding announced?

**Senator Herron**—Again, we will have to give you the correct date of that. One of the officers may know.

**Mr Eldridge**—It would have been in the 1997-98 budget, Senator. We will get the exact date for you.

**Senator CROSSIN**—December 1997.

**Senator BOLKUS**—Two years beforehand. Minister, did you put in place any mechanism to keep you informed of how the funding was being spent?

**Senator Herron**—Right at the beginning I asked that I be involved and informed as to the progress of the implementation.

**Senator BOLKUS**—How did you do that? Was that in writing?

**Senator Herron**—I will have to check that for you. I am doing that from memory now. It may or may not have been in writing. I cannot recall.

**Senator BOLKUS**—Would you check for us when you asked, the form of your request and who you asked? If it was a minute, we would like a copy of that minute. After that first request, within that two-year period, did you ask again?

**Senator Herron**—We will check the records for you to see whether there is a record of that.

**Senator BOLKUS**—You cannot remember?

**Senator Herron**— I do not recall exactly, but I certainly had frequent conversation with my chief of staff and my officers as to how—

**Senator BOLKUS**—I would imagine you might have, Minister.

**Senator Herron**—Yes, of course I did. In particular, I know there was some record in relation to the Australian National Library, and I had had meetings with them. But to be precise we will get the dates for you.

**Senator BOLKUS**—If you could take on notice information or evidence of any subsequent requests by you to be kept informed. Minister, it goes without saying that you would be concerned that only a small amount has been spent.

**Senator Herron**—I did not see or hear all the estimates committee hearing this morning, but I presume that there has been some explanation given to the Senate.

**Senator BOLKUS**—No, but if you would like to give us one now.

**Senator Herron**—Just that there was great difficulty, I know, in recruitment of suitably qualified Aboriginal people to occupy various positions. But we can get you a full report on that.

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

**Senator Herron**—The availability of trained personnel to occupy positions.

**Senator BOLKUS**—What positions?

**Senator Herron**—In terms of the health and wellbeing aspect of it, in particular.

**Senator CROSSIN**—Minister, can I just clarify there? Under your response to the *Bringing Them Home* report, each of the programs no doubt has a nominal monetary amount attached to it. Is that correct?

**Senator Herron**—Yes, that is correct.

**Senator CROSSIN**—Do they also have strategies or detailed aspects of each program?

**Senator Herron**—Yes.

**Senator CROSSIN**—As a minister, do you get three or six monthly either oral or written reports as to where and how those targets are being met?

**Senator Herron**—We will have to check the records for that for you. As I say, it has been a continuing process. We will have to see whether that is oral or written or both. If there are written records of that, we can get you the dates that they were given.

**Senator CROSSIN**—So over the period of the last two years then, did you not at some stage earlier than December 1999 become alarmed that such small amounts were being spent?

**Senator Herron**—No, I accepted the explanations that were given to me and I have given some instance of that.

**Senator BOLKUS**—When did you get those explanations?

**Senator Herron**—As I say, we will have to check that for you. I have not got a photographic memory. We will get that for you so we can give you a reply.

**Senator CROSSIN**—What is the explanation for the underspending in the regional training centres?

**Senator Herron**—That is what I said. We will have to get that full report for you. I have not got it with me.

**Senator BOLKUS**—What is the reason for underspending in the specialist indigenous counsellors?

**Senator Herron**—The Senate estimates committee would understand that a lot of these are under Minister Wooldridge's portfolio responsibility, that is, in relation to the health aspect—and most of it is.

**Senator BOLKUS**—So you are basically telling us that for two years you cannot remember whether you actually had a reporting process in place and you did not realise that the money had not been spent until last December.

**Senator Herron**—No, I am not saying that. I am saying that I had a continuing responsibility and I regarded it as a serious one.

**Senator BOLKUS**—But you did nothing about it, Minister.

**Senator Herron**—I had verbal communication at some stage. I did not appreciate the delay and when I was questioned about that I was given a report on that.

**Senator BOLKUS**—Are you telling us it took two years, that you did not appreciate the delay?

**Senator Herron**—No, I am not saying that. That is your interpretation.

**Senator BOLKUS**—What other interpretation can you make? The program was announced in December 1997. Two years later, the level of spending is three per cent. You either knew that the level of spending was three per cent and did nothing, or you did not know. Which option would you like to take?

**Senator Herron**—I will take neither of your options, Senator Bolkus. I will answer the question.

**Senator BOLKUS**—Okay, Minister. Did you know that it was as low as three per cent?

**Senator Herron**—My position was that I had frequent communication with the Office of Indigenous Policy as to how the progress of the expenditure was occurring. I communicated that with my staff and in turn they communicated with OIP.

**Senator BOLKUS**—When did you first find out that it was only three per cent?

**Senator Herron**—We will have to check the date and give it to you.

**Senator BOLKUS**—So you do not know when you first found out. You took no steps, anyway. Whether you found out before December 1999 or not, you took no steps.

**Senator Herron**—It is the responsibility of the officers concerned to oversee that expenditure and my ultimate responsibility, where it is appropriate—and the responsibility of the minister for health, where it is appropriate for him. I can speak for myself. I asked for reports. The explanations that were given for the delay in the expenditure I accepted as being correct and adequate.

**Senator BOLKUS**—You cannot remember whether you had in place a regular monitoring process.

**Senator Herron**—I did have. But if you want the dates we will find out when we had a written report.

**Senator CROSSIN**—What did the regular monitoring process consist of?

**Senator Herron**—It was regular in the sense that I asked for continuous reports on the procedures.

**Senator CROSSIN**—From each of the departments responsible for the programs?

**Senator Herron**—It was coordinated by the Office of Indigenous Policy.

**Senator BOLKUS**—If you had that regular monitoring process and reports, you would have been advised early in the piece that only three per cent of funding had been spent. Why did you do nothing about it?

**Senator Herron**—Because I accepted the explanations that were provided.

**Senator BOLKUS**—They told you that only three per cent of funding had been spent, but you thought you could do nothing about accelerating it for almost two years?

**Senator Herron**—I accepted the explanations that were given.

**Senator BOLKUS**—And you thought you could do nothing to accelerate it?

**Senator Herron**—Everything was done that was possible to be done.

**Senator BOLKUS**—It must have been: you got to three per cent in two years. That is great. We have to wait another 60 years to spend the whole 100 per cent, do we?

**Senator Herron**—Either you throw money at things, as appeared to occur with the previous government, or you get outcomes. I was more interested in outcomes.

**Senator BOLKUS**—I find that response totally offensive. You have established here, through a full inquiry, a very grave need, and you have identified areas. The government puts in \$63 million when it should have been putting in more, and you are saying that you are accused of ‘throwing money’ at something. It is not throwing money at something. They are identifiable needs that have to be met, and you sat around. You are telling us that you had

regular reports for two years and you did not feel as though you could do anything to accelerate spending over three per cent.

**Senator Herron**—There were also reports to MCATSIA, the ministerial council, and the states on an annual basis.

**Senator BOLKUS**—But we know of that council, from the last hearings, that you did not know who chaired it, you did not know who met and you did not know of whom it was composed.

**Senator Herron**—You are making editorial comment, are you? I am interested in answering questions.

**Senator BOLKUS**—I am referring to your evidence and Mr Vaughan's evidence at the previous hearing of this committee, where you had no idea as to MCATSIA and whether it was operating. You did not even know the name of the chairperson.

**Senator Herron**—That was your interpretation.

**Senator BOLKUS**—No. That is your evidence. Go back and read it. You are now telling us that for two years you had regular reports but did nothing about accelerating the spending. That is a dereliction of duty, isn't it?

**Senator Herron**—It is your editorial.

**Senator BOLKUS**—It is not my editorial.

**Senator Herron**—You just made a statement that it is a dereliction of duty: that is your editorial.

**Senator BOLKUS**—You just said to Senator Crossin that you were getting regular reports. Can we get a copy of those reports?

**Senator Herron**—As I said, I am happy to provide whatever we have for you. I am interested in producing as much material as I can. I am not here for editorial reports or for debate.

**Senator BOLKUS**—It has to be of concern that it was two years.

**Senator Herron**—It was of concern. I want an outcome.

**Senator BOLKUS**—You are getting no outcome if you are spending only three per cent of the allocated resources in areas of dire need.

**Senator Herron**—I am getting quality of outcome.

**Senator BOLKUS**—You reckon three per cent is quality of outcome, do you?

**Senator Herron**—If you think we should be throwing 100 per cent of the \$63 million at it in the first six months, that is perhaps what you believe. I do not believe that.

**Senator BOLKUS**—No, I did not say that at all.

**Senator Herron**—That is the corollary. But, Mr Chairman, we are debating something. We are here to answer questions.

**Senator BOLKUS**—You are.

**Senator Herron**—I would like questions rather than commentary.

**CHAIR**—Perhaps we should move on.

**Senator CROSSIN**—On what basis, Minister, do you make the statement that you are getting quality outcomes? What in the reports has led you to that conclusion?

**Senator Herron**—Sorry, I do not understand the question.

**Senator CROSSIN**—You said a moment ago that you are getting quality outcomes.

**Senator Herron**—No. I said that I am interested in getting quality outcomes.

**Senator BOLKUS**—And you said that you were getting them.

**Senator Herron**—We are getting people appointed and outcomes—the oral history project, for example. You are talking about three per cent of one particular program. We are getting quality outcome, which I am overseeing, in the oral history project, just to give you one example.

**Senator CROSSIN**—What sorts of monitoring processes have been put in place, Mr Sullivan, through ATSIC, with the Link Up money? I understand that has gone to a number of different organisations around the country. How do you monitor what those organisations are doing with that money?

**Mr Sullivan**—I will ask John Eldridge, General Manager, Social and Cultural, to amplify my answer, but we monitor at different levels. The Link Up money is distributed through grant funding, and those grants come with conditions and with, incorporated in the grant funding, reporting arrangements on financial matters as well as outcome matters. We also now chair the working party at MCATSIA that monitors the overall response to the *Bringing Them Home* report, which means we, at MCATSIA level, now take responsibility for producing reports on what is occurring, and that includes our Link Up services. Our commissioners and others also report on what is occurring at Link Up, because Link Up has been an extremely vital but also sensitive area in this work, to ensure that we have established services that are acceptable to the people who will use them. There has been, in instances, difficulty in ensuring that that sort of service is established for the people who need them. But John may want to amplify that.

**Mr Eldridge**—In relation to the Link-Up services, the commission has established what we have called a *Bringing Them Home* task force, which deals very closely with individual Link-Up service providers. So they are liaising with the organisations providing the service, on a regular basis. They have been instrumental in developing strategies for the update of technology available to Link-Up services and for developing linkages between Link-Up services and the various other stakeholders in that particular service provision area, including state government agencies, the health counselling positions being established under the health portfolio and so forth. They monitor the activities of the Link Up services to a greater extent, in fact, than our regular monitoring arrangements applying to most of our program funding arrangements.

**Senator CROSSIN**—How can you be satisfied that moneys that ATSIC have given organisations under the Link Up program, that are pre-existing organisations, are not simply using some or all of that money to assist with their ongoing costs and the normal day-to-day running of their organisation, as opposed to channelling them specifically into their Link Up work?

**Mr Eldridge**—Because there is in multifunctional organisations an eternal grey area in relation to the attribution of costs that will generate debates as to the diversion of funding to other purposes. That is sort of like the eternal circle that one can never establish 100 per cent



precisely which side of the assertion is correct. Beyond that grey area, we are monitoring the fact that Link Up services are taking on additional Link Up service providers in response to the provision of additional funds for the purpose and that they are acquiring and utilising the technological resources that we are funding for the purpose of providing Link Up services and linking in with Archives and other agencies around the country in the provision of that service, and we are monitoring the reporting of those organisations in terms of the services they provide, the number of contacts they have and the number of link-ups they achieve. Through all of those avenues, we seek to ensure that the resources are used for the purpose for which they are provided. So beyond the initial caveat that I gave you in relation to the eternal grey area of attribution, that is basically what we do.

**Senator CROSSIN**—Finally, would you be able to provide me, through the secretariat, with a list of the current membership of MCATSIA, please?

**Mr Sullivan**—The membership is a simple one. It is the state ministers and Senator Herron. I will get you that list. I will also get you the list of the officials meeting that supports it.

**Senator CROSSIN**—That is what I would be interested in. Thanks.

**Senator BOLKUS**—You have recently accredited the Yamaji Land and Sea Council as a rep body—

**Senator Herron**—I thought we were still going on the *Bringing Them Home* report. There was one correction I wanted to make, or at least put on the record. The response to the *Bringing Them Home* report was in December 1997. The response to that was announced in the budget 1998-99 and subsequently 1999-2000.

**Senator BOLKUS**—That is 18 months. What have you done since last December to accelerate funding expenditure?

**Senator Herron**—I have had meetings with officials.

**Senator BOLKUS**—Can you provide us with records of any instructions you have given them in terms of getting serious about finding ways of spending the resources?

**Senator Herron**—I have always been serious about it. I do not need to put it in writing that I am serious.

**Senator BOLKUS**—You just had amnesia for 18 months, did you?

**Senator Herron**—Pardon?

**Senator BOLKUS**—You just sort of fell asleep at the wheel for 18 months. You were serious when you were awake.

**Senator Herron**—Chair, I am doing my best to assist the committee. Senator Bolkus wants to make editorial comment. That is his right. I am not interested in that at all.

**Senator BOLKUS**—You have accredited the Yamaji Land and Sea Council as a rep body under the Native Title Act. Can we assume that you apprised yourself of the issues of potential conflict of interest and other matters that were raised in relation to the members of the executive council in the recent *Four Corners* program? That was in relation to the Kingstream iron ore project.

**Senator Herron**—The answer is yes. I just wondered if the officers responsible are here. No.

**Mr Sullivan**—I can help in respect of the *Four Corners* program and the reports made in that program. ATSIC provides the assessment service directly to the minister on the re-accreditation process. We provided a supplementary assessment in respect of Yamaji Land and Sea and Council and their re-recognition application, outlining the matters raised in the program and our understanding of them. We put to him the matters which he should consider in his decision.

**Senator BOLKUS**—Minister, did you find those allegations baseless or irrelevant?

**Senator Herron**—The review committee and the report made that recommendation and I followed it.

**Senator BOLKUS**—So the recommendation was that these allegations were either baseless or irrelevant to the accreditation of the council?

**Senator Herron**—I did not change my decision as a result thereof.

**Senator BOLKUS**—Is that yes to my question that those allegations were irrelevant or baseless?

**Senator Herron**—I had considered those but as a result of that report I did not change my consideration. I am happy for officers to give further information in that regard if that is helpful to the committee.

**Mr Eldridge**—I do not know that it would be correct to say that they were irrelevant but they were clearly not of such relevance as to warrant a change in terms of the decision to recognise the council for NTRV purposes.

**Senator BOLKUS**—That is the officer's view, Minister, and you share that view.

**Senator Herron**—Yes.

**Senator BOLKUS**—Have you been consulted by the environment minister with respect to his decision to defer the ban on water skiing at Boobera Lagoon?

**Senator Herron**—I will have to check the records on that to see whether we have it in writing.

**Senator BOLKUS**—Did you know about it before this morning?

**Senator Herron**—I saw it in the paper today.

**Senator BOLKUS**—So you would not have been consulted?

**Senator Herron**—I certainly had spoken to him but I do not think there is anything on the written record.

**Senator BOLKUS**—I am sure you have spoken to the minister.

**Senator Herron**—Yes.

**Senator BOLKUS**—It is the normal thing to do. I am asking you whether you were advised of this decision. You are saying—

**Senator Herron**—I was not advised of this decision.

**Senator BOLKUS**—And you do not know who the Brisbane barrister is who is conducting the—

**Senator Herron**—No, I would be interested to see.

**Senator BOLKUS**—It is good to see that communications in this government are at an all-time low.

**Senator Herron**—No, I do not see that. That is another editorial comment. Senator Bolkus does not change his spots. I suppose we must accept them, Mr Chairman. I find them a waste of time.

**Senator BOLKUS**—We have a situation where there is an important issue of a sacred site and the Office of Indigenous Policy is not consulted by the environment minister and you are not consulted. Was ATSIC consulted, Mr Sullivan?

**Senator Herron**—The important part about that, Senator Bolkus, is that I was the first minister of any government to put a protection order on Boobera Lagoon. This was not done by the previous government. It was requested for 20 years. I take great pride in the fact that I was the one who did that. I am grateful for your interest.

**Senator BOLKUS**—The report on Boobera Lagoon came down in 1996, probably when you were in government. It would have been appropriate for you to have done it.

**Senator Herron**—No. It could have been done in your government, Senator Bolkus, but it was not.

**Senator BOLKUS**—Was ATSIC consulted, Mr Sullivan?

**Mr Sullivan**—No.

**Senator BOLKUS**—Minister, were either you or ATSIC consulted in respect of the decision to have the daughter of the Premier of Western Australia perform at Corroboree 2000?

**Senator Herron**—I was unaware she is performing. I certainly was not consulted.

**Mr Sullivan**—We were not consulted.

**Senator BOLKUS**—We have some questions about the Registrar of Aboriginal Corporations. Once we go through those we might have run out of time so we will put the rest on notice.

**Senator CROSSIN**—Just before we move on to the registrar, who is responsible for putting together this blue booklet?

**Senator Herron**—The budget statement?

**Senator CROSSIN**—Yes.

**Senator Herron**—Ultimately I am.

**Senator CROSSIN**—And officers of your—

**Senator Herron**—Office of Indigenous Policy, and ATSIC. No, the Office of Indigenous Policy.

**Senator CROSSIN**—Can you clarify that?

**Senator Herron**—It is the Office of Indigenous Policy. I had assumed that there was some input of an official nature, but there is not.

**Senator CROSSIN**—Similarly, with their PBS: is that—

**Mr Sullivan**—The PBS is established by the various agencies which have input to the PBS. The PBS is the official budget papers.

**Senator CROSSIN**—And it is put together by—?

**Mr Sullivan**—The blue book is a statement by the minister of initiatives in Aboriginal and Torres Strait Islander Affairs.

**Senator CROSSIN**—Do the Office of Indigenous Policy actually put this together in consultation with you? Do you see the draft before it goes out?

**Senator Herron**—Yes.

**Senator CROSSIN**—At page 11 in this blue booklet there is a statement regarding the Aboriginal Land Rights (Northern Territory) Act and there is a sentence in there which reads:

The Government is considering reforming the Act following extensive public consultation and two years of review by Mr John Reeves QC and the House of Representatives Standing Committee ...

Is that a recent statement following the House of Representatives standing committee or this a statement that was produced through the year before that committee reported?

**Senator Herron**—No, that is the current state of play in relation to the budget.

**Senator CROSSIN**—So consideration of reforming the act is still under way?

**Senator Herron**—Yes.

**Senator CROSSIN**—There is no budget item in respect of that, or estimated outcome in respect of that?

**Senator Herron**—No, there are still discussions ensuing.

**Senator CROSSIN**—Discussions with whom?

**Senator Herron**—Various stakeholders, including ATSIC.

**Senator BOLKUS**—Have you asked OPC to draft legislation?

**Senator Herron**—No, I do not think we have reached that stage at the moment. I will check on that.

**Senator CROSSIN**—So there are discussions at the moment with ATSIC about reforming the Aboriginal Land Rights (Northern Territory) Act; is that correct?

**Mr Sullivan**—That is correct.

**Senator CROSSIN**—Are they in the form of written documentation?

**Mr Sullivan**—They have been in the form of meetings between the minister and relevant commissioners and officers of ATSIC.

**Senator CROSSIN**—When would those meetings have occurred?

**Mr Sullivan**—They have occurred over the last couple of months.

**Senator BOLKUS**—Regarding the registrar's operations: Minister, when did you first receive a copy of the Fingleton report?

**Senator Herron**—We will have to check the date for you. I do not have it before me.

**Senator BOLKUS**—Have you taken any action to implement its recommendations?

**Senator Herron**—I did not accept the Fingleton report's recommendations.

**Senator BOLKUS**—None of them?

**Senator Herron**—Subsequently, you will be aware, I had a review done of the registrar's position by Mr Blick, which was the subject of previous estimates.

**Senator BOLKUS**—When did you receive the Blick report?

**Senator Herron**—We will check the date for you, but I am advised that it was probably early 1999.

**Senator BOLKUS**—Have you taken any decision to implement any of its recommendations?

**Senator Herron**—I decided in principle to implement the recommendations. I have had discussions with both ATSIC and the registrar.

**Senator BOLKUS**—When did you decide that, Minister?

**Senator Herron**—There have been ongoing discussions, but shortly after receiving the report.

**Senator BOLKUS**—Are you aware of actions taken by the Registrar of Aboriginal Corporations in the Supreme Court of Queensland to liquidate certain Aboriginal corporations in Queensland, WA and the Northern Territory?

**Senator Herron**—Yes.

**Senator BOLKUS**—When did you first become aware of these actions?

**Senator Herron**—They have been ongoing. When you say 'first', we will have to check that.

**Senator BOLKUS**—Take it on notice. Do you support all these actions?

**Senator Herron**—Yes, I have in writing accepted the recommendations.

**Senator BOLKUS**—No, they are not recommendations; we are talking about actions. We have gone from the recommendations of the Blick report to the actions of the registrar. Do you support all those actions?

**Senator Herron**—No, I have supported the recommendations, as I said. I am not responsible from there on for the actions that occur; but, in principle, I supported the recommendations.

**Senator BOLKUS**—Are you saying that you do not support some of the—

**Senator Herron**—No, I am not. I am being precise in my answers to your questions, as Senator Faulkner would expect of me.

**Senator FAULKNER**—I would be very surprised if that were the case. If you have improved to that extent, Senator Herron, I am pleased to hear it.

**Senator BOLKUS**—Minister, is the registrar independent of you?

**Senator Herron**—Yes.

**Senator BOLKUS**—In a statutory sense?

**Senator Herron**—He is appointed by me but independent of ATSIC. He is part of my portfolio just as the commercial unit, the Office of Evaluation and Audit, is.

**Senator BOLKUS**—Before embarking on these actions in the courts, did he consult with you?

**Senator Herron**—His functions are statutory.

**Senator BOLKUS**—Yes, but I am asking you the question: did he consult with you?

**Senator Herron**—He advised me and I signed off on it.

**Senator BOLKUS**—When you say you ‘signed off on it’ do you mean you gave it the tick?

**Senator Herron**—Except for the actions. The actions are consequent upon my approval of the recommendation, as I understand it.

**Senator BOLKUS**—Minister, you said that he advised you and that you signed off on it. What do you mean by ‘signed off on it’? Did you approve it?

**Senator Herron**—Where he takes the actions is his responsibility. For example, if he takes them in Queensland, that is his responsibility; if he takes them in Western Australia, that is his responsibility. It is not my responsibility. He has the statutory right to do so.

**Senator BOLKUS**—Do you continue to support the registrar?

**Senator Herron**—Yes, that is correct. But I am implementing the recommendations of the Blick report.

**Senator CROSSIN**—Are you informed each and every time the registrar decides to take action against an Aboriginal corporation?

**Senator Herron**—We might get the registrar to answer directly.

**Mr Bouhafs**—Under the Aboriginal Councils and Associations Act, which I administer, I have the responsibility for ensuring compliance with the act of organisations which are incorporated under that act. One of the options—admittedly, a last resort option—is to apply to the courts to wind up an organisation which neglects over a long period of time to comply with any aspect of the legislation.

**Senator CROSSIN**—No, my question was: each and every time you take action in a court against an Aboriginal corporation, do you advise the minister of that?

**Mr Bouhafs**—Yes, as a rule, advice is given to the minister. That does not mean that in every single instance there would have been advice to the minister. The minister does not have a role under the act in terms of winding-up actions. That is entirely my responsibility.

**Senator CROSSIN**—That is right, but does the minister have a role in advising you as to whether or not you should proceed with that particular action?

**Mr Bouhafs**—No.

**Senator BOLKUS**—Can you provide figures for the number of corporations that have been affected by the registrar’s actions in these court proceedings?

**Mr Bouhafs**—Do you mean the number of court actions?

**Senator BOLKUS**—No, the number of corporations affected by the court actions.

**Senator Herron**—Over what period of time?

**Senator BOLKUS**—I suppose we are talking about the last four years—on an annual basis. You can take that on notice.

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

**Senator BOLKUS**—What has been the process of notification that you take in giving these corporations knowledge of your action? Is it by correspondence or is it by—

**Mr Bouhafs**—There are a range of actions. I have to stress again that the winding-up action is a last resort action and follows on from—

**Senator BOLKUS**—Mr Bouhafs, we are running out of time, and I am asking you precise questions and I would like precise answers.

**Mr Bouhafs**—I would have to put it in context, otherwise it would be a misleading answer.

**Senator BOLKUS**—We do not have too much time to put it in context. We understand what you are doing.

**Mr Bouhafs**—Can I then take the question on notice?

**Senator BOLKUS**—I asked you: how do you notify them?

**Mr Bouhafs**—They are aware on an ongoing basis. There are communications on a case-by-case basis. Sometimes there are person-to-person contacts, sometimes it is correspondence, sometimes it is through a third party like land councils, sometimes it is through ATSIIC and so on.

**Senator BOLKUS**—On an annual basis, could you provide for us how many corporations have been affected by the court actions in the last four years? In each case, how were they notified? How many responses to your notifications did you receive from the corporations in question? In cases where you did not get a response from the corporation in question, did you inquire of those corporations as to why not? Did you consult with relevant land councils in the Northern Territory as to why corporations in their jurisdiction did not respond or comply with your correspondence?

**Mr Bouhafs**—Did you want me to take that on notice?

**Senator BOLKUS**—Given the time, it is probably best to take it on notice. Are you aware that many of these corporations are small, have difficulty receiving mail and may have problems reading the correspondence? What do you do to take those factors into account?

**Mr Bouhafs**—We liaise with resource agencies in the areas where those remote organisations might be situated. Often the resource agencies are, in fact, the agents of the corporation and are the official address of the corporation. The location of the public officer of the corporation might well be the resource agency. No two cases are alike, but those factors are taken into consideration. Yes, correspondence does play a role. There is correspondence. There is written material.

**Senator BOLKUS**—A suggestion running rampant around indigenous Australia is that, in a sense, you have gone feral over the last 18 months or so, that you are not really taking into account the circumstances and, for instance, in many cases in the past, because the corporations were only land holding bodies—they did not trade or handle money—the registrar used to exempt a corporation from the need to file annual returns but now you do not. Why have you taken this position?

**Mr Bouhafs**—That is not correct. The rate of exemptions has in fact increased in recent years.

**Senator BOLKUS**—On notice, could you give us the numbers for those rates of exemption?

**Mr Bouhafs**—Okay, we will do that.

**Senator BOLKUS**—With respect to those land holding bodies, do you still exempt them?

**Mr Bouhafs**—If they apply for an exemption, yes. The difficulty is that they may not apply and we do not know whether they are in fact simply land holding bodies or whether they do something else.

**Senator BOLKUS**—It is not very hard for you to find out, is it? You have documentation. This is an ongoing process.

**Mr Bouhafs**—If an organisation does not respond and the agencies that operate in that area are unable to assist and cannot identify the people involved in the corporation, then we, based in Canberra, are not really in a position to identify in each and every case.

**Senator CROSSIN**—Mr Bouhafs, we have evidence of where, despite what you say, you have not written to the agencies you suggest you did—for example, the land councils—where people get mail probably once a week, or when they do get the mail, they are illiterate. There has been no attempt by you or your people to visit these people or corporations personally, and suddenly they find themselves with a Supreme Court action against them.

**Mr Bouhafs**—It is misleading to generalise the position. If you have a particular organisation in mind, perhaps you can give me the name of that organisation and we can follow it up.

**Senator CROSSIN**—Unfortunately, we do not have time. But we have got many that we would like to take you through on a case-by-case basis.

**CHAIR**—Senator Bolkus, Senator Crossin, I know you are trying to be quick, and I appreciate that, but we are going to run a long way behind time shortly. How much longer do you think you will be?

**Senator BOLKUS**—We have a problem because this is a critical issue. There is a strong perception that the registrar has not only gone feral but also, in his going feral, we are actually extinguishing native title over land. If a message is to come out of this morning's hearings, it is that we will keep on coming back to this—and next time we will take more time with it—and that a bit of diplomacy and interaction with the land councils and a bit of a sober approach by the registrar could actually obviate some ongoing problems. You are going to find yourself in conflict with the Native Title Act. You are extinguishing native title because of your overeagerness, and you will be in conflict. I will put this to you, Mr Bouhafs, and it is a concern that has been coming to us for quite some time: you have actually come out of the blocks too quickly in respect of this. You are not taking into account particular circumstances and you have gone back on previous practices. Maybe it is time to have a cooling-off period, get a summit together of you, ATSIC and a few land councils and develop new practices. Would you take on board that request?

**Mr Bouhafs**—No, I will not, because it is entirely based on false premises. It is erroneous; it is misleading. The picture you are painting is totally wrong.

**Senator BOLKUS**—But it is a picture that is held across the country.

**Senator Herron**—Senator Bolkus, with respect, you are debating this with the officer. They are here to answer questions. I support the officer in what he says. Senator Bolkus reads it in the newspapers, I understand his—

**Senator BOLKUS**—I do not read it in the newspapers. These are complaints that have been put to me across the country.



**Senator Herron**—You did not let me finish. You interrupted my sentence. I said he reads it in the newspapers, and he gets some complaints. I request that a specific complaint be sent to the registrar so that it can be replied to.

**Senator BOLKUS**—No, it is a bit more immediate than that. The real concern—and we have run out of time this morning—is that advice has been obtained by some land councils that you have actually breached the Native Title Act by attempting to liquidate Aboriginal corporations that hold, for instance, title to community living areas.

**Mr Bouhafs**—They have made that claim—

**Senator BOLKUS**—Let me just put it to you one more time because we have got two minutes to go. Maybe it will save you a lot of trouble next time if you took some time in the next few weeks to actually sit down with some of these land councils—not to have a knee-jerk response and say, ‘I am doing nothing wrong,’ but to actually acknowledge that some people might have a legitimate concern—and revisit some of your practices of the past.

**Senator Herron**—We will take your statement on board.

**Senator BOLKUS**—I do not think the registrar is prepared to. That is the problem we have got.

**Senator Herron**—I have already discussed that with the registrar.

**Senator BOLKUS**—You have obviously made no impact on him because his reaction is to do nothing.

**Senator Herron**—The registrar is an excellent officer.

**Senator BOLKUS**—You may think so, but it is not a view shared by indigenous Australians. We will just give notice that we have got about five pages of questions today and we will probably have a lot more next time, Mr Bouhafs. It would be in your interest to spend some time talking to people in the meantime.

**CHAIR**—I thank you for your expedition, Senator Bolkus. Senator Faulkner, I think you had some quick questions.

**Senator FAULKNER**—Minister, were you listening to the OIP estimates?

**Senator Herron**—I was having meetings, but I heard parts of it.

**Senator FAULKNER**—Did you hear my questioning of Mr Vaughan in relation to your appointment of Ms Firebrace to the position of Chairperson of the Indigenous Land Corporation?

**Senator Herron**—Parts of that. If you care to revisit, I will be happy to answer.

**Senator FAULKNER**—I can try to summarise it. My understanding from the evidence given is that the position of Chairperson of the Indigenous Land Corporation was not advertised and that expressions of interest were not sought. You might confirm that for us.

**Senator Herron**—I was required under the act to consult with ATSIIC, which I did. In fact, I think we had two communications. The Indigenous Land Corporation also put in recommendations. It was not advertised generally.

**Senator FAULKNER**—I was going to ask you about consultation with ATSIIC, but it might be helpful for you to let me know the detail of your consultation with ATSIIC.

**Senator Herron**—We can ask ATSIC about that, but I do recall consulting. I was required to; I did so.

**Senator FAULKNER**—Would you prefer it if I asked ATSIC?

**Senator Herron**—No, I am happy for you to ask ATSIC.

**Mr Sullivan**—The minister wrote to the chair of ATSIC on the fact that the position was vacant. He raised a number of names and sought from ATSIC whether they would like to add any names to his consideration. In return, some names were added to the minister's list.

**Senator ROBERT RAY**—But did ATSIC forward their views as to their suitability?

**Mr Sullivan**—No, it is broader consultation and, on a name, it is a requirement to consult. The minister, in his consultation with ATSIC, raised several names, including the subsequent chair's name, and ATSIC provided names back to the minister.

**Senator ROBERT RAY**—I am just trying to get what is involved in consultation. Certainly the names were raised with you. But what is your role then? Is it just to acknowledge that the names have been raised with you and have the option to add more?

**Mr Sullivan**—That is right.

**Senator ROBERT RAY**—But you do not actually send back your views as to suitability or evaluation?

**Mr Sullivan**—We are not precluded from sending back views—

**Senator ROBERT RAY**—But on this occasion you did not?

**Mr Sullivan**—But on this occasion it was names.

**Senator ROBERT RAY**—Your input was to receive the names and you added some names—and that is your total input. Is that fair?

**Mr Sullivan**—Without full recollection of the letter, there may have been some views as to suitability expressed in the letters.

**Senator FAULKNER**—Senator Herron, do you recall how many names you originally sent off to ATSIC?

**Senator Herron**—I would have to check that for you. From memory, four or five—something of that nature.

**Senator FAULKNER**—Does that fit with your recollection, Mr Sullivan? Do you know precisely how many?

**Mr Sullivan**—I do not know precisely, but there were a number of names—three, four or five.

**Senator FAULKNER**—And you said that several names were added by ATSIC?

**Mr Sullivan**—If I am incorrect, I will correct it, Senator, but I think about three further names.

**Senator FAULKNER**—I thought I heard you say that that included the name of the person who was then subsequently appointed?

**Mr Sullivan**—Certainly the appointed name was included in the correspondence.

**Senator FAULKNER**—Sent to you?

**Mr Sullivan**—It was one of the names the minister was considering.

**Senator FAULKNER**—The appointed person was one of the names added by ATSIC?

**Mr Sullivan**—No, it was one of the names the minister was considering.

**Senator FAULKNER**—In the first instance?

**Mr Sullivan**—Yes.

**Senator FAULKNER**—Minister, can you let me know how you came up with your original four or five names? I appreciate that we do not know a precise number, but it is around that. Where did you get your own short list from? By the way, this is a pretty important position, is it not?

**Senator Herron**—Yes. I consulted, as you would appreciate. I travelled extensively and met with numerous groups. The position was coming up. The question was whether to reappoint the previous chair, have a new chair, how it was travelling and how the corporation itself was travelling. I consulted as widely as possible. I came to a short list of names without making—

**Senator FAULKNER**—Was the short list your decision? That is what I am trying to ask. It was not anyone else's?

**Senator Herron**—No.

**Senator FAULKNER**—You sat down behind your desk and formulated the list?

**Senator Herron**—Over a long period of time I searched around the country, as it were, for people suitably qualified, because one of the difficulties was suitable qualifications, and I prepared that list—but requested various people to nominate people. Some people self-nominated.

**Senator FAULKNER**—You did request people. Who did you request?

**Senator Herron**—Not in writing, but on visits.

**Senator FAULKNER**—Give me an example of some people that you requested.

**Senator Herron**—I am not going to nominate people before a committee—

**Senator FAULKNER**—Organisations. I do not want an exhaustive list.

**Senator Herron**—I did not ask organisations.

**Senator FAULKNER**—I think you misunderstand. I want to get a feel for it. I do not want an exhaustive list. Probably, if you are doing it orally like that, you could not give us an exhaustive list.

**Senator Herron**—I do it continuously for appointments that are coming up.

**Senator FAULKNER**—Was this in indigenous communities, for example?

**Senator Herron**—Well, it is an indigenous appointee.

**Senator FAULKNER**—Yes. But did you ask the Prime Minister or the Prime Minister's office, for example?

**Senator Herron**—No. I accepted responsibility because I felt I was closer to it than officers, for example.

**Senator ROBERT RAY**—This is your appointment. It is not one made by OIP, is it?

**Senator Herron**—That is correct. It is my appointment.

**Senator FAULKNER**—Did it go to cabinet for noting? Senator Hill, who of course was there, was not able to tell us, but you will be able to.

**Senator Herron**—I followed the normal procedures, and in something of that nature one would expect that it did. I am informed that it did. I would expect it had been. Most senior appointments go through the normal—

**Senator FAULKNER**—So as a non-cabinet minister you are able to tell us that. Senator Hill was not, and he was present at the meeting.

**Senator Herron**—I am not in cabinet.

**Senator FAULKNER**—You are doing better on that point than Senator Hill. There is no doubt about that. Brownie points.

**Senator Herron**—I just accept that normal procedures were followed.

**Senator FAULKNER**—Okay. But you did not talk to the Prime Minister's office or the Prime Minister or any other ministers about the possible appointee?

**Senator Herron**—No. I made the recommendation and forwarded it on. I am not required to discuss it with anybody, as I understand it.

**Senator FAULKNER**—I am not suggesting you are. I am asking whether you did.

**Senator Herron**—I cannot give you dates or times or places. At the end of the day, I wrote to the Prime Minister proposing the names. That is the normal procedure.

**Senator FAULKNER**—How did Ms Firebrace's name come to your attention?

**Senator Herron**—That is a difficult question to answer.

**Senator FAULKNER**—I thought it was pretty easy, given that she got the job.

**Senator Herron**—No, not in the sense that you want a precise answer to the question. Her name had been around in indigenous circles many years. I actually went to Monash University and launched a booklet that she had produced. I think that was my first contact with her. And she was on the board of the Commercial Development Corporation. So she was not unknown to me.

**Senator FAULKNER**—So you just thought she would be a good appointee?

**Senator Herron**—She came through the processes. As I say, I consulted with ATSIC. The name was on the list. I consulted with the Indigenous Land Corporation itself, and she emerged as the appointee. I understand that is normal procedure.

**Senator FAULKNER**—Are you aware of any correspondence between Ms Firebrace and ATSIC or the Prime Minister's office or the Prime Minister's department?

**Senator Herron**—In what period of time—recent?

**Senator FAULKNER**—About the possibility of an appointment.

**Senator Herron**—No, I do not think so but we can check for you. You said the Prime Minister's office?

**Senator FAULKNER**—I have asked this question in the Department of the Prime Minister and Cabinet estimates but they suggested—

**Senator Herron**—I am not aware of it, but we are checking.

**Senator FAULKNER**—Has any correspondence from Ms Firebrace outlining her qualifications for high appointment at any stage been drawn to your attention?

**Senator Herron**—I requested her CV, if that is what you are referring to.

**Senator FAULKNER**—Could you table a copy of her CV, please. Would you request it.

**Senator Herron**—I am just thinking in terms of privacy considerations. I will seek advice on that. If she is happy with that we are happy to do so. It is an outstanding CV, so I do not think she would be reticent about that. But I do think we should raise it with her.

**Senator FAULKNER**—I am sure it is. I would not have thought there were any privacy considerations.

**Senator Herron**—I think there are. You, Senator Faulkner, wouldn't like your CV in—

**Senator FAULKNER**—It is in the parliamentary handbook. Anyone can go and have a look at it. It is pretty boring, but they are welcome to look at it.

**Senator Herron**—But this is not in the parliamentary handbook. I think we should seek her permission to give it to you. But I do not think she will be reluctant to give it to you.

**Senator FAULKNER**—Does it include Ms Firebrace's strong Liberal Party connections.

**Senator Herron**—I cannot answer you and I do not know if she has.

**Senator FAULKNER**—You do not know. But didn't Ms Firebrace promote these connections very strongly to government?

**Senator Herron**—I cannot answer you. I do not know. I certainly had no Liberal Party connections with Ms Firebrace.

**Senator FAULKNER**—You might check what correspondence has flowed between Ms Firebrace and the Prime Minister, the Prime Minister's office, the Prime Minister's Department, ATSIIC or others and let us know.

**Senator Herron**—We will check.

**Senator FAULKNER**—Then you might reflect on that answer.

**Senator Herron**—I do not have to reflect on the answer; I tell you what I believe. But we will check on whether there is correspondence.

**Senator FAULKNER**—Let us see what the paper trail shows. Then you might reflect on the answer. What was the date of your launch of Ms Firebrace's booklet?

**Senator Herron**—I will have to check that for you.

**Senator ROBERT RAY**—Have you got a rough idea?

**Senator Herron**—I will be able to give you the precise date.

**Senator FAULKNER**—He is asking you whether you have got a rough idea now.

**Senator Herron**—A couple of years ago—well before the appointment.

**Senator ROBERT RAY**—About March-April 1998, do you think?

**Senator Herron**—Yes, that is possible. But I will check the date for you.

**Senator FAULKNER**—Would there have been any correspondence from Ms Firebrace to you proposing that you launch the booklet?

**Senator Herron**—I would assume so. There must have been an invitation to do so.

**Senator FAULKNER**—Could you provide a copy of the invitation to the committee?

**Senator Herron**—I am happy to do, if we can find it, of course, but we should be able to find it. It came to my office.

**Senator FAULKNER**—Thank you.

**CHAIR**—That concludes the questions for ATSIC. As a matter of record, I should also ask whether there are any questions relating to the Australian Institute of Aboriginal and Torres Strait Islander Studies, the Aboriginal and Torres Strait Islander Commercial Development Corporation and Aboriginal Hostels Ltd. There being no further questions, I thank the minister, Senator Herron, and officers of ATSIC very much for attending here this afternoon.

**Proceedings suspended from 12.42 p.m. to 1.49 p.m.**

**DEPARTMENT OF THE PRIME MINISTER AND CABINET**

**Output group 4 - Support services for government operations**

**CHAIR**—I welcome back Senator Hill, representing the Prime Minister, and officers of the Department of the Prime Minister and Cabinet. Could I briefly mention that there is a slight change in the order of proceedings that the committee has agreed to. We will shortly be examining output group 4—Support services for government operations—of the Department of the Prime Minister and Cabinet. That will be followed by the Office of the Inspector-General of Intelligence and Security, the Australian National Audit Office and the Public Service and Merit Protection Commission. After the dinner adjournment at approximately 7.30 p.m., the committee will examine the Australian Electoral Commission—that is a change in our order of proceedings—and that will be followed by the Office of Asset Sales and Information Technology Outsourcing. But, for the moment, it is output group 4 of the Department of the Prime Minister and Cabinet, support services for government operations, including the Government Communications Unit. I call for questions.

**Senator ROBERT RAY**—When we finished last time, I think we were looking at awards and national symbols, so we may as well finish that if that suits you, Chair.

**CHAIR**—Quite right. I call for questions on awards and national symbols.

**Senator ROBERT RAY**—Mr O'Neill, have you had a chance to read the evidence from Monday's hearing?

**Mr O'Neill**—Yes, Senator, I have been through the transcript.

**Senator ROBERT RAY**—I flipped through it this morning, too. There will be an element of repetition, but we will try to avoid it as much as possible. On that occasion, we were looking at the origin of the concept of the centenary medal. You mention that this had had the tick from cabinet at some stage. Have you been able to find the approximate date?

**Mr O'Neill**—I said 1996; the tick was given in 1997. The cabinet decision was based on a review of the Australian honours system which had pointed to the need for significant events to be recognised, such as the hundred years since Federation, by a commemorative metal. And the government took up that recommendation in 1997. I said 1996 on Monday; it is 1997.

**Senator ROBERT RAY**—Did they take it up early in 1997, do you recall?

**Mr O'Neill**—I think it was about mid-1997.

**Senator ROBERT RAY**—Has the issue gone back to cabinet, because they initiated the concept? Have any details gone back for approval?

**Mr O'Neill**—I think the decision said that it was a matter for the Prime Minister to implement the decision.

**Senator ROBERT RAY**—And there is no prospect of it going back that you have been asked about?

**Mr O'Neill**—Not that I am aware of.

**Senator ROBERT RAY**—If it is the Prime Minister's decision, who is the liaison point in the Prime Minister's office for you on this?

**Mr O'Neill**—It would be the senior adviser, government.

**Senator ROBERT RAY**—And that is?

**Mr O'Neill**—Mr Malcolm Hazell.

**Senator ROBERT RAY**—Have you been involved in discussions on this issue with the Council for the Centenary of Federation?

**Mr O'Neill**—Discussions were held at the formative stage. We had a working group which consisted of the Department of the Prime Minister and Cabinet, Government House and the National Council for the Centenary of Federation—or at least its secretariat. They were involved in the early stage and were later involved in discussions about bringing forward recommendations on a quota.

**Senator ROBERT RAY**—Apart from the early stages and apart from a discussion with them about their own quota, you have not had any further discussions on this matter?

**Mr O'Neill**—Not beyond that, no.

**Senator ROBERT RAY**—In the last discussion on this, we were discussing precedents and you nominated the 1977 Jubilee Medal. That was an imperial honour, though, wasn't it?

**Mr O'Neill**—It was. It was a British honour, and the British honour system was adopted by Australia. The Jubilee Medal was the initiative of the Queen to recognise a point in her reign.

**Senator ROBERT RAY**—So it was not in the Australian awards system in any sense?

**Mr O'Neill**—The Australian awards system at the time was the British system.

**Senator ROBERT RAY**—So the only precedent we have within the Australian awards system for a commemorative medal—correct me if I am wrong—is the 80th Anniversary Armistice Remembrance Medal.

**Mr O'Neill**—That was the first one. The second one was a sports medal.

**Senator ROBERT RAY**—The sports medal has not been done yet, has it? We have not been allocated any.

**Mr O'Neill**—It has been created.

**Senator ROBERT RAY**—It has been created, but it has not been processed.

**Mr O'Neill**—Correct.

**Senator ROBERT RAY**—So 1977 is the only precedent. On Monday you were a bit unclear—that is not being critical of you—about the distribution process. You said government did it, but that was a fairly broad answer.

**Mr O'Neill**—The proposal was worked up within my area. There are other precedents, of course. There was a coronation medal, which was a similar one. Most of the commemorative medals have been of a royal nature. There has been a broad ratio for commemorative medals in the past which relate to the population.

**Senator ROBERT RAY**—I think we have established that. I was not quibbling—even though I thought ‘18,000?’ We did not have a population of eight million in 1977.

**Mr O'Neill**—No, but it does fit in exactly with the ratio of commemorative medals, which is between about 700 per head of the Australian population to about one per 2,000 head. The commemorative medal fits in at about one at 1,000, which is in about the midst of it, but the lower end of the range for commemorative medals.

**Senator ROBERT RAY**—I was not going to revisit that; I accepted that. I still think it is a slightly strange ratio. How were the people chosen in 1977? Can you elucidate on that?

**Mr O'Neill**—In a sense it came from Britain. It was then allocated between the Commonwealth and the state on a 30 per cent to 70 per cent ratio. Each state share was based on a strict relationship to the population applying at the time. Governments brought forward nominations. My understanding of the arrangements—and they may have varied in each state—was that it was a case of identifying persons who had made some contribution identified by government.

**Senator ROBERT RAY**—How did the Commonwealth identify those people?

**Mr O'Neill**—My understanding is that it was based on departments bringing forward names to a central point, which would have been a predecessor of my branch, and then putting forward nominations to Buckingham Palace.

**Senator ROBERT RAY**—So, in terms of a precedent, the numerical number of medals is useful in 1977 but the current method of choice of recipients has no relationship?

**Mr O'Neill**—This is the first of a uniquely Australian medal; so we are looking to apply an Australian method.

**Senator ROBERT RAY**—So the answer is yes, is it not?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—So we can rely only on a 1977 precedent for numbers—and we will not quibble about that even though we slightly disagree. But, in terms of recipients, this is a new system. In your evidence on Monday you said,

The guidelines will be developing as we go through the process.

We asked you what guidelines there were for people eligible to receive it. There are no guidelines at the moment, are there?

**Mr O'Neill**—The guidelines are being put in place. The Prime Minister wrote to ministers back in February and asked that a contact officer be appointed. In all cases, a contact officer within the departments has been appointed. We will be working with those people on the relevant guidelines. I would expect that further advice will be going to ministers about how those guidelines should be put in place.

**Senator ROBERT RAY**—So you are telling us that your body has not developed guidelines yet?

**Mr O'Neill**—Guidelines are being developed.



**Senator ROBERT RAY**—By whom?

**Mr O'Neill**—The process has not started yet. The nominations would be expected to be coming forward in the second half of the year. So we are at a very early stage.

**Senator ROBERT RAY**—What do you mean by you are 'at an early stage'? The government decision on this was in mid-1997. You have written to departments. They will not know what the guidelines are. You are telling me that you have not yet developed guidelines on criteria, on eligibility or on anything to do with this medal?

**Mr O'Neill**—We have developed an outline of the sorts of categories, but they are ones that we are proposing to discuss with departments. We have had similar discussions with the states in relation to the sorts of groups that they might be considering and we will be doing the same with departments. So there is a developing process before it is finalised.

**Senator ROBERT RAY**—But you have had three years to develop some guidelines.

**Mr O'Neill**—It is next year we are talking about—2001.

**Senator ROBERT RAY**—But it is 1 January on, is it not?

**Mr O'Neill**—On and from 1 January.

**Senator ROBERT RAY**—You now have seven months to go. You have had three years to do this. Why hasn't it been done?

**Mr O'Neill**—The nominations will be coming forward, as I indicated, in the second half of the year, and the guidelines are being developed.

**Senator ROBERT RAY**—Hold on—you are not going to get the nominations first and then develop the guidelines?

**Mr O'Neill**—We are getting the guidelines right and then getting the nominations in place.

**Senator ROBERT RAY**—I still ask why the guidelines have not been established. You are already in contact with departments. Nominations are going to start flying in and you have not actually established guidelines. Why not?

**Mr O'Neill**—All I can repeat is that the guidelines are being developed in consultation with departments.

**Senator FAULKNER**—What stage are you up to? I think you said there was an outline.

**Mr O'Neill**—There is an outline.

**Senator FAULKNER**—Could you tell us what the outline is?

**Mr O'Neill**—The outline of the sorts of people are along the following lines—and these need to be discussed and worked through with departments: those who have contributed to Australian life in areas relevant to a minister's portfolio; those who have played a part, for example, in the development of the intellectual climate through academic or professional leadership; those who have represented the community interest in the provision of services to the community through non-government bodies, including peak industry representative bodies and charitable and benevolent organisations. In the case of the economic industry portfolios: those who have contributed to innovation or improved market access; those who may have contributed to the achievement of portfolio objectives by way of advocacy; those who might represent areas within the community, industry or business services; those who might have assisted government in the provision of policy, project or management advice in the achievement of portfolio objectives, including the delivery of services to the community; and

those who may have given advice or assistance in the successful management of portfolio programs. They are the sorts of categories, though there may be more. A commemorative medal is intended not to be exclusive but, in a sense, to be an inclusive medal within the Australian honours system, which is marked by its inclusiveness.

**Senator ROBERT RAY**—Have these points been developed over the last two days?

**Mr O'Neill**—They have been developed over some time.

**Senator ROBERT RAY**—It would have been useful for you to have shared it when we were asking about criteria and guidelines on Monday, would it not?

**Mr O'Neill**—With respect, I was perhaps not given the opportunity on Monday.

**Senator FAULKNER**—When was that document created?

**Mr O'Neill**—This document has been within my personal area for quite some time. It is something that has been developed.

**Senator FAULKNER**—What is 'quite some time'?

**Mr O'Neill**—Over some weeks. The discussions with the states were finalised last week.

**Senator FAULKNER**—Could it be tabled?

**Mr O'Neill**—I have no difficulty with that.

**Senator FAULKNER**—That would be helpful.

**Senator ROBERT RAY**—You did say on Monday:

The guidelines will be developing as we go through the process.

I think it was fair on our behalf to assume you did not have them yet or even an outline of them.

**Mr O'Neill**—With respect, these are not guidelines. This is the beginning of a document which will serve as the basis for guidelines without giving it any more formality. There needs to be a chance to talk with contact officers in the departments to see how realistic and feasible they are.

**Senator ROBERT RAY**—When are these guidelines going to be finalised?

**Mr O'Neill**—I would expect when the Prime Minister goes back to ministers to talk about what is expected. The Prime Minister would be expecting that the standing and dignity of this medal would be at the highest level and the guidelines would support the achievement of that.

**Senator ROBERT RAY**—Thank you for that answer, but address the question: when are you anticipating the guidelines will be finalised?

**Mr O'Neill**—If we are going to start in the second half of the year, I would expect over the coming month or so.

**Senator FAULKNER**—Will the same guidelines be applied to the very small proportion of medals—I think it is 200 out of 18,000—that are at the moment planned to be provided to the Leader of the Opposition?

**Mr O'Neill**—I was proposing to meet with the contact officer to see how practical those sorts of guidelines would be. Each case needs to be examined and the Leader of the Opposition, for example, may find that those guidelines may be restrictive or may not be appropriate.

**Senator FAULKNER**—What about the Speaker and the President of the Senate?

**Mr O'Neill**—They would be invited along to the same sorts of one-on-one discussions to work out what guidelines may be of assistance to them.

**Senator FAULKNER**—You would not give the Governor-General guidelines, would you?

**Mr O'Neill**—That is probably so.

**Senator FAULKNER**—What about the unallocated ones? Has there been any thought given to those 100 unallocated ones yet?

**Mr O'Neill**—The unallocated ones are a figure for making sure that the number is—

**Senator FAULKNER**—No, it is a Commonwealth quota of 100 unallocated medals.

**Mr O'Neill**—The assumption is they may well be allocated for some purpose. I do not know what—

**Senator ROBERT RAY**—They will not be allocated to a senior public servant, though, will they?

**Mr O'Neill**—No.

**Senator FAULKNER**—The assumption is that they would be allocated to whom?

**Mr O'Neill**—There is no-one. It is not intended they be allocated to anyone. They will be just simply—

**Senator FAULKNER**—Why mint them?

**Mr O'Neill**—They would not be minted—

**Senator ROBERT RAY**—So they are not in the allocation.

**Mr O'Neill**—No, they are not in the allocation. They are included in the numbers to come up to the rounding factor, the 18,200.

**Senator FAULKNER**—What is a 'rounding factor'? With 100 unallocated, that is 4,700 Commonwealth quota. If we are taking them out, it is 4,600. Which is the rounder figure?

**Mr O'Neill**—4,700 is the exact figure in terms of the 30 per cent of the share for the Commonwealth.

**Senator ROBERT RAY**—That is a ridiculous comment, because if you are not using 100 Commonwealth ones you reduce the states ones back to make it match and mix.

**Mr O'Neill**—Those numbers have been agreed with the states, so they sit.

**Senator ROBERT RAY**—Why were they put to the states in those terms if it is going to leave 100 over at the Commonwealth level? Surely the offer is made proportionally.

**Mr O'Neill**—Yes, that is true, but the hundred is there merely because they have not been allocated and there is no prospect of them being allocated unless there is—

**Senator ROBERT RAY**—So why have it? This is absolute nonsense.

**Mr O'Neill**—Well, yes.

**Senator ROBERT RAY**—Yes, you say. I can understand having 100 up the sleeve just in case something goes wrong somewhere.

**Senator Hill**—I presumed that is what it meant.

**Senator FAULKNER**—The way the branch membership is growing there will be more. That is probably the reason they have got 100 up their sleeve.

**Senator ROBERT RAY**—All right, we will move on. I find that a bit strange. You have mentioned a role by departments. Is this going to be a uniform approach across government, that each government department will be acting under these guidelines?

**Mr O'Neill**—Yes, across all the primary departments. They will be responsible for the portfolio at large and bringing forward nominations, firstly identifying categories of persons along the lines that I have described and then bringing forward nominations.

**Senator ROBERT RAY**—Do they have to be within the portfolio ambit as their major achievement? I exempt of course Vets—which will be pretty clear cut. Uniformed Defence people—fairly clear cut. But what is an example then? Let us take the Department of Finance and Administration. Are they going to concentrate on accountants and actuaries?

**Mr O'Neill**—I think the Department of Finance and Administration would like to be noted for its leadership in public administration.

**Senator FAULKNER**—Not any more.

**Senator ROBERT RAY**—That was true once. But I am just trying to—

**Senator FAULKNER**—Those days are long gone.

**Senator ROBERT RAY**—Maybe I am not thinking of the correct example. Even the Department of Foreign Affairs and Trade will be going outside the Public Service. Will they go to aid groups, do you think?

**Mr O'Neill**—It is not intended that the Public Service be recognised by this. That is not the intention.

**Senator ROBERT RAY**—They are not precluded, are they?

**Mr O'Neill**—They are not precluded, but the point is that persons, through the eyes of that portfolio, made a contribution to Australian society. So ministers through the departments—

**Senator FAULKNER**—Through the eyes of the portfolio? Through the eyes of the portfolio minister, isn't it?

**Mr O'Neill**—Through the eyes of the portfolio. The nominations will be worked up amongst these categories of persons. The view is that program managers who are responsible for delivery of government programs are probably best equipped to recognise persons who have made a contribution.

**Senator FAULKNER**—Hang on. These quotas are going to ministers, aren't they?

**Mr O'Neill**—But the administration is being done by their departments in every case.

**Senator FAULKNER**—We don't know. There is no administration so far.

**Mr O'Neill**—The administration is being worked up with the contact officers for the—

**Senator FAULKNER**—Are all the contact officers in?

**Mr O'Neill**—All the contact officers are in.

**Senator ROBERT RAY**—When you say the administration is going to be done, they are going to do all the paperwork?

**Mr O'Neill**—They will do all the paperwork. We would expect they would first of all identify the categories of persons, and then the people, the names that would come forward.

**Senator ROBERT RAY**—And they will all have a common methodological approach.

**Mr O'Neill**—It would be expected that they would, yes.

**Senator FAULKNER**—Do you expect them to advertise?

**Mr O'Neill**—I would not have thought so, Senator, no.

**Senator FAULKNER**—You would expect departments to generate a list for consideration by the minister?

**Mr O'Neill**—Yes, I think that would be the case.

**Senator FAULKNER**—It is an expectation. I am trying to find out. You know more about it than others.

**Mr O'Neill**—This is what we are working through with departments.

**Senator FAULKNER**—Do you have a working document about how this might be progressed at all?

**Mr O'Neill**—There is only the background paper which was provided to the Leader of the Opposition. That document talks about the sorts of administrative arrangements that might be put in place. But, with the discussions that we are having with the departments, it will be getting down to the detail of the categories in relation to each portfolio—for example, whether it is the Department of Finance and Administration or the Defence civilian side; the sorts of categories, whether it is in the Defence support area or Defence industry who should be recognised for their contribution to Australian society through the eyes of the Defence portfolio.

**Senator FAULKNER**—Would you make available for the benefit of the committee the information that has been provided to office holders and others? You said it had been provided to the Leader of the Opposition.

**Mr O'Neill**—Yes. The Leader of the Opposition—

**Senator FAULKNER**—I assume the Leader of the Opposition's copy would be in the same form as that going to cabinet ministers and others. Would that be right?

**Mr O'Neill**—That is correct.

**Senator FAULKNER**—Could that be made available?

**Mr O'Neill**—Yes, I think that is on.

**Senator ROBERT RAY**—Maybe the easiest way would be to get Mr Beazley's permission to have it tabled. Then you do not have to embarrass yourself by tabling letters to ministers.

**Mr O'Neill**—I do happen to have a copy of the letter to Mr Beazley with the documents in it, too.

**Senator FAULKNER**—That would be good.

**Senator ROBERT RAY**—That would be good.

**Senator FAULKNER**—You are assuring us that this is in the same form. We know that Mr Beazley has got—is it 200 medals?

**Mr O'Neill**—A quota of 200, yes.

**Senator FAULKNER**—A quota of 200 medals. And the letter is in the same form to the extraordinary number, the many thousands, of medals that are going to members of the government. The letter is a form letter, is it? I do not want you to table Mr Beazley's letter and then we find out that certain conditions apply in that letter but they are a bit different for the portfolio ministers. If I can get that assurance, that is all I need. I do not want a copy of each individual letter. I just want to be assured that there are no special requirements on the Leader of the Opposition.

**Mr O'Neill**—I think the only difference was that in the case of portfolio ministers we are talking about the nature of the portfolio arrangements.

**Senator FAULKNER**—Could we have one sample of the portfolio arrangements letter, please?

**Mr O'Neill**—I will take that one on notice, Senator.

**Senator ROBERT RAY**—In your evidence on Monday you said it was not necessary for recipients to be Australian citizens. That is right, is it?

**Mr O'Neill**—That is correct.

**Senator ROBERT RAY**—Do they have to be Australian residents?

**Mr O'Neill**—Not necessarily, but it is expected, of course, that most persons would be Australian citizens.

**Senator FAULKNER**—There is a guideline to that effect, is there?

**Mr O'Neill**—Within the prospectus, which is really the first draft of the regulations, it states that there is a capacity to confer the award on non-Australian citizens.

**Senator ROBERT RAY**—What are these regulations?

**Mr O'Neill**—The regulations are made by the Queen, which are the formal regulations creating all components of the Australian honours system.

**Senator FAULKNER**—Are they in draft form and able to be made available?

**Mr O'Neill**—The prospectus has been made available.

**Senator FAULKNER**—No, Mr Beazley's prospectus has been made available, hasn't it?

**Mr O'Neill**—The prospectus has been widely circulated through the states.

**Senator FAULKNER**—That does not mean it has been made available to us. I just want to be clear on this. Is the letter that went to Mr Beazley now being described as a prospectus, or is that an attachment?

**Mr O'Neill**—It is an attachment. It is a formal document called 'Prospectus' with the coat of arms—

**Senator FAULKNER**—Is the prospectus identical in form to both, say, ministers and the Leader of the Opposition?

**Mr O'Neill**—I understand so, yes.

**Senator FAULKNER**—So the prospectus is identical. What you are saying is that there is a covering letter that goes to portfolio arrangements for ministers.

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—So you do not have to be an Australian citizen or an Australian resident. General Noriega could get one if you so nominate; is that right?.

**Mr O'Neill**—That is a case that applies within most components of the Australian honours system, and this reflects that.

**Senator ROBERT RAY**—No, no. There is a sifting process. There is a special nomination isn't there, for non-Australian citizens, as I recall? The forms are sent around. There is a strict nominating process and reasons have to be given and then it goes through a selection panel out at Government House twice a year, doesn't it?

**Mr O'Neill**—That is not correct, Senator.

**Senator ROBERT RAY**—What is the process?

**Mr O'Neill**—Honorary awards are made by the Prime Minister.

**Senator ROBERT RAY**—And are there application forms and nomination forms involved?

**Mr O'Neill**—Nominations are made by ministers.

**Senator ROBERT RAY**—It is a full page document, isn't it?

**Mr O'Neill**—There is a nomination form.

**Senator ROBERT RAY**—But it is four pages, isn't it?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—And there are no quotas?

**Mr O'Neill**—There are no quotas; that's correct.

**Senator ROBERT RAY**—So in this case it is a different process, isn't it? It is a different process. You have a special process in place for non-citizens, haven't you?

**Mr O'Neill**—I was referring to the capacity of non-citizens being recognised.

**Senator ROBERT RAY**—We all know that, but there is a special process for that, isn't there?

**Mr O'Neill**—Yes, there is a special process for that.

**Senator ROBERT RAY**—No-one is knocking that process. Some very noble people have received those awards and been rewarded for their assistance to this country. No-one is knocking that at all. But in this case they can go to non-Australian citizens without, if you like, a very rigorous process being applied because ministers have been given quotas. When do you have to receive the nominations that ministers and office holders have nominated? When do you actually have to physically get them in by to your section?

**Mr O'Neill**—In time to allow the Governor-General to make the approval, which is 31 December 2001.

**Senator ROBERT RAY**—So when will they need to be in with you?

**Mr O'Neill**—We will start the process in the second half of the year, but I expect they will still be coming in during 2001.

**Senator FAULKNER**—So they will not be by the end of the year.

**Mr O'Neill**—By 31 December 2001.

**Senator FAULKNER**—By 31 December 2001?

**Mr O'Neill**—Yes. That is the cut-off date.

**Senator FAULKNER**—I assume there is a capacity to award the first medal on 1 January 2001.

**Mr O'Neill**—That is correct.

**Senator FAULKNER**—So we are likely to have a series of quotas, are we? How is it going to work? It will not be a job lot, obviously. You will not have 18,200 names being bowled up to the Governor-General, who may or may not note that he has only 25 of them.

**Mr O'Neill**—The usual way is that a schedule is put to the Governor-General in a manageable lot so that he is able to read them. The normal course is that these medals will be sent in the mail to the person concerned, and that will be done during the year.

**Senator ROBERT RAY**—We will come back to the sending in the mail. The Governor-General will have a whole range of these nominations coming to him, separated for manageable reasons. Is that right?

**Mr O'Neill**—Yes. Once the nominations are in, they are processed for administrative purposes—to make sure there is no duplication, et cetera—and then that goes forward to the Governor-General.

**Senator FAULKNER**—I assume that will be accompanied by a recommendation from the Prime Minister. Is that right?

**Mr O'Neill**—It will be accompanied by a recommendation from the persons who are named in the regulations as being able to bring forward a nomination.

**Senator FAULKNER**—Fair enough. So, in the case of the Prime Minister, it would relate only to the 350 that the Prime Minister has?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—What about those for states and territories? I assume some Commonwealth authority would be required. Is that a reasonable assumption?

**Mr O'Neill**—No. Most likely, the Premier or a person nominated by the Premier will bring forth the nominations for each state.

**Senator FAULKNER**—Directly to the Governor General?

**Mr O'Neill**—Effectively. I need to make the point that it goes through our system to ensure that there is no duplication and that all of the appropriate information is there so that it is put to the Governor-General in a standard format.

**Senator FAULKNER**—So it is effectively put directly to the Governor-General?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—Will there be a published list of the 18,200?

**Mr O'Neill**—Yes, there will be published lists.

**Senator ROBERT RAY**—Will it be published only when the 18,200 are approved by the Governor-General or will there be a progressive list?

**Mr O'Neill**—It will be at the end of the centenary year.

**Senator ROBERT RAY**—So right at the end of 2001?



**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—Will that list have the source material to identify who has selected them?

**Mr O'Neill**—No.

**Senator ROBERT RAY**—Why not?

**Mr O'Neill**—It is not part of the Australian honours system to relate the nominator to the recipient. The list will be split by Commonwealth and states.

**Senator ROBERT RAY**—But we are not going through the normal honours system, we are going through a patronage system, and Senator Ellison was trying to argue here—ineffectively—the other day that no bodgie or crook ones would be done because it would reflect on the conferrer. I agree with that. That is a terrific brake on patronage or whatever. But you tell us that we will not know who nominated Joe Bloggs for the medal.

**Mr O'Neill**—That is the usual way.

**Senator ROBERT RAY**—This is not usual. This is the first time 18,000 medals have been handed out under the Australian honours system.

**Senator FAULKNER**—At the whim of ministers.

**Senator Hill**—Most of them are at the whim of state Labor premiers.

**Senator FAULKNER**—Maybe so.

**Senator Hill**—You said 'at the whim of ministers', so keep it in perspective.

**Senator FAULKNER**—A very substantial number, nearly 5,000, will be at the whim of Commonwealth ministers. Let us concentrate on that. Another very substantial proportion will probably be at the whim of state and territory leaders from whatever political party.

**Senator Hill**—Unless something happens of an extraordinary nature, most of them will be state Labor premiers.

**Senator ROBERT RAY**—The evidence we are hearing, Senator Hill, is that you do not in the normal honours system identify the nominator—something I totally agree with. But this is not normal. It is not going to Government House. It is not going to the honours committee that determines AOs. It is being left up to the discretion of ministers and others. I thought Senator Ellison was indicating—obviously he was not very well briefed—that of course you would not get bodgie ones because it would reflect on the nominator. So, if we do not know the nominator, if that is not available somewhere, no-one will know whether this system is rorted. You are not proposing to do that?

**Mr O'Neill**—It is proposed that there be a list published at the end of 2001 which consists of Commonwealth and state lists.

**Senator ROBERT RAY**—Can you think of any reason why? Is there anything in honours and awards that will protect you from people FOIing the documents to find out who the nominators are?

**Mr O'Neill**—The Australian honours system is exempt under the FOI arrangements.

**Senator ROBERT RAY**—And this is within the Australian honours system, even though it is up to a diverse range of office holders, at their whim, to allocate medals, even to non-Australian citizens. Is that what you are saying?

**Mr O'Neill**—What I am saying is that this is within the Australian honours system.

**Senator ROBERT RAY**—Yes, but it is not meeting the traditions of the Australian honours system in any shape or form.

**Senator FAULKNER**—Ministers, for the purposes of this medal—I note in the documentation you have tabled—are described as ‘quota holders’. Is that right?

**Mr O'Neill**—That is how I have described them.

**Senator FAULKNER**—Quota holders. They hold a quota of medals to sprinkle around.

**Mr O'Neill**—That is a normal way of describing—

**Senator FAULKNER**—I am sorry; I did not know that in any other part of the Australian honour systems there were quotas.

**Mr O'Neill**—We do work within an international community. The Canadian and the New Zealand systems have had commemorative medals for quite some time.

**Senator FAULKNER**—But you said it was a normal part of the Australian system. Where is that terminology? There is no need for quota holders because there are no quotas, surely.

**Mr O'Neill**—Yes, but I am talking about the words that I have used.

**Senator FAULKNER**—I do not know about New Zealand. I am talking about Australia.

**Senator ROBERT RAY**—Let us go back to the publication. In this prospectus it says: The list of awardees and citations may be published for record purposes.

Why is the word ‘may’ in there?

**Mr O'Neill**—I do not know why the word ‘may’ is in there.

**Senator FAULKNER**—It was a mistake?

**Mr O'Neill**—The list, as in the case of the 1977 Jubilee Medal, was published at the end of the time and the practice was—

**Senator ROBERT RAY**—You said that it will be published, yet your own prospectus—which I assume you approved and helped draft—says ‘may’.

**Mr O'Neill**—I cannot comment on that particular word. I am saying that it will be published at the end of the time—2001.

**Senator ROBERT RAY**—I am free to amend this to ‘will’? I have got your word on that: ‘will be published’?

**Mr O'Neill**—That is the intention.

**Senator FAULKNER**—I notice here also, after establishing that the people who are going to distribute the largesse are described as quota holders, nominees will not be sounded. Is that the technical terminology for not checking whether they actually want the medal or not?

**Mr O'Neill**—That is the usual way with a commemorative medal. However, a person can decline the medal—and that is usual as well—without any issue in relation to the declining of the medal. The commemorative medal within the Australian honours system is at a level which does not require a sounding.

**Senator FAULKNER**—I appreciate that we had the ADF Armistice Medal. The 80th Anniversary Armistice Remembrance Medal, I think, is the terminology for World War I veterans who were alive on 11 November 1998. There were comparatively few veterans.

**Mr O'Neill**—Approximately 80, I think it was.

**Senator FAULKNER**—I thought it was less than 100. Given that that was one of the medals in this category—another was the Australian sports medal, which we have not got to—were the nominees for the 80th Anniversary Armistice Remembrance Medal sounded?

**Mr O'Neill**—No.

**Senator FAULKNER**—And neither are the Australian sports medal nominees sounded?

**Mr O'Neill**—That is correct. Even though I have noticed that some nominators have publicised in the press that they have nominated somebody, it is not within the government's control of that.

**Senator FAULKNER**—It could be embarrassing.

**Senator ROBERT RAY**—With regard to overseas recipients, you still have to get the permission of their home government.

**Mr O'Neill**—That is true—a formal process where we approach the government and seek the permission of the government.

**Senator ROBERT RAY**—Will you or the Governor-General be doing that?

**Mr O'Neill**—We do that as a matter of course.

**Senator FAULKNER**—But you are in fact encouraging quota holders to sound nominees.

**Mr O'Neill**—In what sense?

**Senator FAULKNER**—In the sense that the document says so. It says:

The sounding of nominees by Quota Holders will, where possible, assist the latter in accurately completing the identification details ... and reduce the risk of persons receiving the Medal and then declining it.'

**Mr O'Neill**—What you referred to is probably in the background paper, is it?

**Senator FAULKNER**—It is in what you just tabled.

**Mr O'Neill**—Yes, it would be in the background paper.

**Senator FAULKNER**—So you are encouraging the quota holders to sound nominees.

**Mr O'Neill**—It has been put on the table as a process of doing it; that is all.

**Mr Henderson**—In relation to sounding, the distinction between this process and, for example, the Order of Australia, Government House announces the names on Australia Day or on the Queen's birthday for the Order of Australia. Where they are all announced, you need to sound in advance. But, in this situation, you have just alluded to the fact that quota holders may sound. But we were discussing before in relation to this medal that, at the end of the process, the list would be published. If you have offered somebody the medal and they do not wish to accept it, then their name would not be on the list at the end of the day so that there would be no embarrassment. So it is not compulsory to sound in advance because—

**Senator FAULKNER**—But it is fair to say that it is encouraged.

**Mr Henderson**—It is encouraged, but there is a distinction. With the Order of Australia, sounding takes place because there is an up-front announcement of the list and it is confined to people who accept.

**Senator ROBERT RAY**—I thought we were tackling the question that the earlier evidence said there would not be sounding and we discover it in the document and now you are justifying it—which is totally justifiable. We just want to get to the truth.

**Mr Henderson**—In the case of the Order of Australia, sounding is a universal practice.

**Senator FAULKNER**—The point Senator Ray makes—and I am sure you have heard the evidence, Mr Henderson—is that there does appear to be conflicting advice between the documents tabled by Mr O’Neill and what Mr O’Neill originally said. Now we have had it clarified: there will be sounding. As for quota holders, the government ministers will be encouraged to get out there and check with people on their preselection panels if they actually want the medals.

**Mr Henderson**—In fairness to Mr O’Neill, we were discussing two situations. For the Order of Australia, the normal situation is compulsory sounding announcements up-front. There is no equivalent to that. I do not see that it is inconsistent with Mr O’Neill’s earlier advice that there is not universal sounding, but it is suggested that quota holders may wish to sound people.

**Senator FAULKNER**—Of course, if a quota holder makes a blunder and nominates the wrong bloke and becomes aware that the nomination is inappropriate, he then just withdraws the nomination, does he? That is what it says.

**Mr Henderson**—A blunder—what do you mean?

**Senator FAULKNER**—I mean a mistake. I am talking about the withdrawal of a nomination. One assumes the Prime Minister can advise the Governor-General.

**Mr Henderson**—Do you mean where somebody does not wish to receive a medal?

**Senator FAULKNER**—No, when a quota holder becomes aware that a nomination is inappropriate. That is a fairly broad category. In other words, Senator Hill might nominate someone who he thinks is a worthy recipient and then that person—

**Senator ROBERT RAY**—Later assists police with their inquiries, for instance.

**Senator FAULKNER**—He might have nominated Mr Anderson a few weeks ago but in the last few weeks he would have thought, ‘Well, I won’t nominate him anymore; I will withdraw that nomination.’ I am just trying to understand the process when the quota holder decides that they will not bat on with a nomination.

**Mr O’Neill**—There is always provision in any regulations for an award to be withdrawn, so there is some capacity for that. But, in respect of the issue of sounding, Government House will not sound, and that is the distinction Mr Henderson pointed out.

**Senator ROBERT RAY**—I take you to the third last page of the tabled document where it mentions quota holder:

The system will automatically show the nominating Quota Holder.

What does that mean?

**Mr O’Neill**—I am not sure what that exactly means—

**Senator ROBERT RAY**—I will keep going and it might ring a bell:

The Quota Holder will have selected their Quota name from the menu of Quota Holders when first downloading the software. The name of the Quota Holder will be shown on the schedule submitted by each Quota Holder.

**Mr O'Neill**—In order to have a more efficient system and without being too resource demanding, we developed a software system that handles these nominations. The department is there as a nominator so we can determine whether they are within their allocation.

**Senator ROBERT RAY**—So this software will be given to departments.

**Mr O'Neill**—They will be given a disk which they put in their own equipment. It will have the format and whatever.

**Senator ROBERT RAY**—Those departments are not protected from FOI in these matters, are they?

**Mr O'Neill**—I cannot comment on the application of the FOI Act and its intricacies.

**Senator ROBERT RAY**—I am just saying that, if a maliciously minded person wanted to find out who everyone had nominated, the 4,500, they would just go to the other departments. We do not go to you; we FOI all the other departments for that information. So we could get a list of who has nominated whom.

**Mr O'Neill**—I cannot comment on that.

**Senator ROBERT RAY**—It may not be desirable. That is useful. We heard evidence that the cost of the medal is \$443,000 or thereabouts. Did that include design costs?

**Mr O'Neill**—Was that in evidence given to you by Government House?

**Senator ROBERT RAY**—I believe so.

**Mr O'Neill**—Their component is for the production costs. There are design costs which are met by the Department of the Prime Minister and Cabinet. The full cost comes to just over \$500,000.

**Senator ROBERT RAY**—So your design costs are \$50,000-odd.

**Mr O'Neill**—Less than that. It is about \$30,000, I would guess, by the time it is all done.

**Senator ROBERT RAY**—Who is doing that?

**Mr O'Neill**—We have just gone to seek from recognised designers in Australia their design concepts.

**Senator FAULKNER**—Is that an open tender process?

**Mr O'Neill**—A selective tender process, from a list of names of people who have got standing within the design community over many years.

**Senator FAULKNER**—Who holds that register?

**Mr O'Neill**—It is held within my area.

**Senator ROBERT RAY**—So it is \$50,000, or maybe down to \$30,000, for the design costs?

**Mr O'Neill**—Yes. It is well under \$50,000; it is about \$30,000.

**Senator ROBERT RAY**—And when do you expect to have the design completed?

**Mr O'Neill**—There is a date. There is a process. The Centenary of Federation Council secretariat, Government House and my area get together as a committee to determine which is the best to recommend to the Prime Minister, and then it goes forward—

**Senator ROBERT RAY**—The Prime Minister picks it up eventually, does he?

**Mr O'Neill**—That is standard, and has been—

**Senator ROBERT RAY**—But you would make recommendations, wouldn't you?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—There is a taste issue here. So you would make recommendations.

**Mr O'Neill**—Yes. We have suggested themes, whether it be one that recognises or characterises the Federation in 1901, whether it is the 100 years of Federation or whether it is a futuristic concept.

**Senator FAULKNER**—Who prepared the design brief for the medal? Is there something like that—in other words, 'These are the design elements, please have a look at this'?

**Mr O'Neill**—Yes, there is a design brief. It is the standard brief that has been used for the design of medals over many years, with adaptations.

**Senator FAULKNER**—Yes, but is there a particular design brief for the centenary medal?

**Mr O'Neill**—Yes, there is a design brief for the centenary medal.

**Senator FAULKNER**—Would it be possible for us to have that tabled?

**Mr O'Neill**—I could take that on notice.

**Senator ROBERT RAY**—Hopefully, there will be no chesterfield drawers on the medal.

**Senator FAULKNER**—It might have curtains.

**Senator ROBERT RAY**—I would like to go back and recheck the allocation, just to make sure that I have the batting order right. I will try not to go too fast, but I think you are familiar with it. The Prime Minister as a quota holder gets 350?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—The Deputy Prime Minister as a quota holder gets 275?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—Fifteen portfolio ministers get 200 each, coming to a total of 3,000 for them?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—How many cabinet ministers are there in Western Australia, for instance? Is there one? Is that right, Mr Henderson?

**Mr Henderson**—How many from?

**Senator Hill**—How many federal cabinet ministers from Western Australia.

**Senator ROBERT RAY**—Just Mr Williams, is it?

**Senator Hill**—Mr Williams is the only one.

**Senator ROBERT RAY**—So a Western Australian portfolio minister will have 200. From South Australia, I understand, there are three very distinguished cabinet ministers, aren't there?

**Senator Hill**—There are two; I would exclude myself.

**Senator ROBERT RAY**—So that makes three.

**Senator FAULKNER**—I am glad you clarified that, Senator Hill, we were worried for a moment that you were excluding; we all thought it was someone else.

**Senator ROBERT RAY**—So South Australia in fact has 600 in that.

**Mr Henderson**—The focus of their quotas is their portfolio responsibilities, not the jurisdiction from which they come.

**Senator ROBERT RAY**—I do understand that, but I understand something just a little more. For instance, will you be putting the 600 medals to the three South Australian cabinet ministers through the mixer to make sure that there is no state bias in any of the allocations?

**Mr O'Neill**—That is not the intention.

**Senator ROBERT RAY**—I know it is not.

**Mr O'Neill**—The system that I run is to cast an eye or a judgment over the nature of the—

**Senator FAULKNER**—You mean that you will not be?

**Mr O'Neill**—That is correct.

**Senator ROBERT RAY**—You are not actually going to let us know who designates the recipients, so we will never know. That is another thing we will never know. Continuing on, then, the defence minister has 200 additional ones for uniformed personnel?

**Mr O'Neill**—That is correct—solely for uniformed personnel.

**Senator ROBERT RAY**—The Minister for Veterans' Affairs has 200 solely for veterans?

**Mr O'Neill**—Veterans and those who are—

**Senator ROBERT RAY**—working in the community.

**Mr O'Neill**—Yes, with the veterans' community.

**Senator ROBERT RAY**—The Minister for Aboriginal and Torres Strait Islander Affairs has 200?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—The Senate President has 25 and the Speaker of the House of Representatives has 25?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—Let me just add that up: the coalition patronage equals 4,275 medals.

**Senator FAULKNER**—That is the number I have.

**Senator ROBERT RAY**—Take our word for it. I think we have it right. So I will not ask the question, to save you adding them up. The Governor-General gets 25?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—Did anyone think that that was a humiliating number when you have 200, for example, going to portfolio ministers and 350 to the Prime Minister? It looks like it is a bit of an afterthought, frankly, doesn't it? Who decided these numbers?

**Mr O'Neill**—The numbers were worked up over time in consultation.

**Senator FAULKNER**—Who with?

**Senator ROBERT RAY**—In the mists of time—let us get a straight answer. Sorry, that will not do.

**Senator FAULKNER**—Who with?

**Mr Henderson**—We provided advice to the Prime Minister on this matter, and these are the numbers that have been settled.

**Senator FAULKNER**—Did you bowl up recommendations on numbers for quota holders, Mr O'Neill, or did you get the advice from the Prime Minister about who would get what?

**Mr O'Neill**—No. As I indicated before, the proposal was developed in my area, and it was through consultation that the numbers were produced.

**Senator FAULKNER**—Who came up with the numbers? Did your proposal, as developed, include numbers for office holders?

**Mr Henderson**—I think it is customary to indicate whether we have provided the Prime Minister with advice on a particular topic. The answer is, yes, we have advised him on this issue and we have now published the outcome.

**Senator FAULKNER**—You did not publish. We forced the outcome to be tabled, Mr Henderson, to be fair. In fact, this whole centenary medal issue was exposed at this estimates committee, if we want to be fair about it.

**Mr Henderson**—The Prime Minister sent a copy of this material to the Leader of the Opposition.

**Senator FAULKNER**—He may have. I do not know about that. It is up to the Prime Minister to do—

**Senator ROBERT RAY**—If you are inferring he sent a copy to us, he certainly did not send a copy to me.

**Senator FAULKNER**—I do not know what he is inferring. I do not think there was any inference in what Mr Henderson said.

**Senator ROBERT RAY**—We now know that the 25 was by way of recommendation either from the unit to the Prime Minister or from the Prime Minister to the unit. That is fair. They are the only two conclusions you can draw, are they not?

**Mr Henderson**—Yes, that is reasonable.

**Senator ROBERT RAY**—Therefore, I am entitled to use my judgment as to who would be so petty, mean-minded and stingy as to allocate the Governor-General 25 while giving others, far less deserving and far less meritorious, 200.

**Senator FAULKNER**—And himself 350.

**Senator ROBERT RAY**—I think the Prime Minister can have a few more than others.

**Senator FAULKNER**—Sure.

**Senator ROBERT RAY**—Not only will he be able to include all his friends but also half his enemies. Why was Senator Lees not given an allocation?

**Mr O'Neill**—As a leader of a minority party. The Leader of the Opposition is a significant officer of the parliament.

**Senator ROBERT RAY**—I would have thought the Democrats, especially a few months ago, would have been. They are good enough to get on the trip to London. They made the 54



short list to London, which basically is only 26 spots when you include spouses. They are good enough to make that. Why not give Senator Lees an allocation? If you gave her 200, you could probably reward the entire Democrat party around Australia.

**Mr O'Neill**—I cannot comment on that, Senator.

**Senator ROBERT RAY**—There is no thought of giving Senator Lees an allocation. She has nine members of parliament.

**Mr O'Neill**—All I can say is that the Prime Minister has approved the allocation.

**Senator ROBERT RAY**—I hope you do not have any controversial legislation coming up, Senator Hill, having Senator Lees so badly snubbed.

**Senator FAULKNER**—When is the public announcement planned for this? It appears to have been overtaken by events, I admit, but I wonder when you are planning to do it.

**Mr O'Neill**—The same thing happened with the sports medal, if you recall.

**Senator ROBERT RAY**—That's the way! You'll always hear first!

**Senator FAULKNER**—When there is a rort on, we can tell you about it.

**Mr O'Neill**—The public announcement is planned once the arrangements have been settled with departments in relation to the Commonwealth side. There has been consultation with the states. The premiers were advised back in February. They are still developing their own arrangements. When things are settled in terms of the administrative arrangements, I expect there will be a public announcement.

**Senator ROBERT RAY**—Is that the reason why it has never been contemplated in the very exciting publication called *It's An Honour*?

**Mr O'Neill**—It is not included in that document until the public announcement.

**Senator ROBERT RAY**—I am desperately waiting for the May edition, but it is not going to be in that either?

**Mr O'Neill**—You are on our mailing list and there will be one in the mail very soon.

**Senator ROBERT RAY**—But the centenary medal is not going to be in it?

**Mr O'Neill**—It will not be in the next edition, no.

**Senator ROBERT RAY**—So the first time it will appear here will be in December when it is all wrapped up basically?

**Mr O'Neill**—That is probably right, yes.

**Senator ROBERT RAY**—You mentioned these medals are going to be mailed out. Is that the only method of bestowing them?

**Mr O'Neill**—In relation to other medal arrangements, such as the Civilian Service Medal, a person may indicate a different address from the person's home address and therefore can be associated with the conferring of the medal.

**Senator ROBERT RAY**—Is it intended that quota holders be able to personally confer medals at ceremonies?

**Mr O'Neill**—If they wished.

**Senator ROBERT RAY**—Would they be entitled to do that—not all quota holders but those who hold elected office—when the writs have been issued for an election?

**Mr O'Neill**—That would be a matter for consideration at that time, I would think.

**Senator ROBERT RAY**—Is it not a matter you should give firm guidance on now so that no-one is embarrassed?

**Mr Henderson**—We have noted that—

**Senator FAULKNER**—Mr Henderson, do you have a view about this? I know that the Department of the Prime Minister and Cabinet looks closely at caretaker convention issues and other issues in relation to appropriate activities or inappropriate activities during an election campaign. Is it a bit early?

**Mr Henderson**—It is a bit early, Senator.

**Senator FAULKNER**—I know Ms Belcher also has a very close interest. We will flag that one.

**Senator ROBERT RAY**—Are quota holders able to delegate the task of bestowing medals to other members of parliament, for instance?

**Mr O'Neill**—I do not know what arrangements would apply there. It is not a formal part of the conferral that somebody intervenes in the process. The Governor-General has made the award and signed the warrant and that is the—

**Senator ROBERT RAY**—I know you probably have not thought it through. For your benefit, so you can understand where I am coming from, this is the way it works. You set up the patronage machine, the ministers select the recipients on the basis of a bit of advice they have garnered from marginal electorates and then they bestow on the right of that federal member to make a big person of themselves by holding award ceremonies in the electorates concerned. That is the scam. You have never been told about it. But, just so you understand, that is what it is all about. That is why I asked whether a quota holder can delegate someone else to go and hand out the medals at a ceremony.

**Mr O'Neill**—If that is working at the moment under the Australian honours system, I am not aware of it.

**Senator ROBERT RAY**—You do not have quota holders in the Australian honours system. There is no analogy. If you are saying there is an analogy, I want to have a very close look at the Australian honours system, because something is wrong there. There isn't the analogy. What participation has Corporate Kudos had in regard to the centenary medal?

**Mr O'Neill**—I am not aware of any involvement. They have been involved in the promotion of the Australian honours system at large. To the best of my knowledge, Corporate Kudos have had no involvement in the centenary medal.

**Senator FAULKNER**—That is no doubt fair enough in terms of people who are awarded Australian honours. One of the portfolio objectives is, 'Those who have contributed to the achievement of portfolio objectives by way of business,' which is a different thing, I think, from what Senator Ray is talking about.

**Mr O'Neill**—Yes.

**Senator FAULKNER**—But, as I say, one would not want to be critical of that.

**Mr O'Neill**—The purpose of the medal, in commemorating the centenary of Federation, is to be inclusive rather than exclusive. So those guide points that I have cited that are being developed for the discussion with the departmental officers are intended to be inclusive, as I say, rather than exclusive.

---

**Senator FAULKNER**—We will have to run a matching program across the recipients and donors to the Liberal Party when the disclosure returns are tabled.

**Senator ROBERT RAY**—Corporate Kudos will not get any; they only kicked in two gorillas, so that is not enough. When does the Corporate Kudos contract expire?

**Mr O'Neill**—At the end of June 2000.

**Senator ROBERT RAY**—In previous evidence you mentioned that the contract could have a value of up to \$720,000 but it may not be expended. Do you know how we are going in terms of the expenditure of money to Corporate Kudos in relation to that \$720,000.

**Mr O'Neill**—It certainly has not exceeded that figure. I would need to get the details.

**Senator ROBERT RAY**—Could you?

**Mr O'Neill**—I will.

**Senator ROBERT RAY**—Are you intending to call for fresh tenders for the role they have been playing?

**Mr O'Neill**—There is a feeling that Government House and my area, with the lot we have learnt, can continue ourselves. For example, Government House, in relation to the announcements, has increased its media contacts from about 700 to about 1,800. They have also gained knowledge from Corporate Kudos in the preparation beforehand in working with the media, which is Corporate Kudos's area of expertise. They feel equipped that they can handle it themselves. We are looking at ways that we can continue on the promotional work into the future without having the same allocation of resources that are required to use Corporate Kudos.

**Senator FAULKNER**—How many of the Prime Minister's 54-strong delegation to Australia Week in the United Kingdom will be automatic recipients of the centenary medal? There is quite a strong interface, isn't there?

**Mr O'Neill**—I cannot comment on that.

**Senator FAULKNER**—You would know, Mr Henderson, wouldn't you?

**Mr Henderson**—Not off the top of my head. But, clearly, former Prime Ministers—correct me if I am wrong, Paul—are on the prescribed list.

**Senator ROBERT RAY**—Mr Howard would automatically be on the prescribed list, too?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—As a former opposition leader. Or is he there as Prime Minister?

**Mr O'Neill**—Prime ministers, premiers, chief ministers—holders and former holders of those offices—

**Senator FAULKNER**—Quite a substantial number.

**Senator ROBERT RAY**—But they cannot double up by being a Prime Minister and a federal opposition leader.

**Mr O'Neill**—That is true.

**Senator FAULKNER**—And the MVU will make sure no-one gets more than one medal, I assume.

**Mr O'Neill**—That is true.

**Senator FAULKNER**—That is one of your primary roles, isn't it?

**Mr O'Neill**—That is correct.

**Senator ROBERT RAY**—You did tackle this the other day, but I still have difficulty grasping it. How do we avoid individuals who have made a contribution—especially a sporting contribution—to Australian society getting two medals? I know there is nothing that should preclude it, but they may be getting a medal on exactly the same grounds when you have an alternate in terms of the sports medal.

**Mr O'Neill**—The Australian honours system does not preclude persons from receiving a commemorative medal, a meritorious medal, a community medal—such as the Order of Australia—a distinguished service medal, a long service medal or a cadet forces medal. It is unlikely that one person would have all possible medals that a civilian may get. But, certainly, if there were two commemorative medals, the luck of the draw will be that there will be some.

**Senator ROBERT RAY**—I thought you might, in the centenary medal, specifically exclude sporting achievement, because there is a parallel medal almost running at the same time for which they can qualify. You are basically depriving someone else who has just missed the cut of one. But the way the methodology is here for all this, there would be no way of you knowing—not until well afterwards.

**Mr O'Neill**—That could be the case. We do check post nominals, the persons who are being nominated. But, as I say, they have quite different purposes: one is to commemorate sporting achievement in 2000 and the other one is to commemorate the centenary of Federation. A person who has made a contribution to sport may well have made a similar contribution to society.

**Senator ROBERT RAY**—If one of the quota holders decides to return 200 medals, when do you need to know by?

**Mr O'Neill**—It is not a case of a quota holder returning medals. We are talking about nominations. If a quota holder decided not to make nominations, that would be up to that person.

**Senator ROBERT RAY**—But when would you like to know about it? We already have 100 medals that may or may not be printed.

**Mr O'Neill**—I would have thought about midway through next year.

**Senator ROBERT RAY**—You would wait until midway through next year?

**Mr O'Neill**—Yes. That would be the outside time.

**Senator FAULKNER**—Some ministers might lose their portfolio responsibilities or change them. Has that sort of thing been taken account of? What happens then?

**Mr O'Neill**—These are not personal quotas. These are quotas that the minister is going to exercise on behalf of the Prime Minister. As a result, if there is a change and they have been determined by the portfolio, that is it.

**Senator ROBERT RAY**—We hope you do not have too many of those difficulties. A couple would be all right.

**CHAIR**—If someone has received a senior community medal—a Companion of the Order of Australia or an officer of the Order of Australia—they would not automatically be given one of these centenary medals, would they?

**Mr O'Neill**—That is correct. They would not be automatically given one.

**CHAIR**—Yet they would more than amply fulfil the criteria, wouldn't they?

**Mr O'Neill**—There was some criticism of the lack of definition in the criteria here on Monday, but it is intended that it does not require certain hurdles to be jumped. This is very much an inclusive community based award in the sense that it does not require meritorious service and it does not require outstanding service. The Companion of the Order of Australia requires service at the highest level within the community. That person is not excluded, but nor is a person whose contribution may be through school achievement, for example.

**CHAIR**—I understand that. It is just that at one level you would not want to exclude a Companion of the Order of Australia, yet on the other hand I suppose you would have to give it to all those people again. It is difficult, is it not?

**Mr O'Neill**—There is no automatic entitlement because of certain awards held in the community. In fact, there is no automatic entitlement with the exception of the prescribed list and those persons who turn a hundred during 2001 or have reached a hundred by 1 January 2001.

**Senator FAULKNER**—Is there a ribbon with the centenary medal?

**Mr O'Neill**—There is a little ribbon and a medal and a miniature. We are looking to see if we can have it on a lapel pin, because most people in the Australian community do not have an opportunity to wear medals, except when they perhaps—

**Senator FAULKNER**—I was going to ask whether there was a lapel pin as well.

**Mr O'Neill**—It is actually being worked out whether the dollars will cover that, but to have some little lapel pin that a person can wear within the community on their normal clothes is certainly in the design brief that has gone forward.

**Senator FAULKNER**—Are you looking at the same issue with the sports medal?

**Mr O'Neill**—The sports medal is just the medal and the miniature.

**Senator ROBERT RAY**—We had better hurry up, Chairman; we have to start a part-time job in order to raise our FOI money for all this.

**CHAIR**—Thank you, Mr O'Neill. The committee will next examine in output group 4 the Government Communications Unit. Before I call on questions relating to the Government Communications Unit, I want to note for the record that the committee has received from Senator Sherry questions on notice to the Department of Finance and Administration.

**Senator ROBERT RAY**—Firstly, has it been determined who is to do the evaluation of the two master agencies that place campaign and non-campaign advertising under the four-year contracts?

**Mr Williams**—It has.

**Senator ROBERT RAY**—Who has won the job?

**Mr Williams**—The firm is Colmar Brunton.

**Senator ROBERT RAY**—If it is disclosable, what is the cost of their services?

**Mr Williams**—It would be disclosable. I do not appear to have the amount here.

**Senator ROBERT RAY**—If you would care to take it on notice, that would be good. There was a fair bit of controversy—maybe there always is. The tender losers last time were

fairly bitter about the award of these contracts. Are you waiting until after the evaluation before you determine how you are going to approach the next contract period?

**Mr Williams**—The contract period is for a period of four years from 1 December 1998, and the terms of the new contract provided for annual evaluations of how the contractors were performing.

**Senator ROBERT RAY**—These are annual evaluations rather than an evaluation of the life of the contract so far? This is how they perform.

**Mr Williams**—We have just completed the first evaluation—I guess you could call it that—of the performance of the master placement agencies in the first year of the contract.

**Senator ROBERT RAY**—So towards the end of the contract you will already have had three annual evaluations to assist you?

**Mr Williams**—Indeed.

**Senator ROBERT RAY**—I did not fully understand that. I now do. Can I take you to the appointment of the GST tax coordinator. Is that a matter that involved the GCU at all?

**Mr Henderson**—Yes, it is.

**Senator ROBERT RAY**—Was the position advertised?

**Mr Williams**—No, it was not.

**Senator ROBERT RAY**—What was the method of obtaining potential candidates?

**Mr Williams**—The need for such a position was identified, and a brief was put to the MCGC which outlined the nature of the functions that were expected to be undertaken by the appointee. A list of seven potential candidates was also put to the MCGC for their consideration and, if appropriate, their approval.

**Senator FAULKNER**—Who sponsored the brief? Who took the brief to the MCGC?

**Mr Williams**—I signed the brief off.

**Senator ROBERT RAY**—Who identified the need for this position?

**Mr Henderson**—The magnitude of the tax changes in terms of the number of businesses concerned and the number of households affected is clear to everybody. But the thing of particular significance to PM&C, and to the GCU in particular, is that a range of agencies were involved. Clearly, the Taxation Office was the major player, but AFFA, the GST Start-up Assistance Office, the Department of Family and Community Services, ACCC, DETYA and Customs were all agencies that had major or lesser advertising roles associated with the implementation of the tax reform. As you would be aware, it is customary for MCGC processes to be dealing with just one agency—it might be Defence recruiting; it might be a health campaign. So there is one agency and one minister. In this case, we had a very significant number of agencies involved, which was stretching our conventional coordination processes. So in February or late January Mr Williams and I approached the Prime Minister's office canvassing the challenges that this presented to us, and it was out of those processes that the need for this coordination position was identified.

**Senator ROBERT RAY**—There were not sufficient skills or experience in the GCU to do this?

**Mr Henderson**—That is right.

**Senator ROBERT RAY**—What are the overall costs—the normal ones, salaries, et cetera—of the GCU? You can give me a ballpark figure.

**Mr Williams**—It is about \$1 million.

**Senator ROBERT RAY**—That is to cover salaries and equipment?

**Mr Williams**—It might be slightly over. I do not have that figure with me, but I can take it on notice. There is a staff of 10 or 11 people.

**Senator ROBERT RAY**—But there is not the experience or the depth to be able to handle this sort of thing?

**Mr Henderson**—There is a lot of experience and a lot of talent in the GCU but, as you know, the person selected for this job is a very senior person from the industry with great experience. He has been the head of more than one advertising agency, I think. People with that sort of experience are not customarily found in government agencies.

**Senator ROBERT RAY**—You say that in late January or early February you formulated the idea of having a GST tax coordinator—please correct me if I am wrong; I call it that, meaning an advertising coordinator. Will that shorthand do you?

**Mr Henderson**—Yes. We identified the need for additional resources coordinating the tax campaign.

**Senator ROBERT RAY**—Who did you put that plan to for approval?

**Mr Henderson**—We discussed it in the first instance with the Prime Minister's office.

**Senator ROBERT RAY**—But where did it get its official imprimatur from?

**Mr Henderson**—The final processes were ticked off by the MCGC.

**Senator ROBERT RAY**—It went there, and they said, 'Yes, this should be an approved project'?

**Mr Henderson**—Yes.

**Senator ROBERT RAY**—Just remind us who is on that.

**Mr Williams**—It is chaired by Special Minister of State Senator Ellison. The membership is drawn from Mr Tony Nutt from the Prime Minister's office; Mr Petro Georgiou, who is a government backbencher; and, for the purposes of the new tax system campaign, a representative from the Treasurer's office, normally Mr Anthony Smith. He represents the Treasurer. As is customary, the minister whose campaign is under consideration is represented on the committee.

**Senator ROBERT RAY**—But Mr Henderson mentioned a whole range of departments concerned. I think you mentioned Social Security and several other departments.

**Senator FAULKNER**—AFFA, Customs, DETYA.

**Senator ROBERT RAY**—Why weren't they represented for this one?

**Mr Henderson**—For which one?

**Senator ROBERT RAY**—For the decision.

**Mr Henderson**—In relation to the coordination?

**Senator ROBERT RAY**—Yes.

**Mr Williams**—Those particular agencies were not responsible for the coordinating. It was the Taxation Office that was coordinating the campaigns.

**Senator ROBERT RAY**—All the campaigns?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—So that is why they were there?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—That is why the Treasurer's representative was there?

**Mr Henderson**—The Taxation Office is overwhelmingly important. There are a number of agencies involved, but clearly the Taxation Office is the key one. So that is why the Treasurer's office was represented at the MCGC for that decision.

**Senator ROBERT RAY**—So we have a final decision to create this position. Mr Williams, you are then delegated the task to do a long or a short list?

**Mr Williams**—That is correct, in a sense.

**Senator ROBERT RAY**—There was just one list this time, was there?

**Mr Williams**—Yes. We put up a submission to the committee which was, in a sense, a brief and a list of potential names.

**Senator FAULKNER**—And the number of potential names?

**Mr Williams**—Seven.

**Senator ROBERT RAY**—And where did you draw those names from?

**Mr Williams**—They were drawn from within the Government Communications Unit. The criteria for identifying people were essentially that we wanted people who had had senior level experience in advertising, who preferably had had experience in working on advertising campaigns for government and who were not currently associated with an advertising agency.

**Senator FAULKNER**—‘Not currently associated with an advertising agency’—did that make access to your own register a bit difficult?

**Mr Williams**—Yes, it did.

**Senator FAULKNER**—So how many of the seven names would have come from your register?

**Mr Williams**—The seven names, as I said, were identified within the GCU without reference to the register.

**Senator ROBERT RAY**—How do you do that?

**Mr Williams**—We have experience within the unit and a knowledge of people. The advertising industry, as you would be aware, is an industry where there is a fair degree of churning and turnover, and we keep our ears open to know who is doing what.

**Senator ROBERT RAY**—So you came up with seven names. Did you sound out the seven names?

**Mr Williams**—No, we did not.

**Senator ROBERT RAY**—One of the names could have gone up and been appointed and then not wanted to do it.



**Mr Williams**—No. We put up a list of seven names that could be approached to see whether they were interested.

**Senator ROBERT RAY**—You just put up seven names. They were not approached beforehand?

**Mr Williams**—No.

**Senator ROBERT RAY**—You did not even know if they were available.

**Mr Williams**—No.

**Mr Henderson**—We identified the criteria for the people and we identified seven names that we believed would fit the bill.

**Senator ROBERT RAY**—And those seven names went to the ministerial committee, did they?

**Mr Williams**—Yes, they did.

**Senator FAULKNER**—But you are assuring the committee that the seven names were all generated internally in the GCU?

**Mr Williams**—That is correct.

**Senator ROBERT RAY**—Did the ministerial council pick one of them to be approached?

**Mr Williams**—No. The ministerial committees considered the brief and the list and agreed that the brief could be sent to each of the seven people identified on the list. That was done. Three of the seven indicated that, whilst they would like to take up the brief, they were otherwise engaged or were not in a position to respond. Four of the seven responded.

**Senator ROBERT RAY**—That they were willing to do it.

**Mr Williams**—They responded that they would accept the brief and they provided a written response to the brief.

**Senator FAULKNER**—What sort of response were they asked for in this instance?

**Mr Williams**—Basically, the brief indicated the sorts of things that would need to have been done and they responded in terms of that.

**Senator ROBERT RAY**—You said that you keep your ear to the ground in terms of the advertising industry.

**Mr Williams**—We attempt to, I think I said.

**Senator ROBERT RAY**—Do you have any idea how many people work in the advertising industry generally?

**Mr Williams**—We were looking for senior people who had experience in large campaigns—campaigns impacting on government. You have to understand—perhaps you do not—that in the campaigns referred to by Mr Henderson there are four advertising agencies involved. There needed to be a person who was well known and respected in the advertising industry so that he or she could coordinate the activities of those agencies and ensure the campaigns were delivered.

**Senator ROBERT RAY**—For how long is this appointment?

**Mr Williams**—I think that answer was given at the taxation estimates the other week.

**Senator ROBERT RAY**—I was not there, and I am asking you how long.

**Mr Williams**—I am just confirming that, as far as I am aware, it is to the end of July—from the middle of March to the end of July.

**Senator ROBERT RAY**—How much is the remuneration for this job? You must have had that in mind when you were assessing candidates.

**Mr Williams**—I might not be able to give you the exact dollar, but my recollection is that it is about \$195,000. But that answer was given at estimates.

**Senator FAULKNER**—There were about three figures given.

**Mr Williams**—My understanding is that it was \$195,000, or thereabouts.

**Senator ROBERT RAY**—What is the process now? You have now got four who say they are willing to serve, so you have scrubbed three?

**Mr Williams**—Three, in a sense, opted not to respond to the brief.

**Senator ROBERT RAY**—So you have got four who have responded?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—What is the next step in the process of the appointment of one?

**Mr Williams**—They were each asked to come to meet with the MCGC—an opportunity for them to present their credentials and take questions. That process was undertaken by the MCGC.

**Senator ROBERT RAY**—Do you know how many of those four had previously been before the ministerial council?

**Mr Williams**—I would have to take that on notice, but from the top of mine I think all had been before the MCGC. I will confirm that.

**Senator ROBERT RAY**—They all made their pitch. Was a decision made at that meeting, after they had all made their pitch?

**Mr Williams**—Yes, a decision was made.

**Senator FAULKNER**—Can I go back one step. Did any indicate a conflict of interest or potential conflict of interest?

**Mr Williams**—I would have to check that. That was indicated in the brief. I am fairly sure that they were asked at the discussion and they were also asked about their availability.

**Senator FAULKNER**—But this is something you need to be pretty definitive on, Mr Williams.

**Mr Williams**—I cannot recall verbatim the questions that were asked.

**Senator FAULKNER**—It is not a matter of being questioned. Was this a matter that was asked to be provided as a result of the brief?

**Mr Henderson**—When you say conflict of interest—

**Senator FAULKNER**—Or potential conflict.

**Mr Henderson**—One of the issues was that the person selected would have been oversighting the work of other agencies that had already been engaged in the various departmental campaigns. It would help if you could clarify what sort of conflict of interest you are talking about.

**Senator FAULKNER**—It is standing operating procedure, isn't it? If someone has a conflict of interest or potential conflict of interest, that has to be made known. I am asking about the MCGC formal brief. I think Mr Williams has indicated there was some effort in the formal brief to come to grips with any conflict or potential conflict, and I am trying to find out the detail of that. So over to Mr Williams. He said it was in the brief, whatever that means.

**Mr Williams**—I did not say it was in the brief; I said I would need to check the brief to determine if that was the case and I could not answer as to what went on during the discussions at the meeting. But, as to the names that went up, they were not associated with the four companies that were currently undertaking work on the various campaigns across departments.

**Senator ROBERT RAY**—So the four make their pitch, and you say the decision was made the same day to select a successful applicant.

**Mr Williams**—That is correct.

**Senator ROBERT RAY**—Successful invitee.

**Mr Williams**—A successful respondent to the brief, yes.

**Senator ROBERT RAY**—Senator Faulkner mentioned conflict of interest. Did Mr Petro Georgiou indicate that he had worked very closely with the successful applicant in the 1996 and 1998 federal election campaigns?

**Mr Williams**—Mr Georgiou, to my recollection, indicated that he had had a prior professional association with Mr Pearson. That is a standard practice with MCGC meetings—

**Senator ROBERT RAY**—I am asking whether he detailed that. Understand that the question is not whether Mr Pearson's advertising agency worked on those two campaigns. He personally was hired in the team to run the 1996 and 1998 election campaigns on behalf of the Liberal Party of Australia.

**Mr Williams**—As I say, subject to checking, my recollection was that Mr Georgiou declared a prior professional association with Mr Pearson.

**Senator ROBERT RAY**—Did Mr Tony Nutt inform the meeting that he had worked closely with Mr Mark Pearson in the 1996 and 1998 federal election campaigns on behalf of the federal Liberal Party?

**Mr Williams**—Again, Mr Tony Nutt declared a prior professional association with Mr Pearson.

**Senator ROBERT RAY**—And did Mr Tony Smith indicate that he had had dealings with Mr Mark Pearson in the 1996 and 1998 election campaigns?

**Mr Williams**—Again, I would have to check the records, but he may have or he may not have. I can recall Mr Georgiou and Mr Nutt.

**Senator ROBERT RAY**—I am sure Mr Smith had a lot to do with him too. The next one I am not so sure of. Did Minister Ellison say he had had any dealings with Mr Pearson in his role in coordinating the federal Liberal Party advertising campaign in 1996 and 1998?

**Mr Williams**—Again, I would have to take that on notice. I cannot recall whether that statement was made or not.

**Senator FAULKNER**—You do recall Mr Georgiou's—

**Mr Williams**—I said I am fairly sure.

**Senator FAULKNER**—I am sorry, I thought you did have a recollection of Mr Georgiou and Mr Nutt and put that in a slightly different category to the others.

**Mr Henderson**—I have had a chance to check the records here. Quite clearly Mr Georgiou and Mr Nutt declared previous professional relationships with Mr Pearson.

**Senator ROBERT RAY**—What did they declare them as?

**Mr Williams**—As prior professional associations.

**Senator ROBERT RAY**—They did not detail the fact that they worked hand in glove in the two previous federal election Liberal Party advertising campaigns?

**Mr Henderson**—The convention is that you declare any prior professional relationship and then proceed to assess the candidates on the merits as they present themselves to the committee.

**Senator ROBERT RAY**—So, of all the gin joints in the world, this just happened to be it. The one key person who coordinated the Liberal Party campaign advertising in 1996 and 1998 manages mysteriously to get on a short list or a long list of seven and be the person when the people judging him are the ones who worked with him in the campaign. Really! And you are telling me this is proper process.

**Mr Williams**—All I can say is that the list of seven was derived in the Government Communications Unit and officers within the Government Communications Unit.

**Senator FAULKNER**—But that is not the point.

**Senator ROBERT RAY**—There are two points: how Mark Pearson happens always to get on these lists and, secondly, even if he does, how such a politically biased bunch can actually select him, having worked hand in glove with him in the two previous election campaigns, and pay him \$195,000. We can see the results on our screens right now. It is a political advertising campaign. There is no information in a lot of these ads at all. If you want to argue with me, drive down the Tullamarine freeway and have a look at the posters that have gone up. There is no information on those—none whatsoever.

**Senator Hill**—Certainly the ads I have seen have had information. As I understand it, Mr Pearson has worked for previous Labor governments and is well regarded in the industry.

**Senator ROBERT RAY**—I have never seen him up at John Curtin House or Centenary House running the Labor Party campaigns. He has been hired directly by government.

**Senator Hill**—I would assume you would say he has effectively sold Labor government policy. In this instance we hope that he will help effectively communicate the Liberal government policy.

**Senator ROBERT RAY**—This is not him working as an advertising firm. This is him being hired to specifically coordinate advertising campaigns, the same as he was hired by the federal Liberal Party to coordinate their advertising. They did not hire an agency either. We are not talking about hiring an agency of which one person is a member. It happens all over the place. They have to do business with government. You are bringing in your political advertising expert to run the tax ads, to coordinate across all departments, spending scores of millions of dollars. This is just a political rort, Minister.

**Senator Hill**—You obviously colour the campaign for your purposes, but we have heard the case today for the decision to bring in a coordinator given by the officer. It seemed to be a

reasonable case. In relation to this particular person, nobody seems to dispute his credentials and his place in the industry.

**Senator FAULKNER**—There is a lot of dispute. There is an enormous amount of dispute of his credentials. You don't seem to understand that. Do we know yet whether Mr Pearson—

**Senator Hill**—I have not heard anyone criticise that on merit before today and nobody has made out a case on merit here today. The only criticism here today has been that Pearson has previously done work for the Liberal Party. That is what he is being condemned for.

**Senator FAULKNER**—Do we know yet whether Mr Pearson himself indicated that he may have had a conflict of interest or a potential conflict of interest? Do we know that yet?

**Senator Hill**—Pearson?

**Senator FAULKNER**—Pearson himself. I started at the point of asking about Pearson's conflict. We have moved now to the members of the MCGC. I am asking about Pearson. We are told it may or may not have been in the brief. I am asking: was it in the brief?

**Senator Hill**—I presume that if Pearson had a conflict of interest he would not have turned up for—

**Senator FAULKNER**—Oh, come on! I want to know if Mr Pearson himself placed before the committee—just in case any of them there were not well aware of this background—what background he had. So we are talking about obligations on the person who was being interviewed as well as—

**Senator Hill**—If you are suggesting that the fact that he had done some work for the Liberal Party created a conflict of interest—

**Senator ROBERT RAY**—On the panel is a former state director of the New South Wales Liberal Party and a former director of the Victorian branch of the Liberal Party, Mr Petro Georgiou and Mr Tony Nutt. These are people who work professionally in political campaigns.

**Senator Hill**—I understand that. I don't think there is any secret about that.

**Senator FAULKNER**—But don't you understand—Mr Williams can't even tell us whether Mr Pearson—

**Senator Hill**—We have to get an answer on that. I agree with that. I have no problem with getting—

**Senator FAULKNER**—Let us have the answer.

**Senator Hill**—But I wanted to answer Senator Ray.

**Senator ROBERT RAY**—Jeez, wouldn't you have liked to have had a bet on this if you knew the field of seven! I would have taken 20 to 1 on Mr Pearson.

**Senator FAULKNER**—You would not have got it with anyone.

**Senator Hill**—Senator Ray's argument is that, because they had personal knowledge of this particular person's capacity, he should be excluded. That is a very odd argument, I would say.

**Senator ROBERT RAY**—No. Senator Hill, I say that, the Liberal Party specifically hires not the agency but Mr Pearson and the team—remember them all: Toby Ralph and the rest of them—as specialists to run its advertising campaign, then rorts the gun buyback contract to

reward some of them and then brings them in to run the 1998 campaign—he was not on any of those short lists. They were all added in by the political masters on that occasion.

**Senator Hill**—If you were simply arguing—and this is another argument—that this is simply some sinecure for Pearson, then you might as well say it.

**Senator ROBERT RAY**—I am not saying that.

**Senator Hill**—I presume Pearson got this job because he is good at the job.

**Senator ROBERT RAY**—I am not saying it is a sinecure.

**Senator Hill**—Yes, you did.

**Senator ROBERT RAY**—I am saying that you have imported a political pro to run your own political ads at taxpayers' expense. You could not trust anyone else to do it so you got an insider to do it. I am not saying that he is on a sinecure. I am sure he is working very hard for the Liberal Party of Australia, instead of the Australian taxpayers.

**Senator Hill**—We know these arguments: when it is a campaign of a coalition government, of course, it is running a political campaign; when it is of a Labor government it is in the public interest.

**Senator ROBERT RAY**—You just have to have a look at the ads.

**Senator Hill**—The ads that I have heard and seen have been informative.

**Senator FAULKNER**—Oh, really!

**Senator Hill**—They are not from your perspective because they do not suit your purposes.

**Senator FAULKNER**—Can you tell us this, Minister: do you know whether Mr Nutt and Mr Georgiou, having declared 'a prior professional involvement' with Mr Pearson, just continued on and, as part of the decision making process, appointed Mr Pearson to this particular role? They did, didn't they? They just sat there and went on with it.

**Senator Hill**—That is correct.

**Senator FAULKNER**—They just went on with it. We do not know yet, do we, whether Mr Pearson has declared any conflict of interest or potential conflict of interest? Have we got that information yet?

**Senator Hill**—Senator Faulkner is seeking to make the case that, because this person had conducted work for the political party that is now in government, he should have been disqualified. I cannot see that that is valid. I would have thought that it would have been in the interest of those on the panel to see that the person who was the most capable to do the job got it.

**Senator FAULKNER**—If there were to be any attempt at having a proper process here, this sort of information should have been on the table. It could have been put on the table by Mr Pearson, who was fronting up and asking for the job. Or, the others who were interviewing could have put their conflict of interest on the table. If they had a conflict of interest, which quite clearly they had, game, set and match, they should have stood back from the process. They did not.

**Senator Hill**—What is their conflict of interest? The fact that he had worked previously for the political party with which they are involved does not amount to a conflict of interest. You could say that it amounts to a professional association, and that was apparently reported. It

does not amount to a conflict of interest. A minute ago you were arguing quite the contrary; you were arguing that they had a common cause.

**Senator FAULKNER**—Go back and have a look at the evidence provided by the Australian Taxation Office, which claimed that it did not even know of any of the matter involved in this process. Have a look at the *Hansard* of the recent round of the supplementary additional estimates. Have a look at their knowledge of Mr Pearson's involvement with the Liberal Party over a long period of time and come back and tell me that.

**Senator ROBERT RAY**—Anyway, you skun the tax office well and truly. I will at least give you credit for that. They did not have a clue what was coming or going. They did not know what they were getting foisted with. They had no idea, the poor people, of this bloke's background.

**Senator FAULKNER**—They were patsies, just patsies.

**Senator ROBERT RAY**—This question may be more appropriate for the Taxation Office but, given that there is at least the smallest hint that Mr Pearson is a Liberal loyalist, will he have access to all of the GST research that has been done? Has he given an undertaking that he will not disclose any of that to his other associates up at Robert Menzies House?

**Mr Williams**—I think that is probably a question best directed to the tax office because Mr Pearson's contract is between the tax office and him.

**Senator ROBERT RAY**—I think you are pretty much on the ball there.

**Mr Williams**—But I could say that he would have seen research during the development of the campaign.

**Senator ROBERT RAY**—I was just wondering whether, in his pitch—I will limit it to that because, yes, you are right; the tax office would have more knowledge—he indicated that he would give an undertaking not to divulge public taxpayer funded research on a very sensitive political issue to his friends up at Robert Menzies House.

**Mr Williams**—The selection process was followed by some contract negotiation arrangements between the tax office and Mr Pearson and then there was the finalising of the contract.

**Senator ROBERT RAY**—But he did not actually do it at the pitch? That is what I am asking. It could have happened later—I agree—but did it happen at the pitch?

**Mr Williams**—I do not know that that was an issue that came up.

**Senator FAULKNER**—I have a question in relation to the current advertising that is appearing both in printed media and on electronic media. If I use the generic term 'the chain ads', I think you will know what I am referring to.

**Mr Williams**—Yes, I do.

**Senator FAULKNER**—Could you tell this committee what particular Australian Taxation Office advertising program that is part of? I just want it identified for my benefit.

**Mr Williams**—I am not sure what you mean.

**Senator FAULKNER**—We have had the Australian Taxation Office identify a range of campaigns, as you know, and a range of programs. There is a so-called GST campaign. There is a pay-as-you-go campaign. These are all ATO campaigns. There is the ABN campaign. There is also a community campaign. I am using the terminology that was provided by the

Australian Taxation Office. I think the community campaign was called ‘a community information campaign’.

**Mr Williams**—I think it is probably the latter: the overarching community—

**Senator FAULKNER**—I want to be precise about this. Just in the Australian Taxation Office alone we know that the GST campaign in this financial year is \$56 million. We know that pay as you go is \$9 million. We know that the ABN campaign is \$27 million. There is at this stage no known appropriation for the so-called community campaign. So you are telling me that the chains campaign is the community education campaign, if you like? You should know; you have approved it all.

**Mr Williams**—That is as I understand it. It was referred to at estimates a couple of weeks ago.

**Senator FAULKNER**—Yes, that is true, it was referred to at estimates a couple of weeks ago. But you would recall, Mr Williams, at estimates a couple of weeks ago the so-called chains ads—and I am using that terminology because I think we all understand what we are talking about—had not been shown and had not been printed. All we heard was that there was a planned community education campaign. You are telling me that those chains ads come out of that particular funding bucket. Do you know the precise name of the program?

**Mr Williams**—No, I do not.

**Senator FAULKNER**—But that has to be provided to the MCGC, does it not?

**Mr Williams**—The precise name of the program?

**Senator FAULKNER**—Yes, of the program. I just thought you would need to have that information. In fact, I thought the tax commissioner, Mr Carmody, had insisted that that sort of information was provided.

**Mr Williams**—As far as I understand it, there are business and community related campaigns.

**Senator FAULKNER**—This is a community one. I am trying, firstly, to identify it and, secondly, having identified it, to move towards the sort of budget it might have. In the first instance I am just trying to identify it, and I can depend only on the information that was made available at the last estimates committee. I am focusing in on the Australian Taxation Office. It is an ATO campaign. I think that is correct, is it not?

**Mr Williams**—That is correct.

**Senator FAULKNER**—There are four campaigns that have been identified by the Australian Taxation Office: first, the so-called GST campaign; second, the pay-as-you-go campaign; third, the ABN campaign; and, fourth, the community education campaign, if you like. You are telling me it is that fourth campaign about which we have no knowledge at the moment of the overall budget. You are telling me that the chains advertising is part of that fourth category—the community campaign. That is what I am trying to clarify.

**Mr Williams**—Well, Minister—

**Senator FAULKNER**—No such luck.

**Mr Williams**—This might muddy the waters as much as clarify them, but in terms of the campaigns that have been run to date, we have the Australian Business Number First Steps campaign.



**Senator FAULKNER**—That is a \$27 million campaign in this financial year.

**Mr Williams**—I am just indicating how I know these campaigns. Then there is the Steps to Take to get an ABN campaign, which is associated with the ABN, and there is—

**Senator FAULKNER**—If you are going to do that, can you go back and start again so I can be clear? There is the ABN campaign. Is that the first one you mentioned?

**Mr Williams**—As I said, I have probably got them listed at a lower level than you have. At the higher level, as far as I am aware, there are business campaigns and a community campaign. What you have done, I guess, with your first three elements, is mention the elements of the business campaigns.

**Senator FAULKNER**—The information that I have has been provided to me by the Australian Taxation Office at an estimates committee hearing.

**Mr Williams**—I am not disputing what the ATO might have said. I am just saying that I might know them as a more disaggregated group.

**Senator FAULKNER**—It would be helpful if you could tell me what you know them as.

**Mr Williams**—I also know them as a highly aggregated group which is business and community.

**Senator FAULKNER**—Let us hear it.

**Mr Williams**—We have got ABN first steps. Then there is a further campaign which was Steps to Take to get an ABN. There was some advertising on advisory visits which are made available by the tax office. There is pay-as-you-go, which we have covered. It is likely there will be ads on for charities. There are ads which appeared in yesterday's paper which are, in a sense, business systems, which inform businesses as to how to get started for 1 July. There were campaigns run earlier this financial year but last year on a booklet that was sent out to potential ABN registries—people registering for the ABN. There was a campaign in July-September last year which also essentially informed the business community of the changes that were in prospect. And, as I say, there is the community campaign. I know them generically as the business campaign and the community campaign. There are elements to each. In terms of MCGC approvals, ATO have indicated that funding is there to pay for the campaigns that have been approved by the MCGC. I do not know their PBS structure or that level of detail.

**Senator FAULKNER**—I appreciate that. I would not expect you to, and I would not ask you to. But what I would ask you is whether you divide them into three areas—business, ABN and community.

**Mr Williams**—No, two areas—business and community. Business includes ABN—a variety of material.

**Senator FAULKNER**—Can you identify, from the list you have given me, which are the ABN campaigns—ABN first steps, obviously; is that right?

**Mr Williams**—I have talked about ABN first steps and the steps to take. Advisory visits are there to assist people in getting an ABN but also to assist them in engaging with the GST as it becomes law.

**Senator FAULKNER**—Are they three disaggregated parts of the ABN campaign?

**Mr Williams**—They are part of the business campaign. I prefer to use that because that covers it and you have, as I say, the advertisements which appeared in yesterday's paper. I do not know whether you have seen those.

**Senator FAULKNER**—Yes, I have.

**Mr Williams**—They are 'Be ready for business on 1 July—

**Senator FAULKNER**—We will get to them.

**Mr Williams**—And 'Your key to important dates upcoming'. They are part of what I would call the business campaign.

**Senator FAULKNER**—Pay as you go is community—

**Mr Williams**—No, it is business.

**Senator FAULKNER**—I want to know how it is defined, so you tell me. That is business too, is it? That is disaggregated anyway by the ATO, but that is fine. Charities is.

**Mr Williams**—Yes, that would fall into the business component.

**Senator FAULKNER**—Business systems I assume is business.

**Mr Williams**—Yes.

**Senator FAULKNER**—The booklet.

**Mr Williams**—Last year, yes.

**Senator FAULKNER**—Business?

**Mr Williams**—Yes.

**Senator FAULKNER**—Business community changes in prospect is business. So all those other campaigns, apart from the community campaign, you are grouping as business, basically.

**Mr Williams**—That is right.

**Senator FAULKNER**—Okay. Senator Ray has something he wants to deal with quickly.

**Senator ROBERT RAY**—I just want to interrupt the merciless cross-examination. In regard to Mr Mark Pearson, is his firm Brand Mark on your register?

**Mr Williams**—I would have to take that on notice.

**Senator ROBERT RAY**—How often does the GCU make recommendations for an individual appointment? That is, you produce a shortlist.

**Mr Williams**—Very rarely.

**Senator ROBERT RAY**—Let me just check that. One is for the GST ad coordinator. Two is for the head of the Olympic media liaison. That is two I know of. Can you nominate another one?

**Mr Williams**—Yes. We have an overarching research consultant for these tax campaigns.

**Senator ROBERT RAY**—Who is that?

**Mr Williams**—That is a person by the name of John Bullen. As I mentioned earlier, we have got a range of campaigns using a variety of advertising agencies. We also have a number of research companies associated with the development of those campaigns, and we have a researcher who in a sense fulfils a similar role to Mr Pearson's from a research perspective.

**Senator FAULKNER**—Mr Williams, thank you for your identification of the campaigns. It is still not clear to me in terms of the Australian Taxation Office whether they define the chains campaign as part of their ‘GST’ campaign or whether that is part of the community campaign. I will have to check with them, I think. I do not think you can assist me with that.

**Mr Williams**—It is my understanding that they are part of the community campaign. But you should check with them.

**Senator FAULKNER**—Yes. There is no indication yet of the budget for the community campaign. Can you help with that? You have had significant placements already, but I would like a budget figure, if you could.

**Mr Williams**—I can give you a figure to the end of June, and that is of the order of \$20 million for placement.

**Senator FAULKNER**—Placement.

**Mr Williams**—Yes.

**Senator FAULKNER**—What about any indication on the out years?

**Mr Williams**—At the moment I do not have any indication of the out years on that. I do not know how long that campaign will run.

**Senator FAULKNER**—What proportion of that \$20 million for the community campaign has actually been placed?

**Mr Williams**—As I say, my understanding is that the placement of community campaign, from commencement to the end of June, is of the order of \$20 million.

**Senator FAULKNER**—Yes, I heard that, but I just asked what proportion. From today’s date, where are we up to in terms of the proportion of that \$20 million?

**Mr Williams**—I could not tell you that without taking it on notice.

**Senator FAULKNER**—You might take it on notice. With the chains ad, the *Canberra Chronicle*, I think what would normally be described as a throwaway newspaper, if you like—it is just a local newspaper here in Canberra—has the large, double-page chains spread that you would be aware of. So this has now moved beyond, obviously, major dailies. There is a fair weighting, I think, in regional newspapers as well, isn’t there, for this particular advertisement?

**Mr Williams**—Generally speaking, government advertising buys include metro papers as well as regional papers and suburbans. So it is no different to other campaigns.

**Senator FAULKNER**—This would not be atypical for a major advertising campaign like this to appear in a newspaper like the *Chronicle*, to only mention this particular one. It will give them a bit of free advertising. I picked it up on the way into Parliament House.

**Mr Williams**—No, it is not atypical, Senator.

**Senator FAULKNER**—Standard operating procedure.

**Mr Williams**—For largish campaigns, yes, to advertise in the full suite of regional papers and suburban papers, as well as metro papers.

**Senator FAULKNER**—And the campaign that you referred to, the ACCC campaign which I think appears in a lot of today’s dailies—this is this particular campaign, you know the one I am referring to—

**Mr Williams**—Yes.

**Senator FAULKNER**—I assume that is the ACCC campaign which we have not talked about.

**Mr Williams**—That is correct.

**Senator FAULKNER**—Do you have any information about the current budget for that particular campaign?

**Mr Williams**—ACCC?

**Senator FAULKNER**—Yes.

**Mr Williams**—I believe that is something of the order of about \$4½ million.

**Senator FAULKNER**—Can you be a bit more precise than that?

**Mr Williams**—The number I have is \$4.65 million. But we will not know the outturn until we get the bills in.

**Senator FAULKNER**—I thought they had budgeted well over \$11½ million.

**Mr Williams**—That is the approved amount. I have seen that figure in estimates, Senator, but the figure I have is \$4.65 million.

**Senator FAULKNER**—Which goes to placements, does it?

**Mr Williams**—It goes to placements, yes.

**Senator FAULKNER**—So all the figures you are providing just relate to placements, do they?

**Mr Williams**—Yes. As I indicated to the Senate hearing a couple of weeks ago, we get details of placements but contracts for development and research are held between the agencies and the advertising firms and research companies.

**Senator FAULKNER**—Does this mean the GCU or the MCGC at no stage get total advertising campaign budget figures? I appreciate the point you are making about placements. I am asking otherwise do you ever receive those figures in relation to total advertising budgets for particular advertising campaigns.

**Mr Williams**—We will often see them where it is a discrete campaign, yes.

**Senator FAULKNER**—Have you seen them for tax advertising?

**Mr Williams**—I have not seen a total budget for the tax advertising, no.

**Senator FAULKNER**—So what have you seen?

**Mr Henderson**—Senator, perhaps it may help to distinguish three categories of cost. The first point to make is all the costs I am going to refer to are the responsibility of the line agency, and in this case the ATO is the major agency. There are three categories of cost: there is the media placement—in other words, buying time on TV and radio or space in the press or outdoors. The second category is the development and production and testing of advertising—in other words, the costs of advertising and production agencies, research consultancies, et cetera. The third category of relevance is other information and education activities—booklets, seminars, call centres. None of those categories, as I said, is the responsibility of PM&C.

**Senator FAULKNER**—As a function media placement is.

**Mr Henderson**—We manage the master placement contracts, and we are able to give you—and Mr Williams has already given you—costs of media placement. In the case of the referendum task force advertising last year, that was a cost borne by our department because we were in effect the line agency.

**Senator FAULKNER**—I understand that distinction.

**Mr Henderson**—So sometimes there are overall campaign costs that are identified in discussions at MCGC. The only figures we have a handle on for the campaigns under discussion here today are the media placement costs. Mr Williams gave you the media placement in regard to the community campaign which, as I recall, was \$20 million up to the end of June this year. Beyond the end of June, it is too uncertain to make an estimate.

**Senator FAULKNER**—I appreciate that, Mr Henderson. And I appreciate the constraints placed on that figure itself. Who knows what is proposed for the community campaign in the out years, after 1 July 2000. Who knows? You do not know, and I appreciate you saying to me that you do not know. That information is not available to you. You are also saying to me that a range of other activities, apart from actual placements, is unknown. I appreciate that. All I know is that, when I add the \$20 million to the figure I already have of \$363.6 million—as provided at estimates committees—the figure is now \$383.6 million and rising.

**Mr Henderson**—Off the top of my head, I think it would be fair to say that it is double counting involved in adding Mr Williams's \$20 million to your \$360 million. That is double counting.

**Senator FAULKNER**—Why?

**Mr Henderson**—What is your figure?

**Senator FAULKNER**—My figure—and it is an accepted figure—is \$363.6 million. It does not include any costs at all for the community campaign or the out years from pay-as-you-go or ABN. There are no out year figures there, or on education workshops from Treasury or material and service from Treasury or start-up units from Treasury, or out years in the ACCC. It is only those figures that have been presented at committees like this. I do not think what you are saying is right if Mr Williams has correctly identified the chains ads as coming from the community campaign, because we have no dollar figure at all for the community campaign. Isn't that true, Mr Williams, that none were provided by the ATO at previous Senate estimates committees?

**Mr Williams**—I must admit, Senator, I have read the transcripts from the other week and I am still not sure. I have seen the arithmetic to get to your \$361 million, but I am really not sure what is in it. The ATO declared \$98 million at that estimates committee meeting and I am not sure what that covers. As Mr Henderson said, it may—

**Senator FAULKNER**—That is why I am trying to identify the community campaign. Obviously, I will have to work this through again with the Australian Taxation Office, but on the evidence I have heard I believe the figure now stands at \$383.6 million because in the calculations that I have made there was no provision for the community campaign of the Australian Taxation Office at all, but there may be some question mark. I cannot imagine what it is. That is what I was trying to do, Mr Williams.

I was trying to identify very clearly whether the chains campaign advertising was part of what the Australian Taxation Office described as its 'community campaign', for which it was unable to provide a budget figure because final approval of the campaign had not been given

by the time the Australian Taxation Office was at the table at the previous estimates committee. That was the problem. It was before the MCGC or was waiting for someone to tick it off finally.

Well, it sure has happened in an absolute avalanche—if that is the community campaign. We have had an avalanche of advertising. And the problem with the advertising, Mr Henderson, is its nature. This goes back to Mr Pearson's coordinating role. It is partisan. It is political in nature. It is not providing information to the Australian taxpayers. I do not expect you to comment on that. That is my view, but it is also the view, I think, of many others in our Australian community.

It is jolly hard work to try to establish how these campaigns are defined, how they are referred to and what they are actually costing the Australian taxpayer. This is the best accountability mechanism we have got to try and establish it, and it is damned hard work. But I am doing my best to try and find out how much the government is fleecing the Australian taxpayer to fund its partisan, political, pro-GST advertising.

**Senator Hill**—It is not funding any such advertising. It is funding a public information program—which is a longstanding practice of Australian governments.

**Senator FAULKNER**—Can you give me an overall figure? The last figure you gave was \$25.9 million—it might have been you, Mr Williams, or it might have been Senator Ellison—when we last spoke in terms of placements. Can you just give me the current figure? It does not mean much but at least we had better have it on the public record.

**Mr Williams**—At the last hearing I gave you a figure of \$25.9 million, which was expenditure to the end of March. Expenditure to the end of April was \$35.475 million.

**Senator FAULKNER**—That is \$35.5 million to the end of April, across all the Australian Taxation Office campaigns?

**Mr Williams**—That is all the Australian Taxation Office campaigns plus the AFFA rural GST campaign, the FACS tax reform package and the GST Start-Up Assistance Office.

**Senator FAULKNER**—Yes, I understand the AFFA and FACS figures are included in the so-called GST advertising campaign budget as described by the tax office. But let us not get bogged down in that, because you have a range of different 'definitions' about these advertising campaigns. It does appear to be different to the manner, at least, in which they are described by the ATO. I am not critical of you because of that. It is just hard to compare the campaigns. I am trying to compare apples with apples. It is very difficult when a different terminology is used by you and the ATO, who have primary responsibility in this area. I will do my best in that regard.

You have given me a \$20 million figure so far. Is it fair to say that that \$20 million figure for this financial year relates to the chains campaign? Or is it other campaigns as well?

**Mr Williams**—The \$20 million figure I gave you relates to the community campaign.

**Senator FAULKNER**—What is in the community campaign? It is the chains advertisements and what else?

**Mr Williams**—It is the television and press and—

**Senator FAULKNER**—I know that.

**Mr Williams**—There are additional elements which are subject to consideration and which have not yet been approved.

**Senator FAULKNER**—So you cannot tell us the next steps. So all you can identify so far in the community campaign is the chains advertising, which we have seen ad nauseam on television.

**Mr Williams**—The material you have seen on television, from its launch on Sunday the 14th to now, is the community campaign supported by the press as well.

**Senator FAULKNER**—And that was the start of the community campaign, was it?

**Mr Williams**—Yes, it was.

**Senator FAULKNER**—And from the start of the community campaign on 14 May till the end of June, that campaign will be a \$20 million campaign in terms of placements only?

**Mr Williams**—Yes, that is correct.

**Senator FAULKNER**—So we do not know the out years figure for that and we do not know the other advertising costs in that area. I appreciate that Mr Henderson will jump on me immediately if I suggest you should, but they are the figures we do not know and we will attempt, obviously, to establish that from the tax office. But it does seem to me on the information that has been provided, Mr Henderson, that it is a perfectly reasonable conclusion for me to come to that that \$20 million is in addition to the \$363.6 million which has already been identified. Can you give the committee any information at all, Mr Williams, about tax campaigns or GST related campaigns that are pending, that are in the pipeline?

**Mr Williams**—Other than the ones that I have mentioned like business systems, that will roll out with various elements yet to be developed and approved. You have seen the commencement of those but I cannot give you the detail of those because they are still under consideration. I would be speculating, so I prefer not to, Senator.

**Senator FAULKNER**—Can you confirm that this is far and away the biggest advertising campaign in the history of the Commonwealth of Australia? You have told us the expertise that the GCU has in these areas. Everything else in this nation's history pales into insignificance, doesn't it?

**Mr Henderson**—It is a very large advertising campaign. There is no question about that. It is also a very large tax reform campaign involving 2.5 million businesses, 4.9 million pensioners and other income benefit recipients, 2.2 million families, and one million self-funded retirees. So it is a very substantial implementation campaign. As the years roll by, Senator, I cannot restrain myself from giving an historical perspective on these things. I was in the Treasury tax branch in the 1970s, when Treasurer Hayden undertook fundamental reform of the income tax. I was back there in 1985 when Treasurer Keating was proposing substantial tax reforms. Those were all substantial proposals. I would have to say that the magnitude in terms of the implementation task is far greater on this occasion than those earlier occasions. So any judgment about the magnitude of the expenditure involved has to take account of the magnitude of the implementation task. I am not talking about the size of tax cuts and things; I am actually talking about the number of households and businesses that have to take actions in order to be complying with the new system from 1 July. So yes, it is a very substantial advertising campaign.

**Senator FAULKNER**—Does the GCU ever get any complaints about advertising that is shown on television or printed in the print media?

**Mr Williams**—I cannot recall receiving any complaints directly, no.

**Senator FAULKNER**—The nature of the authorisation—I think it is just called ‘Commonwealth Government’, is it not?

**Mr Williams**—That is right.

**Senator FAULKNER**—They would find it pretty hard to track you down, Mr Williams. I am not suggesting that they would. I wonder whether anyone has found their way through the labyrinth to the GCU to register a protest.

**Mr Williams**—Not to my recollection, Senator.

**Senator FAULKNER**—They are going elsewhere. If I were you, I would try to keep it like that. That is something which I am sure you are very pleased about. Can you indicate, in relation to the chains campaign, how expansive this is, how broad the television placements are and the level of newspaper penetration, so that the committee can understand the placements that are involved here?

**Mr Williams**—The television campaign is appearing on all metropolitan stations and regional television stations. In terms of the press, as I indicated earlier, it will go in the metropolitan papers, the regional papers and the suburban papers. For the business element of the campaign, it will go in specialist media which can be industry group magazines, professional magazines such as the engineers’ monthly, the accountants monthly, et cetera. The attempt is to target it where it can be targeted and the use of more mass media where it is aimed at the mass community.

**Senator FAULKNER**—Can you tell me about the reach and frequency of the chains advertisements on metropolitan media?

**Mr Williams**—I do not have that material with me, Senator.

**Senator FAULKNER**—Would you be able to provide that on notice?

**Mr Williams**—I can look to see whether I can provide that.

**Senator FAULKNER**—I would appreciate that, thank you. What involvement has the GCU had, if any, in the very badly designed *New Tax System Essentials* booklets one and two.

**Senator Hill**—Just ignore the colour.

**Mr Williams**—I will, Minister. In terms of its being a product which has been considered by the MCGC, clearly it has come through the GCU as we act as the secretariat of the MCGC and has been submitted to the MCGC for consideration, along with associated market research and concept testing, which is normal for this and any other campaign. It has been the committee which has considered the booklet and approved its issue.

**Senator FAULKNER**—Are you able to disaggregate the costs of those two booklets?

**Mr Williams**—The cost of production of the booklets?

**Senator FAULKNER**—Yes.

**Mr Williams**—No. That is done in the tax office.

**Senator FAULKNER**—I appreciate that. I wonder whether your unit or the MCGC was provided with a prospective budget.

**Mr Williams**—There was a very limited advertising campaign associated with both booklets, just pointer ads, which, from memory, were provided by the newspapers, and some



television advertising in the run-up, but I do not have those figures. They were very minor advertising expenditures to let people know that the booklets were there.

**Senator FAULKNER**—Minor when you are talking about half a billion dollars, yes. Where would we find that advertising, in which particular program?

**Mr Williams**—That would be under the business component. Those essentials booklets do cover some consumer related issues aimed at business, the earlier booklet encouraging them to register for ABNs.

**Senator FAULKNER**—Are you aware of what was involved in securing the services of Joe Cocker for the chains advertisement?

**Mr Williams**—To the extent that I was aware of it and that the negotiations were done by the advertising agency in consultation with the Australian Taxation Office, yes.

**Senator FAULKNER**—What information can you provide to our committee about this issue? Do you know whether rights were bought for this? I assume they were. Can you assist us with that?

**Mr Williams**—It is my understanding that that was the case. These questions are probably best directed to the tax office, but I will help where I can.

**Senator FAULKNER**—You have assisted by indicating that the rights were purchased. Do you know what the cost was?

**Mr Williams**—Again, I think these questions are best directed to the tax office.

**Senator FAULKNER**—I appreciate that they could be directed there, but I wondered whether you could assist us because of your broad knowledge of these sorts of areas. I just think you might know.

**Mr Williams**—Again, I preface my response by saying that these are best directed to the tax office. My understanding—subject to their confirmation—is that the rights to the music were \$100,000.

**Senator FAULKNER**—Money well spent?

**Mr Williams**—I am not the person to judge that.

**Senator FAULKNER**—You are from the Government Communications Unit. Someone has to make a judgment.

**Mr Williams**—I think it will ultimately be determined by how effective these ads are measured to be as to whether it is money well spent.

**Senator FAULKNER**—Is there any role for the Government Communications Unit or the MCGC in checking the accuracy of ads either on the electronic media or in the print media?

**Mr Williams**—Again, these questions are probably best directed to the tax office in terms of the detail. But my broad understanding is that they are checked for accuracy by technical areas in the Department of the Treasury, the Australian Taxation Office, the Department of Family and Community Services and essentially any government department or agency that is involved in particular elements of the new tax system.

**Senator FAULKNER**—I just wondered whether there was any communication with either the GCU or the MCGC on that issue—in other words, from agencies or departments—in relation to the statements that were contained within the advertising itself.

**Mr Williams**—Again, my understanding is that the MCGC clears the advertisements, subject to the technical people in the respective agencies being satisfied with the accuracy, et cetera of the material in those advertisements.

**Senator FAULKNER**—But is there a paper trail here in relation to that?

**Mr Williams**—Again, that is probably best directed to the ATO as to what paper trail they carry.

**Senator FAULKNER**—I appreciate it is, and it will be. But I wondered if at any level you got drop copies of that sort of material.

**Mr Williams**—No. The committee is advised either that the ads have been subject to technical clearance or that they will be subject to technical clearance.

**Senator FAULKNER**—And that is a requirement?

**Mr Williams**—That is a requirement of the MCGC for not only this advertising campaign but also any advertising campaign where legislation and other issues are quoted.

**Senator ROBERT RAY**—Various contributions made by witnesses to date talked about an information campaign. Was it ever suggested to the ministerial council or suggested by the GCU that 30 metre by two metre signs be put over the Tullamarine Freeway, lit at night, saying ‘Tax reforms’ then ‘Tax cuts coming soon’?

**Mr Williams**—They were part of the range of advertising that was approved by the MCGC.

**Senator ROBERT RAY**—Gee, they convey a lot of information, don’t they!

**Mr Williams**—They are, in a sense, a pointer to further information.

**Senator ROBERT RAY**—They are advertising the advertising—is that what it is about?

**Mr Williams**—Advertising is a mix. You can only get so much information into a television advertisement. You get more in a press advertisement. You have to look at the totality of the campaign.

**Senator ROBERT RAY**—But we are being told that this is an information campaign.

**Mr Williams**—It is.

**Senator ROBERT RAY**—Is ‘Tax reform’, ‘Tax cuts coming soon’ and a chain supposed to be an information campaign?

**Senator Hill**—It is conveying the message that it is not just a GST; it involves very substantial income tax cuts and other tax cuts as well.

**Senator ROBERT RAY**—Given your commitment to information, I would expect to see when I drive home this week a 30 metre by 2 metre sign saying ‘\$30 billion worth of GST starting on 1 July’. That would be conveying information, wouldn’t it?

**Senator Hill**—We could talk about \$12 billion of income tax cuts.

**Senator ROBERT RAY**—But you are. You are not talking about \$30 billion worth of GST starting on 1 July. Haven’t you a duty, Minister Quota Holder, to inform the public of that? This is why it is biased; this is why it is one-sided. You are never going to do that. ‘Don’t mention the GST’—that is basically what this \$360 million is about.

**Senator Hill**—That is not correct. Apparently the message on this billboard—which I have not seen—is that it is not simply a GST.

---

**Senator ROBERT RAY**—But it does not mention the word ‘GST’. Where in all your community information campaigns do you mention the total amount of revenue being raised by the GST? Do you do it on one occasion? In all these ads—your TV ads, your radio ads, your billboard ads and your newspaper ads—where do you say that the GST is going to raise \$30 billion? Surely that is relevant information—as relevant as \$12 billion in tax cuts. Where can you nominate that occurring?

**Senator Hill**—I do not have the campaign details before me but—

**Senator ROBERT RAY**—Let us call on the experts. They have a bit more experience in this than you.

**Mr Williams**—Senator, there is no reference to the amount that you quote. I do not know whether or not that is the correct amount.

**Senator ROBERT RAY**—Don’t hold me to the last dollar, but \$30 billion is about right, isn’t it, Mr Henderson? You were talking about the size of the reform.

**Senator Hill**—Everybody knows that the GST is going to give a substantial revenue sum.

**Senator ROBERT RAY**—‘Everybody knows,’ Senator Hill says. Doesn’t everyone know that tax reform and tax cuts are coming soon? Doesn’t everyone know that as well?

**Senator Hill**—No, I do not think they do.

**Senator ROBERT RAY**—You are stretching credulity there.

**Senator Hill**—If you think they do, I am pleased.

**Senator ROBERT RAY**—I will repeat the question. Mr Williams has picked me up; he says that he cannot confirm whether my \$30 billion is right. He is quite right to do that. But that is an approximation. Let me not hold you to the \$30 billion, but where in this enormous advertising campaign do you cite the amount of revenue coming in that will be raised through GST? Do you do that anywhere?

**Senator Hill**—If it is being suggested that the fact that there is a GST being implemented is in some way being hidden from the public, then I am very surprised. If it is being suggested that what is being withheld is that it will raise a substantial sum of revenue, I am surprised about that as well.

**Senator ROBERT RAY**—But your justification for your community GST advertising is that you want to get information across. I am asking why you are not putting a complete picture. Minister, through you if you will allow it, I am again asking Mr Williams—being the expert and someone who has been through the whole process but who is not totally responsible in this area because it involves the Taxation Office as well—whether he can point to one of these advertisements, in the electronic or print media, that has highlighted the amount of revenue—you can dispute the amount—that is going to be raised by the GST.

**Senator Hill**—That is a legitimate question to ask; you can ask about what information is contained and what information is not.

**Mr Williams**—To my knowledge, in the advertising that has so far been aired or put to press, there has been no mention of an aggregate amount of GST.

**Senator ROBERT RAY**—Don’t mention the war! You mentioned early on, Mr Williams—and stop me immediately if Senator Faulkner raised this in my absence—the appointment of Mr John Bullen. Has that been raised since I was last here?

**Mr Williams**—No, it has not.

**Senator ROBERT RAY**—First of all, could you tell me what position he holds?

**Mr Williams**—He is employed by a firm called Blue Moon Research and Planning.

**Senator ROBERT RAY**—What position has the government appointed him to?

**Mr Williams**—A position as a coordinator of research.

**Senator ROBERT RAY**—For how long is his contract?

**Mr Williams**—I do not have that detail.

**Senator ROBERT RAY**—Is he working for the Taxation Office?

**Mr Williams**—Yes, he is.

**Senator ROBERT RAY**—Is it a similar period to Mr Pearson's contract, or is it longer?

**Mr Williams**—I would imagine, without the detail, a similar period.

**Senator ROBERT RAY**—What is his remuneration?

**Mr Williams**—I do not have that.

**Senator ROBERT RAY**—What was the process for his appointment?

**Mr Williams**—Again, identification of research people who could undertake a task of this nature, given that it would be coordinating and reviewing the research activities of a number of research companies.

**Senator ROBERT RAY**—Was one of the preconditions that Mr Bullen not be in one of the research companies involved in the research?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—Who are the research companies?

**Mr Williams**—The research companies that are currently appointed?

**Senator ROBERT RAY**—To do with the community information propaganda campaign.

**Senator FAULKNER**—The CIPC.

**Mr Williams**—Worthington De Marzio. They are doing—

**Senator ROBERT RAY**—I will come back to what they are doing; I will just get their names first.

**Mr Williams**—And Quantum Market Research.

**Senator ROBERT RAY**—And?

**Mr Williams**—Cultural Perspectives are doing some research work on non-English speaking background audiences.

**Senator ROBERT RAY**—So we have got three firms. How were those firms chosen?

**Mr Williams**—Through our normal processes. A brief was developed by the tax office, we assisted the tax office in developing a short list of firms, the MCGC ticked off on the briefs and the short list of firms and, as is the case for market research companies, they were appointed by the Taxation Office on the basis of an evaluation panel comprising officers of the tax office and the GCU.

**Senator ROBERT RAY**—Obviously, if you have got three firms, they are doing different aspects of research. Could you outline what the nature of the research is?

**Mr Williams**—Worthington De Marzio are essentially a provider of qualitative research; Quantum are doing quantitative research; and, as I indicated, Cultural Perspectives are doing work with non-English speaking background audiences. That is as part of the Quantum contract.

**Senator ROBERT RAY**—It is a sublet?

**Mr Williams**—Yes

**Senator ROBERT RAY**—Does the quantitative work involve tracking research?

**Mr Williams**—Yes, it does.

**Senator ROBERT RAY**—Do you know what the dates are for the tracking?

**Mr Williams**—I do not have that detail.

**Senator ROBERT RAY**—Is it tracking public opinion on tax reform, or is it tracking the effect of the advertisements?

**Mr Williams**—It is tracking the effect of the advertisements.

**Senator ROBERT RAY**—Will that information be publicly available at some stage?

**Mr Williams**—The general principle is that the consideration as to whether research will be made available publicly is taken at the end of a campaign.

**Senator ROBERT RAY**—The research done in the run-up to the 1998 campaign was made available, was it not?

**Mr Williams**—That is correct. It was made available in, I think, November or December of that year.

**Senator ROBERT RAY**—Do you recall how it was made available?

**Mr Williams**—The Treasurer tabled it in the House of Representatives.

**Senator ROBERT RAY**—That was the research that indicated that Australian Labor Party ads had been market tested, was it not?

**Mr Williams**—I cannot comment on that detail.

**Senator ROBERT RAY**—I was just wondering whether they were going to do the same thing again—in breach of copyright, I might add.

**Mr Williams**—As I said earlier, I do not know the detail of the tracking research except in the broad to say that it is tracking the impact of the advertising.

**Senator ROBERT RAY**—Do you know what the cost is for Worthington De Marzio's qualitative research?

**Mr Williams**—No.

**Senator ROBERT RAY**—Do you know what the cost of Quantum's quantitative research is worth?

**Mr Williams**—No.

**Senator ROBERT RAY**—Was an indicative budget given? Surely that affects whom you choose.

**Mr Williams**—There was no indicative budget, but the indication was that it would be substantial; so it would have to have been a firm that was capable of supporting a large campaign.

**Senator ROBERT RAY**—Is the responsibility now for this research with Treasury or the Taxation Office?

**Mr Henderson**—It is with the Taxation Office.

**Senator ROBERT RAY**—Especially in this case, your job is done in terms of choosing. You do not get feedback from them on this, do you?

**Mr Williams**—In what sense?

**Senator ROBERT RAY**—Does the ministerial council get given the research results?

**Mr Williams**—As you would be aware, in common with any campaign, as creative executions are developed, they are subject to research amongst the target groups. That research is reported back to the MCGC, as is normal with all campaigns, and creative executions are modified or accepted with the assistance of that research.

**Senator ROBERT RAY**—Earlier on when it came to the appointment of Mr Mark Pearson's position, Mr Henderson indicated that he thought it would be a good idea and consulted with the GCU or in combination. Who came up with the idea for a research coordinator?

**Mr Williams**—I think that came up as part of those discussions and considerations because we had a similar situation with the research companies.

**Senator ROBERT RAY**—How is it similar?

**Mr Williams**—We had a research company engaged on a Family and Community Services campaign, one on the AFFA campaign and—

**Senator ROBERT RAY**—So far we have heard about three research companies doing research for the tax office. There are other research companies out there, are there?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—Could we have those?

**Mr Williams**—I think I mentioned one earlier—Colmar Brunton, who are doing the Family and Community Services campaign.

**Senator ROBERT RAY**—They are doing the research?

**Mr Williams**—Yes.

**Senator ROBERT RAY**—So we have a fourth research company at work. What was it again?

**Mr Williams**—Colmar Brunton Research.

**Senator ROBERT RAY**—And they are working for which department?

**Mr Williams**—They are working for the Department of Family and Community Services, and we have Donovan Research working for AFFA.

**Senator ROBERT RAY**—So we have five research companies working on the GST stuff?

**Mr Williams**—That is correct.

**Senator ROBERT RAY**—But you cannot tell us the value, other than it is substantial?

**Mr Williams**—The contracts are between the agencies and the research companies. So the value of those contracts is something known to those departments and the research companies.

**Senator ROBERT RAY**—I would have thought—

**Mr Williams**—I will just check my records. With AFFA, the budget for research there was \$200,000. But, again, what is finally spent may—

**Senator ROBERT RAY**—Yes, we found that out last time, did we not? It multiplied faster than rabbits.

**Mr Williams**—Family and Community Services, \$200,000.

**Senator ROBERT RAY**—And you do not know the other three?

**Mr Williams**—No.

**Senator FAULKNER**—When, say, people like Mr Bullen or Mr Pearson pitch—if there was a pitch in Mr Bullen's case; we have not really got that far yet—is it standard operating procedure for them to provide a curriculum vitae to the GCU, or do you establish that when you establish a short list, or a long list even?

**Mr Williams**—I would imagine—

**Senator FAULKNER**—You would know. It is your long list.

**Mr Williams**—In a personal sense, I would imagine there would be CVs.

**Senator FAULKNER**—What do you mean, in a personal sense? You are establishing a list which might go to the MCGC. Recently at the ATO and Treasury estimates Senator Kemp, who was the minister at the table, was terribly keen to talk about Mr Pearson's background. Fair enough. I wondered whether for those people on the short or long lists there were curriculum vitae made available. You would surely do that as part of your own work, wouldn't you?

**Mr Williams**—I would like to take it on notice just to confirm it, but my understanding was that there was a statement of claim against the brief, and that would have included the work that candidates had undertaken that was relevant to the position that we were talking about.

**Senator ROBERT RAY**—So how did you come up with Mr Bullen's name? Did you go back to your register on this occasion?

**Mr Williams**—We identified senior research people. As Mr Henderson has already said, this was a large campaign in terms of the number of elements, and we were looking for a researcher who would be doing some research on their own behalf but also reviewing, in a sense, the research that had been done by five companies, to draw it together—

**Senator ROBERT RAY**—You just said doing research on his own behalf. What does that mean?

**Mr Williams**—He may be engaged at different times to do some research, but his primary aim was to look at the research that had been done and maybe commission other research to be done by one of the five companies—

**Senator FAULKNER**—Hang on, Mr Williams. Senator Ray asked whether you went to your register, so we need an answer to that question first.

**Mr Williams**—We looked at the register, yes, for companies that were not involved actively in this campaign. But we identified personnel in those companies who we thought would have the stature to undertake the work.

**Senator ROBERT RAY**—What you do is you pick the best five companies across the board to do this, and then you go to at least the sixth one to get your coordinator?

**Mr Williams**—That is why it had to be someone of some stature in this area.

**Senator ROBERT RAY**—What is his background?

**Mr Williams**—I do not have his details here.

**Senator FAULKNER**—What company?

**Mr Williams**—Blue Moon Planning and Research. It is a company that the government has used on a number of occasions.

**Senator FAULKNER**—That is on your register?

**Mr Williams**—Yes, it is on our register.

**Senator ROBERT RAY**—I just wondered why it was picked. You have had three stabs at picking an individual. We have got the biographer and the advertiser; I just wondered what he was.

**Mr Henderson**—An element of the task for Pearson and for Bullen was to be reviewing the work of other senior members of the industry, so we needed people of status and seniority. Bullen's initial task, as Mr Williams has indicated, in this exercise was to actually review the research results of most of those companies—

**Senator FAULKNER**—Tell us a bit about Blue Moon Research and Planning. I have not heard of it. I have heard of a lot of research companies. That is a new one for me. A lot of people in this room know a great deal more about it than I, so let us hear a bit of background.

**Mr Williams**—I would need to be briefed by my communications research specialists, and we can give you details of Blue Moon Research and Planning. All I can say is that John Bullen is well regarded in the industry.

**Senator FAULKNER**—When did you first come across him?

**Mr Williams**—As I say, I do not pretend to know everything about everything in the GCU.

**Senator FAULKNER**—I did not ask you whether you know everything about everything. I just asked: when did you first come across him? No-one expects you to know everything about everything.

**Mr Williams**—I have come across their work in different campaigns they have done for the government.

**Senator ROBERT RAY**—You have mentioned those campaigns. What different campaigns have they been involved in?

**Mr Williams**—I do not have in my brief at the moment the campaigns, but I can get that information from the unit and have it provided.

**Senator ROBERT RAY**—Thank you. Mr Bullen's name came up because I asked you to nominate who may have been an individual choice. There is no more to be added to the list, is there?

**Mr Williams**—No.



**Senator ROBERT RAY**—Just three.

**Mr Williams**—Three that I am aware of.

**Senator ROBERT RAY**—Ms Goward, Mr Pearson and Mr Bullen. They are the three.

**Mr Williams**—Can you just rephrase that question?

**Senator ROBERT RAY**—Normally GCU recommend a firm, a company of some sort. They might be in research, public relations or advertising, et cetera. But you also seem to be used on occasions to recommend an individual to fill a post. I was just going through how often you have to do that. I know, from earlier evidence, that Ms Goward emerged from that process. I have heard, from evidence not long ago, that Mr Pearson has emerged through that process. I have heard, from later evidence, that Mr Bullen has emerged through that process. I was just trying to get a comprehensive list. That is all.

**Mr Williams**—Certainly, in my experience in GCU and OGIA, yes.

**Senator ROBERT RAY**—So, as I said before, we have the biographer and the advertiser, and I do not know Mr Bullen.

**Mr Williams**—The recent experience of Blue Moon Research and Planning in government campaigns is in the child-care services, therapeutic goods administration, quarantine public awareness and illicit drug strategies. So they have done a number of campaigns for us.

**CHAIR**—Thank you, Mr Williams. The committee will now address issues relating to official establishments.

**Senator FAULKNER**—Any advance on the coolroom tenders at Kirribilli?

**Mr Henderson**—Those contracts have not been signed.

**Senator FAULKNER**—So that means there is an advance but it has not been finalised. Is that fair?

**Mr Henderson**—Yes.

**Senator FAULKNER**—Do you know what the litreage is of the current fridge and freezer capacity at Kirribilli?

**Mr Henderson**—I certainly do not know off the top of my head. Nobody in the room has that information.

**Senator FAULKNER**—I am not altogether surprised!

**Mr Henderson**—It is pushing new bounds of interest.

**Senator FAULKNER**—No doubt you would prefer to take that on notice. I would like to understand what the litreage is of the new coolroom. What I am interested in is the before and after comparison. I do not expect you to provide it at a moment's notice, but if you could take it on notice.

**Mr Henderson**—Certainly.

**Senator FAULKNER**—Any decision on the sea pool and jetty?

**Mr Crane**—No, Senator. There has been no further progress in relation to the harbourside pool.

**Senator FAULKNER**—What stage are we at? You might remind the committee where we are up to.

**Mr Crane**—The Official Establishments Trust has endorsed a report which recommended restoration as a ruin and from here we need to get some further advice about what exactly is required in relation to that, from the heritage aspect in particular.

**Senator FAULKNER**—Have there been any new treasures placed in Kirribilli House by the Australiana Fund?

**Mr Crane**—No, certainly not since the more recent hearings.

**Senator FAULKNER**—Maybe not since the most recent hearings but what have we had over recent times and since I last asked about this issue at Senate estimates committees?

**Mr Henderson**—We have under preparation a question that you have put to us about Australiana Fund items in Kirribilli. You want to know what has been added since?

**Senator FAULKNER**—That question I think goes back to 1996, does it not?

**Mr Henderson**—Yes.

**Senator FAULKNER**—If you are saying to me, Mr Henderson—which would be a reasonable point—that you have that work under way—

**Mr Henderson**—Work is in progress on that topic, Senator.

**Senator FAULKNER**—That is a reasonable enough point for you to make. I am happy enough with that. When are you expecting to see that answer to my question on notice?

**Mr Henderson**—Could I make a general observation about the resources we are devoting to answers in this area. Mr Crane is responsible for the official establishments unit. Within the unit, there are three officers who work full time. PM&C officers are responsible for The Lodge and Kirribilli. It is our estimate that in the last six months or so the equivalent of one full-time person has been spent answering questions. Since 1996, we have answered 36 parliamentary questions on notice on the official establishments program. We have also provided a substantial amount of information in response to questions raised in estimates hearings. We are currently preparing the answer that you put to us with respect to all the items in Kirribilli provided by the Australiana Fund. We are preparing an answer to a question on notice from Mrs Crosio that has asked for all the wine in the wine cellars at Kirribilli and The Lodge, the vineyard, the winemaker's name and the historical costings. As I say, we are spending one-third of the full-time resources managing this program providing answers to the parliament or to FOIs. When I say 'parliament', I mean on notice and in the estimates processes.

I fully understand why this program attracts a lot of attention, but the reality is that the combined cost of operating Kirribilli and The Lodge is about \$1.4 million. It has been that amount or less for the last eight years. We have been managing it in the same way as we always have done, providing advice on the border line between private costs and official costs. At the last estimates hearings, Senator Faulkner, not with respect to OEs but with respect to another topic, you said:

I think you would appreciate that we have always been pretty sensitive about the amount of work we ask officers to undertake on notice ...

**Senator FAULKNER**—And I have been, Mr Henderson, very.

**Mr Henderson**—I would just like to make the observation—

**Senator FAULKNER**—This is in relation to the Ms Goward question.

**Mr Henderson**—Yes. But in relation to the official establishments, where we have been making judgments about what is official and what should be privately contributed by the residents, we have been making consistent judgments throughout. The cost of the program has been around the same figure for at least eight years. I just want to conclude by saying that, if you are claiming sensitivity to resource commitments on these things, a third of the management resources for a program devoted to answering questions is certainly at the upper limit of demands.

**Senator ROBERT RAY**—Thank you for that. A few times during the estimates hearing you have exhibited some corporate knowledge. Can I just take you back a bit further, though. Have you any estimate of the amount of time and resources that were wasted with questions about heated dog kennels at The Lodge? I actually had to divert my time as the Minister for Defence to send people over from your department to walk the grounds of The Lodge. Are you saying that for some reason since 1996 the modus operandi of putting these issues under the spotlight has changed?

**Mr Henderson**—I have sat in this place in relation to Thai teak tables. You have referred to heated dog kennels. I am familiar with the history. But this is a sort of bureaucratic cry that perhaps we could—

**Senator Hill**—Was it a bureaucratic flea?

**Mr Henderson**—I just feel that providing answers of the detail that we have been asked for recently is taking the resource commitment to new bounds.

**Senator ROBERT RAY**—I am wondering if you made this ‘bureaucratic plea’ to the person on your right who presided over a massive explosion on questions in this area.

**Senator Hill**—I do not know that I spent as much time on Thai teak tables and dog kennels as we have on some other—

**Senator ROBERT RAY**—You certainly did not, personally, but you allowed your colleagues to do it. You allowed your colleagues to do a lot of things.

**Senator Hill**—I gagged things as well, but I kept it limited at the time.

**Senator ROBERT RAY**—I do not think so.

**Senator Hill**—Anyway, the point has been made. What is the question?

**Senator ROBERT RAY**—I thought it was an opening statement.

**Senator Hill**—Well, it is made.

**Senator FAULKNER**—My point in response is this: I actually think that this opposition has been very sensitive to these sorts of resource issues. We have not made a welter of this. On one or two occasions we have insisted on answers being provided. We have kept questions on notice down to a bare minimum and hoped that questions can be answered at the table and tried very hard. At times it is in the interests of a department that questions be placed on notice. I think we have informally decided that we might find that is the case with PS&MPC a bit later on. It might just assist everyone to place a few questions on notice and not have this committee sit for a longer period of time.

I hear what Mr Henderson says. I do not disagree with the spirit of it at all. I think it is incumbent on all of us to try and keep these things down to a reasonable level, and I think we have. I think we have tried very hard to do that. I insisted on an answer in relation to Ms Goward because I have been dissatisfied with the way that has been dealt with at the estimates

committee. That is my view. The information was provided. In relation to Kirribilli, the question is clear: we are going to insist upon an answer to that question too. We might ask other questions. Maybe one day, you never know, Senator Hill, we might win an election and you will find yourself in opposition. It may happen; I do not know.

**Senator Hill**—History would suggest you probably will win another election.

**Senator FAULKNER**—Perhaps it might be in a couple of years time or in a decade's time, who knows? You might think again about the way your party behaved the last time it found itself in opposition. But we will do the right thing. This is the only accountability mechanism that we have.

**Senator Hill**—Are you suggesting that we did not?

**Senator FAULKNER**—Yes. This is the only accountability mechanism we have.

**Senator ROBERT RAY**—You did not do much at all.

**Senator FAULKNER**—This is the only accountability mechanism we have and we intend to use it where appropriate. But we are, I think, sensitive to those issues, Mr Henderson. Nevertheless, because, as you made the point—and I think it is a valid one—you are looking at that issue in relation to an answer to a question on notice, I do not want to press it here.

**Senator ROBERT RAY**—I would like to put two things to Mr Henderson, given his comments. I do think it is within your rights, if you get a question that is too petty, too detailed and too costly, to refuse to answer it now. That has happened to me a couple of times, and you would not be surprised, although I have probably put 700 or 800 questions on notice through the formal Senate system, so I do not complain. So I think that can be a remedy if you think a particular question requires too much research and too much work. If the senator or member insists on an answer, put the costing with the answer. I have done that myself as a minister. Put the costing—that it has cost \$7000, \$8000 or \$9000 to get the answer to that question—if you deem it to be too trivial or too detailed. But I have to make one other comment to you: it should not have taken us 1¼ hours, coming back to the question three times, to find out who initiated the back staircase at Kirribilli. We could have been given that answer in the first five minutes, and we would not have had to persist with a whole range of building questions to finally get to the coup de grace. So I think that also should be taken into account.

**Mr Henderson**—I take the point.

**Senator ROBERT RAY**—Thank you.

**ACTING CHAIR (Senator Murray)**—Is that enough opening repartee?

**Senator FAULKNER**—I think so. I think the other general point that might be made, Mr Chairman, and I think you might agree with this—

**Senator Hill**—Apparently not.

**Senator FAULKNER**—I have one other comment, and Mr Henderson might reflect on this too because I think it is a fair comment: there does seem to be a great deal of public interest in these matters, regardless of who the incumbents are.

**Senator Hill**—It is good sport, isn't it?

**Senator ROBERT RAY**—Yes. We are running a public information campaign.

**ACTING CHAIR**—Very well, too. Are there any further questions on this matter?

**Senator FAULKNER**—On that matter, no, but on the matter that Mr Henderson responded to, I think he has indicated it is being prepared elsewhere. In a question that was taken on notice, F&PA No. 78, at the last estimates committee hearings on Monday, 7 February, I asked what was the cost of insurance of artwork at Kirribilli House by the National Gallery. I was told that it was not disaggregated. I was just interested, not from any other point of view. The answer indicated that the artworks were the *Sydney Harbour from Clifton Gardens* by James R. Jackson and the *Harbour from Kurraba* by Arthur Streeton and that the NGA valuations were \$25,000 and \$80,000 respectively. I was interested in the final comment, which says:

The cost of insuring these items is included in the department's overall premium payable to Comcover and cannot be identified separately.

I just wonder whether there are some administrative implications if you are not able to actually disaggregate valuable items like this in terms of their insurance cover. I am not questioning what has been provided to me; I am just interested in whether you find this a satisfactory situation in terms of departmental administration?

**Mr Henderson**—I am not sure whether Mr Oliver or Mr Crane can elaborate. I do not know the total value of artworks we have insured. Are you saying that, if it were a million dollars—it is certainly not a million dollars—or \$500,000, you could just take \$80,000 as proportion of the \$500,000 and say that that is the proportion of the premium?

**Senator FAULKNER**—If it were a million dollars or \$500,000, for example—it does not matter; that is a very substantial amount—does it bring with it any particular administrative difficulties, given you might have a very valuable piece of artwork? I wondered, given that it could not be disaggregated, whether that was an issue or a concern for you in some way?

**Mr Crane**—No, Senator. Each year we provide information to Comcover on the total cost of the artworks. Are you talking about what happens if there were a problem with one of the artworks?

**Senator FAULKNER**—Yes.

**Mr Crane**—We have a valuation from the NGA which I—

**Senator FAULKNER**—So that is the relevant amount. For insurance purposes, for example, if something went wrong—it is very unlikely to occur, but let us say an artwork was irreparably damaged—then that NGA valuation would effectively replace an insurance evaluation. Is that how things work?

**Mr Crane**—That is correct.

**Senator FAULKNER**—That is what I am trying to ask. So that effectively obviates the need for a separate insurance evaluation.

**Mr Crane**—For an individual valuation to be given to Comcover, yes.

**Senator FAULKNER**—Which would not be the case with other valuable items that might be within the official establishments that we know have separate insurance valuations, because I have asked about them at these committees previously.

**Mr Crane**—That is correct.

**Senator FAULKNER**—That is what I am trying to understand. That is how it works.

**Mr Crane**—Yes.

**Senator FAULKNER**—I want to give extra time to Mr Oliver and Mr Crane to work on those answers to questions on notice.

**Mr Henderson**—Thank you. We are very grateful.

**CHAIR**—There being no further questions on Output group 4, that concludes the Department of the Prime Minister and Cabinet.

[5.04 p.m.]

**OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY**

**CHAIR**—Welcome, Mr Blick. I call for questions on the Office of the Inspector-General of Intelligence and Security.

**Senator FAULKNER**—Mr Blick, I want to ask you about the decision to involve you to investigate ATSIC and the Registrar of Aboriginal Corporations. I understand that the Inspector-General has been involved in that activity. Could you give us a thumbnail sketch of the background to the Inspector-General of Intelligence and Security undertaking that work?

**Mr Blick**—Yes. I am going to be a bit hazy about dates, I am afraid, but the circumstances were that I was contacted by Peter Vaughan in the Department of the Prime Minister and Cabinet to ask whether I would be able, as I think I explained on a previous occasion in this committee, to do a task that was outside my normal statutory responsibilities and not in my capacity as Inspector-General, using, as it were, spare time that I might have available to me to do it. I said I thought I could and I was subsequently formally commissioned to do it. I cannot recall now whether I received a letter from the department formally requesting, but I think the answer is that I probably did. Do you want me to go on with the history?

**Senator FAULKNER**—You finalised your report.

**Mr Blick**—I did, yes.

**Senator FAULKNER**—And that was placed in the hands of the minister.

**Mr Blick**—That is right.

**Senator FAULKNER**—You sent a report to the minister, as I understand it.

**Mr Blick**—That is right.

**Senator FAULKNER**—I could have asked Senator Herron this—I decided not to—this morning. I thought better to at least try and establish where things were at with you and perhaps ask him at a later stage. Did that end your involvement, having placed a report in the hands of the minister?

**Mr Blick**—Yes, it did.

**Senator FAULKNER**—The report included recommendations, didn't it?

**Mr Blick**—Yes, it did.

**Senator FAULKNER**—So you do not know what has occurred in relation to those recommendations.

**Mr Blick**—No, I do not.

**Senator FAULKNER**—Do you expect to be informed?

**Mr Blick**—There is no reason for me to be informed. So I suppose the answer is no; I do not expect to be.

**Senator FAULKNER**—So you do not expect to hear about this again?

**Mr Blick**—Certainly not, no.

**Senator FAULKNER**—It raises the issue of appropriateness or otherwise of the Inspector-General undertaking this sort of activity, understanding this is technically outside the statutory responsibilities of the office of the Inspector-General. How do you get around that sort of problem? You have presented it to the committee from a resources perspective, if you like. I think that is fair, isn't it?

**Mr Blick**—Yes, that is right.

**Senator FAULKNER**—Is it only a resources issue, or is there a more serious issue here in relation to the appropriateness of the Inspector-General undertaking this sort of activity, given the role of the agency in the department?

**Mr Blick**—First of all, the agency is not in the department.

**Senator FAULKNER**—I am sorry; the role of the agency. Quite right; I apologise.

**Mr Blick**—Secondly, if I had thought there was such an issue I would have declined to do it.

**Senator FAULKNER**—I looked up the budget statements and the agency overview is absolutely clear. There is no question about that sort of activity being undertaken. Do you now have a feel as to whether this was a one-off type of investigation or are you likely to see this revisited in the future depending on your own resource implications in the Inspector-General?

**Mr Blick**—You mean in relation to the particular subject matter of the inquiry?

**Senator FAULKNER**—No, I mean in the likelihood of government using the Inspector-General for investigations that would be outside the, if you like, statutory responsibilities of the Inspector-General.

**Mr Blick**—As I think I indicated on a previous occasion, there have been at least two such instances that I can recall.

**Senator FAULKNER**—I ask because to the extent that I am able to understand the portfolio budget statements—that is, if anyone can understand them—I thought I might have seen that there was a reduction in staffing and budget allocation to the office of Inspector-General. I might be wrong about that. Have I got that right or wrong?

**Mr Blick**—There has been no substantive reduction in budget allocation, if I can put it that way. The office has not been operating to its full notional staffing strength for a couple of years now, because I have chosen not to fill all the positions that I could if I chose so to do.

**Senator FAULKNER**—So there is a reduction in staff?

**Mr Blick**—By my choice.

**Senator FAULKNER**—I can only read the PBS. I do not know whose choice it is. There is not a little asterisk that says 'Mr Blick has decided to do this by choice.'

**Mr Blick**—Perhaps I have not made it clear. No-one has taken resources away from me. I have decided not to fill a particular senior position in my office because at the moment I do not believe it is essential to have it filled.

**Senator FAULKNER**—That is the only change to the staffing establishment of the office of the Inspector-General?

**Mr Blick**—That is correct, except that I do need to mention in relation to another inquiry that I have been doing that I have been able to second somebody to assist me with it from the Department of the Prime Minister and Cabinet on a temporary basis.

**Senator FAULKNER**—Since this particular inquiry—let us say a broadbrush into Aboriginal corporations, for want of a better description: we both know what we are talking about—have you been approached at all to undertake any other inquiries that might be described as outside your statutory responsibilities?

**Mr Blick**—Yes, I think I indicated previously that there are at least two that I can recall.

**Senator FAULKNER**—I was not sure of the timing though.

**Mr Blick**—I am not 100 per cent sure, but I think in both cases they would have been subsequent to the one that you are now talking about.

**Senator FAULKNER**—I think you have mentioned those previously in estimates committee evidence. To make it clear, what I was trying to get to was: since those that have been identified previously, are there any others?

**Mr Blick**—No, there are no others since then.

**Senator FAULKNER**—So at this stage all the work that you are currently undertaking could be described properly as within your area of statutory responsibility?

**Mr Blick**—Both the matters that I previously mentioned are not totally finalised. One of them is the investigation into the Wispelaere espionage case. For reasons I have explained previously, that is taking a lot longer than one would have originally hoped. Regarding the second one, which was a review of an inquiry done in 1992 by Mr McPhee, I have done a draft report this week and I expect to finish the process in the next few weeks.

**Senator FAULKNER**—Just so we are clear: in relation to the Wispelaere issue, that will involve recommendations to government, I assume.

**Mr Blick**—I have already done two reports to government on it, both of which involved recommendations. The third one will almost certainly involve recommendations as well, but I am not really in a position to be very specific.

**Senator FAULKNER**—I understand that. In the case of the first two reports, they are recommendations of the Minister for Foreign Affairs?

**Mr Blick**—No. The Prime Minister commissioned me to do the report and I have provided the first report direct to him and the second one to the agency involved.

**Senator FAULKNER**—In relation to the second report, if you are able to do so, can you indicate whether there are likely to be recommendations there?

**Mr Blick**—You are talking about the McPhee one that I mentioned?

**Senator FAULKNER**—Yes.

**Mr Blick**—I was asked to come to a view about whether the conclusions in that original report were supportable on the evidence available to the inquirer. I have reached a view on that, and also on whether natural justice was accorded to some people involved in the inquiry. It is simply a matter of saying yes or no, in effect, to those questions.



**Senator FAULKNER**—And who will that view be communicated to?

**Mr Blick**—That will be to the secretary to the department of transport.

**Senator FAULKNER**—With that caveat, which I understand in the sense that in relation to those two issues that you have just mentioned there may be some ongoing activity, there is no other work in the Office of the Inspector-General that could be defined or described in any way as outside your statutory responsibility?

**Mr Blick**—That is right.

**Senator FAULKNER**—That is all I wanted to ask. Thank you for that.

**CHAIR**—Mr Blick, thank you very much.

[5.17 p.m.]

#### AUSTRALIAN NATIONAL AUDIT OFFICE

**CHAIR**—I welcome officers from the Australian National Audit Office. I call for general questions regarding the Audit Office.

**Senator FAULKNER**—Mr Chairman, I do have some questions that relate to the MRI report that I would like to ask. I also have some questions, if we have time, on the budget and valuation of Telstra. I think we all understand that time is of the essence here and I will prioritise the MRI questions. If the others cannot be asked, we might place them on notice to assist the committee. That might mean actually upending the normal order in which the committee might deal with it. If the officers from the Auditor-General's office are happy with that, I think it would save some time.

**Mr McPhee**—Certainly, Mr Chair.

**Senator FAULKNER**—Just quickly on the MRI audit issue, I think that was a \$570,000 report. That is correct, isn't it?

**Mr McPhee**—That is correct.

**Senator FAULKNER**—Is that a particularly expensive or unusual amount for that sort of audit, Mr McPhee?

**Mr McPhee**—It is on the higher end of our scale. We try and average about \$300,000 for our audit costs. This one was higher because of the extent of senior involvement, and probably higher travel and legal advice costs.

**Senator FAULKNER**—I thought it was, but are you satisfied that with the \$570,000 figure there is value for money there? Is the Auditor satisfied with that?

**Mr McPhee**—Indeed. We think it is a very good report. It was fairly hard going, as you would appreciate, and the team did very well.

**Senator FAULKNER**—As you would appreciate, in one sense investigations into this matter are not just limited to the Auditor-General because, as I understand it, the HIC investigations cost at least a quarter of a million dollars. Is that correct?

**Mr McPhee**—They certainly told us a figure of about that amount.

**Senator FAULKNER**—There is also an ongoing DPP investigation. It is fair to say it is a pretty costly exercise all round.

**Mr McPhee**—Indeed.

**Senator FAULKNER**—And, of course, there are other investigations as well. There have been a number of public statements about this audit report. It struck me that they have been more than normal in relation to audit reports. Obviously they sometimes get a focus. This one seems to have got a very significant public focus. I do not know if you monitor that sort of thing or not. I wondered if you did.

**Mr McPhee**—We do not monitor in any formal way. But I would agree with you that it certainly got a lot more coverage than much of our other work.

**Senator FAULKNER**—The Minister for Health and Aged Care has made a lot of public statements, as you would expect given his own behaviour. I have read a number of public statements that the Auditor-General has cleared the minister of impropriety. That statement is

not made in the report, to my knowledge. I just wanted to be clear as to whether you could point me to where I might find such a statement.

**Mr McPhee**—You are correct. There is no such statement in the report. The minister has obviously drawn that conclusion himself.

**Senator FAULKNER**—I see. Thank you for that. The Auditor-General also uses the terminology in this report—which is not uncommon; I think we hear it from time to time—of ‘on the balance of probabilities’. What do you understand by that term which is used in quite a significant part of the report. What do you understand ‘on the balance of probabilities’ means? Is it used by the Auditor here in a legal sense?

**Mr McPhee**—It is certainly on the basis of the evidence that we came across. During the course of the audit, we were very careful to have regard to the evidence that we had. As you are aware, the report suggests there is a range of factors which led to some radiologists either becoming aware of or deducing the budget option. I guess we were saying on the balance of probability it is more likely than less likely that people became aware of the information or deduced the information about the budget measure.

**Senator FAULKNER**—So it was more likely than less likely that some radiologists got early inside information about the nature or effect of the budget decision; would that be fair?

**Mr McPhee**—Either some inside information or they put together a number of sources of information to deduce the budget measure. That is, there were strong suggestions around—fairly strong rumours—about this measure.

**Senator FAULKNER**—Yes, that is right. Part of this goes to, if you like, members of the negotiating team or associates possibly ordering machines on the basis of privileged inside information and evidence about orders being backdated. But then of course there is still the puzzling aspect of machines ordered by radiologists not on the negotiating team, and that occurring before budget night.

**Mr McPhee**—Yes.

**Senator FAULKNER**—Did the Auditor draw any tentative conclusions about that group that you could point to for me in the report?

**Mr McPhee**—I might ask Mr Greenslade to give me a hand in that response.

**Mr Greenslade**—We do not specifically refer to the surge of orders on page 88. We do not specifically break it down between those who were part of the negotiating process and those who were not, although we do refer to the fact that a number of those on the negotiating team purchased machines and the effect that might have had on their peers.

**Senator FAULKNER**—But it gets harder, doesn’t it? This is a separate group. I assume this is much more difficult. I would imagine it would be more difficult to investigate any possibility of improper behaviour with that group as opposed to the group more directly involved. That is a conclusion I have jumped to. Am I right in saying that?

**Mr Greenslade**—We certainly had a particular focus on possible direct sources of disclosure, which would be where there was negotiating contact between the department and the radiology profession, but we did also in our audit work take evidence from some radiologists who were not part of that negotiating team.

**Senator FAULKNER**—It struck me from reading the report—and I think the Auditor-General does focus on this—that this particular audit is very much hampered by lack of

documentation. That is, again, a comment from me. But is that fair? I think that is a pretty objective assessment of the report. Could you comment on that?

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

**Senator FAULKNER**—I do not know whether you have read the report, Senator Hill, but the Auditor does stress the issue of lack of documentation quite strongly. Mr McPhee can probably help you out. You are at a disadvantage, not having read the report.

**Senator Hill**—The more documents you have, the easier to do an audit, I presume. That is fairly elementary.

**Senator FAULKNER**—You should not make assumptions.

**Mr McPhee**—It is fair to say that we were critical of the level of documentation within the department of meetings with radiologists, briefings to the minister and meetings with the minister. You are correct in your assessment.

**Senator FAULKNER**—Does this go to the issue of post-hoc written statements or declarations? That is also a substantive issue, isn't it—that contemporary notes are very different from recollections up to 18 months after an event has taken place? Would that be right?

**Mr McPhee**—I would agree with that, yes, because people's recollections fade over time.

**Senator FAULKNER**—Exactly. So you have here an investigation that has been hampered to possibly quite a significant extent by that situation. Do you believe the audit inquiry has been hampered by the lack of proper documentation and the fact that some of this is recollections from well after the event?

**Mr McPhee**—We certainly make a comment to that effect. We are fairly critical of the department in this respect, drawing out that the task force members themselves had better records than the department. We thought that was a fairly telling point in some of the meetings with the task force. Given the accountability expectations of the public service, we thought the Commonwealth could have done better in its record keeping.

**Senator FAULKNER**—Do you think there is a developing issue here in relation to these sorts of deficiencies becoming more commonplace?

**Mr McPhee**—It is difficult to generalise. The point that we try and make in the report is that process is still important, despite the heavy emphasis today on outcomes. I guess we are saying that to get long-run effective outcomes you need good process as well.

**Senator CHRIS EVANS**—Did you look particularly at this question of the computer malfunction, the loss of emails? Did that have any impact on your inquiry? I understand that a lot of the key communication between the minister's office and the department was lost. Did that have any particular impact? Were you able to ascertain whether key documentation that would have been available to you was no longer available because of this problem?

**Mr Greenslade**—It was certainly a challenge both with respect to paper documents as well as electronic ones. We sought to identify electronic documents through searches of backup tapes and we had an expert in to do that. We found a number of documents that were not around and we have identified everything that is there to be identified. I probably need to get technical advice, but I do not think it guarantees that we capture anything. For example, if emails are sent and destroyed over a short period they will not get onto backup tapes and so on, which is what we would have been searching.

**Senator CHRIS EVANS**—I certainly do not want to enter into a technical discussion, having just mastered my own email system. Were you able to identify key documents that had been destroyed as a result of this problem with the computer—the loss of communications between the minister’s office and the department?

**Mr Greenslade**—We do not know whether documents were destroyed. We certainly found some documents, some of which the department did not have in their files, and we used those and made key ones available to them.

**Senator CHRIS EVANS**—Were there documents that you were able to identify that would have been a useful part of this process that were not available—using whatever wording is appropriate? Were you able to identify documents that were no longer available to anybody as a result of that computer problem?

**Mr Greenslade**—Yes. We identified documents that were used in the audit that were not available on departmental file.

**Senator CHRIS EVANS**—Maybe Mr McPhee understands the question—

**Mr McPhee**—Senator Evans is asking whether we became aware of documents, like a tag to a document that was there but the document itself was missing.

**Senator CHRIS EVANS**—So much better put, Mr McPhee. It was the way I phrased the question.

**Mr Greenslade**—I think the nature of the technology we use in the search does not enable us to identify that. I think it lets us know what is sitting, whether there is a whole document there or not.

**Senator CHRIS EVANS**—So you were not able to know whether there were key documents that had been lost that might have been useful?

**Mr Greenslade**—That is correct. There were limitations. As I said, certain emails, for example, would not have been picked up in our search because they were not on backup tapes and we would not know that they had existed.

**Senator CHRIS EVANS**—Was evidence given to you by the parties involved that key communications were on their emails and that you were then unable to discover those emails?

**Mr Greenslade**—In the sense that we had paper copies and then we searched. If we had paper copies we did not look for any electronic copy. We were looking to top up.

**Senator CHRIS EVANS**—In the sense of them saying, ‘Oh well, I sent them an email about that: I don’t have a hard copy,’ you were then unable to discover—

**Mr Greenslade**—I am just informed that apparently there were some.

**Senator Hill**—I am not sure that your question fully appreciates it.

**Senator FAULKNER**—I appreciate it fully.

**Senator Hill**—You welcome it, but I do not think that it has been fully understood. I think it is better if we make sure that the officers understand exactly what you are asking.

**Senator CHRIS EVANS**—In evidence to the Community Affairs References Committee, a number of officials said that, yes, there was email traffic relating to this matter between the department and the minister’s office but that unfortunately a critical subset of communications had been lost due to some problems with wiping off former employees’ records, et cetera.

What I am trying to identify is: in your investigations, did you identify documents that may have been part of the process but that you were unable then to locate in hard copy?

**Mr Greenslade**—I think that is probably the case. I cannot think of specifics. We identified everything that was there, and I think there were some references to documents that may have been there that were not.

**Senator Hill**—I do not think that that was the first question you asked. Are you abandoning your first question and relying on the second?

**Senator CHRIS EVANS**—I think we were going through a process. I think the first question went to emails that—

**Senator Hill**—If it is becoming confusing for the witness, I am not surprised. It is certainly confusing for me.

**Senator FAULKNER**—I do not think you are up with the play.

**Senator Hill**—That might be your interpretation, but these are important matters.

**Senator FAULKNER**—They are.

**Senator Hill**—You should ensure that you do not confuse the witness.

**Senator FAULKNER**—You are just trying to interrupt Senator Evans's line of questioning—that is all. It is the oldest trick in the book. Congratulations for trying; we have all tried that. It is an oldie but a goodie.

**Mr McPhee**—If it would assist, we could explain exactly what we did, and if you have further questions, Senator Evans, we could answer them.

**Senator CHRIS EVANS**—I am trying to explore with you the extent to which this unfortunate loss of key emails between the minister's office and the department hindered your ability to get to some of the key issues at stake. The evidence we had at the Community Affairs References Committee was that key emails between the key players in the minister's office and the department handling the negotiations were not available and that the department could not access those records or they had been lost. I am just trying to tease out from you whether you found that so, whether or not they were important documents, whether or not you were able to identify them and find them or whether you were just able to identify the fact that they had existed but were no longer available, and what impact this had on your inquiries.

**Senator Hill**—I think your asking 20 questions at once is part of the problem.

**Senator CHRIS EVANS**—Mr McPhee strikes me as being intelligent enough to have grasped the concepts, Senator Hill.

**Mr McPhee**—Senator, I can give you a response from my perspective, and I will ask Mr Greenslade to come in over the top of me to correct me if required. My understanding is that we did manage to recover certain emails from the department's backup system. Where we could, we got the full messages, but if it was not there as part of the backup we would not have been aware of it.

**Mr Greenslade**—That is correct.

**Senator FAULKNER**—Can I ask a question about documentation in general. I am not speaking about the electronic records that Senator Evans has just focused on. In relation to

this audit, there is a concern about an absence of documents or notes, in a general sense. I think that is a fair statement to make, isn't it, Mr McPhee?

**Mr McPhee**—In this particular case, yes.

**Senator FAULKNER**—Given that, there are two possibilities, it seems to me. One is that there has been a failure to record or to keep records; the other is that records have been destroyed in some way. Does an audit like this grapple with that sort of distinction? Were you grappling with that sort of distinction? In other words, was it deliberate destruction as opposed to a failure to keep or record?

**Mr McPhee**—Certainly we sought to retrieve whatever we could in respect of this investigation. I am not aware of whether we were conscious of any suggestions of deliberate destruction of records, but I will ask Mr Greenslade to respond on that.

**Mr Greenslade**—In a sense, I think the records that we saw in documentation practices were twofold. First of all, the original record often was not taken, so there were not records of certain meetings and so on. We also point out that often other records that might have been helpful in the absence of formal records—diaries, et cetera—were not retained. We did address with certain people in the department whether there had been any deliberate destruction; that did not appear to have been the case. There is no evidence of that.

**Senator FAULKNER**—Let me go back to the second category. I am interested in what you said: 'certain diary records were not retained'. I think that is what you said.

**Mr Greenslade**—Yes.

**Senator FAULKNER**—Diary records not being retained is very different, conceptually, to diary records not being taken in the first instance. I listened carefully to what you said. That is the sort of distinction I am trying to draw on. Do we have an issue in relation to this audit where certain records were not retained?

**Mr Greenslade**—The primary weakness is that formal departmental records were not taken of certain things. There was certainly a considerable difficulty in extracting relevant records that did remain. Some appeared to be missing. In the absence of formal records, notebooks or diaries often were not available as well.

**CHAIR**—I am grappling with it, too. I just want to clarify it in my own mind, so I can follow it. Are you aware of documents that have existed, that were made, that are no longer available?

**Mr Greenslade**—I am trying to recall whether we have absolute evidence. Certainly there were said to be individual records of things that were not there. We appear to have been able to track down all formal departmental minutes and so on. I think what is missing is probably in the nature of informal records held by individuals.

**Senator FAULKNER**—We are dealing here with an audit that obviously has received a high priority. We have talked about that. It is an expensive one. It has a major national focus. It is a very important audit. You have a situation where, in relation to certain meetings, we know that the record keeping was either poor or nonexistent—perhaps records were not retained. I am not suggesting for one moment that you would not do this, but you, the Auditor, would have to treat very seriously the sorts of primary sources that you have from meetings like that. I assume you would pull out all stops to ensure that you could access all primary records—all primary source material. Would that be right?

**Mr McPhee**—We endeavour to do that. The reason we took so many interviews and took transcripts of any interviews with people was to try and understand the details in the absence of the records. We did over 75 interviews with various parties.

**Senator FAULKNER**—And they have been full transcripts of those interviews?

**Mr McPhee**—We have transcripts of those interviews.

**Senator FAULKNER**—But you have also, I assume, tried to obtain primary source material wherever possible.

**Mr McPhee**—Correct.

**Senator ROBERT RAY**—That would be more important in this case, because people were relying on events that occurred up to 18 months before?

**Mr McPhee**—It depends how central the issue was, Senator Ray. I do not think there is a standard answer to that.

**Senator Hill**—Primary source information must always be better.

**Senator FAULKNER**—We did talk about this a short time ago, but did the Auditor-General, amongst all the other mountains of material that might have been available to him, also look at the parliamentary record: the *Hansard* in the House of Representatives, but more particularly a lot of evidence that has been educed at committees like this?

**Mr McPhee**—Absolutely. Anything relevant to the audit objectives we covered.

**Senator FAULKNER**—You would recall that we had a special meeting of the Senate Community Affairs Legislation Committee. I do not recall the date of that. I wonder whether, given the timing of your draft report, you were able to take into account the evidence educed at that hearing. Senator Evans might know the date.

**Senator CHRIS EVANS**—I think 2 April.

**Senator FAULKNER**—Early April, I would have thought. Do you know the meeting I am referring to? We had a special Community Affairs Legislation Committee evening meeting because of our lack of satisfaction, dealing specifically with the MRI issue.

**Senator ROBERT RAY**—It was the night ATSC went out to the Lodge. I remember it well.

**Senator FAULKNER**—The issue is that I am not sure where your report was up to in terms of the evidence that was educed at that hearing. I wonder whether you were able to take that into account.

**Mr Greenslade**—If I could just clarify it, I believe I know the hearing you are referring to. There were documents tabled there by the department, I believe. Is that the one you are referring to? They included some minutes to the minister and some complaints. There were a number of documents tabled. We had access to all documents held by the department and the minister's office.

**Senator CHRIS EVANS**—The hearing was held because of the failure of the minister to reply to the return to order. Certainly the return to order documents were not tabled then.

**Senator Hill**—I think the witness said they had access to the documents—

**Senator FAULKNER**—We are struggling for a date. I wonder whether the committee secretary might be able to find that date for us.



**Senator Hill**—I think the date of the committee inquiry is irrelevant. I think the problem is working out what you are asking.

**Senator FAULKNER**—We are looking for the date of a meeting, Minister. Go back to your briefs.

**Mr Greenslade**—Although we do not have a specific date, we are aware of the one, which I think went on for quite a few hours—

**Senator Hill**—As Senate committees do.

**Mr Greenslade**—We are aware of all documents that were tabled and we had access to those before the committee.

**Senator FAULKNER**—That is what I wanted to know. Was that material available to you before you finalised your draft report that was sent to agencies et cetera?

**Mr Greenslade**—It was indeed. We had the full cooperation of the department.

**Senator CHRIS EVANS**—I think we ought to check the date, because I am not sure that is right. I think at that hearing the secretary said he was already in receipt of your draft report.

**Mr Greenslade**—Yes, but we would have had access to that information.

**Senator CHRIS EVANS**—I have no doubt you had access to the documents. I think Senator Faulkner's question is whether you had access to the transcript of the evidence concerned.

**Senator FAULKNER**—I think I can solve this problem by asking a specific question.

**Senator Hill**—But the Auditor goes to primary documents. That is the point you were making some time ago.

**Senator FAULKNER**—In this case there were not many. When did you complete your draft report? I think that will solve our issue and might be an easier way of doing this.

**Senator Hill**—I do not think it will, because the witness has said that it had earlier access to the primary documents. The fact that the committee did not get the same access is a different issue.

**Senator ROBERT RAY**—You are missing the point. There is a cross-examination of the secretary to the department, the Health Insurance Commission and other witnesses. Some of the material given in answers there was new. What Senator Faulkner is asking is whether the Auditor was able to avail himself of that evidence. Forget documents; that is a red herring. Do you understand?

**Senator Hill**—I understand that, but that is not the line of questioning that we have been hearing. The line of questioning has been related to whether the Auditor had access to all the primary documents.

**Senator ROBERT RAY**—Yes, but then Senator Faulkner was going on to the full gamut of material that was available to the Auditor-General. He asked whether the Auditor-General had available to him answers given and material put in the House of Reps and the Senate. He then went on to ask whether the special committee hearing transcript was available before the draft report was issued.

**Senator Hill**—That is a secondary source.

**Senator FAULKNER**—All I am asking the officers is the date when you finalised your draft report.

**Mr McPhee**—I do not have that date specifically, but I can tell you that we tabled the report on 10 May, and we finalised the report just a few days beforehand. Although we sent out draft reports for comment, it was not the final draft.

**Senator Hill**—And you have read the transcript of the committee's hearing.

**Senator FAULKNER**—Would you mind taking on notice, please, Mr McPhee, the date of the draft report's finalisation.

**Mr Greenslade**—I can answer that, Senator. It was 29 March that the draft report was made.

**Senator FAULKNER**—The meeting I am talking about was 11 April. That is the point. The Senate estimates committee hearing that I am talking about was 11 April.

**Senator Hill**—The point has been overtaken by the statement that the Auditor-General took into account the transcript of evidence that the committee tried to finalise in the report.

**Senator FAULKNER**—It has not been overtaken, Senator Hill. That is your view and you are entitled to it.

**Senator Hill**—That is what he said.

**Senator ROBERT RAY**—We are getting totally confused here. There is no need to run interference. Senator Hill, you are saying that, between the issuing of the draft report and the finalisation of the final report, the Auditor-General was able to take into account the evidence given on 11 April. Is that right?

**Senator Hill**—Correct.

**Senator ROBERT RAY**—I just want that confirmed, so you are not confused. Is that right?

**Senator Hill**—I hope that is right because that is what I thought he said.

**Mr McPhee**—I understand that to be the position. If it is anything other than that, I will come back to the committee.

**Senator ROBERT RAY**—That closes that issue.

**Senator FAULKNER**—Going back to this question of diary records not being retained, can you point out to me where specifically I might find the paragraph you were referring to in the report?

**Mr Greenslade**—That is page 71, paragraph 1, point 53.

**Senator FAULKNER**—Doesn't the Auditor-General in this sort of circumstance—you talked about interviews you might have with witnesses and so forth and the full transcript of that evidence you would use—keep records of this sort of material that might be referred to, if it is available, in 1.53? Do you actually take copies of this sort of material? That is a common practice for an inquiry such as that, I believe. I would like that to be confirmed or have my misunderstanding corrected if that is required.

**Mr Greenslade**—That is correct. We took copies of all relevant departmental records.

**Senator FAULKNER**—Let me give you an example. One of the things I have been canvassing for some time and have tried to get to the bottom of is whether records or notes

existed of the minister's meeting on the evening of 6 May. That has been debated in the parliament. I have certainly asked an enormous number of questions about it. I think it is an important issue, and the Auditor-General refers to record keeping in the report. Let me not mince words here: did you ask Ms Penny Rogers for a copy of her diary?

**Mr Greenslade**—We asked all officers relevant to the negotiations for copies of diaries and notebooks.

**Senator FAULKNER**—Thank you. This would be comparatively limited in the department of health because there were only a few directly involved. This is not a criticism of the department of health, but there were only a few officers really directly involved. How many officers would you have asked in the department of health for, say, diary records and notes?

**Mr Greenslade**—We would have asked the relevant people involved in the negotiating team. It would be a handful. I think it would be about five.

**Senator FAULKNER**—That is what I would have thought. Did all those officers—the five in the department of health—provide that information when requested? Did you get cooperation from the officers concerned?

**Mr Greenslade**—We asked for relevant diaries, notebooks, et cetera, and we obtained what was available.

**Senator FAULKNER**—When you obtain what is available do you then copy it?

**Mr Greenslade**—We have copies of the relevant documents that we identified during the course of—

**Senator FAULKNER**—But that is standard operating procedure, is it not? You are looking at me quizzically.

**Senator Hill**—It is better that you ask him what the procedure is rather than telling him.

**Senator FAULKNER**—He sort of smiled in response. He looked quizzical.

**Senator Hill**—I thought the answer he gave was yes.

**Senator FAULKNER**—He did give an answer of yes but he also smiled.

**Senator Hill**—But then he smiled and you were puzzled by that, were you?

**Senator FAULKNER**—People like me, Senator Hill. You would not understand this.

**Senator Hill**—It is unusual for you to find anyone smiling in this business.

**Mr McPhee**—Senator Faulkner, in this case we did make the copies. The reason I was smiling was that as a matter of practice we are trying to encourage auditors not to copy as much material as traditionally they have; rather to put a cross reference to departmental documents and copy only what is absolutely essential to avoid copying unnecessary material. But, in this case, because of the sensitivity of the issues we were dealing with, we did take the copies, as explained by Mr Greenslade.

**Senator FAULKNER**—Would this go with, say, the five officers or the handful of officers involved in the department of health? Would this go to personal diaries?

**Mr Greenslade**—We have access to personal diaries. I think we took records of some personal diaries. Generally a lot were not available. With those that we had access to, we

tended not to photocopy the diaries where there were not relevant entries. So there was a slight qualification.

**Senator FAULKNER**—Let me not mince words here: was Ms Penny Rogers's personal diary available?

**Mr Greenslade**—That was not available.

**Senator FAULKNER**—Why not?

**Mr Greenslade**—As we said, notebooks and diaries had not been retained.

**Senator FAULKNER**—Let us be clear about this. You have used this terminology again: 'had not been retained'.

**Mr Greenslade**—We asked for, in this case, the personal diary, and it was not available.

**Senator FAULKNER**—Did you ask why?

**Mr Greenslade**—We asked why. There was talk of moves taking place and I think there had been a flood in the office at the relevant point. They were not available.

**Senator ROBERT RAY**—You do quite a few of these sorts of inquiries in which you interview witnesses and you go to departmental notes, notes of meetings or diary notes. That is right, is it not? Across the board you do this a fair bit?

**Mr McPhee**—Correct.

**Senator ROBERT RAY**—Outside this inquiry, going to your experience of other inquiries, do most public officials retain their notes?

**Mr McPhee**—We generally expect departments to have a formal record of any key events or decisions, meetings, outcomes. I think it is less satisfactory when you have to resort to personal diaries. If it is important enough, it should be on the Commonwealth record.

**Senator ROBERT RAY**—In my experience, most officials, when they attend a meeting, take copious notes.

**Mr McPhee**—I think it varies, Senator Ray. We certainly encourage notes that are fit for the purpose.

**Senator CHRIS EVANS**—You said that Ms Rogers's diary was not available and you referred to five individuals, or did I mishear that?

**Mr Greenslade**—Yes, I did. I referred to a handful of individuals on the team.

**Senator CHRIS EVANS**—I do not know whether or not you want to name those key individuals, but would you identify whether or not those other key individuals were able to furnish you with diary records, whether their diaries were available?

**Mr Greenslade**—I need to take that on notice. We would be looking at diaries where they were relevant to audit questions we had and I am not sure for all those individuals whether it would be relevant for us to look at their diaries. Indeed, in the normal course, an auditor would not be expecting to look at officials' diaries. There would be other records, and so on. I have to take that on notice. I am not entirely sure.

**Senator CHRIS EVANS**—Was the minister one of those individuals of whom you asked for personal diary records?

**Mr Greenslade**—We had access to his diary.

**Senator CHRIS EVANS**—What about Rachel David. Did you have access to her diary?

**Mr Greenslade**—She was not a Commonwealth officer.

**Senator ROBERT RAY**—Can I clarify that because, if someone is employed under the MoPS Act, they do not come within your ambit, do they?

**Mr McPhee**—There are two provisions in the Auditor-General's Act. When we are doing a performance audit on a single agency, what you say is correct, we do not have access. But interestingly enough, there is another provision which allows for across-the-board or multiagency performance audits and it does not have the same exclusion in terms of the MoPS staff.

**Senator ROBERT RAY**—Is that because it is an oversight in the act and regulations or was that a deliberate intention?

**Mr McPhee**—I am not aware of the background. Mr Coleman may be able to assist.

**Mr Coleman**—My recollection from being involved on the Audit Office side of drafting the legislation was that it was a deliberate decision of the government that the MoPS Act staff would be excluded when we were dealing only with single agency audits.

**Senator ROBERT RAY**—In effect, to use an example, you could go as high as the director of the cabinet policy unit who is employed under the MoPS Act. Is that right?

**Mr McPhee**—Assuming we were doing a multiagency audit and his responsibilities were within the objectives that the audit had set, yes.

**Senator Hill**—And his objectives were relevant.

**Senator ROBERT RAY**—I bet he does not know that. I did not know it before today.

**Senator CHRIS EVANS**—I want to take us back. Was Dr David's diary available?

**Mr Greenslade**—I would have to take that on notice. We look at diaries where there are relevant issues to pursue. In this case, I am not sure whether we needed to see Dr David's diary for particular issues. I just need to check whether we asked the question.

**Senator ROBERT RAY**—Could we expand the question to slightly wider than diaries—meeting notes or other records of the meeting, especially of 6 May?

**Senator Hill**—Her notes or notes more generally?

**Senator ROBERT RAY**—Her notes pertaining to the meeting of 6 May.

**Mr Greenslade**—There were no notes of 6 May.

**Senator CHRIS EVANS**—Of any of the parties?

**Mr Greenslade**—Of any of the parties.

**Senator CHRIS EVANS**—By that, do you include the radiologists who were there? I think we have to be clear for the record.

**Mr Greenslade**—There were no notes taken by those who attended the meeting.

**Senator CHRIS EVANS**—From either side of the negotiation?

**Mr Greenslade**—From either side.

**Senator CHRIS EVANS**—So you will take on notice whether Dr David's diary was made available to you or whether you in fact requested it. Sorry, I assume you would have requested

it because she was one of the three key government representatives at the meeting, unless that assumption is wrong.

**Mr Greenslade**—She resigned at the time we were interviewing her. I will take it on notice. I have a vague recollection it may also not have been available, but I will need to check.

**Senator Hill**—She had resigned prior to the interview?

**Mr Greenslade**—Yes.

**Senator Hill**—Not at the time?

**Mr Greenslade**—Previous to it.

**Senator ROBERT RAY**—We were not going to follow that up. We understand that.

**Senator CHRIS EVANS**—So you are just saying that when you interviewed her she was no longer employed under the MoPS Act?

**Mr Greenslade**—That is correct.

**Senator CHRIS EVANS**—Was that distinction made just to alert me to the fact that she was there voluntarily and you had no ability to necessarily speak to her? Were you trying to make a distinction over the powers you had to deal with her? I am not trying to put words in your mouth.

**Mr McPhee**—The performance audit provisions focus on Commonwealth administration. The Auditor-General may direct people to provide information in relation to the audit that he is doing and so the Auditor-General can compel people to provide information, providing the focus is on Commonwealth administration. We use those powers generally with the radiologists. With the minister the performance audit powers do not go fully to including the minister's full responsibilities so, to put the issue beyond doubt, we have a provision in the audit act which allows us to come to an arrangement with a party to undertake an audit. The minister agreed to be a party to this particular audit, so he needed to agree to allow us to fully explore the issues with him.

**Senator CHRIS EVANS**—Does that have any binding effect on his staff and/or former staff in this case?

**Mr McPhee**—Certainly his staff, because of the fact it was a multiagency audit, were picked up. They were picked up within the ambit of the audit and within the ambit of our provisions. In terms of former staff, they would be treated like radiologists. That would be my understanding; that is, they would be required to provide information but noting that the focus is on the public administration.

**Mr Coleman**—It is a slightly grey area when you are dealing with the minister and the minister's staff, as Mr McPhee said, and we did get legal advice in this area, as you would expect. As Mr McPhee said, to put the matter beyond doubt, so that it would be clear to all parties, on the agenda was a section 20 agreement which covered the minister and the minister's staff.

**Senator CHRIS EVANS**—So that I am clear on this and so we have the record straight: did you request access to Dr David's diary?

**Mr Greenslade**—As I said, that is the matter I will take on notice.

**Senator CHRIS EVANS**—Did you get access to Dr David's diary.

**Mr Greenslade**—I think that is part of the matter to take on notice.

**Senator Hill**—They asked for it but they certainly do not know whether they got access.

**Senator CHRIS EVANS**—But sometimes it has been the case that, when questions on notice come back, if you do not ask both aspects you do not get both aspects answered.

**Senator Hill**—Yes, if you find that you did not ask for it.

**Senator CHRIS EVANS**—Yes. I just wanted to cover both aspects. I appreciate you taking that on notice, Mr Greenslade. What about Dr Morautu?

**Mr Greenslade**—We had access to her diary.

**Senator FAULKNER**—Thanks for the information on those issues. I wish to ask about something that has got a bit of publicity of late. There was some questioning at the Health estimates committee—I do not know whether you see that sort of thing or read the *Hansard*—about a meeting on 7 May which got some publicity in the newspapers. I just want to be clear that a statement made by the secretary of the department of health was entirely accurate. I have no reason at all to doubt his testimony to the estimates committee on Monday but I think he actually invited senators at the table to take the matter up here—and I am actually going to take his invitation up—and check that the Auditor-General was fully aware of the 7 May meeting that was canvassed there, which I think involved Ms Rogers and two officials from HCOA, Dr Schneider and a Mr McCarthy. That was an invitation that Mr Podger suggested I take up so I thought that I would.

**Mr Greenslade**—I should explain that we did identify that a visit took place to St George Hospital by Ms Rogers involving those two people. Generally we interviewed a lot of people: there were hundreds of hours of interviews addressing a lot of relevant meetings and contacts, and they are not all in the report. The interviews traversed the relevant matters and possible sources of disclosure. In relation to that matter, we interviewed the relevant parties, including the departmental person and relevant HCOA people. All those have denied that HCOA were given any access to budget information before the budget. We have obtained evidence from HCOA of the reasons for them placing their orders when they did. Essentially, that analysis is consistent with some of the factors we have set out in the report, including the signals coming through: 7 May does appear to have been a particular signal there, but not to do with St George with this, as much as to do with hearing that an agreement was likely around that time. As we said, the department was actually saying it was seeking to indicate on about 6 May that an agreement had been reached. I guess what I am saying, in short, is that the analysis and evidence regarding a coincidence of the placing of those orders is that there is no evidence of disclosure of budget information. Rather, there is evidence of other factors leading to that purchase.

**Senator FAULKNER**—Let me try and sum this up. It is true that the Auditor-General had full knowledge of the 7 May meeting. Well, he had knowledge of the 7 May meeting.

**Senator Hill**—He knew of the 7 May meeting?

**Senator FAULKNER**—I am sorry; I should not have used that word. It is true that the Auditor-General had knowledge of the 7 May meeting?

**Mr McPhee**—Senator Faulkner, my understanding is that it is certainly true that we were aware of the St George Hospital meeting. In the evidence that we took, there was some uncertainty as to the exact date of that.

**Senator FAULKNER**—I see. Let me put it another way. It is true that the Auditor-General had knowledge of the meeting that was attended by Ms Rogers, Mr McCarthy and Dr Schneider?

**Mr Greenslade**—Yes.

**Senator FAULKNER**—Thank you. It is true that the Auditor-General reached his conclusion that the 6 May meeting was the critical one:

On the balance of probabilities, when the views of all the participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines ...

The Auditor-General reaches that conclusion ‘on the balance of probabilities’ with the understanding that we have discussed about a meeting that the three participants, Ms Rogers, Mr McCarthy and Dr Schneider, attend: that is true, isn’t it?

**Mr Greenslade**—Correct.

**Senator FAULKNER**—Thank you for that. Could you explain to me now the one thing I do not understand here? This does not appear in the Auditor-General’s report as a 7 May meeting—I think you made it clear that you did not know the date. This is what might have caused some of the confusion here. Is it mentioned somewhere where it is being non-date specific? If that is the case, could you point me to a paragraph that might explain this a little?

**Mr Greenslade**—On page 78 at paragraph 2.3, we refer generally to contacts between the department and external parties. There had been a lot around that time, with radiologists phoning in and so on. It is encapsulated in that. Also, in 2.19 we refer to a purchase by a buyer of six machines.

**Senator ROBERT RAY**—I take it from that answer that the Auditor was relatively satisfied that that meeting discussed a variety of matters, but he could draw no conclusion whatsoever that budget information was leaked at that meeting.

**Mr Greenslade**—That is correct. We address the issues of substance in that matter—interviewed quite a few relevant parties; there is no evidence of disclosure of budget information.

**Senator ROBERT RAY**—I think we might ring Eddie Maguire and say that Dr Wooldridge has used up the last of his lifelines.

**Senator FAULKNER**—I would have thought he had used up the last of his lifelines some time ago.

**Senator Hill**—Are there any further questions?

**Senator FAULKNER**—We might just manage a few. Thank you for that invitation. We are just talking amongst ourselves for a moment. You get back to your briefs.

**Senator CHRIS EVANS**—Can I ask when you thought that meeting had occurred then—the meeting of 7 May?

**Mr Greenslade**—We identified that meeting as having occurred during the critical pre-budget period. So we knew it was late April, early May—a time that was sensitive in terms of budget sensitive information. That is why, in fact, we looked at that and, indeed, looked at the context of that meeting and looked at that purchase.

**Senator CHRIS EVANS**—So, when the minister and Mr Podger say that they did not know about the meeting, do you think it was because of a lack of date-specific information about that meeting rather than that the meeting was not known about in more general terms?



**Mr Greenslade**—I cannot speak for Mr Podger and the minister. The meeting was identified during the audit and certainly was discussed; it was identified in discussions with Ms Rogers.

**Senator CHRIS EVANS**—The reason you could not pin it down to a particular date, was this because of the absence of diaries?

**Mr Greenslade**—Yes, I think it was based on recollection precisely when it happened. But the key thing from our point of view is that it was at the critical period anyway.

**Senator ROBERT RAY**—Was any attempt ever made—only by way of request to the MAPS division of DOFA—to turn up the travel records of the MOP staff so they might have refreshed their memory as to where they had travelled? In the absence of diaries, it is amazing how much stays on the record.

**Senator Hill**—But there were no MOP staff at that meeting, as I understand it.

**Senator ROBERT RAY**—What about her departmental travel records?

**Mr Greenslade**—We did obtain travel records; they were not always accurate, so we could not rely on them.

**Senator ROBERT RAY**—Yes, you have to go to the frequent flier points record as being the most accurate.

**Senator FAULKNER**—Did the Auditor look at any of the stories that received some currency, including in the parliament, about political fundraising by Dr Wooldridge?

**Mr McPhee**—No. That was outside the scope of the audit objectives.

**Senator FAULKNER**—Is that because Dr Wooldridge defined the scope?

**Mr McPhee**—No. The Auditor-General defined the scope.

**Senator FAULKNER**—There has certainly been public speculation about Dr Wooldridge—

**Senator Hill**—I think, Mr Chairman, this is not only a long bow, it is also somewhat offensive.

**Senator FAULKNER**—You have not heard it yet. You can decide whether it is offensive after you have heard it.

**Senator Hill**—It is not difficult to work out the implication that you are seeking to be drawn from your question, which I think is quite offensive.

**Senator FAULKNER**—Just wait for it and then draw any implication you like.

**Senator ROBERT RAY**—But I agree with Senator Hill: it is very offensive—offensive that he be fundraising from all these characters.

**Senator FAULKNER**—I was interested in understanding whether Dr Wooldridge using his contacts, or his then contacts, in the radiology world to raise funds for political campaigns was an issue that the Auditor-General had a look at. I do not know why it is outside the scope of the inquiry, but perhaps you might explain that to me.

**Mr McPhee**—Because we were focussing on Commonwealth administration and public administration.

**Senator FAULKNER**—But did any of the people whom you interviewed raise issues concerned with political fundraising dinners? Was that something that was canvassed with you?

**Mr Greenslade**—I am not aware of anything being raised in that context directly with us, no.

**Senator Hill**—This is turning into a fishing expedition. Senator Faulkner has obviously run out of questions that are relevant and has decided to spend the rest of the night throwing a line in the hope of catching something.

**CHAIR**—Perhaps you might tighten your focus, Senator Faulkner.

**Senator ROBERT RAY**—You might be able to answer this minister: is it within your knowledge at all that Dr Wooldridge has sued newspapers that run articles over his expensive fundraising dinners amongst the medical fraternity? Can you help the committee with that?

**Senator Hill**—That he has sued?

**Senator ROBERT RAY**—The newspapers that have run the stories about his expensive fundraising dinners amongst the medical fraternity.

**Senator Hill**—No, that is not within my knowledge.

**Senator ROBERT RAY**—It is not within your knowledge?

**Senator Hill**—No.

**Senator FAULKNER**—Did you seek any outside assistance with the MRI investigation, Mr McPhee?

**Mr McPhee**—Only legal advice and some specialist IT advice or skills, which we referred to earlier, to get access to some of the archived emails.

**Senator FAULKNER**—So the IT advice went to archived emails. That level of expertise: do you have to go outside the Commonwealth, outside agencies for that, or private advice?

**Mr McPhee**—We do not have it internally within the office. Therefore, we would prefer to get some specialist advice of our own rather than rely on the department's, in this particular case.

**Senator FAULKNER**—So, of the \$570,000 cost of this particular audit, could you indicate to us what proportion or amount of that money would have been spent on outside advice or assistance?

**Mr Greenslade**—I think roughly it would be about \$70,000 of that.

**Senator FAULKNER**—Was Dr Catchlove interviewed by the Auditor-General?

**Mr Greenslade**—He was.

**Senator FAULKNER**—Were a range of other officers of Healthcare Australia also interviewed by the Auditor-General?

**Mr Greenslade**—They were. I believe that we interviewed four of their officers.

**Senator FAULKNER**—Did you hear of any threats that Dr Catchlove might have made to take legal action in relation to some of the issues in relation to MRI machines, possibly even against the Commonwealth? Was that something that came up?

**Mr Greenslade**—That is not something that I recall coming up.

**Senator FAULKNER**—Did you investigate any discussions between Dr Wooldridge and Dr Catchlove in the period between May 1998 and August 1998, leading up to the minister nominating Dr Catchlove to the chairman of the HIC? Was that something that came within your purview?

**Mr Greenslade**—The appointment of Dr Catchlove was not something that fell within the objectives of the audit. Our focus in interviewing Dr Catchlove was, in a sense, the pre-budget period, looking at the possibility of disclosure and whether that may have affected an HCA order for machines; and, secondly, in the context of the issues raised in chapter 5 of this report with respect to managing potential conflicts of interest.

**Senator FAULKNER**—But how did you—or did you need to or did you try to—satisfy yourself there was no connection between the MRI negotiations about radiology, the MRI issue, and the subsequent appointment of Dr Catchlove as chairman of the HIC?

**Mr Greenslade**—As I said, the appointment of Dr Catchlove was not something that was within the scope of the audit.

**Senator CHRIS EVANS**—Were you able to ascertain why an inquiry was not held into the potential of a budget leak inside the department? In the report you talk at length about the measures taken once the department became aware of the excessive ordering over what was anticipated, but there does not seem to be much discussion about what measures were taken to understand what might have gone wrong.

**Mr Greenslade**—This is measures taken by the department? Again, it was not a particular focus of the audit. I think the information given by Mr Podger was similar to what he has given to the committee.

**Senator CHRIS EVANS**—Yes, but it seems that Mr Podger took the view very early on that there was not a leak and therefore did not investigate one. Obviously you looked at the question, but the fact there was no interviewing and no records checking at the time must have meant there was very little for you to look at in that potential problem.

**Mr Greenslade**—We discussed the limitations in records, but our focus was on the issue of a leak rather than the investigation of a leak.

**Senator CHRIS EVANS**—So your conclusion was consistent with what Mr Podger has told the estimates committees, which was that there was no real investigation of the potential for a leak?

**Mr Greenslade**—We would have nothing to add to what he said about the investigation.

**Mr McPhee**—As I understand it, there was no specific report of the department's investigation. If there was, we would have looked at it.

**Senator ROBERT RAY**—This is a left-field question—I am sorry to interrupt, Senator Evans—but have you ever thought of auditing the amount of investigation into leaks ordered by government, their costs and their effectiveness?

**Mr McPhee**—And the success rates.

**Senator ROBERT RAY**—Yes. I am available as a consultant, because I can give you the answer now.

**Senator CHRIS EVANS**—Were you able to ascertain when the department had got to the point of having two options about the budget supplyside measure?

**Mr Greenslade**—It looks like two options were put to the minister, and that appears to have happened at about the same time as the department gave consideration to including machines on order. Again, in the absence of clear documentation of the risks and options being addressed—

**Senator CHRIS EVANS**—So you were not even able to get any firm information on the development of the options at that earlier stage, because at those committee hearings I was unable to get any detailed information as to the development work on those options?

**Mr Greenslade**—Can I just clarify whether we are talking about the options as an alternative to the machines on order or the broader options about how to fund MRI, which I think they gave consideration to very early.

**Senator CHRIS EVANS**—No, the options about how many machines were to be funded effectively—the budget decision.

**Mr Greenslade**—That is the supply control?

**Senator CHRIS EVANS**—Yes. As I understand it, they got down to two options.

**Mr Greenslade**—That would appear to be the case.

**Senator Hill**—You got told more than I would have told you. It must have been a very generous committee.

**Senator CHRIS EVANS**—Senator Hill, I have worn them down over two years. It has not been a rapid process.

**Senator Hill**—That is some consolation.

**Senator CHRIS EVANS**—So you were not able to identify at what date they got to that two-option position? It seems to me that was a fairly critical issue in all this.

**Mr Greenslade**—The department is probably better placed to answer than I. I think the two-option solution to some extent flows from the fact that around 28 April they obviously gave consideration to including machines on order as one option. Presumably the other option was an installed base—a much narrower one. In a sense, the two options fell out the moment they gave consideration to extending it to machines for which an order had been placed. That is my deduction.

**Senator CHRIS EVANS**—Again, you did not find much in the way of documentation to support that policy debate?

**Mr Greenslade**—No. As the report says, there is really no documentation around the development of options, risks and assessments of benefits of different options.

**Senator CHRIS EVANS**—Were you able to ascertain whether that occurred in the minister's office or in the department?

**Mr Greenslade**—What occurred?

**Senator CHRIS EVANS**—The development of the options as to whether or not to impose the cut-off on owning machines currently operating or on machines that might be also on order.

**Mr Greenslade**—The options came from the department and the minister acted on the department's advice.

**Senator CHRIS EVANS**—But do you think the development of those options occurred inside the department.

**Mr Greenslade**—Yes. That is the evidence.

**Senator ROBERT RAY**—On another subject, without imperilling any sub judice rules, what can you tell us about the recent case of fraud in the Audit Office? Has the Federal Police investigation finished, is the matter with the Director of Public Prosecutions and have any charges been laid?

**Mr Coleman**—The matter has been dealt with in the Federal Court. I do not have the precise date but I think it was around 28 April. I do not know the precise legal term, but the ex-Commonwealth officer in question was found guilty of defrauding the Commonwealth to an amount of around \$48,000 and the matter has been referred to the Supreme Court for sentencing on a date to be set.

**Senator ROBERT RAY**—I will not go to any specifics on that. As in all such cases—and there is not a unit of government that has not been through this at some stage—I would imagine you have had to take steps to remodel some of your systems and delegations and accountabilities. Could you describe what you have done?

**Mr Coleman**—We have taken a range of measures. The particular accounting question was in fact closed as part of a restructuring of our banking arrangements. That closed off one of the options. We have revised our internal procedures. We have revised the range of delegations in existence. We have increased the training of staff in the area and across the office in relation to these matters. The audit committee also has specifically requested internal audit activity in the area. The external auditor also, as you might expect, paid particular attention to the remedial actions that were under way or taken as part of the external audit. So a range of measures or actions were taken as a result of that.

**Senator ROBERT RAY**—The external auditor sends you a draft report at some stage for comment, does he?

**Mr McPhee**—If he is not satisfied with the action we have taken, he would. But I can assure you we have taken it very seriously, as you would expect. We were most concerned about the harm to our reputation. We are very confident now of our processes.

**Senator ROBERT RAY**—I cannot think of one unit of government that has not had one of these problems at one or two stages in their life. As we have said before, that is why we have rubbers on the end of pencils.

**Senator CONROY**—I was wondering if the Auditor-General had ticked off on the 2000-01 budget.

**Mr McPhee**—No. We do not have a formal statutory responsibility in respect of the budget.

**Senator CONROY**—Do you examine it or have a look at it at all?

**Mr McPhee**—Of course we review it, particularly with the adoption of accrual budgeting. It has flow-on consequences for the financial statement audit of the whole of government, which we do have a statutory responsibility for, so we were very alive to some of the accounting issues arising from the budget.

**Senator CONROY**—And you have looked at this year's?

**Mr McPhee**—Broadly, yes.

**Senator CONROY**—Have you examined the so-called loan to the states of \$1.655 billion as part of the GST transitional funding arrangements?

**Mr McPhee**—Not specifically, Senator Conroy.

**Senator CONROY**—You are aware of the issue?

**Mr McPhee**—Yes, I am aware of it.

**Senator CONROY**—Do you accept that it is a loan?

**Mr McPhee**—I have not done enough work to form an opinion to advise you on the issue. We would consider these issues closely during the year rather than at the commencement of the year because of our focus on the financial statements as opposed to the budget document.

**Senator CONROY**—Are you aware of the views of the state and territory auditors-general on the classification of this payment?

**Mr McPhee**—I saw some correspondence on the matter where they were seeking to reach a common position. I am not aware of how that has come out.

**Senator CONROY**—You will probably be pleased to hear that the auditors-general of Western Australia, the ACT, New South Wales and Victoria have all specified it as a grant and not a loan in their budgets. I have got a range of supporting documentation—and the New South Wales Auditor-General was even on the *AM* program, as you might have heard.

**Mr McPhee**—Certainly we will have to grapple with that issue, as I said, in the next 12 months.

**Senator CONROY**—If the auditors-general of all the other jurisdictions are saying that it is a grant and not a loan, what is there to grapple with?

**Mr McPhee**—The Auditor-General for the Commonwealth will take his own view, as he always does on these issues, and he will take that into account in forming his opinion.

**Senator Hill**—That is a reasonable approach.

**Mr McPhee**—I take your point, Senator Conroy. It is persuasive, but it is not definitive.

**Senator CONROY**—I understand that it is also the case that the jurisdictions that have not yet released their budgets also classify the alleged loan as a grant. In other words, there is a unanimous position now. Are you aware of that? Have you had correspondence with them?

**Mr McPhee**—Not me directly, no.

**Senator CONROY**—Has your office had correspondence with your state colleagues?

**Mr McPhee**—I could take that on notice. I am aware of the correspondence; I am not aware of whether there has been a resolution of the issues. This is new territory and a new accounting issue. I was aware that there was an exchange of views amongst audit officers about what the proper accounting treatment is. I just have not caught up with whether that has been yet resolved. As for your information on the state auditors-general, you are ahead of me.

**Senator CONROY**—So your office has been contacted by your state colleagues on this issue?

**Mr McPhee**—Indeed, yes.

**Senator CONROY**—When was that?

**Mr McPhee**—From memory, it would have been about two months ago.

**Senator CONROY**—So you have been aware of this as something to grapple with for two months?

**Mr McPhee**—Yes.

**Senator CONROY**—Did you talk to the government at the time that it was raised with you? Have you raised this with the government yet?

**Mr McPhee**—We have raised a range of issues about GST accounting with the department of finance and, I believe, the Treasury. But, as I say, they are matters in progress rather than resolved.

**Senator CONROY**—When did you first raise it?

**Mr McPhee**—I could take that on notice, but I would say a month or so ago.

**Senator CONROY**—Before the budget was released—9 May being the budget?

**Mr McPhee**—Let me take that on notice.

**Senator CONROY**—Have you given any advice out on this issue to any of your colleagues, or is there anything at all that you have stated on this?

**Mr McPhee**—We have discussions, as I say, with colleagues in Treasury and the Department of Finance and Administration on GST accounting generally. I guess I would say it is work in progress.

**Senator CONROY**—I guess you would be aware that Mr Crean asked a question about it in the House of Representatives recently.

**Mr McPhee**—I was not aware of Mr Crean's question. I was certainly aware of the press on the issue and the accounting for the GST matters.

**Senator CONROY**—This is a fairly substantial issue to grapple with. A whole range of commentators now have described it as a fiddle. Mr Crean has described it as a fiddle.

**Mr McPhee**—Senator Conroy, I am not sure whether you are aware that we actually had a difference of opinion with the whole of government accounts last year and the Auditor-General qualified the accounts in respect of the revenue recognition issue. I take your point. It is a significant issue and we do not treat it lightly, but we will come to a position when we have had the benefit of further discussions, particularly with Treasury and Finance.

**Senator CONROY**—You qualified it over the belief that the GST is a federal revenue.

**Mr McPhee**—No, this was a different issue because last year's accounts obviously did not go to the GST. It was to do with the point of time when the Treasury or the Department of Finance and Administration recognises taxation revenue at the whole of government level.

**Senator CONROY**—Do you have a view on whether or not the GST revenue is a state or a federal revenue?

**Mr McPhee**—I do have a view, but I guess I would—

**Senator CONROY**—Would you like to share it with us? The Commonwealth Statistician shared his view. It is not like statutory authorities are not able to share their views publicly.

**Mr McPhee**—No, but we have some consultations with other departments and it is premature for the office to be giving an opinion without having the benefit of those discussions.

**Senator CONROY**—You are not in a position to give us a preliminary view?

**Senator Hill**—I would take care.

**Senator CONROY**—You would take care?

**Senator Hill**—I cannot see that preliminary views are helpful.

**Senator CONROY**—I can understand why you would not want a preliminary view expressed, Senator Hill. Thanks for your point of view. Mr McPhee, you would not like to enlighten us on your view?

**Mr McPhee**—As I say, it is subject to further discussions. It is our responsibility to report on the financial statements prepared by the Minister for Finance and Administration. The minister has not yet prepared his accounts. I think it would be premature to suggest that he may not be doing the right thing until we have the benefit of seeing what he actually does.

**Senator CONROY**—So the budget papers do not count as an indication of the government's view?

**Mr McPhee**—They may, or they may not. All I am saying is that it may not be definitive.

**Senator CONROY**—I think the Treasurer has definitively stated the view in parliament.

**Mr McPhee**—He may have. The point I am making is that it is not his responsibility to prepare the whole of government accounts.

**Senator CONROY**—So you would like us to get Mr Fahey on the public record, would you?

**Mr McPhee**—I think it is his responsibility at the end of the day on this one.

**Senator CONROY**—We will let the Treasurer know your opinion—that he should refer these questions to the minister for finance. Does the Commonwealth budget have to comply with accounting standards?

**Mr McPhee**—I would need to read the statement, but I understand that they make a statement to that effect in the budget papers.

**Senator CONROY**—Is it your role to ensure that they do comply, or has somebody else got the role?

**Mr McPhee**—No, it is not a formal requirement. We do not have—

**Senator CONROY**—You do not step in until this financial statement later?

**Mr McPhee**—That is correct.

**Senator CONROY**—You have a formal role though over ensuring that matters comply with accounting standards at that stage?

**Mr McPhee**—Yes, indeed.

**Senator CONROY**—Have you investigated whether classifying this loan as a loan is consistent with the accounting standards?

**Mr McPhee**—No, I have not personally. I am not sure how much work we as an office have done yet on that matter.

**Senator CONROY**—Is there anyone else at the table who might be able to enlighten me?

**Mr McPhee**—I would be happy to give the committee some advice on how we are dealing with the issue when I speak to our experts.



**Senator CONROY**—We would appreciate that, as well as the answers to the questions you took on notice a little earlier.

**Mr McPhee**—I am happy to do that.

**Senator CONROY**—Is it not true that the decisions of the state AGs were based on the rules in the accounting standards and that the true substance of this transaction should be recorded, not the legal full?

**Mr McPhee**—Certainly I could venture to say that their views would be based on the accounting standards. There is no question about that.

**Senator CONROY**—Those rules do apply to the Commonwealth as well, don't they?

**Mr McPhee**—Indeed, the same rules apply.

**Senator CONROY**—If the states are saying that this is how it has to be done, it would be a little unusual for you to say it had to be done otherwise.

**Mr McPhee**—As I said, I take your point and agree with the compelling nature of the views of the state auditors-general.

**Senator CONROY**—I will settle for 'compelling views'. I wanted to move on to the Telstra issue and valuation. I will only be a minute or two. There is a summary of the Commonwealth balance sheet on pages 4 and 5 of Budget Paper No. 1 which does not separately identify what the 50 per cent shareholding in Telstra is valued at. Do you know the valuation of Telstra on the Commonwealth balance sheet?

**Mr McPhee**—I would need to take that on notice.

**Senator CONROY**—Do you know if it is classified as a financial asset?

**Mr McPhee**—I do not know. I would be surprised, but I do not know.

**Senator CONROY**—Do you know what the actual value of the shareholding is?

**Mr McPhee**—No.

**Senator CONROY**—I understand it is about \$40 billion.

**Mr McPhee**—I will take that on notice.

**Senator CONROY**—I could be corrected, but I think it is valued at almost nothing at the moment. We are not sure. The essence of my question is that the budget at the moment underestimates the Telstra asset and, therefore, undervalues the total assets of the Commonwealth.

**Mr McPhee**—It may be valued at cost rather than be a market valuation.

**Senator CONROY**—Given that the government issued them or the government owned them previously, it has to be a fairly small cost. A deliberately low value of Telstra also makes the net financial position of the Commonwealth look a lot worse than it really is, doesn't it?

**Mr McPhee**—That is correct.

**Senator CONROY**—So the budget does not really provide an accurate picture; it provides a somewhat distorted picture of the status.

**Mr McPhee**—It is the issue of whether you use historical cost of valuation in the accounts. The issue of measurement in accounting, as you are aware, is one of the big issues in accounting and is yet to be resolved.

**Senator CONROY**—I follow that one closely, don't worry. Have you made any efforts to talk to the government about correcting the way they value it at the moment?

**Mr McPhee**—We would need to have a look at it but, on the basis that they are entitled to continue to carry their investment at historical cost, it is probably consistent with the accounting standard. I would need to check that.

**Senator CONROY**—If Telstra is undervalued, it means that the financial position of the Commonwealth appears to improve if the rest of Telstra is sold.

**Mr McPhee**—That would be one perspective, that is correct.

**Senator CONROY**—Are you comfortable with the government accounting in this manner?

**Mr McPhee**—Providing the government account in accordance with the standards, Senator Conroy, I guess it is a matter of their judgment and decision as to which way they go—whether they go cost or valuation.

**Senator CONROY**—No, I asked if you were comfortable.

**Mr McPhee**—I am comfortable because that is their responsibility at the moment and there is not a compulsion to carry the valuation on the face of the accounts. It is a choice that the standards allow. The standards allow all corporates to do that. It is not for the ANAO to impose a higher standard or a different standard on Commonwealth bodies.

**Senator CONROY**—A higher standard. Thank you for the chair's indulgence, for the extra five minutes and thank you, Senator Hill.

**CHAIR**—Mr McPhee, Mr Greenslade and Mr Coleman, thank you very much for your assistance this evening. The committee had intended to examine the Public Service and Merit Protection Commission. Mr Kennedy, I am very sorry that we have not been able to get to you this evening, but members of the committee will be placing questions on notice for the commission. I thank you very much for attending this evening. I apologise for not being able to call you. That now concludes the Prime Minister and Cabinet portfolio.

**Proceedings suspended from 6.51 p.m. to 7.50 p.m.**

---

**FINANCE AND ADMINISTRATION PORTFOLIO****In Attendance**

Senator Hill, Minister for the Environment and Heritage

**Australian Electoral Commission**

Andy Becker, Electoral Commissioner

Mark Cunliffe, Acting Deputy Electoral Commissioner

Paul Dacey, Assistant Commissioner, Elections and Enrolment

Tim Pickering, Assistant Commissioner, Information Technology

Barbara Davis, Assistant Commissioner, Corporate Services

Brad Edgman, Director, Funding and Disclosure

Anthea Wilson, Acting Director, Information

Michael Munday, Acting Assistant Director, Financial Management

**Office of Asset Sales and Information Technology Outsourcing (OASITO)**

Ross Smith, Chief Executive, OASITO

Trixie Makay, Senior Director, IT Outsourcing

John Bridge, Senior Director, IT Outsourcing

Neil Williams, Senior Director, IT Outsourcing

Rod Whithear, Senior Director, IT Outsourcing

David Yarra, Executive Director, Asset Sales

Mark Heazlett, Senior Director, Asset Sales

Robin Renwick, Senior Director, Asset Sales

Anthony Eaton, Senior Director, Asset Sales

Louise Saave-Fairley, Senior Director, MTACO

Matthew Kay, Corporate

Lindley Evans, Corporate

Morag Lokan, IT Outsourcing

Lyn Dudgeon, IT Outsourcing

**AUSTRALIAN ELECTORAL COMMISSION**

**CHAIR**—I call the committee to order. The committee is continuing its examination of the Finance and Administration portfolio, specifically the Australian Electoral Commission. I should mention for the record that Senator Crossin has placed some questions on notice regarding the registrar of Aboriginal corporations. I welcome officers of the Australian Electoral Commission here this evening. Thank you for coming.

**Senator ROBERT RAY**—Do we have an acting Deputy Electoral Commissioner?

**Mr Becker**—Yes, we do.

**Senator ROBERT RAY**—I wanted to ask a couple of questions, but I do not think it will embarrass you if you are an applicant for the job. Mr Becker, how widely has this position been advertised?

**Mr Becker**—On the 12th of this month it was advertised in the *Financial Review* and on the 13th in the *Australian* and I think the *Age*. That may well have been about it, I think. And the *Government Gazette*, of course.

**Mr Davis**—It did not appear in the *Age*. It appeared in the *Financial Review* and the *Australian*. There is an agency—Morgan and Banks—running the recruitment process for us and there is also a—

**Senator ROBERT RAY**—You just answered my next question. Thank you for that second answer. When will applications close?

**Mr Davis**—On 26 May.

**Senator ROBERT RAY**—Will there be a panel to evaluate the candidates?

**Mr Becker**—Yes, there will. I will be chairing the panel. We have a deputy secretary, a female, from the department of the environment and we have the Electoral Commissioner from Queensland at this stage. It will all depend on which dates we can do the—

**Senator ROBERT RAY**—So you are anticipating a panel of three?

**Mr Becker**—Yes, a panel of three.

**Senator ROBERT RAY**—Without trying to anticipate the cabinet timetable, what is the general expectation for an appointment and a finalisation of this matter?

**Mr Becker**—I suppose that is up to cabinet, but I would imagine that it is probably within a month or two, with interviewing. It normally takes about two weeks to do the write-up and the assessment and then it goes up the hill with the suitables, highly suitables, unsuitables and so on. And then it is up to cabinet.

**Senator ROBERT RAY**—Tell me a little about the invitation to tender on the payroll processing matter. I think it was advertised in the *Australian* of 13 May.

**Ms Davis**—The AEC is in the middle of conducting an evaluation generally of our recruitment and payment of our casual staff that we engage at election time—a federal event time. That is quite a comprehensive evaluation. We have an internal steering committee. As part of that evaluation, we are looking specifically at our internal payroll system. We have a system called AEC pay that has been in place now for three electoral events. This is just to see whether or not this is the most cost-efficient way of using our resources at election time and comparing it with what alternative strategies might be out there.

**Senator ROBERT RAY**—You have come a long way. Twenty-eight years ago I remember that the divisional returning officer had to borrow my electronic calculator because you could not afford one.

Thank you for providing an answer to my question taken on notice in February on ‘liberals for forests’ in which you note that this has been rejected. Could you explain to me why it was rejected?

**Mr Becker**—It was rejected because it was considered likely to confuse people. The headlines we saw in the paper said ‘Liberals target Court’, for example. It was not until you read through the article that you found out it was the forest liberals who were targeting Court. We had an opinion from the Western Australian Crown Solicitor, who said that they believed the name was likely to be confused or could be confused with the Liberal Party. We even had a concern from the member for Forrest. Anybody who can spell the different forms of ‘forest’ would probably have no problem. But listening to it on the radio you may have a bit of difficulty. Then we sought our own opinion. That opinion, I felt, was a bit ambiguous, even though it was recommended that we accept the ‘liberals for forests’. Having that opinion on the one hand and another saying no, we then went back to the Australian Government

Solicitor and asked them to brief senior counsel, and we got Sackar QC, to write another opinion. On the basis of that opinion, I rejected the application.

**Senator ROBERT RAY**—This case is really double-barrelled. It is not only the issue over the use of the word ‘liberal’ but also ‘forest’?

**Mr Becker**—It is. They wanted to have ‘liberals’ and ‘forest’ together and that is the thing that we are—

**Senator ROBERT RAY**—No, they do not mix at all. Are you aware of the dispute surrounding the Gold Coast City Council division 3 poll?

**Mr Becker**—No, I am not.

**Senator ROBERT RAY**—Basically, there is a stoush on up there and a demand for a recount, none of which is your concern. It centres on the security of ballot boxes. This is a matter that is often raised around election time. Comments are made about the fact that the boxes are cardboard. Then the conspiracy theorists get going on late-night talkback and so on. Are you satisfied that the procedures you have in place now are adequate for the security of ballot boxes?

**Mr Becker**—Prior to the use of cardboard we had metal and, in some cases, wood and so on. In those days we had non-counting centres as well, where we would transport ballot papers. Once you have a counting centre and you have scrutineers there, you have seals that are numbered, the scrutineers recognise those numbers and those numbers have to be there when you open the ballot box. I really see no major problem with the security of any our systems right throughout the country.

**Senator ROBERT RAY**—I don’t either. But I think if I ever had a concern it might be about the fate of the ballot papers and the divisional returning officers and the security methods used to protect them.

**Mr Becker**—They have all got security cabinets.

**Senator ROBERT RAY**—Yes.

**Mr Becker**—One hopes they use them.

**Senator ROBERT RAY**—Do you ever do a spot check, especially a couple of weeks after an election?

**Mr Becker**—Our auditors go out, but I do not know that they have actually gone out and done a spot check like that—that is, the internal auditors—within a fortnight or so of the election.

**Senator ROBERT RAY**—It is some time since I have scrutineered. In the eighties you used to see things lying around everywhere. I never thought anything inappropriate was done, but I always worried a little about it.

**Mr Dacey**—As Mr Becker has said, we do have security cabinets in place. I think it is called B class security, from memory. Also in any particular areas where we suspect there may be a particular security risk, such as areas which may be a little rougher, we employ security guards as well during the scrutiny. We certainly have not had any allegations to us of any breaches of security. Going back to the issue of cardboard, it has now been in use since 1987. I have been in the commission since that time and I certainly have not heard of any allegations of any tampering with ballot boxes. As Mr Becker said, they are all now counting centres and they are all under scrutiny all day.

**Senator ROBERT RAY**—Thank you for that.

**Senator FAULKNER**—I noticed, Mr Becker, in the *Canberra Times* on 25 March this year an advertisement for an officer in the AEC's IT branch—an APS level 6 officer. You probably know of the vacancy?

**Mr Becker**—Frankly, I do not. Maybe Mr Pickering does.

**Senator FAULKNER**—Are you aware of this, Mr Pickering?

**Mr Pickering**—Yes, I am.

**Senator FAULKNER**—I am keen to know what the general plan for this officer might be, given the extent of outsourcing of IT functions at the AEC.

**Mr Pickering**—The position has been created to undertake duties in the contract management area of our IT business services section. The duties that that person will be performing include looking at the routine material that comes in from our outsource provider to ensure that the material is in order so that payments can be made.

**Senator FAULKNER**—It is an oversighting type of position, is it?

**Mr Pickering**—It is part of a contract management team that looks at the overall operations of the contract with our outsourcer.

**Senator FAULKNER**—Are there any more plans to outsource other AEC functions over the next 12 months or so?

**Mr Becker**—We are not talking about outsourcing at this stage, but we are doing a full corporate services review at the moment. But I cannot imagine we would ever be in the situation of outsourcing the conduct of elections or anything like that.

**Senator ROBERT RAY**—I'm available to assist.

**Mr Becker**—We are just waiting on the consultant's report. I do not know what time it is meant to be finished.

**Ms Davis**—We anticipate that we will get a report from our consultants looking at the review of corporate support, which is primarily an internal process improvement review. We anticipate receiving that by about July-August and then we will be considering the relevance of any CTC activities if they are so required.

**Senator FAULKNER**—Who is doing this review for you?

**Ms Davis**—We have engaged a group of consultants called PSI Consulting based in Canberra.

**Senator FAULKNER**—What is the cost of that consultancy?

**Ms Davis**—The budget for the consultancy is in the order of \$100,000, but I would have to take that on notice to give you exact figures.

**Senator FAULKNER**—Have you looked at all at this issue of consultants to investigate the best way of employing and paying casual staff?

**Ms Davis**—The tender that Senator Ray referred to before is looking for expressions of interest for consultants to actually look at alternative strategies which may lead to testing the market to see if that is a feasible option. We simply do not know at the moment. We are not in the position to make an informed decision as to whether it would be feasible and even wise to go and outsource that particular function.

**Senator FAULKNER**—I see. But the current tender calls for expressions of interest in that area as well, does it?

**Ms Davis**—Yes.

**Senator FAULKNER**—Can the terms of reference, if you like, or the broad parameters of this tender be made publicly available?

**Ms Davis**—Yes.

**Senator FAULKNER**—They probably are available. Obviously if it is a tender—

**Ms Davis**—Yes, they are. We can supply those to you if you wish.

**Senator FAULKNER**—Obviously they would be available if it is public tender.

**Senator ROBERT RAY**—Are they on a web site?

**Ms Davis**—No, I don't think they are at the moment.

**Senator FAULKNER**—Senator Ray is very disappointed to hear that, because he was going to make a very pedantic comment about the fact that I had not accessed the web site. You, Ms Davis, are just a star performer as far as I am concerned as a result of that answer. Frankly, I thought that Senator Ray should have checked the web site himself before he asked the question, because he would be keen for me to have on the record that he knows how to do it.

Let me just ask some electoral roll management questions, if I can. I just wondered if there has been any follow-up about some of the parliamentary interest that has been expressed in the role of Axiom and its use or misuse, depending on your view of the world of the electoral roll. Has there been any advance there?

**Mr Dacey**—Not specifically in relation to Axiom although, as I think I gave evidence last time, we are currently reviewing sections 89 to 92 of the Electoral Act. That review has just about finished and we will be preparing a submission to the Joint Standing Committee on Electoral Matters, putting some options to the committee that hopefully the committee will consider. We have recently become aware of another company which is purporting to be selling the electoral roll somewhat embellished with telephone number, gender, things like that, for a once only, once in a lifetime deal of \$30,000. In fact, I wrote to that company last week to ask specifically where they got access to the electoral roll and we are waiting for—

**Senator FAULKNER**—Is that an Australian company?

**Mr Dacey**—An Australian company, yes.

**Senator FAULKNER**—That is something obviously you would need to chase down, I would have thought.

**Mr Dacey**—That is correct.

**Senator FAULKNER**—I appreciate the point you make about being proactive with that company, but have you been proactive with Axiom also?

**Mr Dacey**—No, we have not.

**Senator FAULKNER**—I think that was the status when I last—

**Mr Dacey**—It was, and really we have not had an allegation specifically that there has been any breach or that there was any possibility that the electronic version of the electoral roll was used. I think as I reported last time, Mr Robb was on record as saying that in fact they

had scanned in a hard copy electoral roll, and there was no end use restriction on that process currently.

**Senator FAULKNER**—We get to the point where there are obviously commercial use restrictions on the electronic roll, but of course that does not appear to be the case—

**Mr Dacey**—That is correct.

**Senator FAULKNER**—on the paper roll. I am saying this in layman's language, but I think what I have just said is a pretty reasonable summation of it, isn't it?

**Mr Dacey**—That is correct.

**Senator ROBERT RAY**—Could you copyright the roll?

**Mr Dacey**—I believe you can copyright the format of the roll, but there are difficulties in copyrighting the actual roll and the content of the roll because people can buy it and they do copy it. We have had advice on that in the past. It is basically the format rather than the content.

**Senator FAULKNER**—Have you heard of the US database marketing company called DoubleClick Inc?

**Mr Dacey**—No, I have not. There are certainly some options and, as I said, we will be presenting them to the JSCEM. One interesting option that we may put forward is an option that the New Zealanders have, and that is that once you have purchased the roll in hard copy it is an offence then to manipulate it or use any electronic manipulation of that data. So you cannot scan it in or you cannot key it in or that would be an offence.

**Senator FAULKNER**—As I understand it, this DoubleClick Inc, which is a US company, is being investigated by the US Federal Trade Commission for illegally, if you like, tracking and compiling information on individuals' use of the web. There has been software developed there that—again in layman's language—is something like the Net equivalent of listening devices for phones: you can actually monitor an individual's use of the web. I am in risky territory here because I know Senator Lundy knows about five million times more about these sorts of things than I do. Of course, there might be an issue in the future about the on-sale of electoral roll information to multinational companies like, say, DoubleClick Inc or some other group. I just wondered if this is something that has been drawn to your attention.

**Mr Dacey**—Certainly we are looking at those options, and not specifically DoubleClick Inc. In the submission we are preparing we are looking at some options to submit to the parliament specifically in terms of the roll being for sale anyway.

**Senator FAULKNER**—In the review are you looking at the actual issue of policing the use of electoral roll information?

**Mr Becker**—It depends on what you call policing. One of our problems is that, say, we give a member of parliament the ELIAS on CD-ROM and we give them a password and all that sort of stuff, then you can download it from the Net and you can break that password. It is not a difficult thing to do. If, for example, a member disposed of that particular disk when they got the new ones and just put it in the rubbish bin, it ends up on the tip, and if somebody finds it and they possess perhaps Senator Lundy's skills, they would be able to break into that database.

**Senator ROBERT RAY**—Just to ease your concern a little, we all have classified waste bins. It usually has a slightly higher level of protection than going in the rubbish bin.



**Mr Becker**—That is very reassuring.

**Senator ROBERT RAY**—I am not saying it has not happened.

**Mr Cunliffe**—It is important to remember, too, that it is also all registered parties. We have 77 registered parties, not all of whom are as organised or as well provided for in those respects.

**Senator ROBERT RAY**—We have put a couple of them in a classified waste bin lately, too—or the Queensland and New South Wales state electoral commissions have.

**Mr Becker**—That is another point. Do not laugh, because the commission can register a party and they can then have access to this thing which would otherwise cost you thousands of dollars.

**Senator ROBERT RAY**—Are you going to take action on that? I would think that the parliament would be setting a threshold in terms of that.

**Mr Becker**—They are issues which we have to address. We are looking at the whole act anyway; it is not just those sections involving enrolment. We have put security coding on our microfiche. We are even looking at the possibility of putting—even the paper roll should perhaps have a security feature in it. We are concerned.

**Senator FAULKNER**—Speaking of classified waste bins, you might just let us know where the compliance audit of Pauline Hanson's One Nation is up to.

**Mr Edgman**—The audit is progressing and I would expect that it will be finalised in approximately two months time.

**Senator FAULKNER**—Finalised in two weeks?

**Mr Edgman**—Two months.

**Senator FAULKNER**—Two months, I am sorry. I misheard you. Are you able to let us know what sort of issues are being investigated there at this stage?

**Mr Edgman**—There is no specific issue as such that is being pursued; it is just in the nature of a normal compliance audit. The reason that the One Nation audit is taking longer than a normal audit is the structure of the party—that it is primarily centralised but with quite a number of party units across Australia. While we have done an audit in New South Wales of the major head office, we have not, for instance, travelled to Queensland yet this year, and that is what we are waiting for—to include it as part of the Queensland trip.

**Senator FAULKNER**—You see, that is why I asked you that question, Mr Edgman, because I wondered whether you will have a look at the management structures, if you like, and the flow of internal payments within the Pauline Hanson One Nation organisation, or set of organisations, or group of organisations.

**Mr Edgman**—Only in terms of making sure that the transactions have been correctly disclosed—for instance, that they do have an associated entity, the trust, and money does flow between both the party and the trust. So part of the audit will be to make sure that those disclosures are complete and accurate.

**Senator FAULKNER**—So have you tracked down the \$2.6 million that went to the Pauline Hanson One Nation trust, or are you still working on it?

**Mr Edgman**—To date, from what we have seen of the audit, the disclosure made by the trust is largely correct. Certainly, it is materially correct. The election funding payment that

we have made following the election was made initially to the agent of the party, who deposited the funds with the party. The reason that it was not deposited directly into the trust is that the trust had not actually been set up at that stage. They had set up the trust and they transferred the money from the party to the trust. So the \$2.6 million of the election funding went initially into the party's account but then moved to the trust.

**Senator FAULKNER**—Yes, but then there is an issue of what happens to it after it goes into the trust, of course.

**Mr Edgman**—That is right, and what we are obliged to check as part of the compliance audit is that the payments made by the trust had been disclosed in accordance with the act.

**Senator FAULKNER**—Is the Pauline Hanson One Nation trust an associated entity?

**Mr Edgman**—Yes, it is, Senator.

**Senator FAULKNER**—I see. Anyway, in a couple of months we will know more, I think is what you are saying, isn't it?

**Mr Edgman**—That is right, Senator.

**Senator FAULKNER**—Tell me, I assume the results of the compliance audit will be made public, then?

**Mr Edgman**—They are not made public as a matter of course, Senator, no.

**Senator FAULKNER**—No.

**Mr Edgman**—But I can certainly assure you that if there is any major breach of the act uncovered by the audit, it would be pursued.

**Senator FAULKNER**—That will be a matter for others to take further at that point.

**Mr Edgman**—Certainly, it would be our province to initiate—

**Senator FAULKNER**—To make some decisions about—

**Mr Edgman**—That is right.

**Senator FAULKNER**—Initiating any further action, if that is required. My question about it being made public was a little more tongue in cheek, I suppose.

**Mr Edgman**—I thought it was.

**Mr Cunliffe**—It is a bit early, Senator, to be jumping to any conclusions, as Mr Edgman has said.

**Senator FAULKNER**—No, I am not jumping to any conclusions.

**Mr Cunliffe**—I am sure you are not, but you want to make sure that nobody reading *Hansard* assumes otherwise, Senator.

**Senator FAULKNER**—I do not think that anyone reading *Hansard* would ever accuse me of jumping to any conclusions. As Senator Ray tells me—or you would know this, Mr Chairman—I gather that Senator Ellison will not be joining us tonight. It is pretty doubtful that Senator Hill will be joining us, frankly.

**CHAIR**—I understand Senator Hill is coming, Senator Faulkner.

**Senator FAULKNER**—What is that?

**CHAIR**—I think Senator Hill is coming.

**Senator FAULKNER**—Is he? He is 32 minutes late, but anyway.

**Senator LUNDY**—I just wanted to return to an earlier issue where you were talking about investigating internally—you have a consultant engaged in looking at options for the conduct of elections using electronic means. Were you talking about that?

**Ms Davis**—No, not as broad as that, Senator. I think the questions that we were discussing earlier referred to the recruitment and payment strategies for our casual staff.

**Senator LUNDY**—Okay. Perhaps I can ask just a few general questions. I am certainly aware that at least one of the state or territory governments is paying for a consultant to investigate matters relating to the prospect of using electronic mechanisms during an election process.

**Ms Davis**—I see.

**Senator LUNDY**—What degree of involvement do you have in cooperating with those involvements, or providing information to people engaged by state or territory governments for that purpose?

**Ms Davis**—Right. I am probably not in a position to answer that.

**Mr Becker**—We have had some discussions, of course. I think you are talking about Mr Green from the ACT and obviously had some discussions with him. I think what you are going to end up with would be a very limited trial of using computers to actually do some counts of ballot papers, or whatever, or vote electronically. Even just for the ACT, putting a machine into each voting screen in the over 70-odd polling places that we have got here would be quite prohibitive. So I think that it is going to be a bit of a trial. I think that it is more likely that the advances in this sort of technology will start with the intranets—perhaps selling agency agreements and all of those sorts of things. It will be a softly-softly sort of approach to that sort of thing. It may become an option, for example, in time instead of postal voting if people are overseas and have access to computers and they are able to perhaps vote on the Net.

**Senator FAULKNER**—Could I ask just in relation to the AEC report on funding and disclosure from the 1998 federal election: that report, I think, contains the AEC's report of its investigation into the Greenfields Foundation, doesn't it?

**Mr Edgman**—That is correct, Senator, yes.

**Senator FAULKNER**—I do not want to be unkind, but where the hell is it?

**Mr Edgman**—It is with the minister's office awaiting tabling.

**Senator FAULKNER**—Okay. Could you let me know when it was given to the minister, please?

**Mr Edgman**—It was delivered in March.

**Senator FAULKNER**—March?

**Mr Cunliffe**—17 March, Senator.

**Senator FAULKNER**—17th? But isn't the minister required to table that within 15 sitting days?

**Mr Cunliffe**—Yes, Senator, and the tabling is scheduled for within 15 sitting days.

**Senator FAULKNER**—So how many are we up to now?

**Mr Cunliffe**—I have not been counting them day by day, Senator.

**Senator FAULKNER**—It must be pretty close.

**Mr Cunliffe**—The dates they are scheduled for tabling are 1 June in the House of Representatives and 7 June in the Senate.

**Senator FAULKNER**—Right. So he has had it for what? Over two months now? Have you heard—

**Mr Cunliffe**—Yes.

**Senator FAULKNER**—Has there been any tick-tacking back and forth about this?

**Mr Cunliffe**—Yes, Senator, there have been some discussions.

**Senator FAULKNER**—I see. Someone should mention to the minister that he ought to get on with it, frankly. That is a hell of a long time, I think, for a report to be sitting in the minister's office, particularly from the AEC. Anyway, thanks for that. It is not a matter for you; it is a matter for Senator Ellison.

**Senator ROBERT RAY**—Could I just ask: which sitting days do you take? Senate or Reps?

**Mr Cunliffe**—We calculate them separately in each chamber, Senator. They are sitting days for the house in question, I understand, and the calculation that we made— that those are within time —was, first, our calculation but we checked it with the tabling office.

**Senator ROBERT RAY**—So I calculate it at Thursday next week.

**Mr Cunliffe**—I think that might be 1 June.

**Mr Becker**—That is the first for the Reps, yes.

**Senator ROBERT RAY**—Yes.

**Mr Cunliffe**—And the Senate, of course, is not sitting again until the week after next, yes.

**Senator ROBERT RAY**—Yes.

**Senator FAULKNER**—Okay. I will see it eventually, even though the minister has been sitting on it for a couple of months. As I say, it is not an issue necessarily for you, but I would have asked Senator Ellison about it if he was here. Given we do not have the minister with us, we will pass on to the next issue.

**CHAIR**—I should say that Senator Ellison is representing Senator Alston on another committee tonight.

**Senator FAULKNER**—Even Senator Ellison would be an improvement there.

**CHAIR**—Thanks. Senator Faulkner?

**Senator FAULKNER**—Thank you, Mr Chairman.

**Senator ROBERT RAY**—We just want to return for a moment back to the misuse or otherwise of the electoral roll. Because Senator Faulkner raised that, I did not want to interrupt him. Who is entitled to copies of the electronic electoral roll? Members and senators, we know.

**Mr Dacey**—Members and senators and registered political parties electronically and, sorry, scheduled agencies that are prescribed.

**Senator ROBERT RAY**—I see. It will not take too long to mention those scheduled agencies?

**Mr Dacey**—Even if I knew, Senator, I probably would not—

**Mr Becker**—There are probably about 20 of them. It is on the claim form.

**Senator FAULKNER**—It is in the act, isn't it?

**Mr Becker**—No, Senator, it is in the schedule to the act.

**Senator FAULKNER**—It is in the schedule to the act?

**Mr Becker**—That is correct. It is on the web site, I have just been told.

**Senator ROBERT RAY**—It is on the web site. Can we have the web site address?

**Mr Cunliffe**—The address is [www.aec.gov.au](http://www.aec.gov.au), under the enrolment banner, I am advised.

**Senator ROBERT RAY**—We will see how good we are, but that depends whether the people are listening. Are you listening, Anthony? So you think there were about 20?

**Mr Becker**—I am just thinking about the size of the list.

**Senator ROBERT RAY**—I am not going to hold you to a figure, but about 20?

**Mr Becker**—Yes.

**Senator ROBERT RAY**—Can you give me some examples?

**Mr Becker**—Customs, Tax, AFP, Australia Post, Attorney-General's, Centrelink.

**Senator ROBERT RAY**—What are the reasons for use by those—what was the term Mr Dacey used?

**Mr Dacey**—Scheduled agencies or prescribed agencies.

**Senator ROBERT RAY**—Let's call them prescribed agencies. What are the conditions of use for the electoral roll for those prescribed agencies?

**Mr Dacey**—Those conditions are not prescribed in the Electoral Act.

**Senator ROBERT RAY**—Are they subject to an MOU?

**Mr Dacey**—They are subject to our own internal safeguard agreement, which we develop with each agency.

**Senator FAULKNER**—I am just looking at my well-thumbed copy of the act here. Doesn't section 91(10) actually talk about these prescribed authorities, if this is what we are talking about? Am I in the right section of the act?

**Mr Becker**—Yes.

**Senator FAULKNER**—Doesn't that talk about microfiche copies of a roll?

**Mr Dacey**—It does, but I think you will find—

**Senator FAULKNER**—Is that defined elsewhere, is it?

**Mr Dacey**—It is, yes, in an earlier section of the act. Instead of providing hard copy or microfiche, the commission may choose to provide the information on tape or disk. Not all of those agencies take tape or disk, either. Some agencies still do take microfiche.

**Senator ROBERT RAY**—So they are interchangeable. You were mentioning complying with your internal—

**Mr Dacey**—What we call a safeguard agreement.

**Senator ROBERT RAY**—So what is involved with a safeguard agreement?

**Mr Dacey**—It is basically the head of the agency that we provide the information to agreeing to keep the information secure and for the purpose for which we permitted the use of the data.

**Senator ROBERT RAY**—I see. Do the reasons for permission to use the data vary for prescribed agencies?

**Mr Dacey**—They could well do. They could be fairly broad. It could be, for instance, law enforcement. That is a very broad reason.

**Senator ROBERT RAY**—Let us go to Customs. They have access to either microfiche or electronic rolls?

**Mr Dacey**—Yes.

**Senator ROBERT RAY**—Without going into any security aspects, what is the purpose for them having the roll?

**Mr Dacey**—I would have to take it on notice. I would imagine it would be law enforcement.

**Senator ROBERT RAY**—Can you think of an agency about which you can give me a reason why they have access—without having to take it on notice?

**Mr Becker**—As to why they have access?

**Senator ROBERT RAY**—Yes. I am just trying to get the flavour of why agencies have access. I do not want to ask you about each agency, because the reasons may vary and it is hard to recall. I am hoping you can recall one, just to give us the flavour.

**Senator FAULKNER**—Department or agency.

**Mr Dacey**—Obviously for law enforcement purposes the Australian Federal Police is one that comes to mind.

**Mr Becker**—Centrelink, of course, may use it for checking on addresses for people where they are paying out money and so on.

**Mr Dacey**—Potential fraud.

**Senator ROBERT RAY**—They are provided for mostly data matching purposes?

**Mr Dacey**—I would imagine so, yes, or for chasing particular individuals that may be suspected of particular crimes.

**Senator FAULKNER**—Senator Ray may have canvassed this, but I am just not entirely clear on it. Do you as a matter of course actually go to the reasons? Is it a straightforward matter or do you request at any stage of departments or agencies what their requirements might be, which might also go to the nature of the rolls provided—the form the rolls are provided in?

**Mr Becker**—It would depend, I suppose, on the agency. If the agency is a schedule 2 agency they get the roll in whatever format they want, just as a matter of course, and there are no end use restrictions on that. So they have just got it because we have given it to them in the past. What we have done subsequently is work within quite a few of the IPPs—information privacy principles—and taken the advice of the Privacy Commissioner to enter into these

agreements with the chief executives of the department to make sure that there is an end use that is consistent with the reason for giving them the data. But the act itself is silent on that end use.

**Senator ROBERT RAY**—I am going back into the memory banks now, but prior to 1987 there was considerable debate on the joint select committee as to who the electoral roll could be circulated to. I remember Sir John Carrick being very strict on it. The main worry at that stage, I think, was disclosure or onsale to commercial operations, which Mr Dacey still has in the back of his mind. But has that list of prescribed agencies grown over the years?

**Mr Becker**—Yes, I think it has.

**Mr Dacey**—Yes, it would have.

**Senator MURRAY**—Is it reviewed periodically?

**Mr Dacey**—It is. It is reviewed when agencies change, obviously—when agencies change name or merge. Certainly agencies do apply to us, but not all agencies receive access.

**Senator ROBERT RAY**—Have any agencies asked for an electronic version of the electoral roll in the last few weeks?

**Mr Becker**—In the last few weeks? In the last couple of months, the Australian Taxation Office is one.

**Senator FAULKNER**—Could you let us know when that was, please, Mr Becker?

**Mr Becker**—The first time they asked, I think, was just before Easter.

**Mr Dacey**—It was the Thursday before Easter.

**Senator FAULKNER**—The first time they asked, you said. So they have asked more than once?

**Mr Becker**—We gave them a dump of the roll and then—

**Senator ROBERT RAY**—Sorry, you gave them—

**Mr Becker**—They wanted an updated—

**Senator ROBERT RAY**—They wanted an updated roll?

**Mr Becker**—Yes.

**Senator ROBERT RAY**—When did they last have a copy of the roll prior to that? Did anyone check?

**Mr Dacey**—I think it was March.

**Senator ROBERT RAY**—So they got a copy of the roll in March electronically. Then they asked for an updated one around about 20 April, just before 20 April.

**Mr Dacey**—I would have to check the agreement, but I think they do get an updated roll quarterly anyway.

**Senator FAULKNER**—In this case, is end use specified?

**Mr Dacey**—In our safeguard agreement?

**Senator FAULKNER**—Yes.

**Mr Dacey**—Yes, it is.

**Senator FAULKNER**—So you would know what the end use is in relation to these requests from the Australian Taxation Office?

**Mr Dacey**—Yes.

**Senator FAULKNER**—Right. So that means you would be able to tell us what the end use is?

**Mr Dacey**—I can read what is in the safeguard agreement. It states:

The information is provided to the Australian Taxation Office on the basis that the information in electronic media is to be used only for the purpose for which access was granted, namely, for a one-off mailing of ATO material to electors ...

**Senator FAULKNER**—A mailing of ATO material to electors?

**Mr Dacey**—Yes.

**Senator ROBERT RAY**—They are getting the addresses and thereby disclosing by mail-out?

**Mr Dacey**—That is what the Taxation Office plans to use the data for—for what they have called an ATO mail-out.

**Senator ROBERT RAY**—But that is not the purpose for which the electoral roll is supplied to departments normally?

**Mr Becker**—It is not specified in the act. It is only IPP 10 and 11, I think it is, that actually specify. And these are only advisory, as you know. Under IPP 2 you can supply information if it is generally considered that the person would be generally aware that the information they have provided, say, to us in the AEC, would be expected to be given to some other agency.

**Senator ROBERT RAY**—Can you name one Australian that understands that by going on the electoral roll they are going to be subject to a tax office mail-out?

**Mr Becker**—I am not saying that. It is not the tax office. The end use is not the issue. It is the fact that they understand—

**Senator FAULKNER**—It is an issue for me, Mr Becker, I can tell you.

**Mr Becker**—Not according to this principle.

**Senator FAULKNER**—Could we have that tabled? It might help us.

**Mr Becker**—Certainly.

**Senator FAULKNER**—We might ask the committee secretary to get us some copies of that.

**Mr Becker**—There are two issues—

**Senator FAULKNER**—Sorry to interrupt you, but it is just so that we can all follow what the point is. I didn't mean to interrupt you; I just thought it might be helpful.

**Mr Becker**—There are two issues. On every claim form we tell the elector when they are enrolling that these are the agencies that are going to get your information. Principle 2 in the IPP says it can be given if a person could be reasonably expected to understand that an agency will have access to the details they have put on the enrolment form. That is the first thing. That is No. 1. Then it is subject to other matters. 'Subject to other matters' in this case was subject to IPP 11, which I think was where it had—I haven't got it now, sorry—which is 'that



the individual concerned is reasonably likely to have been aware or made aware that the information of the kind is usually passed to that person or agency.’

**CHAIR**—That is even if voting is compulsory? Even if you have to enroll, the fact that it may be disclosed at the bottom of the form that this information may be given elsewhere does not change the complexion of that voluntary assumption that the information may go elsewhere?

**Mr Becker**—No, Senator. We are talking about compulsory enrolment and voting in the act.

**Senator FAULKNER**—Just so I understand, what is the legislative head of power here?

**Mr Becker**—The act.

**Senator FAULKNER**—Yes, but what section of the act?

**Mr Becker**—As a matter of principle, we operate under the privacy principles.

**Senator ROBERT RAY**—So you have disclosed 12 million names for a mail-out and you act under privacy principles?

**Mr Becker**—No.

**Senator ROBERT RAY**—How many people are on the roll, just so we know what is being disclosed?

**Mr Dacey**—It is just over 12 million, Senator.

**Senator FAULKNER**—Are they getting it for free, by the way?

**Mr Dacey**—No, Senator.

**Senator FAULKNER**—What are you actually charging the ATO for this?

**Mr Dacey**—We will charge them the production costs.

**Senator FAULKNER**—Did you seek legal advice before it was provided?

**Mr Dacey**—No, Senator.

**Senator FAULKNER**—Who made the decision? With respect, Mr Dacey, that is not much of an answer.

**Mr Becker**—Frankly, I do not think it is much different. The end use is somebody else’s issue.

**Senator FAULKNER**—Excuse me? Oh, come on.

**Senator ROBERT RAY**—Hold on. You say the end use is someone else’s business. You are the protectors of the electoral roll. You want the integrity of the electoral roll. If it is misused and abused, it is going to affect you. So you cannot say, ‘I have handed it over.’

**Mr Becker**—Senator, I know how you feel. The fact of the matter is that I would like you to show me the piece of legislation whereby I could reject it.

**Senator ROBERT RAY**—No, that is not my point.

**Mr Becker**—Reject the application.

**Senator ROBERT RAY**—You said the end use is someone else’s business. It is your business.

**Mr Becker**—The end use comes out of the privacy principles. That is the only time that end use is ever mentioned. It is not mentioned in the act. As I say, privacy principles are privacy principles. If I am to reject something which can comply with the various sections of the various clauses of those privacy principles, then what grounds would I have to reject it?

**Senator FAULKNER**—First of all, can I get an answer to the question I asked before? Who made the decision to enable this sale of the electoral roll to the Australian Taxation Office?

**Mr Becker**—I did.

**Senator FAULKNER**—That was the first question I asked. Secondly, apart from what occurs in an electoral event, either an election or a referendum, have we ever had a situation where the whole of the Australian electoral roll has been used for a full mail-out to everyone on the electoral roll? I just want to understand if there is a precedent for this.

**Mr Becker**—We have no precedent for actually granting it. We do have a precedent for a request, but it was not from a scheduled agency.

**Senator FAULKNER**—So it is unprecedented?

**Mr Becker**—The granting of it but to a scheduled agency?

**Senator FAULKNER**—If it is unprecedented to grant it, it is unprecedented for it to have occurred. You cannot have it both ways. Either it is unprecedented or it is not. If it is unprecedented to grant it, it must be unprecedented.

**Mr Becker**—Okay.

**Senator FAULKNER**—This is the first time we have ever had the electoral roll of the Commonwealth of Australia flogged off—

**Senator Hill**—Oh!

**Senator FAULKNER**—for the use of a full mail-out by anyone, except in an electoral event of either an election or referendum. Senator Hill, that is the evidence that has been adduced from the witness. Do not groan or grunt having arrived here 55 minutes late.

**Senator Hill**—That is because I am not supposed to be here. But anyway, that is not what I am complaining about; it was the ‘flogged off’ expression.

**Senator FAULKNER**—Sold.

**Senator Hill**—All right, sold.

**Senator FAULKNER**—Sold. Flogged off. It was flogged off, you see. Flogged off has it in one, I’m afraid.

**Senator ROBERT RAY**—Let’s just go back.

**Senator Hill**—Has it been partially provided in the past?

**Mr Becker**—It has always been provided but not for mail-outs.

**Senator FAULKNER**—Thank you, Senator Hill. Do you have any other sensible questions you would like to ask?

**Senator Hill**—I am trying to be helpful.

**Senator FAULKNER**—You are being helpful.

**Senator Hill**—If this is a first, there is nothing wrong with saying it is a first.

**Mr Becker**—It was provided at cost, I might add.

**Senator FAULKNER**—We have established that.

**Senator Hill**—If you try to talk over the witness all the time—

**Senator FAULKNER**—We're not; you are. It is appropriateness we are dealing with here, Senator Hill.

**Senator ROBERT RAY**—Can I just take you back to the tax office request. They normally get the roll automatically. This must have been a special request if they have given a different reason from why they have ever had it before. Am I being unfair in that?

**Mr Becker**—No. They wanted it more up to date. Obviously, if they are using it for a mail-out, they would preferably use 12,000,000 separate names and have it put in a format which would have group names in a family like the family Smith, the family Jones or what have you. That is the only thing that I understand that we have done with the roll.

**Senator ROBERT RAY**—What, you have done that preparation for them?

**Mr Becker**—Yes, at a cost.

**Senator ROBERT RAY**—You have not only given them the roll; you have done the work to put it in group families to be sent out.

**Mr Becker**—I do not know exactly the format it is in, but it was something like that grouping. That was just to cut the cost down.

**Senator FAULKNER**—Cut the cost down to whom?

**Mr Becker**—Not to us, obviously.

**Senator FAULKNER**—Obviously not to you, no. So cut the cost down to them?

**Mr Becker**—To the tax office, yes.

**Senator ROBERT RAY**—So you have done that, though? We seem to be getting cross—answers here.

**Mr Becker**—I do not know.

**Senator ROBERT RAY**—You said it was. What is your source of information on this?

**Mr Becker**—I know the last time I spoke to the person who was doing it; it was some time last week and—

**Senator FAULKNER**—Hang on. Mr Dacey, you are in charge of the electoral roll. What is your title?

**Mr Dacey**—Assistant Commissioner, Elections and Enrolment, Senator.

**Senator FAULKNER**—Isn't the electoral roll your primary responsibility, or have I got that wrong?

**Mr Dacey**—The actual roll responsibility is split, but I look after the policy side of the enrolment collection basically.

**Senator FAULKNER**—Enrolment collection, so not this particular function?

**Mr Dacey**—I have had people working on it. We have also had programmers working on it.

**Senator FAULKNER**—Who is the key link person in the AEC with the ATO? Who is your main link person on this?

**Mr Dacey**—One of my staff has been dealing with the Taxation Office.

**Senator FAULKNER**—Do you know who the key link people are for the Australian Taxation Office?

**Mr Dacey**—I know a couple of names of people, Senator; yes. I have spoken to one person in the Taxation Office.

**Senator FAULKNER**—Are they all in the Australian Taxation Office?

**Mr Dacey**—Yes, Senator. I have not spoken to anyone outside of the Taxation Office.

**Senator ROBERT RAY**—Let us go back on this. You normally provide it to them. They asked for an update, which is not normal, is it? They just wait for their normal quarterly ones, but this time they asked for an update.

**Mr Dacey**—That is correct.

**Mr Becker**—For the specific purpose.

**Senator ROBERT RAY**—Yes. Therefore, they give you the reason they wanted to do a mail-out. How did they describe that mail-out?

**Mr Becker**—It was to every elector.

**Senator ROBERT RAY**—To every elector?

**Mr Becker**—Initially, yes, to every elector.

**Senator ROBERT RAY**—What, 12 million letters?

**Mr Becker**—It would have been 12 million if we did not group them.

**Senator ROBERT RAY**—What did it come down to when you had done their job for them?

**Mr Becker**—I think it was about eight million.

**Senator ROBERT RAY**—At a minimum, those mail-outs are going to cost about \$8 million, but you have saved them \$4 million. It is a pity they do not kick it into you.

**Mr Becker**—Senator, I am not sure what their costs are for the mail-out.

**Senator ROBERT RAY**—Have you ever before been asked to provide the electoral roll for an \$8 million or \$12 million mail-out for an agency?

**Mr Becker**—I do not know about the numbers, but we have been asked to provide the roll but to a non-scheduled agency.

**Senator ROBERT RAY**—Have you ever been asked by a scheduled agency or a prescribed agency for the electoral roll for the purposes of a total Australia-wide mail-out?

**Mr Becker**—No. This is the only case.

**Senator ROBERT RAY**—And it did not occur to you to ask why they were doing it?

**Mr Becker**—We know why they are doing it, but we did not but we didn't give it to them until we got the agency—

**Senator FAULKNER**—Have you seen what is going out in the mail-out?

**Mr Becker**—No.

**Senator FAULKNER**—Are you absolutely satisfied, given the Australian Electoral Commission's unique status in the Australian community, that this is non-partisan material, that this is not to promote the political interests of one side of politics? Are you absolutely satisfied on that point?

**Mr Becker**—It was not signed by a politician, Senator. It was signed by Mr Michael Carmody.

**Senator FAULKNER**—What was?

**Mr Becker**—The agreement that we have with them.

**Senator FAULKNER**—I am not talking about the agreement.

**Mr Becker**—That is what needs to be done before we supply anything.

**Senator FAULKNER**—Let's put Mr Carmody to one side. We are talking to you, Mr Becker, at a time when Australian television screens are being flooded with partisan advertising and when Australian newspapers are full of partisan advertising on the GST. I think that a lot of Australians will be very concerned if the AEC is fronting up with names and addresses of electors. Obviously there is an interface with electors, the electoral roll and taxpayers. But these are people who vote. This is the record of those who vote in elections. Each and every one of them is apparently getting through the mail a document the detail of which, the content of which, you know nothing about. Just because you have an agreement signed by Mr Carmody does not, I am afraid, allay any concerns I have, which have been growing by the day, as I see the abuse of taxpayers' money on our television screens and in our print media.

**Senator Hill**—That's a speech or—

**Senator FAULKNER**—It is not a speech.

**Senator Hill**—It is. You are using this occasion to give a political spin and to give a speech to put your point of view.

**Senator ROBERT RAY**—Listen, Senator Hill.

**Senator Hill**—Since I have walked in here it has been shouting, talking over the top of the witness—

**Senator FAULKNER**—Everything was fine until you walked in here. You are 55 minutes late. You should go again.

**Senator Hill**—And now a political speech from Senator Faulkner. If what you are seeking to establish is whether this is the first occasion that the roll has been provided for this purpose, for the Taxation Office to send out a mail-out, you have established that.

**Senator FAULKNER**—How can we be assured that the independence—

**Senator Hill**—What is the next question?

**Senator FAULKNER**— Senator Hill, how can we be assured that the independence and the neutrality of the Australian Electoral Commission is protected in this exercise?

**Senator Hill**—I cannot see any way in which the neutrality of the Australian Electoral Commission can be threatened by providing the tax office with an electronic copy of the roll.

**Senator ROBERT RAY**—Is this the same Senator Hill that made those pious speeches on the Australia Card and on privacy? It can't be!

**Senator Hill**—That's not a question, either.

**Senator ROBERT RAY**—No. It is just an observation on hypocrisy. You are presiding at that table, basically endorsing the release of 12 million names and addresses that are not available to industry or anyone else and were made available to other departments for good governance of data matching, et cetera. It has never once been conceived that the electoral roll would be handed over to a government agency or department for the purposes of a political mail-out, and that is exactly what has happened this time.

**Senator Hill**—Again, that is your spin, because you do not accept it as a public information exercise.

**Senator FAULKNER**—It is to flog the GST. Don't you understand that, Senator Hill? It is to flog the GST.

**Senator Hill**—If you do not accept your premise, which I do not, the issue then becomes whether it is a proper use of the roll.

**Senator FAULKNER**—It is an unprecedented—

**Senator Hill**—As the roll is public information—my name and address is public on the roll—

**Senator FAULKNER**—This has never happened before in the history of the Commonwealth.

**Senator Hill**—How is that a breach of privacy?

**Senator FAULKNER**—Don't you understand that? This is unprecedented and it is—

**Senator Hill**—You do not make your point more effectively by shouting.

**Senator FAULKNER**—And it is just an open and shut mechanism to flog the GST, for the government to promote its policy using the electoral roll. My concern—it is a valid concern, and you will not be able to allay it; I reckon it will be a concern shared by many Australians—is that we have to defend the neutrality and independence of the Australian Electoral Commission, and an unprecedented decision to flog the electoral roll off for this misuse is not going to be accepted in the Australian community.

**Senator Hill**—My answer to your speech is: how can providing something which is already public information be a threat to privacy or a threat to the neutrality of the Electoral Commission?

**Senator ROBERT RAY**—If you had been here in the previous 40 minutes you would have found out why, because this has been—

**Senator Hill**—The Labor Party mightn't like it, because they do not want this public information program to go ahead, but I cannot see any way in which it can be a threat to privacy.

**Senator FAULKNER**—We just had 20 minutes of evidence about the use by certain private sector organisations, with scanning the electoral roll and possible abuses in that area—all the privacy concerns. Again, Senator, you are behind the play.

**CHAIR**—We are falling into debate now, rather than questions. So perhaps—

**Senator ROBERT RAY**—Could I ask Senator Hill this question: don't you understand the difference between the electoral roll and the electronic form of the roll?

**Senator Hill**—As I understand it, you've got the electronic form of the roll.

**Senator ROBERT RAY**—Yes.

**Senator Hill**—Is that a breach of privacy?

**Senator ROBERT RAY**—No, it is prescribed in the act.

**Senator Hill**—That's right, but privacy is quite—

**Senator ROBERT RAY**—But you said you did not see why anyone could not use the roll. Certain categories—

**Senator Hill**—There is no difference in principle. There is certainly a difference in convenience of use.

**Senator ROBERT RAY**—Yes, but there are also restrictions of use on MPs, aren't there, Mr Becker?

**Mr Becker**—There are, but the end use restriction does not apply to these other agencies.

**Senator ROBERT RAY**—And that does not concern you?

**Mr Becker**—I did not write the legislation.

**Senator ROBERT RAY**—Don't you have a view? Aren't you the leader of the Electoral Commission?

**Mr Becker**—Yes, but the point is that I cannot afford to get into the political debate. If I get—

**Senator ROBERT RAY**—You are in it. You have just put yourself in it. That is our objection.

**Mr Becker**—Had I rejected it, I would have been in it.

**Senator FAULKNER**—Why didn't you seek legal advice, then, Mr Becker? You just signed it off. Did you seek even internal advice on this?

**Mr Becker**—Yes, I did. Of course I did.

**Senator FAULKNER**—Let me know what you did.

**Mr Becker**—We consulted each other about the issue and then felt that it fell within the privacy principles and we supplied the information.

**Senator FAULKNER**—Who did you consult?

**Mr Becker**—I spoke with Mr Dacey and our government and legal section.

**Senator FAULKNER**—Did you get written advice from the legal section?

**Mr Becker**—No.

**Senator FAULKNER**—Did you get any legal advice from external—

**Mr Becker**—These are principles.

**Senator Hill**—The answer is no.

**Senator FAULKNER**—I am sorry. That was an answer to another question, Senator Hill.

**Senator Hill**—The trouble is that you do not wait for the answers. You ask a question and you get the answers.

**Senator FAULKNER**—Again, you are not following the play. I asked another question. I was going to ask whether Mr Becker thought to consult the Australian Government Solicitor.

**Mr Becker**—I said I didn't get any legal advice.

**Senator ROBERT RAY**—So has Mr Carmody given you an indication of what is going to be in the mail-out?

**Mr Becker**—None at all.

**Senator ROBERT RAY**—None at all?

**Mr Becker**—Not to me, no.

**Senator Hill**—That is what his answer was. You do not have to repeat it.

**Senator ROBERT RAY**—He did not indicate to you it might be a direct mail letter from the Prime Minister to those 12 million people?

**Senator Hill**—He said 'none at all'.

**Senator ROBERT RAY**—What do you think? Do you know that, Senator Hill, as a part of government policy?

**Senator Hill**—He said 'none at all'.

**Senator ROBERT RAY**—I am asking you now as the minister at the table.

**Senator Hill**—What is the question you want to ask me?

**Senator ROBERT RAY**—What is in the mail-out?

**Senator Hill**—I don't know what is in the mail-out.

**Senator ROBERT RAY**—Can you take it on notice and get back to us?

**Senator Hill**—I will take it on notice. I presume it is public information on the new tax system.

**Senator FAULKNER**—Don't make any presumptions, Senator Hill. You don't know.

**Senator Hill**—That is why I said I would take it on notice.

**Senator FAULKNER**—Don't make any presumptions. It will probably be as partisan, as biased and as inappropriate as the advertising.

**Senator ROBERT RAY**—I don't know. I mean, I have been following the Electoral Act since I got in here 19 years ago. I have been on a joint select committee and I have been in charge of the Electoral Commission. This is the most shameful act I have ever seen perpetrated. I think you are being used. I do not blame the commission, Senator Hill. Your government is grossly misusing them, because you are not protecting the roll.

**Senator Hill**—What is in the Electoral Act that stops a person from taking a copy of the electoral roll, the written form—

**Senator ROBERT RAY**—Well, why don't you?

**Senator Hill**—And utilising it for mail?

**Senator ROBERT RAY**—Why don't you?

**Senator Hill**—If you accept that there is no prohibition on that, that that is a legitimate use, why is it the distinction between that form and the electronic form results in there being something improper?



**Senator FAULKNER**—I will tell you why, Senator Hill.

**Senator Hill**—No difference on questions of privacy at all.

**Senator FAULKNER**—Because most Australians would want to protect and defend the fairness and the integrity of the Electoral Act and our electoral processes and the integrity of the commission. Any decent government would not ask the Electoral Commission to do this, but for your sleazy outfit, of course, it is just par for the course—standard operating procedure.

**Senator Hill**—To protect the integrity of the Electoral Commission I understand, but there is no way in which this threatens the integrity of the Electoral Commission. This is a public roll—a public document that you can use to flog cars if you like.

**Senator ROBERT RAY**—Yes, but you cannot use the electronic version to do that.

**Senator Hill**—So what is the distinction?

**Senator ROBERT RAY**—The distinction is made in the act. One is a very difficult task. One makes it a very convenient and easy task.

**Senator Hill**—How can convenience breach privacy?

**Senator ROBERT RAY**—Why has a government never before in the history of the Commonwealth done a direct mail-out based on the Electoral Commission's records, other than for electoral or referendum purposes? Could you answer me that?

**Senator Hill**—No, I don't know.

**Senator ROBERT RAY**—You don't know. Of course you don't.

**Senator FAULKNER**—Because other governments probably wanted to defend the fairness and integrity of the show. That's why.

**Senator Hill**—It may well be that this is a service that the Electoral Commission has not been prepared to provide in the past.

**Senator ROBERT RAY**—There has been a change? I don't think there has been a change. I think that is unfair to the Electoral Commission.

**Mr Becker**—This is the first time we have been asked by a scheduled agency to do something—

**Senator FAULKNER**—We know that, Mr Becker.

**Senator ROBERT RAY**—What we are suggesting to you by way of questioning, Mr Becker, is that you should have questioned this much more strongly.

**Mr Becker**—If I had taken a view like you are suggesting I should have perhaps taken, to find out what the content was and then have to make the decision as to whether it was political, that is my subjectivity being compromised, too. If we are going to sit on the fence—and it is a clearer view when you are on the fence—I think we stay out of that game.

**Senator FAULKNER**—I would have sought advice.

**Senator ROBERT RAY**—I want you on the fence, Mr Becker, and providing 12 million names to the tax office for a mail-out—just a mail-out; let's not even take it further as to whether it is a biased one or otherwise—puts you off the fence, and that is not good enough.

**Mr Becker**—Well, I can't see that.

**Senator Hill**—Let us say it was a health issue. Would that put them off the fence? I can't see how providing the names from something which is a public record takes them off the fence.

**Senator ROBERT RAY**—Are they all on the public record? What about silent enrolments?

**Senator Hill**—I am not sure what happened about silent enrolments. What is the story with silent enrolments?

**Mr Becker**—Silent enrolments were not provided.

**Senator ROBERT RAY**—Date of birth?

**Mr Dacey**—Date of birth for matching purposes only, yes.

**Senator FAULKNER**—What do you mean by 'for matching family purposes only'? If you give it, you give it, Mr Dacey, don't you? You know that.

**Mr Dacey**—As a scheduled agency, the ATO regularly gets date of birth—

**Senator FAULKNER**—If you give it, you give it. You would have to acknowledge that.

**Senator ROBERT RAY**—Date of birth is not on the electoral roll, Senator Hill, is it? Don't nod your head. Answer.

**Senator Hill**—Don't shout. It is not on my electoral roll, no.

**Senator ROBERT RAY**—So this electoral roll that they have received is substantially different? It contains dates of birth. You should understand the political consequences of that. This is the updated roll.

**Senator Hill**—The political consequences? The purpose for which it was provided, we were just told, was to enable family grouping. That is to reduce the cost of the mail-out.

**Senator FAULKNER**—It was provided—

**Senator ROBERT RAY**—Hold on. So the total GST sales cost, which is up to \$383 million, would have been \$387 million but for the prompt actions of the Electoral Commission?

**Senator Hill**—That is your figure.

**Senator ROBERT RAY**—No.

**Senator Hill**—It would have cost more, wouldn't it. We have just established that.

**Senator ROBERT RAY**—Instead of \$387 million, it is going to cost \$383 million.

**Senator FAULKNER**—Is there a salutation on the electoral roll, Mr Dacey?

**Mr Dacey**—With recent amendments we have only just started collecting salutations, and that was not provided.

**Senator FAULKNER**—Let us just be clear on precisely what was provided to the ATO? Date of birth?

**Mr Dacey**—Name, address, date of birth and gender, which is what the ATO is normally entitled to.

**Senator FAULKNER**—What is on the printed electoral roll? I know this, but you might remind us all for the record.

**Mr Dacey**—Name and address.

**Senator FAULKNER**—That is right. So gender and date of birth are two significant pieces of information, though obviously gender is in many cases easier to pick—not in all but in many. Those four pieces of information are provided, two of which are on the printed roll and two of which are not?

**Mr Dacey**—That is correct.

**Senator FAULKNER**—Of course, it is also true to say, is it not, that once you provide gender the data is easier to manipulate in terms of salutation?

**Mr Dacey**—I understand there are programs around that can impute salutation. We do not use them.

**Senator FAULKNER**—No, I understand that.

**Senator ROBERT RAY**—Have you been given assurances that the roll that you have provided with date of birth and so on, where date of birth is only for matching purposes, will not be used in the mail-out to differentiate mail according to population profile?

**Mr Dacey**—Yes, the assurance is that the only information used for the mail-out will be name and address.

**Senator FAULKNER**—But Senator Ray's question is a different one. Have you been given an assurance that what is going to be inserted in the envelope, plastic sleeve or whatever is sent to electors will be identical in all cases? Do you know?

**Mr Dacey**—No, I do not know what the material is.

**Senator FAULKNER**—Exactly.

**Mr Dacey**—I have not seen any of the taxation material.

**Senator FAULKNER**—You have seen the advertisements on television, Mr Dacey, and so has Mr Becker. And you have seen the advertisements in the newspaper. This is part of that same campaign. This is the use of the electoral roll to promote the GST.

**Senator Hill**—You do not make your case by repeating it often. That is just a political argument. You are here to ask these witnesses questions.

**Senator MURRAY**—In terms of precedent, when you asked for advice, did you consider asking advice of the Privacy Commissioner, in view of the fact that this was the first time?

**Mr Becker**—No, I did not actually. We had been given advice from the Privacy Commissioner in respect of these sorts of things and the IPPs and the advice of the Privacy Commissioner, if we were going to use IP11, was that we should have a safeguard agreement with the CEO of the organisation to which we were providing that information.

**Senator FAULKNER**—When did you seek the advice of the Privacy Commissioner, Mr Becker?

**Mr Becker**—Not on this occasion, no.

**Senator FAULKNER**—No, when?

**Mr Becker**—How long ago?

**Senator FAULKNER**—Yes.

**Mr Becker**—I beg your pardon. It was many years ago.

**Senator FAULKNER**—Yes, that is right; many years ago.

**Senator Hill**—That is probably right. Accept the answer and go on.

**Senator FAULKNER**—I just want to get this clear: no advice was sought from the Privacy Commissioner in relation to this matter?

**Senator Hill**—For you to say that is right is not to ask a question.

**Senator FAULKNER**—I am sorry, Senator Hill—

**Senator Hill**—He gave the answer.

**Senator FAULKNER**—No, he did not. He gave another answer.

**Senator Hill**—He gave an answer.

**Senator FAULKNER**—He gave another answer, yes, to a different question. We are entitled to ask other questions, if we like.

**Senator Hill**—Absolutely.

**Senator FAULKNER**—So now we know the Privacy Commissioner gave advice some time ago.

**Senator Hill**—We do.

**Senator FAULKNER**—Do we know how many years ago?

**Mr Dacey**—No, I do not. It was in relation to when we were developing safeguard agreements.

**Senator FAULKNER**—Approximately, Mr Dacey?

**Mr Dacey**—Five years.

**Senator FAULKNER**—You had advice five years ago from the Privacy Commissioner?

**Mr Dacey**—That was general advice on access to the roll.

**Senator FAULKNER**—That was general advice. It was not specific advice about the use of the roll in this way?

**Senator Hill**—Don't tell him what it is. Ask him what it is.

**Senator FAULKNER**—I am asking him what it is.

**Senator Hill**—You are not; you are telling him. You are constantly telling him.

**Senator MURRAY**—Mr Becker, would you be prepared to undertake to ask the views of the Privacy Commissioner ex post facto—after the fact—on this event and see whether they have any different view from their general advice?

**Mr Becker**—I suppose we could contemplate doing that, but I must admit that, unless the Privacy Commissioner is going to change the IPPs, then I can read just as well as anybody else. As I said to Senator Faulkner, I do not see how the commission or a person in my position or anybody else in the commission can assess the content of a mail-out and make a judgment to say, 'This is too political.' That then puts the commission in the position of making a judgment based on the political content that you assess as being political but which someone else may not. I cannot see how we can be in that game.

**Senator MURRAY**—It seems to me that the legislature has made two provisions in terms of this material. The first is that it may not be used commercially. I think that is very clear.

The second is that it may be used politically in certain defined circumstances, such as by members of parliament and senators. I think you would accede to the likelihood that some people may perceive that the use of the mail-out for a particularly contentious area of government policy could be perceived as being partisan or political. It is the perception, as you have clearly indicated, which puts your independence or integrity at some question in this issue.

**Mr Becker**—Only if we saw it that way.

**Senator MURRAY**—I understand your point of view and you have made that very clear. It is that perception as much as the fact which has to be dealt with. It is that which lies behind my request to you that it may be appropriate to ask the Privacy Commissioner for an updated view, because it seems to be perfectly possible that the Privacy Commissioner never foresaw these particular circumstances.

**Mr Becker**—That is true. I think that is quite possible.

**Senator ROBERT RAY**—It is also possible, from our experience, to know that no parliamentarian involved in the formation of the Electoral Act, from the joint select committee down, anticipated that the provision of the rolls to government departments would be for the use of a mail-out. It was always in terms of assisting in data matching to catch fraudulent activity, criminal activity—all of these things. I defy you, Mr Becker, to go back through the *Hansard* record of the transcripts of the joint select committee to find one parliamentarian involved in the formation of this law who was suggesting that these would be used for mail-out purposes. I am not talking about political mail-outs now—any mail-outs. You asked whether you should go down and censor the tax office's material. You are right in answering no, you cannot. The best course of action is not to give them the information for that purpose.

**Mr Becker**—In order to do that I have had to make a judgment under criteria that I believe they meet. That is the problem. If I had to reject it, I would have to assess the basis on which I rejected it, which means I would then have to make an assessment as to whether this is a political exercise or another exercise.

**Senator ROBERT RAY**—You operate under laws and regulations. You also operate under precedents. You know that.

**Mr Becker**—Yes, I know that.

**Senator ROBERT RAY**—You have never had a precedent of providing the roll for a \$12 million—cut down to \$8 million if we are lucky with the economies—mail-out.

**Mr Becker**—We have not on anybody else's request. I would suggest perhaps we did it too well when we did the referendum last year and showed that it could be done, and done effectively.

**Senator ROBERT RAY**—It has been done since Federation on that basis.

**Senator FAULKNER**—Electoral events are different. You must acknowledge that.

**Mr Becker**—No, I am just saying that all we did was prove that we could do it. That was the biggest mail-out in history.

**Senator FAULKNER**—I am afraid that has been proven—

**Senator ROBERT RAY**—It is the biggest own goal in history, if that is what you have proved, because some of us have lost total confidence in the AEC over this—total confidence. I have never seen an AEC behave like this in history.

**Senator Hill**—This is not what estimates are about.

**Senator ROBERT RAY**—I am just totally disgusted.

**Senator LUNDY**—In terms of the provision of the electoral roll to the tax office, were you involved in actually providing it to the specific operators within Tax? Can you tell me who you provided that information to within Tax?

**Mr Becker**—No, I cannot but it was between one of Mr Dacey's directors—

**Mr Dacey**—I would not be fair if I was giving you the name of the section, but it was an area akin to a publications area in the Australian Taxation Office.

**Senator LUNDY**—A publications area?

**Mr Dacey**—Akin to. I am not sure of the exact name of the section we were dealing with.

**Senator LUNDY**—At the moment the management of information within the tax office is not handled by Tax in house any more; it is handled by an IT outsourcing vendor, EDS. What assurances did the Electoral Commission gather to ensure that Tax would adhere to the privacy principles? Obviously you are bound by the Privacy Act 1998. Did you take any time to seek an assurance that they would operate within the boundaries of that Privacy Act when you handed that information over?

**Mr Becker**—They operate within the boundaries of the agreement that they sign with us. But that is no different from parliamentarians.

**Senator LUNDY**—The reason I ask is that, when that contract with the information technology outsourcer was put in place, there was no automatic application of the Privacy Act of 1998 to that contractor. In fact, the best assurance I have been able to obtain from the government to date is that those contracts contain clauses which reflect the Privacy Act provision. I want to know whether you have ever sought or have been made aware that the information you provided will, in fact, be used for a wider purpose other than the mail-out that has been discussed?

**Mr Dacey**—In terms of the safeguard agreement, it says that the information will be provided in a format and may be uploaded into a computerised retrieval system owned and operated solely by the Australian Taxation Office.

**Senator LUNDY**—So if that description was embraced within the scope of the contract in terms of the outsourcing of their information management then, indeed, it could be under the control and management of the contractor?

**Mr Dacey**—I am not sure. I read it as owned and operated solely by the Australian Taxation Office.

**Senator LUNDY**—Perhaps, Minister, you could take on notice whether that is the case and provide to the committee the clause of that contract which binds the IT outsourcer EDS to the provisions of the Privacy Act of 1998.

**Senator ROBERT RAY**—I just wanted to return with one last question to Mr Becker. I mentioned before that Mr Carmody signed an agreement regarding the safeguarding of confidential elector data, namely—quoting point one—for a one-off mailing of ATO material to electors in May-June 2000. That binds him only to send ATO material.

**Mr Becker**—That is what it says.

**Senator ROBERT RAY**—He cannot send a letter from the Prime Minister, can he?

**Mr Becker**—I do not know. It is not really our issue, is it? That is an issue for Mr Carmody. He signed the letter saying that he sent ATO material.

**Senator ROBERT RAY**—You do not seem to ever want to follow through or show leadership or comment. Are you even going to give some thought to revising this section of the act that would allow an agency to take your electoral roll for mail-out purposes? Are you even giving that a slight thought?

**Mr Becker**—There are lots of things in the act that we are giving a lot of thought to. The fact of the matter is that—

**Senator ROBERT RAY**—I am asking whether you are giving thought to that one.

**Mr Becker**—That is probably one that would not be a bad idea either because, quite frankly, I think the roll goes too far and there might be some other issues that need to be covered as well.

**Senator ROBERT RAY**—No, but I am asking you about this one.

**Mr Becker**—The point being that we were not going to get the act changed—the act is very, very open at the moment—between the time that Mr Carmody contacted me and the time that he maintained he was going to have this mail-out. You were never going to get an act changed in that time. You are probably not even going to get the IPPs changed in that time.

**Senator ROBERT RAY**—Where are you coming from? I did not ask you to change the—

**Mr Becker**—I am not sure just what your problem is.

**Senator ROBERT RAY**—I asked long term. I am not asking whether you are going to change it next week. Your earlier evidence suggests that you were reviewing—

**Mr Becker**—I think you said, ‘Did you consider changing the act?’

**Senator ROBERT RAY**—Earlier on we had evidence that section 91 and the others were under review. I am asking: is this a matter that is currently under review? Is the provision of the roll to prescribed agencies or restricting the purpose to which they can put it under review?

**Mr Dacey**—That will be included in the review of those sections of the act.

**Senator ROBERT RAY**—Gee, that was simple, wasn't it? Thank you.

**CHAIR**—Any further questions for the commission? We have finished that issue, I understand.

**Senator ROBERT RAY**—It is not finished, but finished here.

**CHAIR**—Any further questions?

**Senator MURRAY**—I do not know who to address the questions to and I might have missed it earlier on, but possibly to Mr Edgman. There is some public interest in the One Nation Party's deregistration in Queensland and New South Wales. Does the prospect for consideration of their registration with the Commonwealth only come into play once your audit is completed, or is that a separate issue to be determined?

**Mr Cunliffe**—I can probably answer that for you. The legislative requirement is different under the Commonwealth Electoral Act.

**Senator MURRAY**—Because of the presence of a parliamentarian?

**Mr Cunliffe**—Because of the presence of a parliamentary member, yes.

**Senator MURRAY**—But is there any question at all whether or not they were properly registered at the time of the election when there was not a parliamentary member?

**Mr Cunliffe**—To the degree that that is an issue, it is virtually an issue which potentially arises at any time. I think we have said this before. After the 1998 election we put in place a review to revisit those organisations which were, on the face of it, no longer with parliamentary representation. The way the act is set out in terms of the time frames and steps to be taken for deregistration and other such things, the steps are not ones which can be done within days or even weeks. Certainly by April, I think, of last year, one of the other two people who has been found by the Supreme Court in Queensland to be a member— whoever else may argue they are not—was, of course, a member in New South Wales in the upper house. So certainly we have not taken the view ever, and I do not think the legislation could work sensibly if we took the view, that, when all members of the House of Representatives cease to be members, political parties that were dependent upon that cease to be registered. The deregistration steps are not given to such rash or rapid decisions.

**Senator MURRAY**—In summary, there is not even a prospect of reviewing whether or not they were a properly registered party at that date?

**Mr Cunliffe**—I am not sure that we would choose to do so—

**Senator MURRAY**—Or choose not to do so?

**Mr Cunliffe**—Or choose not to do so. I suppose in effect we have not ever done so in the past and history has not been to review parties which were dependent upon other members of the House of Representatives, for instance, on the day the House was dissolved.

**Senator MURRAY**—Let me explain to you the purpose of my question, apart from the natural public interest. I am aware, as a member of the JSCEM for a start, that their registration, however devised and conceived, is valid and legal now because they have parliamentary representation. That is not the point. The point is that, if they have been found to have acted improperly as a party in Queensland and under allegation of having done so in New South Wales and if your audit finds fundamental flaws—and I am not presuming they exist—as part of that overall appraisal, part of the jigsaw story is whether or not the registration was proper at the time or whether it was exactly as it has been in Queensland or has been found to be in Queensland—that it was a party of three people with hundreds of associates who had a relationship with it. That is all. I would have thought that it is part of an appraisal of the overall morality and integrity of both registration and the practice of the party if that is what you are auditing and reviewing. If you disagree with that view, by all means, but that, I assume, would be part of the public interest surrounding the issue.

**Mr Edgman**—With the initial registration of One Nation federally, as you are aware, political parties can register as parliamentary parties and federally that means at least one member of the party who is a member of a federal, state or territory parliament.

**Senator MURRAY**—For the 1998 election?

**Mr Edgman**—Yes. The party was registered in 1997, I believe, yes, and One Nation was registered on the basis of Pauline Hanson being the member of the political party who was

---



also a member of the federal parliament. There was no requirement for the party, for federal registration purposes, to prove a wider membership.

**Senator MURRAY**—Let me be precise then. Did they merely say, ‘We have one parliamentarian; we are not going to tell you anything else,’ or did they purport in their registration to have more than three members?

**Mr Edgman**—No, they did not purport to have more members than just Pauline Hanson at the time they registered with us, Senator. That was all that was required.

**Senator MURRAY**—That clears it up.

**Mr Edgman**—That substantiated their registration.

**Senator MURRAY**—That clears it up satisfactorily, thank you.

**CHAIR**—Thank you, Senator Murray. Mr Becker and officers, thank you very much for your attendance and assistance tonight. It was much appreciated.

**Proceedings suspended from 9:19 p.m. to 9.31 p.m.**

**OFFICE OF ASSET SALES AND INFORMATION TECHNOLOGY OUTSOURCING**

**Senator LUNDY**—When did OASITO first provide advice to the government on the processes for refunding retail oversubscriptions from T1?

**Mr Yarra**—Firstly, I pass on the apologies of the chief executive of OASITO, who was called away overseas on very short notice dealing with a project that we are currently undertaking. Can I just have that question again?

**Senator LUNDY**—When did OASITO first provide advice to the government on the processes for refunding retail oversubscriptions from T1? Just for reference, I would like to refer to the ANAO report, performance audits on Commonwealth debt management.

**Mr Heazlett**—Just so I can clarify, in terms of the refunds that you are questioning, is this in relation to the Telstra 2 share offer? Given the reference to the ANOA report on debt management, is that in reference to the Telstra 1 offer?

**Senator LUNDY**—Yes.

**Mr Heazlett**—T1?

**Mr Yarra**—I think we will take that on notice, Senator.

**Mr Heazlett**—That was some time ago.

**Senator LUNDY**—No, I am anticipating that it would have been back in 1997 or thereabouts.

**Mr Yarra**—We will get a date for you.

**Mr Heazlett**—As part of the general process of the offer, advice is put forward to government on various aspects of it, including that, but the precise timing—

**Senator LUNDY**—The extract from the ANAO report raises questions about the provision of data from OASITO, and my understanding of OASITO’s response is that they had no reason to believe that they had not provided information to Treasury. So the question is: when indeed did you provide advice to the government? If you could take that in the first instance. What I am looking for is specific dates about when you provided that specific information to the government.

**Mr Heazlett**—When you are referring to ‘the government’, do you mean to ministers or to the Treasury?

**Senator LUNDY**—To either.

**Mr Heazlett**—Right.

**Senator LUNDY**—That is a good point—either to the ministers, the ministers’ offices, or, indeed, Treasury officials.

**Mr Heazlett**—Because part of the issue there is that there was consultation going on between Treasury and the office.

**Senator LUNDY**—Perhaps you could provide that advice on the basis of when you believe you informed them, perhaps verbally, and provide copies of any correspondence if you advised them in writing.

**Mr Heazlett**—Certainly.

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

**Senator LUNDY**—When did the government decide on how that whole process would be handled in terms of refunding retail oversubscriptions?

**Mr Yarra**—A date again? Telstra 1?

**Senator LUNDY**—Yes, this is all in relation to T1. The questions are arising out of the ANAO report and your response.

**Mr Yarra**—For details of that, we will need to take those sorts of questions on notice. We will take that question on notice as well.

**Senator LUNDY**—What I may do, because I have a series of questions here that relate to that timing process, is place them on notice.

**Mr Yarra**—That would be very good, yes.

**Senator LUNDY**—They just extrapolate out on the time frames that we are discussing now. What improvements do OASITO and Treasury intend to make to improve the future information flows arising out of that issue? Are you in a position to reflect on that?

**Mr Yarra**—It is too long ago for me to be specific about that. Can I take that on notice as well?

**Mr Heazlett**—We can talk about what improvements took place with Telstra 2, for example.

**Senator LUNDY**—Yes, that is obviously the next question: how much money was oversubscribed with T2 and how much of that is still to be refunded?

**Mr Heazlett**—In terms of the process and the discussion, there was liaison between the office and what is now the Australian Office of Financial Management, which is an office within Treasury that manages the government’s funding requirements. That took place well in advance of the Telstra 2 offer. Where we identified the likely flows of money, based on previous experience in offers for T1 and the Commonwealth Bank float that took place some months before the offer—

**Senator LUNDY**—Would you be able to give me the specific dates of that consultation?

**Mr Heazlett**—Yes, on notice.

**Senator LUNDY**—Take it on notice, yes, please. Can you tell me at this stage how much of the money that was oversubscribed to T2 is still to be refunded now?

**Mr Heazlett**—All refunds from oversubscriptions have been made.

**Senator LUNDY**—That is for all amounts? You have not got any categories of people owed more than \$20,000 still outstanding or anything? They have all been refunded?

**Mr Heazlett**—Yes. There are still some cheques that have not been cashed.

**Senator LUNDY**—But your understanding is that they are in the hands of the—

**Mr Heazlett**—Yes.

**Senator LUNDY**—Do you actually handle that process or does Treasury handle that process?

**Mr Heazlett**—No, the office manages that process through subcontractors.

**Senator LUNDY**—What was the cost flowing from the late banking by OASITO of retail application moneys?

**Mr Heazlett**—In Telstra 1, there was some comment in the ANAO performance audit on the Telstra 1 share offer which had some reference to figures. I would prefer to take that on notice and give you the exact figures as calculated by the Audit Office for that.

**Mr Yarra**—Are you talking about T2 as well?

**Mr Heazlett**—With T2 there was no late banking.

**Senator LUNDY**—No, I am referring again back to T1. Did it cause an early repurchase of \$1.8 billion worth of January 1998 fixed coupon bonds to be postponed?

**Mr Heazlett**—I am not in a position to know whether that is the case or not. That is a matter for the Treasury and the Office of Financial Management. We simply go through the process of advising them of the timing of our structures—when we expect money to flow in and for them to make the appropriate planning for debt repurchasing based on that flow of money.

**Senator LUNDY**—But were you advised by Treasury that this was needing to occur because of that process?

**Mr Heazlett**—The awareness of what debt repurchasing needs to take place and the timing of that is something that we have no knowledge of and had no knowledge of at that time. We simply are responsible for making some assessment of the likely flow of funds into our process, and it was our understanding that that had been made at that time and, certainly to the knowledge of people within the office, there was no awareness that a debt repurchase was being affected by a lack of advice from us.

**Mr Yarra**—As a standard procedure, we keep Treasury informed of the flow. They make their decisions. They do not bother to tell us, as they do not tell anybody else within government, what is driving their decisions. The view that there was late money in T1 we do not entirely share. The audit view was that the money was not banked, in their view, quickly enough, but we banked the money when we planned to bank it. Their view was that it was not banked quickly enough. We took that view on board in T2 and banked it more quickly, but we were comfortable with the way we handled the funds in T1.

**Senator LUNDY**—It became clear in your response to the ANAO report that you were of that view.

**Mr Yarra**—Yes.

**Senator LUNDY**—You do not need my comments on it, but the fact is that you have improved the process now.

**Mr Yarra**—Yes, absolutely.

**Senator LUNDY**—And Treasury subsequently avoided going through the same process, as far as you know.

**Mr Yarra**—With the improved process, Treasury was informed again, and we have no idea what influence that had on their decisions about their refinancing, et cetera.

**Senator LUNDY**—Just going back to T1, were you under pressure from Treasury to process sufficient applications in any way, shape or form, or were you under pressure to speed it up at the time?

**Mr Yarra**—No. The way that we handled those funds, we recognised, without having to be told by anybody, that time is money and we designed our processes to perform what we thought was an appropriate process. There was certainly no pressure from Treasury. Any pressure was from within, which recognised that the Commonwealth was earning interest on the money in its bank account. The pressure was from within to make that process work as smoothly as possible.

**Senator LUNDY**—Was it a resource question for you how quickly you processed those applications?

**Mr Yarra**—I am now dipping back into what happened in T1, but we swept the account regularly—like, daily.

**Mr Heazlett**—The issue in T1 was a question of the applications were received, processed and the money then banked, and in that system, it is argued by the Audit Office, cheques may have been on hand for a day or so prior to banking.

**Mr Yarra**—They are saying, ‘Why do it in that sequence? Why not bank it in parallel?’ We were going through a due process that we thought was proper. They suggested we bank in parallel. We took that up in T2.

**Senator LUNDY**—In terms of that whole exercise, apart from your comments in response to the ANAO report, how do you think it happened? How did it get to that point where there was an obvious complete lack of communication between yourselves and Treasury?

**Mr Yarra**—On?

**Senator LUNDY**—On the timing?

**Mr Yarra**—I was not aware there was. As far as we were concerned, we kept Treasury informed. We did not get any feedback from Treasury grizzling at us. We kept them informed as best we knew of the flows and the timing and got no feedback, as far as I am aware.

**Mr Heazlett**—There was a process established as part of that offer where there were regular interdepartmental briefings on issues relating to the offer which Treasury participated in. We are not aware that any concerns were expressed on that issue of the flow of funds.

**Senator LUNDY**—Obviously you rejected the ANAO observation, but what was your response? The ANAO report states:

Treasury develops a profile of the pattern of receipts expected from major asset sales based on information provided by OASITO with previous asset sales experience.

---

The implication there is that they were expecting an earlier response from you.

**Mr Yarra**—No, I do not agree with that.

**Senator LUNDY**—Your response actually implies that, because you said, ‘We were unaware of any expectation other than the process we went through.’

**Mr Yarra**—Our obligation and understanding with Treasury was that we provided them with timely information on the flows and the times of those flows and we kept that information as up to date as possible and as accurate as possible. At the beginning of the process that information is going to be rubbery. As we move through the process, that improves as we start to get a feel for how the funds are flowing. All we can undertake to do with Treasury is give them the best information we have available in as timely a fashion as possible, which we did. They may have had expectations, but they certainly could not have a qualitative view on the information we were providing to them because they had no basis on which to form that view. We had some basis on which to form a view. That basis improved as the process proceeded. But Treasury had to take that advice from us, as they do from a whole host of other areas of government.

**Senator LUNDY**—Can you provide the committee with details about when you told Treasury what your process would be?

**Mr Yarra**—We did not tell them the process. We told them of the flows. In fact, I remember that they would ring up and ask, ‘What is your latest estimate of flows? What money will come in by what dates?’ We would give them an estimate.

**Senator LUNDY**—So you did that over the phone, or do you have any documentation?

**Mr Yarra**—It was probably done over the phone. There may be documents to support that. If there are documents, we will look for them.

**Senator LUNDY**—Yes, if you do not mind and provide them for the committee if you can find them.

**Mr Yarra**—But it is highly likely that it was done over the phone.

**Senator LUNDY**—If you could just reflect on that and describe the process you went through to advise Treasury in response.

**Mr Yarra**—Treasury do not care what our process is. They care when our process produces the funds to the credit of the account.

**Senator LUNDY**—Sure. Understand this: they are trying to pin you for it.

**Mr Yarra**—A subsequent audit report disagrees with our process. We are not sure that we agree with that. But, nevertheless, Treasury has not got a role in that.

**Mr Heazlett**—The first we became aware of that issue is when we read the draft of that audit report.

**Senator LUNDY**—That is kind of indicated here. I will go back to those first couple of questions I was going to put on notice because this might actually make it easier for you. What type of information did Treasury request? What were the time frames for the provision of that information? You have kind of described that, but have you got anything you can add to that?

**Mr Yarra**—I will confirm this, but I can give you an idea that, in my experience, it is the amounts and the timing, full stop. Whatever they do with that information—stick it in their

computer or whatever they do—they take it on board. They are not interested in how we get the amount. It is down to us to provide them with the estimates. I have done that with Treasury in other guises in many other bits of government.

**Senator LUNDY**—So they knew what they were getting and when?

**Mr Yarra**—They wanted to know from us what we thought we were going to get and when—correct.

**Senator LUNDY**—And you told them?

**Mr Yarra**—We told them as best we could—correct.

**Mr Heazlett**—It is worth noting that there is no precedent in the Australian market for an offer the size of Telstra 1 in that the speed at which applications flowed in and money arrived were unknown factors. In fact, the size of the retail take-up in that offer, while there is some market research, was also an unknown factor. So the prediction of the cash flow is a very imprecise activity. All you can do is to look at a pattern from a previous offer and extrapolate.

**Senator LUNDY**—Could you provide me with whatever specifics you can with respect to the dates you provided information to Treasury?

**Mr Yarra**—If it is on the record, certainly.

**Senator LUNDY**—What was the period of time between the first instalment of T1 being received and Treasury being advised that \$928 million had to be refunded to retail applicants?

**Mr Yarra**—We will take that on notice if we can.

**Senator LUNDY**—Thanks. That is all I have on that issue. I would now like to ask a few questions about the spectrum sale. How have you arrived at the figures in the budget for the sale?

**Mr Yarra**—The spectrum sale is entirely a matter for the Department of Communications, Information Technology and the Arts. We have no involvement with that sale at all.

**Senator LUNDY**—Will you be managing it in any way, shape or form?

**Mr Yarra**—No. It is run entirely out of DCITA.

**Senator LUNDY**—Why is that? Are you not the asset sales people?

**Mr Yarra**—Yes. But they have traditionally been experts in spectrum. They also ran sales while this organisation existed for the microwave licences. They also ran a sale in 1991 to set up Optus. They have run sales in parallel with this agency, but certainly the spectrum sales will run through DCITA.

**Senator LUNDY**—So you have no resources being devoted to that whatsoever?

**Mr Yarra**—None at all; not a single dollar.

**Senator LUNDY**—From that point of view, I cannot ask you any questions about it then, can I?

**Mr Yarra**—No.

**Senator LUNDY**—Easy. I would now like to focus my questions on the general issue relating to CTC processes. Yesterday it became apparent that there was a cabinet minute floating around with respect to a proposal to increase CTC implementation by Commonwealth agencies. I turn to your budget allocations this year. Has OASITO had an increase in its operational budget?

**Mr Yarra**—I cannot answer that off the top of my head.

**Senator LUNDY**—Is there anyone who can?

**Mr Yarra**—I can have somebody look through the PBS statements and give me an answer. I think the answer is no. Yes, the answer is no.

**Senator LUNDY**—I am sure you are all thinking: what a shame. In terms of the implementation of competitive tendering processes, to what degree is the Office of Asset Sales and IT Outsourcing taking on a broader role to manage competitive tendering processes being developed?

**Mr Yarra**—We have assumed responsibility for the implementation of that CTC program. I think that was advised to the Senate yesterday. That is the nature of the change in arrangements that was being undertaken within DOFA. It has now come across to OASITO.

**Senator LUNDY**—What is that worth in terms of administrative resources?

**Mr Yarra**—We do not know yet. We have to reassess our overall budget and form a view. We have certainly inherited some resources from DOFA in terms of staff.

**Senator LUNDY**—To manage the CTC program?

**Mr Yarra**—Yes, but we have not come to a conclusion where we stand overall in budget. That is something we are now assessing.

**Senator LUNDY**—You said ‘the Senate’. I presume you mean this committee was advised yesterday that OASITO had carriage of CTC from now on.

**Mr Yarra**—I understand that in the hearings yesterday with DOFA they advised that committee that the function had come across.

**Senator LUNDY**—I guess what I want to know is what resources are associated with that CTC role within OASITO. You just said that you inherited some resources, yet your PBS allocation does not reflect any increase.

**Mr Yarra**—That is correct. Yes, our PBS does not, because it happened after they were finalised. We have inherited six staff. We have not yet worked out what moneys would transfer between the organisations to cover that. That is something to be sorted out in due course.

**Senator LUNDY**—What is the role of this six-person team to manage the CTC?

**Mr Yarra**—They have a role similar to OASITO’s role on the assets sales and IT side, that is, to implement. DOFA continues to carry the policy role for CTC. OASITO’s role is to implement.

**Senator LUNDY**—I know more—although I do not know nearly as much as I would like to—about the IT outsourcing side of things than I do about DOFA’s previous role, now your role, with competitive tendering and contracting. Will the same advisers be used to implement this program that are currently being used for the IT outsourcing process?

**Mr Yarra**—No. The advisers we have on deck for the IT outsourcing have a defined scope of work. Any advisory work that comes along with the implementation of CTC would go out to public tender.

**Senator LUNDY**—As distinct from how the IT outsourcing was managed?

**Mr Yarra**—Way, way back. All of the advisers we have on deck now have been through a public tender process.

**Senator LUNDY**—Yes, eventually. On that point, it became public knowledge yesterday—obviously, you were aware of it prior to yesterday—that you had this role. I am looking for a little more information about how that is going to be structured and resourced within OASITO in terms of those advisers. For example, did this unit—and I do not know that that is the best way to describe them—have contractual arrangements with advisers?

**Mr Yarra**—It is in the very early stages. The work done by the unit or the team that has come across from DOFA has been very preliminary, so no advisers have been engaged yet. Essentially, the team has come across to OASITO bare—just the team has come across. None of that further developmental work has been done yet.

**Senator LUNDY**—How long have they been there?

**Mr Yarra**—Third week.

**Senator LUNDY**—What are the classifications of those positions?

**Mr Yarra**—The team leader is a band 1—Louise. We have one director, who is EL2. Louise is writing it out for me as I go.

**Senator LUNDY**—Louise can tell me.

**Mr Yarra**—She can.

**Ms Saave-Fairley**—There is one SES band 1—as David said, me. There is a director and there are two EL1s, assistant directors, and the remainder of the staff are ASO6s.

**Senator LUNDY**—Have you got RFTs out there now looking for the sort of support that I am anticipating you will need to engage?

**Ms Saave-Fairley**—In terms of advisers?

**Senator LUNDY**—Yes.

**Ms Saave-Fairley**—No, we have not, because we are developing the implementation strategy at the moment.

**Senator LUNDY**—To what extent are you going to use the model of the IT outsourcing program to guide you in your implementation of this policy?

**Ms Saave-Fairley**—What we are seeking to do is build on a range of experiences both in OASITO and other agencies but also taking into account feedback from industry.

**Senator LUNDY**—How will you get feedback from industry?

**Ms Saave-Fairley**—We will be consulting with industry as part of that implementation strategy.

**Senator LUNDY**—What methodologies for consultations have you in mind?

**Ms Saave-Fairley**—We are still developing the strategy. We have not quite got there yet.

**Senator LUNDY**—You have been there for three weeks. Can you give me some indication of when you are hoping to kick things off or start this program? The IT outsourcing program is riddled with unachieved time frames. How are you going to learn from that experience? What are you going to do so you do not fall into the same bearpit?



**Ms Saave-Fairley**—The focus of our proposed implementation strategy is to work very closely with agencies and to assist them as part of this process and to also work with industry, because it can bring both parties together. It is all about recognising agencies' individual needs and the capacity of the market.

**Senator LUNDY**—Are you going to cluster them into different types of services?

**Ms Saave-Fairley**—Do you mean in line with what happened on the IT side?

**Senator LUNDY**—It would not necessarily be the same groupings, but, as I recall, some of the early rationalisation for that was economies of scale. Are you hoping to find those sorts of things out of this exercise?

**Ms Saave-Fairley**—Because this process is about working closely with agencies, certainly where agencies are of the view that synergies can be obtained through what we could describe as voluntary clustering, yes, certainly we will be seeking to facilitate that.

**Senator LUNDY**—Do you have anything in mind that might suit a clustered approach?

**Ms Saave-Fairley**—I think that really depends on the respective agencies' needs.

**Senator LUNDY**—One of the features of the IT outsourcing, particularly in the early stages, was that DOFA at that time—I cannot remember; I think it was OGIT originally—decided who was going to be clustered with whom and that was dictated to those agencies. Are you suggesting that you will not be proceeding down that path?

**Ms Saave-Fairley**—We certainly will not be dictating to agencies so much. We are working with agencies.

**Senator LUNDY**—Will you be negotiating the contracts on behalf of those agencies?

**Ms Saave-Fairley**—No, the agencies remain responsible for implementation. Where they seek our assistance, naturally we are happy to work with them.

**Senator LUNDY**—Will you be preparing standard contracts/requests for tenders as part of your implementation process?

**Ms Saave-Fairley**—At this point, as part of the proposed implementation process, we are looking at a range of tools which does include types of standard documentation, yes.

**Senator LUNDY**—Again, I guess I am just drawing on the parallels and processes with respect to the IT outsourcing, but OASITO has played a significant role in that negotiation process, particularly if it is a multi-agency cluster or group. Do you envisage playing that role in negotiating those contracts with vendors?

**Ms Saave-Fairley**—As I said before, the process is essentially driven by the agencies. Where they seek our assistance we will be working with them and facilitating the interface with industry with them but also the synergies that we spoke about before. If agencies ask us to take part in negotiations like that, certainly we will be looking to work with them. But it is a very different approach.

**Senator LUNDY**—I am curious, because there are obviously financial and resource implications in the depth to which you involve yourself in contractual negotiations. We established some time ago now the cost to the Office of Asset Sales and Information Technology Outsourcing of that advice, particularly strategic advisers and legal advisers and everyone else. What I am trying to ascertain is whether you are going to play a similar role in that or whether that cost is something you will require the agencies to engage themselves in,

perhaps for reasons of due diligence or your being confident of the market testing procedures. What degree of control are you really looking for?

**Ms Saave-Fairley**—Because of the point at which we are in terms of developing the strategy, I cannot give you a finite answer to that at this point in time. But as I said, the process is about working with agencies.

**Senator LUNDY**—Will you be publishing a document describing what your processes, practices and approaches will be as part of this whole process and at some point making that document public?

**Ms Saave-Fairley**—When you say ‘publishing a document’, can you clarify that?

**Senator LUNDY**—I am referring to your methodology of implementation for this CTC program.

**Ms Saave-Fairley**—Given that we will be working with agencies and with industry, it will become public by that method. If you are talking about a particular publication—

**Mr Yarra**—A formal launch of a document?

**Ms Saave-Fairley**—Is that what you are referring to?

**Senator LUNDY**—Either that or you get to spend hours with senators like me asking questions—

**Mr Yarra**—What will probably happen is that a series of documents will be drafted as templates of documents that agencies would be able to use. To the extent that those documents are taken up by the agencies and modified for their purposes and subsequently released as RFTs, those documents will become public. At this stage, we cannot give a clear answer on whether there will be some sort of bible, because it will be an evolutionary process. I would expect the RFT for a down the track project will look different from the earlier RFTs. Certainly they will be modified and finetuned by individual agencies. It is difficult to say whether a document or a process will be published in that form.

**Senator LUNDY**—Again, you can set principles on this and I can take some guidance from a certain leaked cabinet document about the nature of this project, but I would rather not make any direct references to that. I would rather just ask some questions about the nature of this exercise. For example, another feature of the IT outsourcing program was an ability of the minister for finance to guess the savings that would be found within the IT outsourcing program. By no coincidence, they ended up reflecting almost to the dollar—

**Mr Yarra**—I do not agree with that.

**Senator LUNDY**—The facts are there.

**Mr Yarra**—We have discussed this before. That is not true.

**Senator LUNDY**—Almost to the dollar, Mr Yarra.

**Mr Yarra**—I do not agree with that.

**Senator LUNDY**—Is it Finance’s intention to reduce the budget allocations to agencies in advance of the implementation of this program?

**Mr Yarra**—You are correct in the approach adopted with the IT outsourcing, and I think I have mentioned to you before that a standard budgetary technique was adopted for IT outsourcing, which was to implement a process and to take the savings up-front. That same process has not been adopted for this project.

**Senator LUNDY**—It has not?

**Mr Yarra**—It has not.

**Senator LUNDY**—No department will lose an allocation up-front and it will be characterised as a saving under the CTC program?

**Mr Yarra**—I am not aware of any plans to take money up-front.

**Senator LUNDY**—There will be a general reference back to the department of finance about the progress of the implementation of this program, though, will there not, about what each agency has been able to achieve through the process?

**Mr Yarra**—The project will be monitored as it proceeds.

**Senator LUNDY**—What happens if something is contracted out within a given agency and savings are not found within that process?

**Mr Yarra**—Then savings are not found.

**Senator LUNDY**—Who wears that?

**Mr Yarra**—The agency.

**Senator LUNDY**—I presume from that that, if savings are found, they are not being taken off the agencies?

**Mr Yarra**—Incorrect. If savings are found, the issue of whether or how those savings are to be shared between the agency and the budget will be addressed on a case by case basis.

**Senator LUNDY**—So it is all bad news for the agency and it could be good news for DOFA?

**Mr Yarra**—It all depends on how you look at it. If you look at it—

**Senator LUNDY**—It depends on where you sit, doesn't it?

**Mr Yarra**—It certainly does. If you look at it from a budgetary perspective, of course, it is a very sound, rational way to approach it.

**Senator LUNDY**—I have heard Minister Fahey describe this as not a rational thing—or certainly the IT outsourcing. Just on that point, on a case by case basis, if an agency makes savings because of a CTC program or process that it has engaged—outsourcing or whatever—what will be the process of deciding on a case by case basis whether they have to give some money back or, in fact, they get to keep it?

**Mr Yarra**—At this stage that is too far in the future to be able to provide any definitive answer. But you can imagine the sort of process you would go through. The evaluation would yield up in a business case analysis the existence of savings and there would be some agreed process—prior to that kicking off with the agency—of the way that issue would be dealt with. I do not see it as a complex thing. It would certainly be done in consultation with the department of finance, of course, but I could not give you any more detail than that. It is too far in the future.

**Senator LUNDY**—I would have thought those sorts of considerations would form a considerable part of the rationale for the initiative, anyway.

**Mr Yarra**—Where the savings end up, in my opinion, is rather secondary to the issue of delivering by different mechanisms the functions that are outsourced. With agency heads these days, if they retain savings—a percentage or all—they will reinvest those back into their

organisation and they have the incentive structures in place to make rational resource decisions in doing that. If the savings go back into the budget—some or all—then the budget does the same thing. The budget has its processes for allocating resources. To me that is a minor issue. I am not an agency head—

**Senator LUNDY**—Sure, and you are also not a minister, so perhaps I should direct this to the minister. What is the policy aim of this strategy? What are you trying to achieve?

**Senator Hill**—That is a very good question. I think I would need to reflect upon it and give you a considered response.

**Senator LUNDY**—Are you trying to save money?

**Senator Hill**—We generally try to save money.

**Senator LUNDY**—But we have just heard from Mr Yarra that where those savings are actually going to end up is not something that he is aware of at this stage. It is a bit early. So I am asking you.

**Senator Hill**—I will check and see if the minister can give you a thoughtful and helpful reply.

**Senator LUNDY**—The proposal to increase outsourcing generally is a very strong policy statement with respect to the Public Service and their operations. What is the rationale behind the implementation of this program?

**Senator Hill**—Who are you asking?

**Senator LUNDY**—You.

**Senator Hill**—I think I will defer to my well-informed officials.

**Senator LUNDY**—Perhaps, Mr Yarra, you can tell me what the rationale is?

**Mr Yarra**—OASITO is an implementation organisation, DOFA carries the policy role, but nevertheless in carrying—

**Senator LUNDY**—Doesn't OASITO do some policy work?

**Mr Yarra**—No, but in carrying the implementation forward, we have an appreciation of the policy. The first point I would make is I do not see this particular outsourcing—this CTC you are talking about—as a new initiative. It is a continuation of an existing policy in relation to competitive tendering.

**Senator LUNDY**—Is it?

**Mr Yarra**—In my view it is, yes.

**Senator LUNDY**—Has anything changed about the—

**Mr Yarra**—The thrust of this policy is entirely consistent with existing policy in relation to competitive tendering and contracting. Secondly, I would say, and this would hold true—

**Senator LUNDY**—Are you sure about that?

**Mr Yarra**—for the IT outsourcing side as well—and I have said this before Senate committees before—that the thrust is about agency heads being able to deliver services to the public as cost effectively as possible. The agency heads continue to be accountable for the services they deliver to the public. They continue to be accountable for the dollars they spend on delivering those services to the public. They have had the freedom for a number of years now to choose alternate delivery mechanisms. The fact is that an alternate delivery

mechanism called outsourcing not only has become available that they can use voluntarily but also the government has decided to mandate in certain instances.

**Senator LUNDY**—That is what has changed?

**Mr Yarra**—The agency head continues to be accountable and the mandating of certain delivery mechanisms in relation to certain things is a feature. That is government policy.

**Senator LUNDY**—But that is my point. That is what has changed. You just said that there is not much about the policy—

**Mr Yarra**—The mandating?

**Senator LUNDY**—and the derivation of it that has changed from where it was to where it is now.

**Mr Yarra**—The thrust is the same; the way of going about it is different.

**Senator LUNDY**—If that was the case—sorry, I just want to get this clear in my head—the scope was actually there in terms of market testing and everything else for agency heads previously.

**Mr Yarra**—Absolutely. They could have done it 10 years ago.

**Senator LUNDY**—Okay. They could have done it 10 years ago. Given that that capability was there for them, is it because the government felt that they were not doing it enough that they have taken this action?

**Mr Yarra**—I cannot answer that. I do not know.

**Senator LUNDY**—Minister, could you just have a listen for a minute? I am just saying that what has changed now is that this capability to outsource, to go through a CTC process has been there—and I was familiar with the guidelines, you know, sitting within DOFA and they are well used and we talk about it and challenge the process every now and again, but they were there. What has changed now is that Mr Yarra has said that that is not good enough, not enough agencies were actually utilising it.

**Mr Yarra**—I do not remember saying that.

**Senator LUNDY**—That was my interpretation of it. I guess I am asking you, Minister, is the motivation of the government to force agencies to outsource more and that is a part of this particular—

**Senator Hill**—We are certainly being pressed to test the cost of our internal functions against prices if we outsource.

**Senator LUNDY**—So the mandatory aspect was to market test?

**Senator Hill**—That is as I understand it.

**Senator LUNDY**—That was not a feature of the IT outsourcing program. There was no mandatory requirement to market test and then an option whether or not to outsource?

**Mr Yarra**—Correct.

**Senator Hill**—If we are talking about what I think we are talking about, my department had to go through an outputs assessment process where we compared the costs and expressed them as outputs. We had to measure those outputs against those of other departments. They found that we were a little more expensive. The next thing that is being urged upon us is that we now look at alternative ways of delivering those services that might be less expensive.

**Senator LUNDY**—Is that part of the CTC program?

**Senator Hill**—What does that stand for?

**Senator LUNDY**—Competitive tendering and contracting.

**Mr Yarra**—As far as we know, it is part of it.

**Senator LUNDY**—Okay. This process is not a market test but is like a benchmark?

**Senator Hill**—We had to benchmark ourselves first against other agencies. The next stage is that we have to test our internal provision of services against what other options might be available.

**Senator LUNDY**—So this process mandates an internal benchmarking process?

**Ms Saave-Fairley**—No, that is not correct, Senator.

**Senator Hill**—That is wrong, is it?

**Senator LUNDY**—But it mandates the market test.

**Senator Hill**—We have to do it.

**Mr Yarra**—This process is the next step. The benchmark has happened. This process is mandating the next step.

**Senator LUNDY**—So who requires the benchmarking in the first instance?

**Ms Saave-Fairley**—What the minister was referring to, as I understand it, Senator, is essentially a review of the efficiency of the functions in a particular agency which occurs internally. It might involve some re-engineering as part of that process. As a result of that, the agency CEO might then make a decision to market test, with the market clearly—

**Senator Hill**—The incentive for doing that is basically being told that we are going to get less money because we are more expensive than other agencies. In getting less money, we now have to look at what options are available to us to deliver the service within a smaller budget. Whether we can do that internally or externally is part of the next step.

**Senator LUNDY**—So when you did your benchmarking process within your department were you required to provide that information to DOFA?

**Senator Hill**—Yes.

**Senator LUNDY**—And then they compared that to other agencies?

**Senator Hill**—No. I think they were involved from the start. We conducted it, but I think it was all a fairly cooperative process.

**Senator LUNDY**—That is fine.

**Senator Hill**—Is that right? I was around the edges of this.

**Ms Saave-Fairley**—I think what the minister is referring to is our pricing review process.

**Senator Hill**—It was a PRP.

**Senator LUNDY**—Very good, Minister. I guess as a result of that process—

**Senator Hill**—Are we all on the same wavelength, or am I on a different tack?

**Ms Saave-Fairley**—No, you are right.

**Senator LUNDY**—You are doing fine.

**Senator Hill**—Can I go back to my work now?

**Senator LUNDY**—No, not yet. So it was an exercise of benchmarking your internal costs and sharing that information in that process and then subsequently finding out that you did not compare so well in terms of what I presume are described as cost efficiencies, or something, for a given set of services. You said that, as a result of that comparative exercise handled by DOFA, you would get less money and hence it is like an incentive to look at more efficient ways to actually do those services.

**Senator Hill**—Yes, it is quite persuasive.

**Senator LUNDY**—Is that a fair assessment of the process?

**Senator Hill**—That is as I understand it, basically.

**Senator LUNDY**—I want to go back to my earlier question about whether or not it was Finance's intention to knock some money off the top. This is a clear example of Finance giving an indication to an agency that they did intend to reduce the budget, which contradicts what you said to me earlier.

**Senator Hill**—I don't think that they said up front, 'The purpose of this exercise is to reduce your budget.'

**Senator LUNDY**—No, it is not necessarily up front. I think this is the point of distinction.

**Mr Yarra**—I know what you are getting at. My answer was, certainly, to not employ the same technique as used for IT outsourcing, which is take the money up front. That is not happening, as far as I am aware. The sorts of adjustments that might be occurring that the minister is mentioning—

**Senator Hill**—But they are taking the money up front.

**Mr Yarra**—I am not aware of how they are handling that.

**Senator Hill**—We have lost the money.

**Mr Yarra**—The sorts of adjustments that the minister is talking about are probably done agency by agency within the context of working out the budget as opposed to across-the-board or up front. That was my point. We are not employing the same technique as the IT outsourcing.

**Senator LUNDY**—It certainly sounds like you are.

**Senator Hill**—You didn't dock us until we did our comparisons and it was found that we were more expensive than some other agencies. Then you docked us.

**Mr Yarra**—I stand corrected, Minister, in relation to taking the money on an individual agency basis.

**Senator LUNDY**—You are? So you were wrong before?

**Mr Yarra**—I stand corrected.

**Senator LUNDY**—Thank you.

**Senator Hill**—They do it through a whole of government process.

**Senator LUNDY**—But it is arising out of this process, this CTC program. When did you go through that process, Minister?

**Senator Hill**—In recent months. We lost the money in this last budget.

**Senator LUNDY**—So it was post the cabinet decision to go down this path?

**Senator Hill**—When was that?

**Senator LUNDY**—It was 22 November 1999.

**Senator Hill**—Certainly it was post that, but I am not sure whether it flowed from that decision or whether it flowed from one of the previous efficiency decisions.

**Senator LUNDY**—You are a great case study for this.

**Senator Hill**—Good. I am pleased to be of service. I am not sure if my circumstance—

**Senator LUNDY**—It is just useful because it saves me going to another committee, and we have the officers here. I was actually going to suggest at some point, Minister, that I have the opportunity to gather together agencies involved in these contracts with OASITO so we could have some sort of combined process in which to ask questions like this. This is very useful. So you lost money in this budget as a result of the process you just described?

**Senator Hill**—Correct.

**Senator LUNDY**—How much did you lose?

**Senator Hill**—It was a lot of money for us. It was \$5 million.

**Senator LUNDY**—You lost \$5 million already?

**Senator Hill**—Yes.

**Senator LUNDY**—So you have to find \$5 million worth of savings by embarking on a competitive tendering and contracting process?

**Senator Hill**—Yes. We have to make \$5 million in savings. This process is designed to contribute at least part of those savings.

**Senator LUNDY**—Does that \$5 million also include IT outsourcing?

**Senator Hill**—I do not know. It was mainly in what I would describe as the staff services area—payroll and all those sorts of functions.

**Senator LUNDY**—So it was corporate services, or what would generally be described as corporate services.

**Senator Hill**—Then we go into other sections of the department and the same job gets done again.

**Senator LUNDY**—Is the \$5 million you have lost over one year, four years or five years?

**Senator Hill**—I do not know. From memory, it is per year.

**Senator LUNDY**—Per year? That is extraordinary, if I may say so myself. Perhaps I should ask—

**Senator Hill**—So we have not done so well?

**Senator LUNDY**—No. I do not know, because I do not have the details on what other agencies and departments have lost.

**Senator Hill**—I think \$3 million is probably a better reflection of what the comparative table demonstrated.

**Senator LUNDY**—For the benefit of this committee, are you able to take on notice providing us with the PBS reference to the loss of that money as a result of the CTC program?



**Senator Hill**—Am I able to what?

**Senator LUNDY**—I just want to see on the books where you have lost that money. It has nothing to do with Finance; it is actually your agency. What I am asking you to do is to reference for my benefit in the portfolio budget statements where that \$5 million or \$3 million is described as being attributed to a loss of funding as a result of the CTC program. I am happy for you to take it on notice.

**Senator Hill**—I will take it on notice. I think it will show it in relation to the \$3 million. I am not sure how it has been accounted for in the documentation, but I will get that for you. I am sure our people will be pleased to know that I have been so helpful.

**Senator LUNDY**—Yes, I am sure they will. They will be thrilled. In fact, you have probably inspired every other minister to be equally curious about their own portfolio budget statements and what they have lost. Can I ask OASITO: are you aware of what the deductions are to each of the agencies and departments that the finance minister has made as a result of the exercise of implementing the CTC program?

**Ms Saave-Fairley**—Senator, my understanding is that you and the minister have been talking about essentially a budget process, which involves pricing reviews.

**Senator LUNDY**—It is.

**Ms Saave-Fairley**—The CTC implementation initiative is separate, clearly, from DOFA's budget processes but also clearly has links, which I have already alluded to. In terms of your comment about saying that it is taking money up front, in terms of this particular proposed implementation strategy, it is quite clear that any potential savings are to be discussed on a case by case basis before there is any agreement. So it is on a case by case basis and it is, as David has said, in terms of negotiations with the relevant ministers and the relevant agencies. To go back to your original question in terms of are we aware of savings, that would depend on the agencies involved and our working relationship with them.

**Senator LUNDY**—I do not really follow that. You made the statement earlier that savings would be discussed on a case by case basis and you also made the statement that whatever the budget process is, it is a budget process and it is not something that you are directly involved with or the program directly guides in any way. This was, of course, the eventually articulated position on the up-front loss of allocation with respect to the IT outsourcing program. So what I am asking you, in terms of those savings, is: were you aware that the minister for finance was taking money up front from agencies that was being attributed, through the budget process, to savings as a result of this program? Were you aware of that?

**Ms Saave-Fairley**—As I said, that really depends, and is, on a case by case basis.

**Senator LUNDY**—So it is really up to the agencies to tell you? Is what you are saying? You have not been told that each agency has been docked this much, so these are the aimed-for goals for savings, if you like?

**Ms Saave-Fairley**—As I said previously, in terms of the implementation strategy for OASITO, it is still in development. So I cannot give you a finite answer.

**Senator LUNDY**—Okay. So you have not been given those figures on an agency by agency basis?

**Ms Saave-Fairley**—I did not say that.

**Senator LUNDY**—Can you answer the question? Have you or have you not seen those figures?

**Ms Saave-Fairley**—No, I have not seen the figures. If you are talking about all agencies across the public sector—

**Senator LUNDY**—I can ask this a thousand ways or you can just tell me if you are aware of the fact that this money was being deducted from the departmental and agency allocations as a result of this program. You have not answered that yet.

**Ms Saave-Fairley**—It is not as a result of the market testing implementation program—

**Senator LUNDY**—No, I did not say it was, but it is related to this program, as we have just heard.

**Ms Saave-Fairley**—It is certainly related to CTC policy.

**Senator LUNDY**—Right. Were you aware that this occurred?

**Ms Saave-Fairley**—Can I ask you to clarify which agency you are talking about?

**Senator LUNDY**—Let us use environment as an example, but I am also asking questions with respect to all agencies as well. Perhaps, seeing we are playing games, I could run through each agency and department or you could tell me if you have, in fact, prioritised them or received specific information about some and perhaps not others.

**Ms Saave-Fairley**—I will have to take that on notice.

**Senator Hill**—I have got some bad news.

**Senator LUNDY**—What? You were completely wrong?

**Senator Hill**—Yes, apparently mine was not as a result of the CTC; it was a routine pricing review, whatever that might mean.

**Senator LUNDY**—I would be saying that, too, if I were the government.

**Senator Hill**—Does that make sense to you?

**Senator LUNDY**—No, not at all, it is just called a massive back-pedal.

**CHAIR**—Thank you for your help, Minister.

**Senator Hill**—I did not ever say it was the CTC. I just assumed that.

**Senator LUNDY**—Could you take all of those questions on notice, for a start. I just want to try to clarify, were you—

**Senator Hill**—It is in Budget Measures 2000-01 and under the heading ‘Pricing review of departmental resourcing’ at page 77. Department of the Environment and Heritage: \$5 million a year knocked off. Under ‘Explanation’ it says:

The Government has endorsed the outcomes of phase 1 of a pricing review on corporate services and grant administration outputs—

**Senator LUNDY**—That is what we are talking about with this program.

**Senator Hill**—That is why I think the language is all pretty unhelpful. I goes on:

conducted jointly between the Departments of the Environment and Heritage, and Finance and Administration. This will result in a reduction in the resourcing for the Department of the Environment and Heritage by \$5 million per annum. This reduction will be directed towards partly meeting the costs associated with the limits of the Continental Shelf off the Australian Antarctic Territory.

The reduction in resourcing reflects a range of improvements to efficiency and effectiveness that have been identified in the areas of corporate services and grant administration that were developed as part of the review of the Department's activities.

Under 'Further Information' it says:

See also the related expense measures titled *Reallocation of departmental resources* and *Reallocation of Technology Diffusion Program Funds*, in the Industry, Science and Resources portfolio ...

I have just answered the question on notice and I hope that that clarifies it again.

**Senator LUNDY**—It does and, far from being wrong, it actually confirms what we have been talking about. I just want to confirm that with OASITO—that we are talking about the same thing here, that this \$5 million is related directly to the project you are working on in the sense that that budget statement indicates that those savings are going to be found as a result of finding efficiencies within corporate services.

**Mr Yarra**—Can I say, Senator, I am playing catch-up here, three weeks after CTC came across. The questions you are asking are primarily about processes that have taken place within the Department of Finance and Administration and continue to take place in that department. The linkages into this program, I cannot clarify—

**Senator LUNDY**—I am trying to establish what the linkages are.

**Mr Yarra**—As far as I am concerned, we have picked up no linkages. We have picked up an implementation task. I am not aware that we have picked up linkages. I think you are getting at some concept of targets.

**Senator LUNDY**—Yes, very good.

**Mr Yarra**—I am not aware that we have picked up any of that. I am aware that processes within the Department of Finance and Administration went through analysis pricing reviews—whatever they are called. I cannot answer questions on those as to how they were done or how they link into this project.

**Senator LUNDY**—No, but, Mr Yarra, you know better than anyone else in this room the point I am trying to make here, which is: what level of awareness exists within OASITO about the anticipated savings that have already been taken up-front off the agencies. Do you know those figures or do you not?

**Mr Yarra**—I will answer for myself. I am not aware of any figures like that, for a start. Louise has given you an answer.

**Senator LUNDY**—No, she has not and I would like to ask her the same question again. Are you aware of the figures, such as those described by Senator Hill, that are the anticipated savings, or the targets for savings, for the program which you were charged to implement?

**Ms Saave-Fairley**—The short answer to that is that, where that information is public information—for example, in the published budget papers—clearly we are aware of that.

**Senator LUNDY**—Okay. You are quite right, it should be public. I am presuming that if I went through every portfolio budget statement I would be able to find that item that reflects what Senator Hill read out. Have you compiled that information for your interest and assistance in understanding the task that you have ahead of you?

**Ms Saave-Fairley**—As I said in my opening comments, we are in the throes of developing the strategy.

**Senator LUNDY**—I guess I am at a bit of loss. I do not feel that you are answering my question. I also feel that you are in a difficult position to answer it, because, certainly the position Mr Yarra has taken previously—he went to great lengths to say that there was no relationship between the budgetary processes and the subsequently negotiated or savings outcomes as a result of contract negotiations—

**Mr Yarra**—In the ITO side, absolutely.

**Senator LUNDY**—You have argued that in the past. I presume you can appreciate my concern about the linkages extending themselves into this particular project. I want to reassure you that your knowledge of these figures does not necessarily compromise the role you are playing and the savings that you have to achieve; it just informs you of what your targets are and the pressures that the agency is under. I am trying to reassure you. I am not trying to be tricky here. I am trying to be clear on whether you are afforded with information that gears, drives and motivates the agencies to participate in this. Up until now there is nothing that is making them do it, except that we have managed to establish that a lot of your earlier statements were not accurate about what the motivation of the agencies would be. Their motivation is that they have lost the money up front. I will ask you again: are you aware of what each agency has lost up front in relation to this program?

**Ms Saave-Fairley**—And my answer again is that where that information is in a public document then I am aware of it. I would also reiterate the fact that agencies are responsible for implementing the government's decision. The thrust of the implementation of the proposed strategy is to work with agencies and to assist them with the market testing process. But it is the agency's CEO who remains accountable for making that decision.

**Senator LUNDY**—Sure. As it is with respect to IT outsourcing. I feel like I am having to backtrack over questions. I do not want to waste too much time. In terms of the negotiation of the contract, is it possible for agencies to negotiate contracts without the involvement of OASITO?

**Ms Saave-Fairley**—At this point in terms of the proposed strategy, yes.

**Senator LUNDY**—Is that situation ever likely to change? For example, will it become a requirement that agencies involve DOFA in contract negotiations?

**Ms Saave-Fairley**—I cannot answer on behalf of DOFA. In terms of OASITO's role—

**Senator LUNDY**—Yes.

**Ms Saave-Fairley**—it is about working with agencies, as I said to you previously, where agencies seek our assistance.

**Senator LUNDY**—So it will be on request? Is that your understanding, Mr Yarra; it is on the request of agencies?

**Mr Yarra**—At this stage, that is my understanding.

**Senator LUNDY**—What monitoring role will OASITO have in respect of savings achieved through this process?

**Mr Yarra**—Certainly to the extent that OASITO is involved with each project as it moves forward, OASITO will be aware of the outcome and of the existence or not of savings. That will accumulate over time as a track record for the project.

**Senator LUNDY**—So it really is the same as the IT outsourcing?

**Mr Yarra**—In what sense?

**Senator LUNDY**—Let us take the health group. Those agencies and departments in that group lose their money up front and they have to find those savings, I think from here on in, to the tune of \$3 million per annum. If they do not achieve those savings, they have to absorb those additional costs within their budget. There is no redemption process through Finance or anything else. But if they achieve greater savings, the IT outsourcing program, as I understand it, allows the agency to keep those additional savings.

**Mr Yarra**—Correct.

**Senator LUNDY**—But with this program—and I guess it does differ—you are suggesting that the agency does not actually get to keep the savings; they have to share them with DOFA.

**Mr Yarra**—That is not guaranteed.

**Senator LUNDY**—Sorry?

**Mr Yarra**—It is not guaranteed.

**Senator LUNDY**—That they get to keep them?

**Mr Yarra**—Correct.

**Senator LUNDY**—If it is voluntary that they come to you for involvement, they are still required to report so you will know at all points in time their savings and will decide on a case by case basis whether you want a cut, to put it crudely.

**Mr Yarra**—That is language that I am not able to use at this point.

**Senator LUNDY**—Do you know what I mean? The gist of what I am saying is right, isn't it?

**Mr Yarra**—I am sure we will be working with agencies and be closely involved in the process. I presume that will make us privy to this information, but we have not articulated the way forward yet. We are still doing that. It is supposition at this point.

**Senator LUNDY**—I will go a little bit further along the lines of supposition. If, by involving themselves with you in this process, people stood a chance to lose half or maybe all of the savings they were achieving, what is the incentive for them to tell you about it?

**Mr Yarra**—They stand a chance to gain all of the savings as well.

**Senator LUNDY**—It is a bit of a punt for them?

**Mr Yarra**—I would not call it that.

**Senator LUNDY**—But you do not know yet?

**Mr Yarra**—No.

**Senator LUNDY**—Will savings have to be demonstrated before a market test is actually required or is a market test required based on a comparative analysis between agencies of their benchmark costs?

**Mr Yarra**—Let me have a try at that one; I am not sure of the question.

**Senator LUNDY**—I am not sure whether I asked it in an appropriate way, either.

**Mr Yarra**—Where I am coming from, there is only one form of market test, and that is a competitive tendering process. That is the only true way to determine whether or not there are savings. That process must be rigorous in terms of establishing agency cost baselines that can be relied upon.

**Senator LUNDY**—Have you not already established agency cost baselines?

**Mr Yarra**—No. The pricing review process may have inquired into that, but it would not do it with the same rigour as would be done in a tendering process, I expect. In fact, I should pull back from that and say that that is a department of finance matter. I do not know the quality of their pricing reviews. I have no idea. I have some idea of the rigour of our cost modelling.

**Senator Hill**—They are pretty rigorous.

**Senator LUNDY**—Is that the PRP or RFT process, Minister? Don't worry, you do not have to answer that.

**Senator Hill**—It is what we have already gone through.

**Senator LUNDY**—The way I am interpreting that is that, once you have actually gone through that pricing review process—and this program does actually mandate a formal market test by way of an RFT—

**Mr Yarra**—The pricing review process I am no longer commenting on, because it is back in the Department of Finance and Administration. It was a previous stage. We are now into the next stage—

**Senator LUNDY**—We got all we needed to know from Senator Hill.

**Senator Hill**—I think I have just succeeded in confusing you further.

**Senator LUNDY**—No, I am perfectly clear.

**Mr Yarra**—We have the mandated process now. That will be a full-blown tender process.

**Senator Hill**—What happened was that we beat the gun, it seems; we did not wait for the mandate. We went voluntarily through it.

**Senator LUNDY**—In terms of losing the money up front?

**Senator Hill**—No, in terms of what was in the best interests of—

**Senator LUNDY**—I beg your pardon?

**Senator Hill**—It is in the best interests of the people and efficient government.

**Senator LUNDY**—Of your agency, Minister?

**Senator Hill**—All agencies.

**Senator LUNDY**—So it is a mandated RFT process?

**Mr Yarra**—It is mandated market testing.

**Senator LUNDY**—For all corporate services in all agencies?

**Ms Saave-Fairley**—For all relevant activities and services.

**Senator LUNDY**—What is the scope of this project? Can it be described as corporate services, or do you have a more specific definition for its scope?

**Ms Saave-Fairley**—As I said previously, we are in the early stages. Certainly my personal definition is broad. It would encompass things from, for example, office services to perhaps HR types of services—property and that sort of thing.

**Senator LUNDY**—I am trying to make it simple by saying it is corporate services generally. I have identified a few differences in terms of the nature of this program and the IT

outsourcing program. This is an equivalent corporate services outsourcing program. There are a couple of differences. One is deeming the savings. What other differences are there?

**Mr Yarra**—The role of OASITO is slightly different. I think that Louise has mentioned previously that our role will be determined to some extent by the relationship that we establish with individual agencies and the skills that we have available to help them through the process. I think the approach—although it has yet to be determined how it will be approached—will be that groupings may end up being a difference.

**Senator LUNDY**—In that you will not mandate the groups?

**Mr Yarra**—I do not think there is any prospect of mandating groups for the CTC project, no. I see that as a difference. Generally speaking, I see OASITO really taking a more facilitating role in carrying forward the CTC thing than it does in taking forward the ITO initiative.

**Senator LUNDY**—Are there any other differences?

**Mr Yarra**—If I think of any more, I will let you know.

**Senator LUNDY**—I would appreciate that. I guess that is really what I wanted to get at—that we are looking at something quite similar in structure, with the qualifier, of course, that the difference—

**Mr Yarra**—I think enough qualifiers to say that it is really quite a different project in its character. The people working in the CTC will be working on a project that is of a different character from the ITO, because of the different role and the different way of approaching things.

**Senator LUNDY**—We are dealing with people now, not machines.

**Mr Yarra**—We are dealing with people on the ITO side every step of the way.

**Senator LUNDY**—I know that much, but it is another extension, I suppose, of the principle. You do not need my comments on it. It is another extension of, I suppose, implementing a view of a role of government, of the coalition, reflected through this policy. I have one final question on this issue before I turn to the IT outsourcing program specifically. I do recall a very hefty cabinet submission which was leaked around the time of the consideration of the IT outsourcing project. That contained the views of all of the agencies about their IT—whether or not it should be outsourced. Perhaps, Minister, it is best to ask you rather than the officers. Were agencies consulted directly on this program before cabinet considered it?

**Senator Hill**—That would be more usual than not. I do not know anything about a leaked cabinet document.

**Senator LUNDY**—I am just drawing a comparison again, Minister. I guess I am asking you if you were aware of it. Were you consulted, for example, prior to this decision being made to implement this program?

**Senator Hill**—Was my department given the opportunity to provide input to the policy development?

**Senator LUNDY**—Yes, that is a lovely way of putting it.

**Senator Hill**—Well, I do not know the answer to that, but I said to you that more often than not we would. Whether we did in this instance, I do not know.

**Senator LUNDY**—Could you take that on notice?

**Senator Hill**—We are getting a bit close to the bone in terms of the internal operations of government. How important is it?

**Senator LUNDY**—Well, it depends on, I suppose, what view was presented by the agencies.

**Senator Hill**—Well, if that is your next question, I definitely cannot help you with that one.

**Senator LUNDY**—If you could take on notice whether or not agencies were actually consulted prior to the cabinet decision being made, we will leave it at that. So it is a process question, not a substance question.

**Senator Hill**—We will refer that to the appropriate minister. I think it is Minister Fahey.

**Mr Yarra**—Without speculating on the existence or otherwise of a cabinet submission—

**Senator Hill**—I can see whether he wants to provide any information, but we would not usually provide that.

**Senator LUNDY**—Okay. I turn now to the IT outsourcing program. I have just a couple of general questions about the IT outsourcing program. Could you give me an update on the savings realised by agencies to date?

**Mr Yarra**—Can I take that on notice and give you a number?

**Senator LUNDY**—No. I am sure you have those figures handy, given that the whole thing was based on the fact that you would make savings.

**Mr Yarra**—I am aware that there is an authoritative number on which I can rely, although I cannot give any information on how that number is derived. It is \$368 million.

**Senator LUNDY**—\$368 million. The question I asked was on the savings derived by agencies to date, not from agencies to date.

**Mr Yarra**—I understood that.

**Senator LUNDY**—Okay. Can you give me a figure relating to the savings derived from agencies to date in relation to the IT outsourcing program?

**Mr Yarra**—No. Can I take that one on notice?

**Senator LUNDY**—Is there a difference?

**Mr Yarra**—Absolutely.

**Senator LUNDY**—What is the difference?

**Mr Yarra**—At the moment I cannot give you the number difference. I can give you the conceptual difference.

**Senator LUNDY**—I know what the answer is. Do you want to share it?

**Senator Hill**—If you know what the answer is, why are you asking?

**Senator LUNDY**—Because I am making a point. You should listen to this, because it affects your department.

**Senator Hill**—I have learnt a bit tonight.

**Senator LUNDY**—I am sure you have.



**Mr Yarra**—By savings derived from agencies to date I presume you are referring to the adjustments to the forward estimates made in 1997 or 1996.

**Senator LUNDY**—Absolutely, and since.

**Mr Yarra**—That was an adjustment to the forward estimates. The savings derived by agencies to date through their participation in the outsourcing initiative are the savings generated from their finalising contracts without—

**Senator LUNDY**—I would say ‘implementation of the contracts’.

**Mr Yarra**—Fine. Correct.

**Senator LUNDY**—And that figure is \$368 million?

**Mr Yarra**—I am informed that is a number with some authority, yes.

**Senator LUNDY**—Now, I do want to know how you derived that figure.

**Mr Yarra**—I do not know the answer to that.

**Senator LUNDY**—Can anybody tell me?

**Mr Yarra**—We will take that on notice and get back to you.

**Senator LUNDY**—Where did you get that figure from?

**Mr Yarra**—It is a figure that was recently used by our minister in a response to the editor of the *Australian*. I do not know the date of the letter. It is quite recent. That is where I got the number from.

**Senator LUNDY**—What makes you prepared to offer that figure up to the committee as being the figure derived as a result of savings—

**Mr Yarra**—I asked if I could take the question on notice. You said no. I know of one authoritative number. That is the reason I am prepared to do that. I can undertake to do what I wanted to do originally and go away and get a number for you.

**Senator LUNDY**—Okay. If you could do that as well, but also take that figure away—\$368 million—and clarify precisely its source and compilation and where it was derived from in an itemised way.

**Mr Yarra**—We will do that.

**Senator LUNDY**—I had better be specific, because I have been in this place before and got back some pretty shallow answers. What I would like to know is which contracts—which cluster of contracts or groups—each proportion of that \$368 million was derived from and whether or not it is in fact based on the realised savings and some demonstrable evidence that in fact that is the case.

**Mr Yarra**—We will take all of that on board.

**Senator LUNDY**—Thank you. I think you probably know as well as I do what that figure is derived from, and it relates more to the minister’s budget allocations than it does to the IT outsourcing program, so we will see. Given that the stated policy objective of the IT outsourcing is, from memory, savings and efficiencies—is that what the minister used to talk about once upon a time?

**Mr Yarra**—It was a range of things—enabling agencies to focus on core business, access to—I will not use the words ‘cutting edge’—leading technology and more cost-effective delivery of services. We have been through these a number of times.

**Senator LUNDY**—You mentioned leading-edge technology. It is an interesting point: the contracts contain references to ‘technology refreshers’ within them. My understanding from previous discussions with other agencies and departments is that those contracts specify a technology refresh through the course of the contract.

**Mr Yarra**—Correct.

**Senator LUNDY**—My interpretation of that is that it does not allow them to access leading-edge changes; rather it mandates a progression in technology within the scope of the contract.

**Mr Yarra**—I do not agree. The contracts provide for refresh. The refresh that it provides for is a timing threshold. The agencies continue, of course, to have responsibility for strategic planning in delivering their IT services. The involvement of the outsourcer in that strategic planning process gives the agencies access to the ideas and the innovation of the outsourcer in developing their strategic plans. The refresh is focused almost entirely on the desktop. It is simply replacing the desktop on a regular basis. The refresh is not about technology employed.

**Senator LUNDY**—Is access to leading-edge technology with the vendors your subjective view or is that something that is mandated in the contracts?

**Mr Yarra**—Usually in the contracts the agencies express some sort of expectation they have that the vendor actively advise them of innovative technical solutions on an ongoing basis. That is typically captured through the strategic planning process, but there is an expectation that the vendor be proactive. Most agencies, in my experience, have that expectation written into the contract.

**Senator LUNDY**—If they do come up with something new and different, is it not true that most of those contracts are of such a prescriptive nature or limited scope that it may well cost the agency more to be a little more innovative?

**Mr Yarra**—I find that very hard to answer. I have no idea what the nature of the new and innovative change is.

**Senator LUNDY**—You do not take any responsibility for these contracts once they are signed, sealed and delivered, do you?

**Mr Yarra**—The agencies, by the time they have signed the contract, know the contract intimately.

**Senator LUNDY**—They do, but do you?

**Mr Yarra**—The contracts? Absolutely.

**Senator LUNDY**—What involvement do you have once it is signed, sealed and delivered?

**Mr Yarra**—The agencies take over management of the contract.

**Senator LUNDY**—So you do not have any involvement after that?

**Mr Yarra**—No formal involvement, no.

**Senator LUNDY**—What about informal involvement?

**Mr Yarra**—Certainly for some time after we track the agencies, we attend their group management meetings as observers and provide any advice and help that they seek from us. But our experience is that they gradually—quite quickly—get on their own feet and look after their own contract.

**Senator LUNDY**—I did not know that. So you would be in a good position to tell us how the contracts are going?

**Mr Yarra**—No.

**Senator LUNDY**—Why not?

**Mr Yarra**—Because I am sure that the agency contract managers would rather tell you themselves.

**Senator LUNDY**—Are you refusing to answer that question?

**Mr Yarra**—I have no reliable basis to give good information on how the contracts are going.

**Senator LUNDY**—Have you attended those meetings or do officers who report to you attend those meetings?

**Mr Yarra**—Some meetings are attended, some are not, depending on our availability and work on other projects. Wherever we can, we sit in on those meetings. But we have not got a full picture by any means.

**Senator LUNDY**—Have you got enough of a picture to tell me whether or not you anticipate that those agencies will actually achieve their guesstimated savings?

**Mr Yarra**—No.

**Senator LUNDY**—In terms of the forthcoming processes that you have in train, thinking particularly of group 1, Centrelink, at what stage is that contract?

**Mr Yarra**—The evaluation is under way. We have asked the bidders to update their pricing, mainly because of business driven changes to resource baselines within the agencies. Those business driven changes were going to happen anyway but probably a bit later in the evaluation process. We took the opportunity to bring those forward so that the vendors will update their pricing, modify—

**Senator LUNDY**—Sorry? Haven't tenders closed?

**Mr Yarra**—They have been requested to update their pricing because the agencies have now changed their resource baselines. The resource baselines are the activity—

**Senator LUNDY**—Whoa. When did tenders close?

**Mr Yarra**—On 14 April.

**Senator LUNDY**—It was delivered to you?

**Mr Yarra**—Correct.

**Senator LUNDY**—It is not in an envelope, is it; it is in a box?

**Mr Yarra**—Yes.

**Senator LUNDY**—Was that documentation opened?

**Mr Yarra**—No.

**Senator LUNDY**—When were you going to open it?

**Mr Yarra**—We were going to open it as soon as we could.

**Senator LUNDY**—When did you plan to open it?

**Mr Yarra**—As soon as the preconditions for opening the bids had been met.

**Senator LUNDY**—Which was anticipated to be when?

**Mr Yarra**—We would love it to have been the day after receipt of bids. We were unable to do that.

**Senator LUNDY**—Why?

**Mr Yarra**—Because we had not met the preconditions for opening the tenders.

**Senator LUNDY**—Which are?

**Mr Yarra**—The main one is the finalisation of the evaluation guide. The RFT went out in December.

**Senator LUNDY**—So you are finalising evaluations?

**Mr Yarra**—We were finalising the evaluation guide, which is a hugely detailed document which sets down how the evaluation will be undertaken prior to bids being opened.

**Senator LUNDY**—When was that completed?

**Mr Yarra**—That was completed last Friday.

**Senator LUNDY**—What was the date on Friday?

**Mr Yarra**—It's all a blur.

**Senator LUNDY**—It was 19 May. Why was there such a delay in completing your evaluation guide?

**Mr Yarra**—Try as we might, it was a complex document. Our focus was on releasing the RFT, up until December. So it was really all hands to the wheel to get the evaluation guide agreed with the agencies between the release of tenders and the receipt of tenders, and we tried very hard but we were unable to do that.

**Senator LUNDY**—What was the change that you said took place that has now resulted in—

**Mr Yarra**—The resource baselines? They are the activity levels that are included in the RFT upon which the vendor then determines a unit price, for example. It might be the number of telephone calls made. It might be the number of telephone handsets, the number of desktops, the number of MIPS—that sort of thing. They are the activity levels—

**Senator LUNDY**—It is bottom line stuff that affects the price, obviously?

**Mr Yarra**—It affects the price to the extent that a half of a volume versus a whole of a volume can lead to lower pricing, but it does not actually affect the cost of the tender while the contract is running. It is the information that the vendor needs in order to form a view as to what unit price to strike.

**Senator LUNDY**—So why was that changed?

**Mr Yarra**—That was just business driven. There had been a fair length of time since the agencies last generated the numbers. In that time they were working actively and they knew they would have to do an update during the evaluation process, and we brought that forward. It would have happened probably—

**Senator LUNDY**—Sorry, you brought their process of reassessing that forward?

**Mr Yarra**—Yes. During the evaluation period, it is not uncommon for there to be a need to update the RFT.

**Senator LUNDY**—When did you instruct them to do that?

**Mr Yarra**—The agencies were doing it all along. As soon as they struck their resource baselines back in December, they knew that there would be an update in train. They were tracking, monitoring and keeping an eye on trends.

**Senator LUNDY**—When did you ask them to do an update?

**Mr Yarra**—It was decided after receipt of tenders that they were well advanced in their update of their resource baselines. Since we could not open the bids, it was an ideal opportunity, if that work could be accelerated and brought forward, to get that out of the way.

**Senator LUNDY**—It seems like a bit of a circus. On the basis that you had had a delay with your evaluation, you used the opportunity to instruct Centrelink to upgrade its resource baselines?

**Mr Yarra**—We did not instruct the agencies; the agencies decided that they were able to do that. We took advantage of that. It was opportune.

**Senator LUNDY**—It meant that the tender documentation had to be taken away again after tenders had closed?

**Mr Yarra**—Correct. That would have happened six or eight weeks into the evaluation, anyway. It just brought forward an event and allowed the vendors to update their pricing at once.

**Senator LUNDY**—After tenders had closed?

**Mr Yarra**—Yes.

**Senator LUNDY**—Just out of interest, what expense did that incur for the vendors?

**Mr Yarra**—I cannot say.

**Senator LUNDY**—Is that sort of process normal?

**Mr Yarra**—No.

**Senator LUNDY**—It is not?

**Mr Yarra**—We would like to open tenders on receipt, of course. But certainly every evaluation that I have been involved in has involved an update of the RFT and has involved an update of the resource baselines. The timing of that is slightly unusual; the event itself is not unusual at all. It is entirely conventional.

**Senator LUNDY**—It sounds very unusual to me. In terms of those resource baselines and activity levels that were changed, at what point was that information received by you? That information would be received by you, would it?

**Mr Yarra**—From the agencies?

**Senator LUNDY**—Yes.

**Mr Yarra**—The agencies provided that information to us when they had completed it.

**Senator LUNDY**—Right. Which was when?

**Mr Yarra**—I think on 15 May we would have received the final version of that.

**Senator LUNDY**—When did you decide that it was opportune to do that?

**Mr Yarra**—That is a harder one.

**Senator LUNDY**—It would have been after 14 April.

**Mr Yarra**—Correct.

**Senator LUNDY**—And before 15 May.

**Mr Yarra**—Yes. Is that a good enough answer? In between those two dates?

**Senator LUNDY**—No.

**Mr Yarra**—Okay. I will take that on notice.

**Senator LUNDY**—Okay. In terms of a willingness by the bidders to engage in that exercise, I am working on the basis that there were two bidders. Is that correct?

**Mr Yarra**—I do not confirm or deny the number of bidders in our process.

**Senator LUNDY**—Why?

**Mr Yarra**—It is our policy.

**Senator LUNDY**—Not to say? Was there more than one?

**Mr Yarra**—I do not confirm or deny.

**Senator LUNDY**—Does it qualify as a competitive process if you do not get more than one?

**Mr Yarra**—We do not talk about the number of bidders in our process. It is as simple as that. We never have and we never will.

**Senator LUNDY**—The rest of the world knows what the story is, so you can be a pedant about it if you like. There were two bids. Did you consult with the bidding teams on introducing new resource baselines and activity levels once tenders had closed?

**Mr Yarra**—We consulted with the vendors.

**Senator LUNDY**—Did you require their approval?

**Mr Yarra**—We sought their views.

**Senator LUNDY**—Did you require their approval?

**Mr Yarra**—No.

**Senator LUNDY**—So you could just dictate a modification to the tender following the close of tenders?

**Mr Yarra**—It is a decision for the Commonwealth to take.

**Senator LUNDY**—No, it is a decision for you to take.

**Mr Yarra**—Correct.

**Senator LUNDY**—Right.

**Mr Yarra**—It was a decision for the Commonwealth—for OASITO—to take. We consulted the vendors and they agreed.

**Senator LUNDY**—Did you ask for their agreement or did you tell them?

**Mr Yarra**—We indicated that we were proposing to take a course of action and they indicated to us their reaction.

**Senator LUNDY**—In writing?

**Mr Yarra**—Correct.

**Senator LUNDY**—Could I get copies of that correspondence?

**Mr Yarra**—No.

**Senator LUNDY**—Why not?

**Mr Yarra**—That information at the moment is confidential to a tender process which is in the field.

**Senator LUNDY**—No, it is not. It is about process.

**Mr Yarra**—I disagree.

**Senator LUNDY**—It does not contain any information about the tenders.

**Mr Yarra**—That documentation is part of a tender process which is in the field. It is live and we do not comment on tender processes that are live.

**Senator LUNDY**—I have asked for correspondence relating to you seeking the approval of participating bidders in reopening and changing tender documentation after the close of tenders. That does not relate to anything you could potentially claim as commercial-in-confidence. I want to see that correspondence and I formally request, Minister, that all correspondence relating to this matter be tabled in the committee.

**Senator Hill**—We will take—

**Senator LUNDY**—Be provided to the committee.

**Senator Hill**—Okay. We will take that question on notice and give it proper consideration.

**Senator LUNDY**—Thank you. You are saying that the bidding vendors, obviously, agreed to that, because the subsequent activities have shown that they did receive their bid documentation back and the RFT, I guess. Do you still call it an RFT at that point? It was modified.

**Mr Yarra**—This is an RFT which has been updated. We have updated the RFT in every other project.

**Senator LUNDY**—Sure. Yes, I know, but not after tenders have closed; true?

**Mr Yarra**—Absolutely after tenders have closed.

**Senator LUNDY**—So you have continually gone back to bidders and negotiated through that evaluation process? I am aware of that.

**Mr Yarra**—We have formally updated the RFT at key points in the evaluations on a number of other projects.

**Senator LUNDY**—Mr Yarra, in evidence previously given to this committee—and I will use health as an example—I inquired as to whether or not any scope was modified or there were any changes to the RFT. My recollection tells me that your answer to that was no and that there were no changes in prices.

**Mr Yarra**—No, in the case of health, the answer to that was yes, from memory.

**Senator LUNDY**—That is not my recollection. Is there a difference between changing the RFT and changing the scope?

**Mr Yarra**—There is a difference, or there can be a difference.

**Senator LUNDY**—If I said ‘changing the scope’ and you said ‘no’ but there was a change to the RFT in terms of resources—

**Mr Yarra**—For example, we have changed the RFT—

**Senator LUNDY**—your answer would be yes?

**Mr Yarra**—Let us go through some examples. We have changed the RFT for group 1—we have updated it—and the scope has not changed one iota for the resource baselines. Because they are in the RFT and they have changed, by definition, the RFT has been updated. The issue that we see with changing the scope, and the issue that I think you are addressing, is the fundamental probity question of whether or not a change of scope should be allowed in a process. That is definitely a matter of degree. We have never changed the scope fundamentally with these processes or in a major way.

**Senator LUNDY**—You have, because you have allowed optional aspects.

**Mr Yarra**—That is not a change of scope. The RFT rules set out—in those particular tenders—said, ‘We are also seeking pricing on these optional elements.’ That is not a change of scope; that is an optional thing. The rules are clear.

**Senator LUNDY**—I just want to clarify: I asked the question last time with respect to health whether or not anything about that RFT had been changed and I used the word ‘scope’ and the answer was no. Now you are telling me—

**Mr Yarra**—That is not correct, Senator.

**Senator LUNDY**—That is my memory.

**Mr Yarra**—I read the *Hansard* record today, or in the last couple of days. I remember the answer. The answer was yes.

**Senator LUNDY**—All right. My recollection is also that, when I inquired as to whether there had been any changes in price, the answer was no. That is not correct, either?

**Mr Yarra**—No.

**Senator LUNDY**—Okay. My question now is: do you anticipate a change in price as a result of this little exercise?

**Mr Yarra**—I have no idea.

**Senator LUNDY**—When will you know?

**Mr Yarra**—I have not seen the price. The bids have not been opened. We do not know what the price is. I do not know whether the price has changed or not.

**Senator LUNDY**—Right. So where are we at? We are up to 15 May, you got the resource baselines and the RFT was changed.

**Mr Yarra**—A formal amendment to the RFT was issued on 16 May.

**Senator LUNDY**—So I figure that on 16 May the bidders came in and picked up their box along with that bit of documentation.

**Mr Yarra**—The bidders came and separated out of the bids the elements that they would need to take back to allow them to update their pricing and to adjust their technical solutions as a consequence and left us with the remaining elements of the bid, which have been opened and are being evaluated.

**Senator LUNDY**—And you are still to get the other bits back.



**Mr Yarra**—On 26 June.

**Senator LUNDY**—What is your time frame for the evaluation of the contract from there?

**Mr Yarra**—How long is a piece of string? This will be a complex evaluation. We are hoping to have it substantively complete by November, but that is always very much a guess.

**Senator LUNDY**—Can you give me an idea?

**Mr Yarra**—I have said November; substantively complete by November.

**Senator LUNDY**—In terms of the evaluation document, is that still in draft form or is that final now?

**Mr Yarra**—That is final. The evaluation guide is final.

**Senator LUNDY**—Sorry, the evaluation guide. Okay. Is that likely to be changed?

**Mr Yarra**—There is provision in that guide for it to be changed. There is no contemplation of it being changed at all.

**Senator LUNDY**—In terms of the evaluation process, can I just clarify now: is it likely that there could be more changes to the RFT, which could involve renegotiations of price once all of the tender documentation has been received and perused by you?

**Mr Yarra**—It is very difficult to say. With the sorts of changes that occur when we update RFTs as a matter of course during the process to finetune our requirements, it is very hard to say whether that same opportunity, that requirement, will happen with this project. It is very hard to say at this stage.

**Senator LUNDY**—How many changes to the price submitted were there in the latter stages of the evaluation for the health contract?

**Mr Whithear**—I would have to check the exact number, but I recall three.

**Senator LUNDY**—Three price changes? Is that when you went through the evaluation process in negotiation with just one tender?

**Mr Whithear**—No, that was with all tenderers.

**Senator LUNDY**—Can you tell me, in terms of the evaluation process, whether you could conceivably have been in a position where you were renegotiating and prices are changing and you are dealing with just a single evaluation?

**Mr Whithear**—As a hard and fast rule throughout the evaluation process, all tenderers are treated equitably and fairly. We stick rigorously to that and we have procedures to ensure that that happens. We never seek pricing from one vendor; it always goes out. All vendors are treated equally.

**Senator LUNDY**—How can I be assured of that? Is it possible for you to show me something about the latter stages of the health tender evaluation that demonstrate—

**Mr Yarra**—I think you have seen it already. It is the probity auditor's sign-off on the health process.

**Senator LUNDY**—That was a really broad statement. If that is all you can provide, then it is pretty pitiful. I was hoping for a sort of date-time analysis of what prices were received when and by whom.

**Mr Yarra**—The formal manifestation of that is the probity auditor's sign-off.

**Mr Whithear**—The questions on notice we provided to you last—

**Senator LUNDY**—Yes, I know. I am familiar with that. Can I say it was great to actually get some answers to questions on notice back in a timely fashion, or comparatively speaking. What is happening with the health contract at the moment? Where is it at?

**Mr Whithear**—Which component of the health contract? There are three.

**Senator LUNDY**—The health department.

**Mr Whithear**—It is going through the process towards handover.

**Senator LUNDY**—When was it due to hand over?

**Mr Whithear**—It is due to hand over, I think, on 9 June.

**Senator LUNDY**—When was it due to hand over?

**Mr Whithear**—I think there was a date scheduled prior to that of mid-May. I think there is a three-week difference.

**Senator LUNDY**—Is there a cost incurred by Health as a result of that delay in handover?

**Mr Whithear**—No. And I think, after reading the *Hansard* of the Health estimates, they have made it clear that they do not have to make any payment to the contractor until handover occurs.

**Senator LUNDY**—So they might have actually made a saving?

**Mr Whithear**—We don't know.

**Senator LUNDY**—All evidence points to the fact that they may well have made a saving, but only time will tell. I understand that HIC is going through transition at the moment as well.

**Mr Whithear**—That has completed transition. They handed over services. Are you after a date?

**Senator LUNDY**—Yes.

**Mr Whithear**—I will just have to check my papers. HIC transitioned IT operations to IBMGSA at midnight on 31 March this year.

**Senator LUNDY**—What is scheduled next on the books after group 1?

**Mr Yarra**—We have group 1, group 11, group 9, group 10.

**Senator LUNDY**—Group 11?

**Mr Yarra**—Group 11 is Treasury, ASIC, National Library, DETYA and DEWRSBE. Sorry for the acronyms.

**Senator LUNDY**—That is a big group, isn't it?

**Mr Yarra**—No, it is not a particularly large group. It is five agencies. Group 5 was five. Group 8 was seven.

**Senator LUNDY**—Is it comparable to group 5 in terms of size?

**Mr Yarra**—It is slightly bigger. It has a mainframe component and a few more desktops.

**Senator LUNDY**—The CSIRO, I notice, have had a bit to say about the IT outsourcing program. What is their schedule?

**Mr Yarra**—They are part of group 9.

**Senator LUNDY**—When is that due to start?

**Mr Yarra**—At this stage we expect release in the third quarter of 2000.

**Senator LUNDY**—Given some of their concerns and reflecting on discussions earlier this evening, if an agency can demonstrate to Finance through benchmarking their internal costs and indeed market testing themselves, is it possible for an agency to exclude themselves from this process?

**Mr Yarra**—There is no process for them to do that in the ITO side of things.

**Senator LUNDY**—Why not?

**Mr Yarra**—That is because it is government policy.

**Senator LUNDY**—So even if they were able to demonstrate through a market testing exercise that they resourced within that agency they would not be able to be excluded?

**Mr Yarra**—It is government policy that agencies shall outsource.

**Mr Whithear**—As Mr Yarra said, the only way to do a proper market test is to go to tender. That is what we were talking about under the initiative.

**Senator LUNDY**—Being part of group 9 means they have to go to tender. That is what I mean by market test. What I am suggesting is that if an agency—I do not know whether they want to do this; I am just speculating, given some of the specific concerns that agency has raised—funded a genuine tender process themselves to market test their own IT—

**Mr Yarra**—It would not be acceptable.

**Senator LUNDY**—Does the IT outsourcing program mandate the groups and clusters as well as the process itself?

**Mr Yarra**—Correct.

**Senator LUNDY**—Has any agency applied through OASITO to the minister to be excluded from the cluster they have been nominated in?

**Mr Yarra**—We had one agency in what was called group 6 that, because of their highly unusual IT arrangements, including a geographic spread—

**Senator LUNDY**—You are talking about DFAT?

**Mr Yarra**—DFAT. They have a geographic spread through 140 embassies, or whatever you call it, around the world. There is a different approach being taken with that agency.

**Senator LUNDY**—Does that include AusAID and Austrade as well?

**Mr Yarra**—They were part of group 6, yes.

**Senator LUNDY**—So that group is not proceeding in accordance with the policy as you just described it?

**Mr Yarra**—A different tack is being taken with OASITO—

**Senator LUNDY**—Can you tell me what the tack is?

**Mr Yarra**—The tack is to pursue the consolidation of their—I am trying to think of the proper term I use for high side and low side. They were consolidating their platforms, their IT infrastructure, and we were pursuing all of those outcomes that would have been derived from an outsourcing. We will be pursuing those directly with the agency, rather than through outsourcing.

**Senator LUNDY**—Are you going to be involved?

**Mr Yarra**—OASITO is involved.

**Senator LUNDY**—How did they make representation to get special dispensation?

**Mr Yarra**—It required ministerial consideration.

**Senator LUNDY**—So if an agency were particularly concerned, that would be the path for them to follow?

**Mr Yarra**—I would not want to go on the record as saying there is a path to follow.

**Senator LUNDY**—I can draw that conclusion without asking you to do the same. You may have said it already, but for group 11 the RFTs expected release is March 2000?

**Mr Yarra**—That is updated to June.

**Senator LUNDY**—Third quarter for group 9?

**Mr Yarra**—End of third quarter, yes.

**Senator LUNDY**—End of September?

**Mr Yarra**—September, October. Yes.

**Senator LUNDY**—Group 10?

**Mr Yarra**—I think fourth quarter.

**Senator LUNDY**—Okay. And Defence?

**Mr Yarra**—Defence, of course, is part of the initiative.

**Senator LUNDY**—It is?

**Mr Yarra**—Of course.

**Senator LUNDY**—It is now.

**Mr Yarra**—It is.

**Senator LUNDY**—It was excluded originally.

**Mr Yarra**—It has always been part of the initiative, as far as we were concerned.

**Senator LUNDY**—As far as Finance was concerned?

**Mr Yarra**—As far as OASITO was concerned.

**Senator LUNDY**—Not as far as Defence was concerned.

**Mr Yarra**—We continue to discuss with Defence their participation initiative. As those discussions proceed, any adjustments to the timetable will be taken on board as a result of that.

**Senator LUNDY**—When did that shift occur with respect to Defence—

**Mr Yarra**—It didn't.

**Senator LUNDY**—No. The original ministerial put out about this did not include Defence.

**Mr Yarra**—The funding arrangements did not include Defence. The initiative did include Defence. It was captured as a budget-funded agency. Defence has always been part of the initiative. Defence was not part of the adjustments for the forward estimates in 1996 or 1997.

That recognises Defence's unique funding arrangements. It has always had a unique funding arrangement. That was in recognition of that, but it has always been part of the initiative.

**Senator LUNDY**—Is it losing any money off the top now?

**Mr Yarra**—I am not aware of that, but I will take that on notice to check.

**Senator LUNDY**—In terms of lopping off the top of the budget—budget allocations where money has been deducted specifically in relation to this—can you provide the committee with information, if you cannot tell me now, on precisely what agency or department has lost what amount over what out years?

**Mr Yarra**—I think I have undertaken to do that already.

**Senator LUNDY**—With respect to the outyears budgeting as well?

**Mr Yarra**—I think I have undertaken to do that.

**Senator LUNDY**—I think you have. Okay. Fine. This is really just some administration on my part. Can you provide me with the published value of the contracts that have been let to date?

**Mr Yarra**—That should not be a problem.

**Senator LUNDY**—I do not think there is anything confidential. I have seen numerous figures now published—either mentioned by the minister or published by agencies or departments.

**Mr Yarra**—That information was on the public record, as I understand it, as each project was announced.

**Senator LUNDY**—Yes. What about the savings that are hoped to be derived as a result of the signing of the contracts? I am not talking about the budget allocation.

**Mr Yarra**—We have announced those each time as well.

**Senator LUNDY**—I want those savings and over what period of time they are hoped to be achieved.

**Mr Yarra**—They are all over five years. That information is on the public record. We will gather that together.

**Senator LUNDY**—As I said, I want the savings in a neat little table for me.

**Mr Yarra**—I know. I think we have done it before, but we will certainly gather together the information of the public announcement which includes the published value of the contract and the published savings. The period would be—and we will confirm it—over five years. All the contracts are over five years.

**Senator LUNDY**—Okay. That would be wonderful. Minister, can you take on notice, because I presume you will not be able to answer it yourself, why the government is disallowing the capability of individual agencies, firstly, as to whether they can proceed with their arrangements as they currently stand and, secondly, if they believe they have a case to market test individually their information technology services. We have already heard, Minister, that it is outside the policy. I am asking you why it is outside the policy.

**Mr Yarra**—Minister, I have stated in the government's policies that agencies shall outsource. I think the senator is asking: if they do outsource, why do agencies not have the freedom not to outsource.

**Senator LUNDY**—Not just not to outsource but outsource individually and not as part of a mandated cluster or group. That is the key point.

**Mr Yarra**—That is government policy. That is all I can say.

**Senator LUNDY**—I know that, but I am asking the minister why the government would not approve an agency to outsource its own IT outside of the cluster if they could demonstrate a good reason to do so.

**Senator Hill**—I will have to take that on notice.

**Senator LUNDY**—That is fine. That is all I have.

**CHAIR**—Thank you very much. There being no further questions, that completes the examination of the Office of Asset Sales and Information Technology Outsourcing and the Finance and Administration portfolio. I remind you that the committee has set 28 June 2000 as the date by which answers are required. I thank the Minister, Senator Hill, and officers very much for their attendance and of course Hansard and Sound and Vision for their services. Thanks very much.

**Senator ROBERT RAY**—Chair, could I just thank you for your very diligent attendance over the three days. You have done the hard yards well.

**CHAIR**—Thank you very much.

**Committee adjourned at 11.34 p.m.**

