



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATION, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

Consideration of Budget Estimates

WEDNESDAY, 29 MAY 2002

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE

**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE**

Wednesday, 29 May 2002

Members: Senator Eggleston (*Chair*), Senator Mackay (*Deputy Chair*), Senators Bartlett, Calvert, Lundy and Tchen

Senators in attendance: Senators Calvert, Eggleston, Forshaw, Lundy, Mackay, Ray, Schacht and Tchen

Committee met at 9.15 a.m.

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 28 May.

In Attendance

Senator Kemp, Minister for the Arts and Sport

Arts and Sports Division

Dr Alan Stretton, Acting Executive Director, Arts and Sport Division

Mr Les Neilson, General Manager, Arts Branch

Ms Karen Gosling, General Manager, Cultural Development Branch

Ms Megan Morris, General Manager, Sports Branch

Ms Helen Nosworthy, Acting General Manager, Film and New Media Branch

Old Parliament House

Mr Craddock Morton, Chief General Manager

Australia Council

Ms Jennifer Bott, Chief Executive Officer

Ms Catherine Brown-Watt, Director, Major Performing Arts Board

Mr Ben Strout, Executive Director, Arts Development

Mr John Wicks, Executive Director, Finance and Services

National Gallery of Australia

Dr Brian Kennedy, Director

Mr Alan Froud, Deputy Director

National Library of Australia

Ms Jan Fullerton, Director General

Mr David Toll, Deputy Director General

Mr Gerry Linehan, Assistant Director General, Corporate Services

Ms Pam Gatenby, Assistant Director General, Collections Management

Australian National Maritime Museum

Mr Max Dingle, Acting Director

Mr Quentin Howarth, Assistant Director, Corporate Services

Ms Joan Miller, Finance Manager

National Museum of Australia

Ms Dawn Casey, Director

Ms Freda Hanley, General Manager, Content Development and Technology

Mr Greg Andrews, General Manager, Marketing and Commercial Operations

Mr Adrian Brocklehurst, Financial Services

National Archives of Australia

Ms Anne-Marie Schwirtlich, Acting Director General
Mr Peter Meadley, Acting Assistant Director General, Corporate
Mr Steve Stuckey, Assistant Director General, Collection Management

Screensound Australia

Mr Ron Brent, Director
Ms Mary Durkin Deputy Director

Australian Film Finance Corporation

Ms Catriona Hughes, Chief Executive Officer
Mr Michael Malouf, Financial Controller

Australian Film Commission

Mr Kim Dalton, Chief Executive Officer
Mr Ron Neale, Director, Finance and Administration

Australian Film Television and Radio School

Ms Annabelle Sheehan, Head of Film and Television
Mr Reza Bilimoria, Head of Corporate Services
Mr Derek Allsop, Head of Technology

Film Australia Limited

Ms Sharon Connolly, General Manager

Australian Sports Drug Agency

Mr John Mendoza, Chief Executive
Mr Kim Terrell, General Manager, Strategy and Support

Australian Sports Commission

Mr Mark Peters, Chief Executive Officer
Mr Michael Scott, Director, AIS
Ms Shirley Willis, A/General Manager, Sport Development
Mr Brent Espeland, General Manager, Business Operations

National Science and Technology Centre

Dr Annie Ghisalberti, Director

Telecommunications**Telecommunications Division**

Mr Chris Cheah, Chief General Manager, Telecommunications
Ms Beverly Hart, Principal Adviser, Telecommunications and IT Development Branch
Mr Col Lyons, General Manager, Competition and Consumer Branch
Mr Brenton Thomas, General Manager, Enterprise and Radiocommunications Branch
Mr Simon Bryant, General Manager, Regional Communications Policy Branch
Mr Philip Allnut, General Manager, Telecommunications Service Inquiry Implementation Task Force
Mr James Barr, General Manager, Networking the Nation Branch
Mr Michael Sutton, General Manager, IT Industry Development Branch
Mr William Scott, Manager, International Strategy Section, International Branch

Australian Communications Authority

Mr Tony Shaw, Chair
Mr Allan Horsley, Member
Mr Geoff Luther, Senior Executive Manager, Radiocommunications
Dr Roslyn Kelleher, Senior Executive Manager, Telecommunications
Mr John Grant, Executive Manager, Spectrum Marketing Group
Mr Peter Stackpole, Executive Manager, Customer Services Group
Mr Grant Symons, Executive Manager, Standards and Compliance Group

Mr Rick O'Brien, Manager, Business Strategy and Administration, Customer Services Group

Mr John Neil, Executive Manager, Consumers Affairs Group

Mr John Haydon, Executive Manager, Universal Service Obligation

Mr Darren Hooper, Chief Finance Officer, Corporate Management Group

Telstra

Mr John Stanhope, Director, Finance

Mr Paul Paterson, Director, Regulatory

Mr Omar Khalifa, General Manager, Business Management

Mr Anthony Rix, Executive General Manager, Service Advantage

Mr Darian Stirzaker, Chief, Consumer Sales

Mr Paul Granville, Senior Manager, Networks

Australia Post

Mr Michael McCloskey, Corporate Secretary

Mr Jim Marshall, General Manager, Mail and Networks

Mr Michael Tenace, Acting Chief Finance Officer

Mr Gary Lee, Group Manager, Letters

Mr Stephen Walter, Group Manager, Corporate Public Affairs

Mr Allan Vallance, Strategy and New Business

Ms Liz Grant, Manager, Board and Shareholder Liaison

Mr Alan Marshall, Group Manager, Financial Strategy

Mr Terry Sinclair, Manager, National Logistics

NOIE

Mr John Rimmer, CEO

Dr Rod Badger, DCEO

Mr Patrick Callioni, CHM Information Economy Group

Ms Anne-Marie Lansdown, General Manager, Access Branch

Mr David Kennedy, General Manager, Strategy and Analysis Branch

Mr Ashley Cross, General Manager, eBusiness Branch

Mr Keith Besgrove, CGM, information Industries Group

Dr Lee Boldeman, A/g General Manager, ICT Industries Innovation Branch

Mr Tom Dale, General Manager, Regulatory Branch

Mr Richard Thwaites, General Manager, International Branch

Mr John Grant, Chief General Manager, GOL Group

Mr Brian Stewart, General Manager, Policy and Directions

Ms Michelle Kinnane, General Manager, Information Access

Mr Steve Alford, General Manager, Infrastructure Branch

Ms Robyn Fleming, General Manager, Corporate

Ms Cathy Tighe, Manager, Finance

Broadcasting

Broadcasting and Intellectual Property Division

Ms Susan Page, CGM, Broadcasting and Intellectual Property

Dr Simon Pelling, General Manager, Intellectual Property

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting

Mr James Cameron, General Manager, Digital Broadcasting

SBS

Mr Nigel Milan, Managing Director

Ms Julie Eisenberg, Head of Policy

Ms Maureen Crowe, Head of Resources

Mr Jonathan Torpy, Manager, Finance

ABC

Mr Russell Balding, Acting Managing Director

Ms Sue Howard, Director, ABC Radio

Ms Sandra Levy, Director, ABC Television

Mr Colin Knowles, Director, Technology and Distribution

Mr David Pendleton, Director, Finance and Support Services

Mr Colin Palmer, Director, Human Resources

Ms Lucy Broad, Head, Network Scheduling, Radio

ABA

Professor David Flint, Chairman

Mr Giles Tanner, General Manager

Ms Andree Wright, Director, Industry Performance and Review

Ms Jonquil Ritter, Director, Planning and Licensing

Mr Fred Gengaroli, Director, Engineering

Mr Richard Fraser, Content Assessment, Assistant Manager

Mr Leon Atkinson-MacEwer, Industry Review, Manager

Corporate Division

Mr Arthur Blewitt, Chief General Manager

Ms Jennifer Gale, Chief Finance Officer

Mr Len Marsden, General Manager, Knowledge and Information Services

Mr Frank Nicholas, Manager, Corporate Budgeting

CHAIR—I now open this session of the estimates. This morning we are dealing with the arts portfolio section of these estimates. We have before us the department officials, and they will be followed by the National Library, the Australia Council, the Australian Film Commission, the Film Finance Corporation, the Film, Television and Radio School, the National Maritime Museum, the National Archives, the National Museum and the National Gallery of Australia. Senator Lundy has questions.

Senator LUNDY—I do have some questions for the department to start with. The first issue relates, again, to questions on notice and outstanding answers. These were due 30 days after 18 February, that is, they were due on 21 March. We received answers late on Friday afternoon last week. This is unacceptably overdue, and I would like it to be noted for our report. I would also like to ask why these answers to questions on notice were so late in coming back to the committee.

Senator Kemp—My view is that, of course, we make every attempt to get answers to questions. Having served on both sides of the table, I recognise the obligations. I might ask Dr Stretton to make some comments, but there are a huge number of questions and I think some of them relate to the Gallery. A very wide range of questions have been asked and, frankly, ministers sometimes have to make decisions about whether resources can be devoted to these things.

Senator LUNDY—The minister makes that decision?

Senator Kemp—Ministers, in relation to departments. There have been times in previous portfolios where I have said that we are just not prepared to devote the enormous amount of resources that are sometimes required for the vast range of questions, which often are prepared by researchers, and they are just thrown in. In the end, a judgment has got to be made. I accept the principle. I am not arguing the toss that there is an obligation. So, before you jump in, I am not arguing the principle. I think that committees are entitled to get answers

to questions. What I am saying to you is that I think that when questions are like this, there can be extenuating circumstances. I have raised a particular issue that comes up; I think it would be a help if senators carefully went through the questions that are put on notice, so that an inordinate amount of time is not taken up by departments and other associated agencies.

Senator LUNDY—Thank you for that, Minister. Can I clarify that you said that there have been circumstances where you have directed the department not to allocate resources to answering questions? Is that what you said?

Senator Kemp—If you go through previous answers given in a previous portfolio, as Assistant Treasurer, I am sure that someone could dig up an answer to a question that says, ‘I am not prepared to allow resources to be devoted to answering these questions.’ I do not do it regularly, and you might have to search pretty hard. We tend to err on the side of providing resources.

Senator LUNDY—So you have only said that at the time at which the question has been asked? You have not subsequently after the estimates period directed departments not to answer questions?

Senator Kemp—I am casting my mind back. I have not directed a department recently not to answer questions. I am casting my mind back to a previous portfolio. Frankly, there would be vast numbers of questions put on notice by staffers. Sometimes I suspect senators do not even know what has been put on notice. That is not you, Senator, before we get sensitive.

Senator LUNDY—Of course not. That is wild speculation.

Senator Kemp—I have my suspicions about certain other senators—and not Senator Michael Forshaw, so he does not have to get worried.

Senator LUNDY—I have to stand up for my colleagues and say that a great deal of thought is always put into questions. It is quite often at the behest of the minister at the table that the time is saved through this process.

Senator Kemp—Yes, sometimes. I agree with that.

Senator LUNDY—It can be a great benefit to facilitate the actual estimates weeks.

Senator Kemp—Indeed. That is correct.

Senator LUNDY—I think the point has been made and it remains an ongoing feature.

Senator FORSHAW—But will we get an answer?

Senator LUNDY—Absolutely not.

Senator Kemp—We always give particular attention to your questions, Senator.

Senator FORSHAW—When you say you err on the side of providing answers, do you believe that providing them is a sort of an error?

Senator Kemp—No, you should have popped in a bit earlier. The trouble with you, Michael, as I have always said, is that you pop in and pop out of debate so you are never quite across the issue. I was saying that sometimes you ought to be here for sources.

Senator FORSHAW—I do not have to be here for long when you are present.

Senator Kemp—Look, Senator, do not provoke me early in the morning. I have already had two days of estimates.

Senator FORSHAW—So have I.

Senator Kemp—You have got to have some sympathy for someone who has been here so long. The point I was making is that some of the questions lead to an inordinate amount of use of resources. Sometimes in those cases in the past I have indicated to departments that I do not think those resources should be provided. I said that, in relation to resources, we err on the side of providing them.

Senator LUNDY—Democracy is—

Senator Kemp—Democracy is very important. It is something that I strongly support.

Senator LUNDY—Can you or the department tell me what dates the questions were delivered from the department to the minister's office?

Dr Stretton—I do not have that information with me. You would appreciate that questions come in over a long period.

Senator LUNDY—Certainly.

Dr Stretton—We do not wait till we get all answers until we pass them to the minister's office.

Senator LUNDY—I just want to make the point that it is not necessarily the department that is at fault here. My experience has shown that quite often the department at least comes close to honouring the deadline but the minister's office has resource difficulties. I presume that, giving you the benefit of the doubt.

Senator Kemp—Very nicely said, Senator.

Senator LUNDY—That is where the hold-up actually occurs.

Senator Kemp—Senator, I would be shocked if it was a minister's office. Anyway, there is a resource issue. You are quite right.

Senator LUNDY—Okay. As I said, democracy does not come cheap. We will look forward to you giving it a priority in future.

Senator Kemp—With you, it is always a priority. There is a standing instruction to the department to give the priority to Senator Lundy.

Senator LUNDY—Yes, excellent.

Senator FORSHAW—With fine misleads, however.

Senator LUNDY—Are you misleading the Senate, Minister? We should take you to task on that up-front. It is a very serious issue.

Senator Kemp—Oh gosh. I have been found out, have I?

Senator LUNDY—I think I will turn to my questions.

Senator Kemp—I think that would be a help, Senator.

Senator LUNDY—To start with, have there been staff cuts within the department?

Dr Stretton—Within the arts side of the department?

Senator LUNDY—Yes.

Dr Stretton—The only thing I can think of is that the Centenary of Federation secretariat is obviously now winding down very rapidly. I think there are only a couple of people left and they will finish their tasks there very shortly. That would be one factor which might explain a fall in numbers.

The other area is perhaps the management of the Federation Fund program where, again, as you would expect, that program is running down; therefore, the number of staff we have working on that program is falling. A number of those staff were fixed-term contract staff. They are the only two issues I can think of where there might have been a fall in staff numbers. Quite a high proportion of the Centenary of Federation staff were fixed-term contract staff who came in to do that specific task.

Senator LUNDY—And their contracts are coming to an end?

Dr Stretton—That is exactly right.

Senator LUNDY—I do not have the budget paper reference in front of me. Are you able tell me if those reductions in staff numbers overall have been quantified? You say, ‘A couple here and a couple there.’ Are you able to put a finer figure on it?

Dr Stretton—In the portfolio budget statement on page 34, the very last line in table 2.1.1 refers to average staffing level—234 down to 222.

Senator LUNDY—That would be the quantified reduction.

Dr Stretton—Yes.

Senator LUNDY—So there are 12 people from the Centenary of Federation and the Federation Fund. That just covers the arts?

Dr Stretton—This is outcome 1, Arts and sport.

Senator LUNDY—Are there any in sport that have been cut?

Dr Stretton—Now that you have raised it, obviously this is a net figure. It is a net effect of some sports people coming over, the Centenary of Federation going down, the Federation Fund going down and some of the protection of moveable cultural heritage people who went over to the department of the environment. So it is the net effect of those moves.

Senator LUNDY—Are you in a position to tell me within that net effect how many people have moved out and how many have moved in?

Dr Stretton—I do not have that. I could give it to you on notice, if you want it.

Senator LUNDY—Could you do that?

Dr Stretton—Yes, no problem.

Senator Kemp—Senator, are you talking about ‘how many positions’ or ‘how many people’? The positions can remain while the people can change—they may leave and others may come in from other departments.

Senator LUNDY—The normal way in which we frame these questions is ‘positions’ as opposed to ‘individuals’.

Senator Kemp—I just wanted to get that clear.

Senator LUNDY—The number of positions can stay the same, but the turnover could be significant. It is a question about the core resourcing in staff levels. I turn now to the Centenary of Federation and the evaluation of the Federation Fund. Have you established terms of reference for that evaluation?

Ms Gosling—With the evaluation of the Federation Fund, there are a number of program objectives. The program will be evaluated against those objectives. The program is clearly winding down, but we are not quite at the point of embarking upon the formal evaluation of the whole program.

Senator LUNDY—What is still ongoing that is preventing that from starting?

Ms Gosling—Within the Federation Fund, as you may be aware, there are actually three programs. There is the community electorate program, the Federation Community Projects program; the Federation Cultural and Heritage Projects program, which was medium size infrastructure projects—those projects were split between this department and the Department of the Environment and Heritage—and there was also the major Federation Fund program. Within the Federation Fund there are those three components, so any evaluation would clearly have to look at those individual components.

Within each of those programs, there are still some projects that are ongoing, and we are clearly at the stage of working quite proactively to wind down the projects that are still under way. With the community projects, there has been some contact with members of parliament in terms of their own electorate to seek their support and assistance in helping with any projects that are still outstanding. With the major projects, there are some major state projects that are still ongoing—for example, there is the Queensland Heritage Trails Network program that we are working with Queensland on. That program is made up of something like 29 individual projects around the state of Queensland. Those projects are still being managed by Queensland and with local communities and local councils to try to secure recurrent funding for them for the outyears before we sign off on them. There is a variety of factors within each of the three programs within the Federation Fund that come to bear in terms of what stages those programs are up to.

Senator LUNDY—That seems to be quite a lot of variables. Do you have a goal or a deadline by which you want to begin or by which you are required to begin the evaluation—that is, have all of those projects been completed?

Ms Gosling—Again, it varies between the three programs. Clearly, a goal for the Commonwealth for the Federation Fund was a focus on the Centenary of Federation but, for example, with the Queensland Heritage Trails Network, in the partnership that was developed with the Queensland government there was also a priority for the Queensland government in the Year of the Outback during 2002. What the end date of particular programs or even particular projects might be may vary and is influenced by a variety of factors. We are trying to put a date on the Federation Community Projects program, the smaller electorate based program. We are working quite closely with grantees in terms of trying to get projects completed and final reports in within the next few months. We are working quite aggressively on that because there is a large number of those smaller projects. Again, because there are three quite different programs within the Federation Fund and they have quite different objectives, amounts of money and projects, it really does vary. But the focus would be on trying to wind up as much of the Federation Fund as we can over the coming months.

Senator LUNDY—Are there any projects that have not begun?

Ms Gosling—In the Federation Community Projects program, the smaller electorate based program, I think there are a handful of projects that have not commenced as yet.

Senator LUNDY—But the money has been approved for the grant.

Ms Gosling—I would have to check whether grant deeds are in place and whether the money actually has been paid in those cases because, in that program, there is something like 1,000 projects.

Senator LUNDY—If you could take that on notice and provide details of any of the projects that had not been started by the end of 2001, given that that was the Centenary of Federation year, and the details of the electorates in which those projects are located.

Ms Gosling—Yes. As I say, the minister has been dealing with the members involved in some of those electorates to seek their assistance in trying to get those projects moved along.

Senator LUNDY—I expect the minister needs to account for that money.

Senator Kemp—Of course, Senator, and the minister is equally keen to do it. I have been speaking to some of your colleagues, too, about particular projects—

Senator LUNDY—I am sure you have.

Senator Kemp—And to some of my colleagues and those phone calls will continue. Like you, we are anxious that these projects be completed.

Senator LUNDY—Excellent. I look forward to receiving that information. Going back to the terms of reference for an evaluation, when you are able to start it: what is your intention as to who will conduct that evaluation? Have you released expressions of interest or called for tenders?

Ms Gosling—Grant programs of this kind are often assessed internally and the intention was that it would be done within the department in looking at how each of the programs has achieved the objectives that were set out in the program. The Federation Cultural and Heritage Projects Program is being jointly administered by us and the Department of the Environment and Heritage. We would have to look across government to do an evaluation of that program. The intention is that it will be done internally, within the Public Service.

Senator LUNDY—As part of that evaluation, will you be calling for public submissions, general views about how the program went or was perceived or accepted in the community?

Ms Gosling—No, I do not think that is intended.

Senator LUNDY—So you are not planning to have public consultations or meetings, or being proactive about inviting public comment on the program?

Ms Gosling—That is not the intention at this stage.

Senator LUNDY—Is it your intention to make this evaluation public?

Dr Stretton—That will be a decision for government when we have done it. There is no real point in making that decision now. Our position on the evaluation of the Federation Fund, in part, obviously has to be influenced by the fact that these programs have been looked at in great detail by this committee and by the Auditor-General. It would seem to me that there would not be a strong case for doing a major evaluation, given all the activity which has already happened looking at the way in which the programs have been administered and the way in which the projects were chosen. There has already been so much evaluation of this project that I think there are other ways to spend our resources.

Senator LUNDY—I put to you that all that interest and attention creates a stronger impetus for you and for the minister to make public those findings about the final assessment.

Senator Kemp—As always, we note your views and we take them very seriously. We will make a decision at the appropriate time.

Senator LUNDY—Thank you, Minister. I think there would be a high expectation that that final evaluation would be made public. The \$2 million reduction from the IAP that we discussed yesterday has been allocated to the National Museum of Australia. I would like to get an idea of the thinking behind that, but I do not know whether I am best advised to wait until the National Museum appear before the committee.

Dr Stretton—That question is better directed at the department and the minister, rather than at the museum.

Senator LUNDY—The department?

Dr Stretton—Yes.

Senator LUNDY—Okay. I think we have been through the thinking behind the reduction in the IAP in enough detail yesterday, so I do not want to revisit that today. What I would like to know about is the quite unusual reallocation from that program into the National Museum. Is there a specific project at the National Museum that was so deserving, or what is the motivation behind that reallocation of \$2 million?

Dr Stretton—There is no direct link between the IAP and the museum in that sense. The situation was that, in a tight fiscal year, a tight budget, where clearly the museum needed additional funds to allow it to continue to operate at something like its current levels, the government needed to find savings. A range of savings were found, and one of them was the IAP program.

Senator LUNDY—How does that reallocation work? That saving has not just gone back into your general resourcing; it has gone to a specific agency. Does that mean National Museum funding stays the same and you have made a net saving of \$2 million in the department?

Dr Stretton—No, there is a saving. As you saw yesterday, there is a measure which talks about taking \$2 million from the department—specifically the IAP—so our appropriation has been reduced by \$2 million and the appropriation of the museum has been increased. Part of that increase to the museum is the \$2 million.

Senator LUNDY—I would like to ask some questions about access to Old Parliament House and the National Portrait Gallery. Are the officers here?

Dr Stretton—No, I am sorry; they are not.

Senator LUNDY—Okay, fine. That resolves it. We will move to the National Library.

[9.44 a.m.]

National Library of Australia

CHAIR—I welcome the officers from the National Library.

Senator LUNDY—Referring to Budget Paper No. 1, there seemed to have been staff reductions from 504 to 480. Can you give the committee an explanation for that reduction, please.

Mr Linehan—The staff reductions reflect the cessation of a number of one-off projects, some of which have been going for a couple of years, such as our anniversary celebrations. The number for next year is more in line with staff numbers that were evidenced in former years.

Senator LUNDY—Twenty-four people is a significant number. Were all of those people engaged in roles to do with the anniversary celebrations?

Mr Linehan—No. There was a whole range of projects in the anniversary celebrations such as the Treasures from the World's Great Libraries exhibition. There were others such as the Bringing Them Home Oral History Project, which is coming to a conclusion in the early part of this financial year.

Senator LUNDY—Were there any others?

Mr Linehan—There were also a number of cataloguing projects that have come to a conclusion.

Senator LUNDY—What sort of cataloguing projects?

Ms Gatenby—The cataloguing projects were related to material in our collections that do not have online records in our online catalogues. We employ staff on contract to work on components of the collections on an ongoing basis. Those projects have come to a conclusion for this financial year.

Senator LUNDY—Is there still material to be logged in that way or has that task been completed?

Ms Gatenby—No. It is a high priority for the National Library to have all of its collections represented on the online catalogue. Currently we have about 81 per cent of our entire collection available through both our own local online catalogue and the national bibliographic catalogue. We progressively work on the remainder each year. It is a high priority to get it on eventually.

Senator LUNDY—So how come that is contributing to staff cuts? From what you have just described it would seem to make sense that the staff allocations to that particular task would stay the same.

Mr Linehan—It reflects reprioritisation from year to year across the organisation. An example of one of the major projects for next financial year is the replacement of the Integrated Library Management System.

Senator LUNDY—So you are having to make resource decisions where you cannot sustain activity in one area, even though it is a priority, to make another area a priority?

Mr Linehan—It is a matter of assessments and judgments and moving through. It is a longer term priority to bring that catalogue online as quickly as possible, but in the short term we have other higher priorities to be addressed.

Senator LUNDY—What about ongoing collection gathering? I note with interest the statements by the director, Ms Jan Fullerton, in the *Canberra Times* recently that the library has an ongoing collection task and major digitisation projects. Where do those two things fit into your priorities for the next financial year?

Ms Gatenby—Digitisation is an ongoing priority.

Senator LUNDY—Is that what we were just talking about: getting records online?

Ms Gatenby—No, it is different.

Senator LUNDY—A different project.

Ms Gatenby—Digitisation is converting print material into a digital format for access through the Web. That is a priority for us and we have a small team of people allocated to that process on an ongoing basis. But I must say, regardless of the fact that in the coming financial year we do not have a special allocation to do bibliographic cataloguing projects, we will be continuing to absorb that in our day-to-day activity—the cataloguing of material that is not already on the online catalogue. So it is ongoing.

Senator LUNDY—Regarding the ongoing collection task, I am trying to get a feel for what that means and what sort of purchases are being made.

Ms Gatenby—Apart from our routine purchasing of Australian and overseas materials, both published and unpublished—unpublished in the case of Australian materials—we are

this year embarking on a couple of special purchasing undertakings. One is that we are subscribing an aggregated service that provides online journals from overseas, and that will bring about 3,200 titles into our collection that we do not already hold. We are also purchasing a number of what we call formed microform collections—they are copies of manuscripts, newspapers or books that have been microfilmed by overseas companies, and we buy them as complete form collections. We are spending quite a lot of money this year on purchasing of those collections.

Senator LUNDY—What is ‘quite a lot of money’? Can you give me a figure on those?

Ms Gatenby—In the order of \$700,000. We have yet to actually finalise the cost with the suppliers, but it would be in that order.

Senator LUNDY—Is that commensurate with the normal sort of annual expenditure on collections?

Ms Gatenby—Our expenditure will be higher this coming year. It will be around \$11.5 million. That includes materials that we receive free through legal deposit system and through gift. They total around \$3.2 million.

Senator LUNDY—In that same article of 18 May 2002, Ms Fullerton went on to say that the library’s database of the holdings of other libraries was ‘not a user-friendly system.’ Can you perhaps provide an explanation behind those comments?

Ms Gatenby—I think the Director-General was referring to the fact that it is not an especially friendly system for people that have no prior knowledge of how to search it—that is, the general public rather than librarians. It is a priority for the library to be able to provide the everyday public with access to this national bibliographic system. It is a product of the functionality that comes with the software we are working on, but we hope that it can be improved to make it more accessible to people for searching.

Senator LUNDY—Do you have to pay for it to be made more user friendly? How does that work?

Ms Gatenby—It will be brought about through software enhancements provided by the company that we have the contract with to provide the underpinning software.

Senator LUNDY—Who is that again?

Ms Gatenby—IBMGSA.

Senator LUNDY—Do you pay extra to IBMGSA to make those software enhancements? Are they variations to the contract?

Mr Linehan—I do not know what the exact details are, but I think it was mentioned at the last hearings that the direct costs of the Kinetica system are covered by the revenue received, so it would be budgeted in that context.

Senator LUNDY—Right. So anything that you would have to fork out you will get back in user pays—to put it bluntly.

Ms Gatenby—The regular software enhancements are part of the contract and they are delivered to us as they occur, but, if we wanted any particular programming to be done on top of their software enhancement program, we would have to pay for that.

Senator LUNDY—I know you mentioned \$700,000 before. Did you mention a figure of \$7.5 million?

Ms Gatenby—No, I said \$11.5 million.

Senator LUNDY—Sorry; I misheard. Has the low value of the Australian dollar been a factor in your increased costs for those purchases?

Ms Gatenby—Yes, it has. It affects our purchasing of books and journals from overseas, particularly from America. A lot of our currency transactions are in American dollars for overseas materials so it does affect it, but the library has been able to maintain our purchasing power by supplementing the base acquisition budget to take into account the depreciation of the Australian dollar.

Senator LUNDY—And in supplementing that purchasing account, what cutbacks have occurred in your normal way of resourcing the library?

Mr Linehan—Just to clarify one point there, in terms of the operational expenses, we receive supplementation to our base funding to take into account the reduction in the value of the Australian dollar.

Senator LUNDY—Right. So you get increased appropriations?

Mr Linehan—Yes. That happened in terms of the operating expenses.

Senator LUNDY—And that occurred in last year's budget?

Mr Linehan—Last year's budget. I think the difference between last year and this year we pegged at a certain value of the Australian dollar, which might have been around 52c. At budget time this year that was the equivalent value, so there was no further adjustment made for next financial year.

Senator FORSHAW—Can you tell us how much, all up, the supplementation came to?

Mr Linehan—I would be speculating but I think possibly in the order of \$350,000 to \$450,000.

Senator LUNDY—Can you take on notice to provide the committee with details of that supplementary funding? Did it only occur in the one year, in the last financial year?

Mr Linehan—It was negotiated two years ago and it was in line with government policies in respect of foreign exchange movements.

Senator LUNDY—So you got that additional money again this year?

Mr Linehan—It remains ongoing and then adjustments are made ongoing again, depending on the variations in the value of the Australian dollar.

Senator LUNDY—Did that offset all of the increased costs you incurred as a result of the dollar, or was there a gap?

Ms Gatenby—It offsets it.

Senator LUNDY—I am sure it helped.

Ms Gatenby—Yes, indeed. There are always fluctuations in terms of what they end up costing, but it will certainly cover the cost of our intended purchasing for this financial year.

Senator LUNDY—So you will not be out of pocket as a result of that? You will not have to cut a staff member to pay for that, or anything?

Ms Gatenby—No, it has been provided for.

Senator LUNDY—There was a letter in the *Canberra Times* by Robert Barnes. He quotes the Director-General as saying that Kinetica is not user friendly and asks why the library chose it. I know this issue dates back many years. Mr Barnes claims that it is causing a diminution in the readership. Is that, in fact, the case? What do your figures show in terms of

usage and readership since its introduction? The issue almost predates *Kinetica*, doesn't it, given the problems with *World One*. I am sure you have a sense of the allegation he is making, so I am giving you an opportunity to respond. If you have figures that would be helpful.

Ms Gatenby—The trend in use of the National Library's collections I do not see as being in any way associated with the *Kinetica* issue. I will outline what I understand those trends to be. The library has fewer people coming in to use its collections than in previous years, but it has much greater use of its online and electronic services. This is a trend that is being witnessed both nationally and internationally by major research libraries and it is to be expected, with the greater availability of information in online form. Of the people using our collections, in the last year we have experienced an increase of around 10 per cent of usage of our print collections, which is very promising. We think it is largely to do with the implementation of a new method of accessing—putting in call slips for retrieving material from the stacks for use.

Senator LUNDY—Thank you. You cite more online use. I presume you track diligently online usage. What is the trend with that usage?

Ms Gatenby—I might get Gerry to refer to that. We have recently undertaken a major review of how we measure online usage in order to make sure that the measure is meaningful and makes sense in terms of our total service—

Senator LUNDY—So not just page views but actual requests?

Ms Gatenby—That is right. So we are now counting user sessions, that is, when the user goes in and opens up a resource and moves around in it. With access to our digitised content—that is, digital surrogates of material that the library holds in print form—the increase in usage is quite steady. To date this year we have measured around 750,000 user sessions.

Mr Linehan—I think overall online usage has increased by something in the order of about 80 per cent over the last year and I think we are exceeding in the order of five million sites or interactions on the site.

Senator LUNDY—Could you take it on notice to provide details of the activity and either the trend figures or the actual figures of usage just to help us set a benchmark so we can come back to it in the future? If you have been reviewing the process then I am sure you are familiar with what I am asking for.

Ms Gatenby—Indeed. We have quite a detailed breakdown of the types of usage and type of resource so we can provide that to you.

Senator LUNDY—Okay. Do you survey users about how you could be of more use to them in the types of services you can provide?

Ms Gatenby—Yes, we do. We have a rolling program of evaluating user satisfaction with a range of our services. For example, we survey satisfaction with the reference services we provide on site, visitors to our exhibitions, and participants in our activities that we put on at the National Library.

Senator LUNDY—With the reduced number of people visiting the library, do you think it is those same people who are now accessing your services online, or is it a new constituency that you have been able to develop?

Ms Gatenby—In terms of visitors to the library, if we counted all visitors and not just those coming to use the reading room or use the resources, the numbers are way up on previous years by—

Senator LUNDY—You would certainly have a big hump in the middle of this year as compared to last year.

Ms Gatenby—That is right.

Senator LUNDY—I take your point. I am referring to those who use the retrieval and reading room.

Ms Gatenby—We think that one constituent group is tertiary students. They have always been a traditional user of our collections. Certainly use by that constituent group has declined because they now have access to a whole range of both packaged electronic resources and free web-based resources so they can meet their study research needs. They no longer have to come to the library to use our print collections. But at the same time I should say that a lot of people are still coming to use our reading room and our services. They provide almost self-help services. They use our available online resources that are in the reading room themselves. They do not have to interact any more with the librarians, so that is another trend.

Senator LUNDY—What about the split between Australian users and overseas users, with the online access making it far more accessible to overseas users? Have you been able to identify an increase? I know that is hard, but how do you track an overseas user?

Ms Gatenby—I am unable to comment, I am sorry.

Mr Linehan—Yes, it is very difficult for us to identify where they come from, given how they can be routed to the different service.

Senator LUNDY—I am just curious in terms of trend. It would make sense that with your being more accessible you would attract those visitors, but I know it is hard. I note on page 359 there is an increase in the appropriation because of increased capital use charge due to a revaluation of the collection. Can you explain that one item please?

Mr Linehan—On 30 June last financial year, the collection was revalued, and, as a consequence of that, the capital use charge, which is roughly 11 per cent of the collection, increased.

Senator LUNDY—What was the motivation behind that revaluation? Is that done every year?

Mr Linehan—It is a standard accounting requirement to revalue your various assets periodically, so that was part of the process.

Senator LUNDY—Is it every year, every two years, every five years?

Mr Linehan—At that time, it might have been every three years, and under the new guidelines, we might be looking more at an annual process.

Senator LUNDY—Is there any intention to sell part—I presume not all—of the collection? Is there any intention to sell parts of the collection?

Ms Gatenby—No, we have never considered selling any part of our collection. We consider that it is part of the national heritage and that it is here to stay with us.

Senator LUNDY—Good. I am glad to hear it. I want to just go back to the one-off projects that we discussed at the start—the anniversary celebrations; the bringing them home oral history project; and the reduction in the number of people cataloguing projects. I think that is

provided. Can I get you to provide details about those reductions—the impact internally in the budget and how many people, and just make sure I get the full details of those?

Ms Gatenby—Yes.

[10.07 a.m.]

Australia Council

CHAIR—We welcome the Australia Council once again to estimates.

Senator FORSHAW—I would like to ask some questions about your international market development and promotion program, and particularly what I understand is called the literature international market development program. Could somebody briefly explain to me how that program operates?

Ms Bott—The Australia Council allocates a small proportion of its money towards audience and market development, both in Australia and internationally. We expend approximately \$6 million out of our total budget of \$135 million on international activities, and a proportion of that is spent on the literature program. It is primarily the visiting international publishers program—that may be what you are referring to—whereby we bring in significant publishers every two years from around the world to Australia to coincide with one of the significant writers weeks. It exposes those publishers to Australian writers and the Australia cultural scene, and it has been an extremely successful program in terms of making links and enabling Australian writers to be published internationally.

Senator FORSHAW—That is not quite what I was getting at, but thank you for that. Before we move on, you said \$6 million but how much would be spent on the literature international market development program? Was that the whole \$6 million? I thought you said a small proportion.

Ms Bott—No, \$6 million is all art forms.

Senator FORSHAW—How much?

Ms Bott—I would have to take that on notice. It would be a small amount of money; it would be less than half a million dollars.

Senator FORSHAW—Less than half a million dollars.

Ms Bott—Can I just ask one of my colleagues?

Senator FORSHAW—It would be helpful if you can take it on notice and get me the precise figure.

Ms Bott—Certainly.

Senator FORSHAW—It is less than half a million dollars. I think you said that some of that money or all of that money would be used, for instance, to bring overseas publishers to Australia for such things as writers weeks?

Ms Bott—That is one of the international literature initiatives.

Senator FORSHAW—What else besides that?

Ms Bott—It depends what year you are talking about. For example, in the year of the Centenary of Federation we ran an international festival called 'Heads Up' in London. We did a writers panel and a program of Australian writers at the Southbank in London. Moneys would have been expended on a project such as that. There are probably in literature, I would say, about two initiatives per year internationally.

Senator FORSHAW—Is it primarily allocated to activities within Australia by bringing people from overseas, or do you also assist—

Ms Bott—No, it can be both.

Senator FORSHAW—It can be both?

Ms Bott—Yes. The international market development can involve the example of something like London, which I mentioned. We did a similar thing in New York last year focusing on literature. Every two years we regularly bring publishers in as part of the VIP—visiting international publishers—program.

Senator FORSHAW—What I am particularly interested in is some grants which I understand were allocated this year under an interim funding round to enable publishers to attend a book fair in New York in May this year, which I understand was called Book Expo American, and to attend a children's book fair in Bologna this calendar year. Are you aware of what I am talking about?

Ms Bott—I personally do not have the detail. We can certainly take it on notice.

Senator FORSHAW—I would prefer to keep going at the moment. Is there anyone here who can assist?

Mr Strout—I am the executive director of Arts Development, which supervises the literature funding area. I do not have specific details on all their grants, but I would understand some of the intent of some of their grant categories and programs.

Senator FORSHAW—Can you tell me what the intent of this particular round of funding was for in respect of those two particular book fairs?

Mr Strout—In respect of those two, in particular, I do not have specific details. In terms of sending publishers overseas to promote Australian authors and Australian works in international book fairs, it is an important part of the sustainability of the literature sector to have increased sales, nationally and internationally, and that includes attendance at those international book fairs.

Senator FORSHAW—Do you have any idea of how much was allocated in respect of assisting publishers to go to these two book fairs?

Mr Strout—It is a very small portion of the literature board's budget. Over 50 per cent of their budget goes to individual writers.

Senator FORSHAW—Would an amount of around \$41,000 strike a chord with you?

Mr Strout—As a program, that could be consistent.

Senator FORSHAW—I am talking specifically about publishers being given a grant to attend two book fairs: one in New York from 1 to 5 May this year and another in Bologna this year, but I do not have the date.

Ms Bott—We had better get back to you with the detail. The Australia Council gives 1,800 grants a year.

Senator FORSHAW—I am happy for you to take my questions on notice and provide me with detailed responses, but I do wish to continue. I have some questions which, hopefully, you can answer while you are here.

Senator Kemp—Senator, we would not want to stop your flow of questions. We could make a phone call to see whether we could get those answers.

Senator FORSHAW—That would be of great assistance. I would like to tie this up today.

Senator Kemp—We will make a phone call to see whether we can get those figures.

Senator FORSHAW—Could you also see whether somebody would be available not just to give me those figures but to answer the other questions that I have? It is a fairly discrete issue that I am raising.

Senator Kemp—I understand that. Did you inform the committee that you wanted to specialise in this area.

Senator FORSHAW—I beg your pardon?

Senator Kemp—Did you inform the committee that this was going to be the thrust of your questioning?

Senator LUNDY—He does not have to, Chair.

Senator Kemp—Of course you do not have to, but the Australia Council is a rather big organisation. As Jenny Bott indicated, there are a large number of grants made. Therefore, we do not want to have all the Australia Council sitting in this room and in the anteroom. Therefore, we bring along people with general knowledge and knowledge on specific areas which may be of interest. When you are to go into more specialised areas which require some detail, it is a help if we are told. All we are doing is trying to help you. Sure, you do not have to tell us.

Senator FORSHAW—I am not raising the issue about the fact that the officers at the table are not across the precise detail of the program. I have not raised that complaint.

Senator Kemp—And very wisely, too.

Senator FORSHAW—I do not think you need to try to go on the counterattack when I have not raised a complaint in the first place. I am very conscious of the point you have just made. I would, if possible, like to deal with this issue today rather than have it all taken on notice. As I said, it is a fairly discrete issue.

Senator Kemp—We accept that. It may have been—

Senator FORSHAW—You have made your point, Minister.

Senator Kemp—I want to stress the point, in view of the intervention by Senator Lundy, that we are anxious to help the committee, and if there is a discrete area that may require specialised knowledge, it is a help if it is signalled—that is all. That is the point I am making.

Senator FORSHAW—Sometimes it is very helpful and useful to signal things.

Senator Kemp—Indeed. I have been an opposition senator.

Senator FORSHAW—At other times in estimates hearings, Minister, you understand why things are not signalled.

Senator Kemp—Indeed, and that is the balance you have to reach.

Senator FORSHAW—I know. Can I ask a further question and then we can go to another issue and sort this out later. As a general policy, in making grants for publishers to attend book fairs such as the two I have mentioned, what criteria would be taken into account in assessing the applications? Would you be looking at assisting smaller publishers who might need funding to get to the book fair? Would that be a criterion that would be taken into account?

Ms Bott—It could be. There would be many criteria. I think I should back up a bit and just explain that one of the reasons the Australia Council invests in international market development concerns the size of our market and the relative isolation of Australia. We have made up some very important ground in both visual arts and literature in the last few years

through these kinds of investments in opening up markets for Australian artists. One of the key ways we have done that is not only by bringing significant publishers and dealers to Australia but also through, for example, visual arts. In something like the ARCO exhibition in Spain or the Venice Biennale, we promote Australian artists via their dealers or publishers in these key markets.

In the case of literature, it is obviously book fairs. While not knowing the detail of the cases, which you obviously do, it could be anything from a publisher who has a very wide stable of artists to a smallish publisher who has a couple of key writers we feel would benefit as they are at an important point in their career development. It could be any number of reasons. I do not know the actual detail of why the Literature Board or our audience and market development made that decision but we will try and find out for you now.

Senator FORSHAW—Just to assist you in endeavouring to ensure that the information—and hopefully the person who comes back later—is able to cover this issue, what I am referring to is what I understand is called the Australia Council literary market development program interim funding round for this calendar year. It is to provide some funding for publishers to attend either the book expo in New York or the children's book fair in Bologna. I also ask that the application criteria that were provided to applicants who sought funding under that program be made available.

Ms Bott—Of course. We will try to find that out.

Senator FORSHAW—Mr Chairman, I will leave it at that, but hopefully we will be able to come back to it at some point of time soon or during the day.

CHAIR—Indeed. That is the arrangement. I am sure the arrangement will be honoured. You are going to provide some information, aren't you?

Ms Bott—Yes, we are looking for him to come back on the phone. Are there no other questions for me?

Senator FORSHAW—Is it possible for an officer of the Australia Council to come back to answer further questions that I have?

Ms Bott—Yes. Do you mean on the literature area?

Senator FORSHAW—Just on this particular program.

Ms Bott—My colleague Ben Strout is making a phone call as we speak to find out the information.

CHAIR—How long will you be here, Ms Bott?

Ms Bott—We will be here during the morning.

CHAIR—Until when?

Ms Bott—As long as you need us, I suppose.

Senator FORSHAW—I do not think it is going to take long. It is something I would like to get clarified this morning.

CHAIR—If you can advise the secretariat when the information is here, we can recall you for Senator Forshaw.

Ms Bott—Sure.

Senator FORSHAW—I am happy to sit here.

CHAIR—Are there more questions?

Senator FORSHAW—I do not have any other questions on any other issues relating to the Australia Council.

Senator LUNDY—I have some. They relate to the youth arts festival. Is that the festival we have known as LOUD? The one I have in my notes is LOUD.

Ms Bott—There have been three festivals. The most recent has been called noise.

Senator LUNDY—So it went from LOUD to noise?

Ms Bott—Yes.

Senator LUNDY—It is all the same kind of thing.

Ms Bott—It is. Young people under a digital festival on the net.

Senator LUNDY—Okay. I just wanted to clarify that it was a continuation of that same festival. Can you tell me the process by which you actually expend those funds. Do you get contractors in to run the festival? Do you use that money on a distributed grants based program?

Ms Bott—Basically, we subcontract the entire festival to a producer, Brandon Saul. He has run each of those festivals to date. And yes, there is a whole range of programs, including small grants programs, that he then runs. We allocate some of our staff; he has his own staff. Even though the festival itself, as you may know, runs over a period of several months, the planning, fundraising and development of media contacts process lasts for about 18 months. So that is an ongoing process.

Senator LUNDY—Would you run me through the process of selection for Brandon Saul each year. Do you go through a competitive tendering process, or is it more of a preselected, prequalified exercise?

Mr Wicks—The first time he was engaged was before my time, but I understand that there was a tender process followed and he was selected for the first program. For the second one he was engaged again. I cannot quite remember what process was followed; we certainly did follow the tender process but I cannot give you all the details at this stage. I am certainly going to take it on notice.

Senator LUNDY—So, for this year past, you cannot tell me whether or not there was a competitive tendering process?

Mr Wicks—Certainly there was a process followed the first time around, and if he was reappointed it would be based on the merits of the first process.

Senator LUNDY—I am just trying to work out whether you actually go through a competitive process each year, or whether, based on the fact that it was competitive in the first year, you are just reappointing the same contractor each year. That is what it sounds like.

Mr Wicks—According to our internal guidelines we do not simply reappoint people just because they did the previous program. There is a certain process we follow, and certainly that process was followed.

Senator LUNDY—Okay. Will you take it on notice to tell me exactly what that process is.

Mr Wicks—Certainly.

Senator LUNDY—That would be great. Would you also identify what your process will be for the forthcoming financial year. I am presuming it will be the same. Have you ever had expressions by others of interest in running that festival?

Ms Bott—Not that I am aware of.

Senator LUNDY—I am happy for you to take that on notice.

Mr Wicks—I will take it on notice.

Senator LUNDY—Would you also identify any formal expressions you have had from other people or companies interested in running the festival.

Mr Wicks—Yes.

Senator LUNDY—That was the only issue I wanted to raise. Thank you.

CHAIR—We thank the witnesses from the Australia Council and call the Australian Film Commission. Do you have a question, Senator Lundy?

Senator LUNDY—I did not hear a word you said then, Chair, because I have got my computer going in my ear and you were speaking really softly, but I am presuming this is the Australian Film Commission we have got here.

CHAIR—I will speak more loudly.

Senator Kemp—Chair, we now have the information on hand for Senator Forshaw. It would make sense to deal with that issue now.

CHAIR—Indeed, it would, and we commend the Australia Council on the expeditious way in which they have provided this information.

Senator Kemp—The Australia Council is very efficient.

Senator FORSHAW—I was asking questions earlier regarding the literature international market development program and particularly what I understand is called the interim funding round for the two book fairs in New York and Bologna. Mr Strout, can you give me an outline of the specific purpose of this round of funding?

Mr Strout—Yes. The total amount provided to the international market development for literature through this area is approximately \$200,000. There is \$40,000-odd provided in the grants you have mentioned and another round of funding of \$130,000 is being considered this week. Concerning the specific grants to Bologna and New York, the amounts are comprised of three grants within the one allocation. For example, to Bologna, HarpersCollins has received \$4,240, Hodder Headline has received \$10,800 and Random House has received \$8,000. For the New York fair, Australian Licensing Corporation has received \$5,767 and some odd cents, Melbourne University Press has received \$6,500 and Spinifex Press has received \$5,575. This was a separate, interim grant round because of the dates of the Bologna and New York fairs. There is another part of this round to be considered this week, which is a \$130,000 allocation for which there are 27 applicants seeking some \$329,000 of support.

Senator FORSHAW—It is not unusual, is it, for the applications to—

Mr Strout—No.

Senator FORSHAW—Do you have the criteria that were provided to applicants?

Mr Strout—Yes, Senator.

Senator FORSHAW—Can they be tabled?

Mr Strout—I can read them out.

Senator FORSHAW—Please, read them out.

Mr Strout—The four criteria were the extent to which the proposed activity will establish or consolidate overseas markets; the extent to which the proposed activity will build international development skills and experience for the recipient; the extent to which the

proposed activity complements the applicant's other international market development and promotional strategies and activities; and the extent of prior funding support the applicant has received through the program.

Senator FORSHAW—This is funding to assist publishers.

Mr Strout—Those who have received, yes, are publishers. I believe it is targeted to publishers. It is a program run through the audience and market development division, which is a separate area.

Senator FORSHAW—It is not funding given to individual writers; it is funding for the publishers to go to the book fair.

Mr Strout—Correct. There are other programs which support individual writers.

Senator FORSHAW—I am aware of that. How is the funding intended to assist the publishers—with travel costs? They are small amounts of money, in one sense.

Mr Strout—Essentially, airfares and travel costs.

Senator FORSHAW—Do you have a copy of the funding criteria that were provided to the applicants?

Mr Strout—I have asked for that to be faxed through.

Senator FORSHAW—How long were these festivals for in each case? In New York, as I understand it, it might have been for about five days. What about Bologna?

Mr Strout—I do not have the exact number of days, but that would be appropriate for a book there—four or five days.

Senator FORSHAW—Can you tell me how many applications were received?

Mr Strout—In the first round?

Senator FORSHAW—Yes. I called it an 'interim round' because that was the information I received. In respect of getting grants to go to these fairs, how many applications were received?

Mr Strout—I believe that it is all part of the one round but that decisions were made earlier on those going to Bologna and New York as a special subround, if you will, or interim round, on the grounds that the dates of those fairs meant the other decision making timetable would not be in time for those people to attend the fairs. That is my understanding. They have made a decision on those going to Bologna and to the New York fair and this week they are making decisions on the other applications for the literature international market development program, which are the 27 applications I have mentioned to you.

Senator FORSHAW—You are telling me that there are 27 applications that will be considered this week for the remainder of the program. I want to know how many applications there were that relate to attendance at either of these two book fairs that we are talking about. Can you respond to me on that? I am having a bit of difficulty understanding the relationship of the overall program to this specific allocation of funds.

Mr Strout—I would have to take that one on notice or make another phone call in the hallway.

Senator FORSHAW—Please take that on notice. What we know is that there were six companies—you read them out—that received grants ranging from \$4,250 up to \$10,800. I understand the total funding was forty thousand, eight hundred and something dollars. There were six successful applicants. There must have been a number of unsuccessful applicants. I

want to know how many there were and who they were. Could you take that on notice. I assume you do not have that at the moment. Am I right in understanding that all these applications were seeking funding to assist with going to those two book fairs, or are they part of some overall set of applications that are seeking funding generally under the program? You have mentioned 27 applicants.

Mr Strout—It would be the latter. They would be for other book fairs and other events.

Senator FORSHAW—Do applicants who call for a grant under the program have to specify what they want the money for?

Mr Strout—Yes. It is an initiative program. All the other categories in grant programs would be spelled out in the available handbook. This is an initiative program which would be either advertised or sent to limited tender—to publishers, for example—because it is not available for individual artists. It is not available for individual writers or individual artists; it is for publishers. I can get you the details of that.

Senator FORSHAW—I would like the details of how this was advertised and who was contacted or written to—presumably to invite them to submit an application. Is that the way it worked?

Mr Strout—It would depend on the initiative. For example, it could have been sent to all the publishers in Australia saying, ‘Here is an international market development program. Develop a proposal and submit it by X date.’ It is considered by artists and publishers. Members of the Literature Board, for example, sat in and assisted on this assessment process.

Senator FORSHAW—Mr Strout and Ms Bott, you have mentioned the names of the companies. I am concerned as to how it is that companies of the stature and size of HarperCollins, Hodder Headline and Random House Australia—just to name three—received grants of somewhere between \$4,000 and \$10,000 to enable those publishers to have somebody attend a book fair in New York or Bologna. Yet, as I understand it—and you are hopefully going to provide me with details of the unsuccessful applications—publishers who could well do with an amount of \$5,000 to assist them with their travel costs were unsuccessful. Can you explain to me how it is that a company like Random House or HarperCollins would need a literature grant of \$5,000 to help them with their travel costs to get to New York, when they are part of a major international company?

Mr Strout—Australia Council grants are not means tested either for organisations or individuals. I would say that the committee that made the decisions made so on those criteria that I read out to you, which talk about the extent of other international activity, what has been done in the past and how it might extend their impact in the future. It would be based on the proposal—that is, a proposed program of activity or types of books to be promoted—not just to go over and attend and do whatever you want.

Senator FORSHAW—HarperCollins, for instance, are one of the largest and most successful publishing groups in the world. HarperCollins Australia have an annual revenue of some \$70 million. They are part of News Corporation. I do not think they need too much assistance to get to New York for a book fair. Let me say, as somebody who has had a bit of a background in studying literature, that I am all for assisting the Australian arts and literary community. Am I wrong in understanding that taxpayers’ funds that are given to the Australia Council are meant to meet your objective of assisting those who needed the assistance, which would maybe include smaller publishers and those writers who are struggling to get their works published and their names established. Isn’t that the case?

Mr Strout—It does include those. Yes, we fund all those people.

Senator FORSHAW—That is your overall mission statement, isn't it? Can you explain to me why you have a scheme that has limited funds available—\$40,000—and that is primarily targeted to assist publishers to attend a book fair in New York or Bologna? Those funds probably do not go anywhere near the costs involved for publishers to get to that book fair and be involved in it. Literally, just about all the money ends up in the hands of major publishing companies, with international connections.

Mr Strout—I do not know about 'just about all', Senator. I think Spinifex Press—

Senator FORSHAW—I know. I wonder whether you could tell me about Spinifex Press.

Mr Strout—I do not know if I have specific details on who they are, but they are not a major international corporation.

Senator FORSHAW—I do. I can tell you that they are a small publishing company. I am advised that they employ four people. They have been described to me as 'a small independent feminist press'. They publish about eight books year and are a fairly specialist publishing company. I cannot say I am familiar with the work that this company have published. I would take a bet and say that they are in the category of Australian publishers that, in this regard, could probably be seen to need the assistance of an organisation like the Australia Council. You have picked out one, but none of the others really fit into that category, do they, Mr Strout?

Mr Strout—I am not sure of the size of Melbourne University Press.

Senator FORSHAW—I can tell you. They have 45 employees; they have a revenue of approximately \$6 million per annum. They are attached, of course, to the University of Melbourne. I am not necessarily critical of that allocation. But at the same time, they have an established business and reputation and also have, no doubt, the ability to link with other similar companies in the academic field. But I have asked you particularly about HarperCollins, Hodder Headline and Random House, and in doing so I am not criticising them per se. I am concerned about very limited funds being given to Australian companies that are parts of international companies when others are missing out.

Mr Strout—Senator, yes, it is true that a lot of people miss out on Australia Council funding. As I say, we do not means test in this program. My understanding is that it is for the promotion of Australian authors based on a program of what these publishers would do overseas and their benefit to Australian authors.

Senator FORSHAW—You say you do not means test but is it not correct that you would, as a sort of an overall policy, take into account in the awarding of grants issues such as whether or not the recipient really needs the funds?

Mr Strout—One of the criteria in this program was the extent to—

Senator FORSHAW—Do you understand what I mean?

Mr Strout—Yes. As I said, one of the criteria in the program was the extent to which they had received funding through the program before. I believe there is some tracking of not repeat funding in a single organisation—

Senator FORSHAW—I would hope so in the case of these companies, but sorry, go on.

Mr Strout—That was my response, Senator.

Senator FORSHAW—I think I have made the point, but I would appreciate you coming back to me and providing those various answers and details that I have asked for.

Mr Strout—Yes, Senator.

Senator FORSHAW—I will leave it at that and I do thank the Australia Council, the minister and the department for making arrangements for you to come down here at short notice. I do appreciate that.

[10.48 a.m.]

Australian Film Commission

CHAIR—We welcome the witnesses from the Australian Film Commission.

Senator LUNDY—I note that in March of this year the AFC chair, Maureen Barron, told the annual Canberra commission that government support was crucial to the ongoing success and growth of the local film and TV industry. I do not think anyone would disagree with that. My question is: in light of the chair's comments, how can the government justify the \$600,000 per annum funding cuts imposed by the AFFC?

Dr Stretton—Sorry, Senator, how can the government justify—?

Senator LUNDY—The funding cuts.

Dr Stretton—Which funding cuts?

Senator LUNDY—The funding cuts that, I presume, are in the portfolio budget statement. Are you suggesting that there are not funding cuts?

Dr Stretton—I would suggest there has been a significant increase in funding to the film agencies as a result of the film package which was announced just before the election.

Senator LUNDY—Then you had better tell me about those.

Dr Stretton—The FFC, for example, receives an extra \$7.5 million this year, going up to \$10.5 million in the following year ongoing.

Senator LUNDY—Which page are you looking at?

Dr Stretton—I am just reading from information that I have.

Senator LUNDY—Can you refer me to the appropriate place in the portfolio budget statement?

Dr Stretton—I do not think there is an appropriate place in the portfolio budget statement which has all of the film agencies together showing the increase in funding. Film Australia had an increase in funding from \$6.9 million to \$9.7 million, going up to around \$10 million ongoing. The AFC funding increases from \$16.9 million to \$20.5 million this year, going up to around \$22.8 million. AFTRS is going from \$18.1 million to \$19 million this year ongoing. SBSI is SBS Independent—the independent commissioning arm of SBS. This financial year it received \$4.9 million, which will go up to \$7 million next year and \$8.6 the year after, ongoing. There was an extra \$1 million for Ausfilm. So there are significant increases in funding for film agencies across the board.

Senator LUNDY—What about the Film Finance Corporation?

Dr Stretton—The FFC?

Senator LUNDY—Yes.

Dr Stretton—They are going from \$50 million this year to \$57.5 million next year—2002-03. All of this was spelt out in a ministerial media release on 4 September which I will try to get someone to run off during the day and pass to you.

Senator LUNDY—Overall, what you describe is quite a significant increase across that whole area. Can you point me to the different pages in the PBS where those changes are made clear?

Dr Stretton—If you turn to page 34, under ‘Administered annual appropriations’, the second one down is the Australian Film Finance Corporation. You will see an increase from 50,000 in 2001-02 to 57,500 in 2002-03. The line above, the CDP—the Cultural Development Program—includes a number of individual elements, but included in that is the increase in funding to Film Australia. Would you like me to give you the numbers again?

Senator LUNDY—Yes, please.

Dr Stretton—The increase in funding to Film Australia goes from \$6.9 million in 2001-02 to \$9.7 million in 2002-03. It also includes in that Cultural Development Program the \$1 million for Ausfilm.

Senator LUNDY—What did they go from?

Dr Stretton—They went from zero to \$1 million.

Senator LUNDY—Zero to a million!

Dr Stretton—They were happy! I think everyone was happy.

Senator LUNDY—The AFC you said went from \$16 million to \$20 million?

Dr Stretton—It is on page 204, I am told, Senator.

Senator LUNDY—Is the AFC not included in that?

Dr Stretton—The AFC has its own appropriation.

Senator LUNDY—Just before we go to that, there is just under \$3 million and the \$1 million for Ausfilm and yet, in the Cultural Development Program, it goes from \$31 million to \$37 million. What can the rest of that increase be attributed to?

Dr Stretton—The CDP comprises a number of elements. The variations are primarily due to the inclusion of a range of funding for election commitments, which appear as budget measures on pages 32 and 33—for example, the Contemporary Music Touring Program, the Australian Business Arts Foundation, the Heritage Collections Council, Australian Museums and Galleries Online, the National Institute of Circus Arts and the National Institute of Dramatic Art, or NIDA.

Senator LUNDY—That is all within that?

Dr Stretton—That is all in there. There are a few other things I could go on with if you want me to, but they are not to do with the film industry. Shall we continue with the film industry?

Senator LUNDY—Yes, please.

Dr Stretton—We were on page 204: the Film Commission. If you go halfway down table 2.11, it says ‘Total revenue from government (appropriation)’. It was \$16.853 million; it has gone up to \$20.511 million. I go to page 224 for AFTRS—it is the same table with the same sort of positioning. That table shows total revenue from government as \$18.1 million this year, going up to \$18.8 million. I rounded that up to \$19 million; I apologise. I move to SBSI, which would be part of the SBS chapter. I am not quite sure whether it is separately identified there.

Senator LUNDY—It does not look like it.

Dr Stretton—I can assure you that it is part of the increase that is there.

Senator LUNDY—It is part of output 1.1?

Dr Stretton—I am looking at page 424. You can see that total revenue from government has gone up from \$127 million to \$137 million. Part of that would be the increase to SBSI.

Senator LUNDY—So there is a \$10 million increase. How much was the SBSI increase?

Dr Stretton—It was from \$4.9 million this year to \$7 million next year.

Senator LUNDY—That was useful. It is another example of the PBS hiding good news, in this case, rather than bad news.

Dr Stretton—We will get you a copy of that press release, which brings it all together in one table. I am sure you will find that much more helpful.

Senator LUNDY—Can you show me in the PBS where the budget allocations for the AFI are identified or listed?

Dr Stretton—They are not. I understand that the AFI is funded through a grant from the AFC. It is one of their grant programs.

Senator LUNDY—I think that that is where the cuts that I have notes on were made. Have there been cuts by the AFC to the AFI?

Mr Dalton—Yes, there have been.

Senator LUNDY—Phew! I was beginning to think I was imagining it. Are they in the vicinity of \$600,000?

Mr Dalton—They have been reduced from around \$800,000 a couple of years ago to \$200,000 this current calendar year. We fund on a calendar year basis. So the answer is yes.

Senator LUNDY—Yes. So how much money do they get from you now?

Mr Dalton—\$200,000.

Senator LUNDY—That is a huge cut. Why is that?

Mr Dalton—The AFC reviewed its funding of the AFI just over two years ago now. We fund the AFI, like we fund all our organisations, on the basis of programs rather than overall funding of the organisation itself. We took the view that a number of the programs that we were funding were not appropriate activities for the AFC to fund. We put the AFI on notice 2½ years ago that, following a period of transitional funding when they would be able to make alternative arrangements and either change the programs or range of programs they were running or find alternative sources of funding, we would be reducing our funding to a couple of specific programs, one being the screen events area and the other being the annual Australian Film Institute awards.

Senator LUNDY—So you do not fund the AFI awards any more?

Mr Dalton—No, we do fund the AFI awards. That is what the \$200,000 is. That represents an increase from the vicinity of \$130,000 last year to \$200,000 this year. We made it plain to the AFI that we were happy to continue funding the screen events program. They chose to seek a 700 per cent increase for one very particular aspect of their screen events program. We offered them a 100 per cent increase and they declined to take it.

Senator LUNDY—So the whole thing was scrapped?

Mr Dalton—The program itself is not scrapped. We have found an alternative organisation to run that program. The program itself that the AFI was seeking funding for is still being run, but it is not being run by the AFI any more.

Senator LUNDY—Is that because you chose to put it out to some competitive tender process? How did that come about?

Mr Dalton—It came about because the particular event is called the National Cinematheque program. The National Cinematheque program is actually run by an organisation in Melbourne called the Melbourne Cinematheque. The AFI delivered that program on a national basis. When the AFI decided to withdraw from running that program, we went and spoke to what is now called ACMI, which is the Australian Centre for the Moving Image. We approached them; and in partnership with them we are funding the delivery of that program on a national basis.

Proceedings suspended from 11.04 a.m. to 11.18 a.m.

Senator LUNDY—Mr Dalton, with your indulgence, could you run through the response to my last question, which was about the approach you took to the AFI cuts and the changes to what the AFI do and how you organise for the work that they used to do to be done now—if that is not too cryptic?

Mr Dalton—That was specifically to do with what they refer to as their screen events program; is that right?

Senator LUNDY—Yes.

Mr Dalton—The AFI used to run a screen events program, which included some touring programs, and they also delivered nationally a program called the National Cinematheque. The cinematheque itself is actually curated out of Melbourne by a group called the Melbourne Cinematheque. The AFI's role was to deliver it nationally, and we funded the AFI to do that to a level of, I think, about \$25,000 a year. The AFI, in their funding application last year, reduced their screen events program down to just the National Cinematheque, and they asked us for somewhere in the vicinity of \$180,000 to fund that program. That would have represented an increase in funding from the AFC of about 700 per cent. We in turn offered the AFI a 100 per cent increase in funding—

Senator LUNDY—Which would have taken it to what?

Mr Dalton—To \$50,000. The AFI rejected that offer. We then went to the Australian Centre for the Moving Image—which used to be called Cinemedia; it is a state funding body in Melbourne—and asked them whether they wished, in partnership with us, to resource the Melbourne Cinematheque to ensure that that program continued to be delivered on a national basis. ACMI agreed, after some discussion with us, and we are continuing to fund that program at a level of \$50,000, and the program is still being delivered on a national basis.

Senator LUNDY—So you increased the funding from \$25,000 to \$50,000. Is it a contract arrangement that you had with ACMI?

Mr Dalton—Yes.

Senator LUNDY—And that contract has gone from the AFI to ACMI.

Mr Dalton—It is now with ACMI; that is right. ACMI are providing office space and administrative overheads support to the Melbourne Cinematheque. There is somebody employed there to make all the arrangements and deal with the different state based organisations who take the National Cinematheque program.

Senator LUNDY—Going back a step, what are you doing to assist the AFI to reopen its library to the public?

Mr Dalton—Once again, when we spoke to the AFI about our funding arrangement with the AFI about 2½ years ago, we put them on notice that we were going to withdraw funding from their library program. The AFI then entered into discussions and approached a range of organisations, including screen studies departments in universities around Australia and also ScreenSound—the National Screen and Sound Archives here in Canberra—and the AFTRS, the Australian Film, Television and Radio School. My understanding from the latest information that we have is that discussions are still continuing between the Film, Television and Radio School and the AFI about a cotenancing arrangement in the AFI building in Melbourne. Part of that arrangement will involve the ongoing operation of the library. But we are not funding it any further.

Senator LUNDY—What is the justification behind your decision not to fund that aspect of the AFI's work?

Mr Dalton—We looked fairly closely at the nature of the library and the user base of the library, and we discovered that a very high percentage of the users came from Melbourne and the next major percentage came from New South Wales. So it was anything but a national service. More importantly than that, the user groups for the library were, in the main, secondary and tertiary students involved in the area of screen studies.

Senator LUNDY—A worthy constituency.

Mr Dalton—A very worthy constituency, indeed; but one that we felt was more appropriate to be funded through the education area rather than through our funds, which are provided to us by government in order to develop the Australian film industry.

Senator LUNDY—Why didn't you take the approach of increasing funding to the AFI so that they could expand that service, perhaps with a travelling library service or something else, and help them take that service nationally rather than taking a view that effectively led to its being shut down?

Mr Dalton—We did not take a view that it should be shut down. All we did was to—

Senator LUNDY—You just stopped funding them, which meant that they could not fund the library.

Mr Dalton—Yes. But we have never at any stage said that the library did not offer a valuable service. We said that the constituency to which that service was being operated was not our constituency.

Senator LUNDY—It becomes a chicken and egg kind of issue, don't you agree? You could have played an important role in developing a national constituency for that particular service but you chose to go on a different path. I do not know whether to keep asking you questions about your motivation for doing that. Perhaps it was a question of policy, and the view of the government was that the government did not want to support AFI in the provision of those services. Minister, do you have a comment?

Senator Kemp—That was a decision made by the Film Commission. We appoint the Film Commission. They look closely at the funding priorities, and that was a decision that they made.

Senator LUNDY—Do you support their decision?

Senator Kemp—It is an independent body. I do not direct Mr Dalton. The commission make that decision. The trouble is that there are always scarce resources. We are always

coping with that. I could make a significant point and say that I did not notice in your election funding that you proposed to do more than we were able to do. You were obviously faced with the same constraints that we were faced with. If you had wanted to provide additional funding for this service, your election policy was one way in which you could have done that. You did not do that, and you did not do it for the same reason that we did not do it. It is an important point. I do not know whether or not it is worth a giggle.

Senator LUNDY—Can I just say that whenever you have—

Senator Kemp—We do not need to be lectured by you, Senator. You have just come through an election process in which you outlined the priorities of the alternative government. The alternative government did not have funding for this service. It is certainly a worthy service, but it was not your priority; therefore, it is a bit rich for you to attempt to attack the government over this, for something that was, in effect, a bipartisan position. That is the only point I make.

Senator LUNDY—Thank you, Minister. I note that when you have nothing to say or no defence you talk about Labor's position in the last election.

Senator Kemp—No. I did have something to say on that position, and I do not need to be misquoted by you. I said that this was a decision that was made by the Film Commission. The Film Commission is an independent body, and it has made its decision. The next point I made was that this was always the dilemma with scarce resources. There are priorities. I am sure this is a worthy service but, in the end, it was not able to get a priority. I did not duck the question. I actually addressed it fully. I then added some further information to the question by saying that you in your policy did not provide additional funding for this service when you had the opportunity to state your priorities. So I was not prepared to take a critical comment about the government. That is the point I am making. It is a very detailed and full answer, if I say so myself.

Senator LUNDY—We have heard that the Film Commission did have an overall increase in funding; is that not the case?

Mr Dalton—Yes. In the next financial year our funding will increase by \$3 million and then that will rise to \$5 million the year after, when it will represent about a 30 per cent increase in funding in our base level funding.

Senator LUNDY—How much did it cost the AFI to run the library?

Mr Dalton—Unless we have that information, I would have to take that on notice to give you the absolute detail of that.

Senator LUNDY—It was not more than \$3 million, though, was it?

Mr Dalton—No. Our funding to the AFI for that program was somewhere in the vicinity of \$150,000.

Senator LUNDY—What is the rationale behind your decision not to restore funding to the library, despite the fact that you now have an increase in your funding as a result of this budget?

Mr Dalton—It is purely a matter of resources available to us and of making decisions about priorities. There is an enormous call. That particular program is funded through our industry and cultural development grant program, for which we have about \$2½ million at the moment to spend. We allocate that across a very wide range of screen culture and industry development programs, including film festivals, regional touring programs, publications, and organisational funding to resource organisations in most capital cities. It goes across a very

broad range of organisations, activities, events, publications et cetera. There is always a constant demand which we can never meet. We do have to prioritise. In reviewing the AFI's funding, we looked at that particular library service and considered that it was not high priority for us. Furthermore, we felt that it was the responsibility of another sector to provide some funding to that service.

Senator LUNDY—The justification is you have made a determination that that is not the type of service that you believe is your role. Is that it in a nutshell?

Mr Dalton—That is right.

Senator LUNDY—Is that because of what you described as its less than national characteristics or the actual type of service? How much weighting would you give to those two issues?

Mr Dalton—We noted with interest that it was not a national service, but it was purported by the Australian Film Institute to be a national service. In fact, it is not a national service; it is a service that is predominantly provided to secondary students within Melbourne who are doing screen studies, and to a certain extent tertiary students as well. They are the major users of that service.

Senator LUNDY—But not the only users?

Mr Dalton—Not the only users, but they are the major users. We felt that was a constituency that should be provided for elsewhere.

Senator LUNDY—Are you aware of any significant projects or films that have used the library in the past and which would no longer be able to use the library now that access to the public is not possible?

Mr Dalton—There have been representations made to the AFI by some people within the film community, indicating to us that they did use the resources of the AFI library.

Senator LUNDY—What was the nature of their complaint?

Mr Dalton—I can remember one specific letter from a producer, saying that they had used the libraries by way of research into a particular film project and, if that library ceased to exist, it would be difficult for them to conduct that research. I would have to say that representations of that kind were minimal.

Senator LUNDY—Right. But you were aware of the view that it was not just students who needed that resource?

Mr Dalton—I am aware of the view that there are some practitioners within the film community who value that resource.

Senator LUNDY—Has that in part led to what you describe briefly as some negotiations going on with AFTRS at the moment to try and look at a way to get the library back open?

Dr Stretton—I think that is probably a question for AFTRS. They are the ones doing the negotiations. If you want to ask questions about that, it would be better not to get the AFC to put words in AFTRS' mouth.

Senator LUNDY—That is a fair point, thank you. In relation to the \$600,000 cut, so far we have identified \$150,000 for the library and \$25,000 for the former cinematheque contract. What other elements of the screen events program are now no longer happening as a result of those cuts?

Mr Dalton—It is difficult to answer that question because in AFI's funding application to us last year they only applied for funding to be directed towards National Cinematheque. That is all they asked us for; they did not ask for any other screen events program. We offered them a reduced amount. We offered more than what we had funded the year before, but we offered less than what they had asked for, and they rejected it.

Last calendar year, the AFI did have a screen events program which involved a couple of metropolitan based festivals, a regional touring program and the National Cinematheque program. This year, the AFI is not conducting any of those events nor did they ask us to fund any of them, aside from the National Cinematheque.

Senator LUNDY—Did you take any action after the decision was made about cinematheque to reinstate discussions with the AFI with a view to seeing that those other events perhaps went ahead? I am not in a position to speculate as to how this panned out: whether negotiations or discussions in fact broke down or whether there was genuinely no interest there. If you have any comment to make about the nature of those discussions or what opportunity you see in the future for some of those touring programs to be restored, that would be useful, but if you do not then I will move on.

Mr Dalton—There are two parts to the answer. Firstly, as part of a process of application we always hold more or less detailed discussions with organisations who are applying for funds to discuss their application, their previous performance, their plans for the future and how that would fit into our budgeting program. We offered the opportunity to the AFI to discuss all that. They declined the opportunity to meet and talk about their application. They just went ahead and put their application in—and I have already told you what the upshot of all that was. The other point to make is that we fund a variety of both festivals and touring programs, including regional touring programs. Only a month ago, we launched Big Screen 2002 in Warrnambool. That is a regional touring program, which is funded by us.

Senator Kemp—It was a great launch.

Mr Dalton—It is funded directly by the department and ScreenSound—so it is a joint effort. It will go to 23 regional centres around Australia and it features Australian films.

Senator LUNDY—So how much does that initiative cost?

Mr Dalton—Again, I would have to take the detail on notice, but I think our contribution is somewhere in the vicinity of \$50,000, \$60,000 or \$70,000. ScreenSound contributed some of its facilities—for instance, the launch in Warrnambool was a brand-new restored print of the classic *South*. That is an internal cost for them. They provide the print and a lot of the organisation, office space et cetera, and the department contributes additional funds as well.

Senator LUNDY—Is that type of initiative an alternative approach to having the AFI apply for funding to do that kind of thing, or is it not really related?

Mr Dalton—I just chose that particular program, but we increased funding this year to the St Kilda Film Festival to tour Australian shorts in various areas and we fund the Sydney Film Festival to do a touring program, so we fund a range of regional touring programs.

Senator LUNDY—Anyway?

Mr Dalton—Anyway.

Senator LUNDY—And you did so even before the funding to AFI was cut?

Mr Dalton—Yes, but we have increased funding to some of those organisations this year.

Senator LUNDY—So there has been a reallocation from the \$600,000 you saved from the AFI into these types of programs. Could you take on notice itemising all of those? I am looking for you to demonstrate what has gone from the role of the AFI and what they applied to do previously, the initiatives that you have taken and the direct relationship with funding in that shift. I think that would probably be enough to wrap it up for me. I also want to refer to an article in the *Australian* dated Thursday, 2 May, headlined ‘Carr opposes film pay demands’. I have a couple of questions about this issue—perhaps to you, Minister, initially. What efforts is the Australian government taking to protect the local film industry in light of Global Rule One?

Senator Kemp—This is an issue which I have taken some interest in, I might say. And rightly so; it is an important issue. I have had meetings with a range of people in the industry to discuss how this matter can be progressed. There may be an update, but my most recent information was that there was some uncertainty how Rule One would be applied in Australia, and what impact it may have on film production here.

As I said, I met with representatives from the Screen Producers Association Australia, the Media, Entertainment and Arts Alliance and Commonwealth film agencies on 8 May to discuss this issue. The feeling of that group—I think I am correct in saying and I think you were there, Kim—was that while they very much appreciated the interest that the government was showing, they did not feel, at this stage, there was any particular action that they would propose that the government take.

The industry is currently negotiating with SAG to lessen the possible impact of Global Rule One on the production of Australian films. I do not know whether you are able to provide us with an update on that, Kim, but if you are, that would be welcome.

Mr Dalton—Firstly, yes, our opinion was that, if there was a very strict implementation of the SAG ruling, then it would have serious implications for local production. We were of the opinion, as was the Media, Entertainment and Arts Alliance, that that was not the intention of the Screen Actors Guild. We felt that the best way to deal with the issue was through negotiation, and that the key party as far as that negotiation was concerned was the Media, Entertainment and Arts Alliance—just to deal directly with SAG and also, to a certain extent, the Screen Producers Association.

My understanding is that a round of discussions has taken place between the Media, Entertainment and Arts Alliance and SAG a week or so ago in Sydney, and that significant progress has been made. SAG was aware of and quite sympathetic to the concerns expressed to them by the Media, Entertainment and Arts Alliance, and there was a feeling of reasonable optimism that, through the offices of the Media, Entertainment and Arts Alliance, the industry would be able to negotiate a satisfactory solution for local productions.

Senator LUNDY—Thank you. Can I take it from that, Minister, that you share Premier Carr’s concern directly?

Senator Kemp—We would all be concerned if there was an adverse effect on Australian film production. The government has made a very substantial commitment to encouraging Australian films, and that has been very much welcomed by the industry. We would not want to see that eroded in any way. That, of course, is why I carried out that consultation with the industry: to look at the best way forward. The view was that we would watch this very closely and we would see what the results of the negotiation were, and we are pleased to hear what Mr Dalton has said about it in today’s meeting.

Senator LUNDY—I do not know what the next stage is. It sounds like that round of discussions has been reasonably fruitful. Is the government in a position to intervene in this matter if it came to that, and what would the mechanism be for doing so?

Senator Kemp—I would not want to speculate on that, to be quite frank. I think it is far best that we see how these matters progress; if they continue to progress in a constructive fashion, we would welcome that. I think it would be sensible for us to adopt a watching brief, keep well informed about what is occurring and see how it progresses.

Senator LUNDY—I am glad to see that you are working to ensure our fine actors are able to do their fine work here.

Senator Kemp—We are very keen on that. As you would know, we have made a very substantial commitment to the film industry, which has been very much welcomed by the film industry. I hate to mention Labor Party policy—I get ticked off every time I do—but I think I am endorsed by your party.

Senator LUNDY—Indeed. Thank you for that.

[11.48 a.m.]

Australian Film Finance Corporation

CHAIR—I welcome officers from the Australian Film Finance Corporation.

Senator LUNDY—Can you take me to the items in the portfolio budget statements relating to the Film Finance Corporation, please?

Ms Hughes—I did not bring the portfolio budget statements.

Dr Stretton—Senator, I think we have answered this question before.

Senator LUNDY—Yes. I am just looking for your assistance.

Dr Stretton—It is the second item down on page 34: the AFFC; \$50 million going to \$57.5 million.

Senator LUNDY—So there is a \$7.5 million increase.

Ms Hughes—In the following three years, it is rising to \$10.5 million.

Senator LUNDY—Are the outyears figures in the portfolio budget statements?

Dr Stretton—No, the figures are only for next year because they are the figures which are going to be appropriated.

Senator LUNDY—Can you tell me then what the figures across the outyears will be?

Dr Stretton—For the FFC it goes from \$57.5 million in 2002-03 to \$60.5 million in 2003-04, ongoing at that level. Eventually it is a \$10.5 million increase.

Senator LUNDY—And that extends out to 2005-06?

Ms Hughes—It extends for three years after next year.

Senator LUNDY—Is this the first time you have had an increase?

Dr Stretton—No.

Ms Hughes—Our appropriations have gone through a few bumps.

Senator LUNDY—Since 1996?

Ms Hughes—Yes, since 1996.

Senator LUNDY—It has been a long time coming. What are you going to spend your extra money on?

Ms Hughes—It is actually targeted for television, both adult drama and children's drama.

Senator LUNDY—Can you just step me back through how you organise your funding priorities, leading to how you have come to the decision that they are the appropriate areas for investment for that extra funding?

Ms Hughes—In the general appropriation of \$50 million we have general target ranges. For feature films we target to allocate between 50 to 60 of our appropriation and recoupment revenues. There is 30 to 40 on both children's drama and adult drama and the balance, which tends to be around 12 per cent, is on documentaries. I guess one principal reason for the allocation to television drama is that there is a huge demand on our funds for children's drama funding by reason of the quota from the commercial broadcasters. We certainly cannot fund as much as is required of us. Secondly, the bottom really has fallen out of the adult drama market for some time because the world really wants parochial programming. So it is harder for our adult drama to be sold into the international markets. Those two areas of production have been highlighted for some time as needing a bit more assistance.

Senator LUNDY—How do your priorities relate to the ability of our broadcasters to fund and produce their own shows?

Ms Hughes—The Australian Film Finance Corporation can only invest under its charter in qualifying Australian films or eligible films. The FFC can only invest in miniseries or telemovies, which do not include long running series or serials. Our area is the market failure area—the area where the licence fee does not cover the production costs.

Senator LUNDY—Thank you for that explanation.

Senator Kemp—You must come to our film screenings in Parliament House, Senator.

Senator LUNDY—I wish I had time. Do you go?

Senator Kemp—Of course I do. We sponsor those so that people like you can go.

Senator LUNDY—I am just jealous. It is just a life of Riley as a minister, obviously.

Senator Kemp—I do not know what you are doing at 8 p.m. on Wednesday night but sometimes the pressure of parliament is less at that period so you would be more than welcome.

Senator LUNDY—So you are hoping to make the movie tonight?

Senator Kemp—There is not one tonight.

Senator LUNDY—Thank goodness for that because we will still be here, I suspect.

Senator Kemp—We always assume that you would like to go right to the end game. We understand that and this is what keeps us fascinated and interested.

[11.54 a.m.]

Australian Film Television and Radio School

Senator LUNDY—Welcome. Earlier it was identified that there was a small increase in your funding for this year. Staffing levels are around the same. Was that increase in funding for any specific program or was it recognising that things get more expensive?

Ms Sheehan—I am representing the director, Rod Bishop. The funding increase is part of the film package and is specifically directed to digital funding to upgrade our equipment to keep in line with digital trends.

Senator LUNDY—Does the funding increase that you got cover all of those costs, or are you having to eat into your existing program resources to fund that fully?

Ms Sheehan—It relates specifically to a budget proposed to the government, but I will just refer to our head of technology in case he wants to add to that.

Mr Allsop—Around 18 months ago we submitted an MPP that targeted particular areas of television and audio. As a result of that MPP the government granted us an extra \$500,000 this year and \$1 million for next year onwards specifically targeted to digital equipment. Part of the school has been able to be converted to digital equipment using our normal appropriation budgeting and that level has been continued. This allows us to go the full step and provide it for television and fulfil the full audio requirements.

Senator LUNDY—Can you just run through those outyears figures for me? It has gone up \$0.5 million in this next financial year 2002-03.

Mr Allsop—Yes. We were one of the lucky portfolios that got our funding early from the film incentive package, so this year's appropriation was increased by \$500,000.

Senator LUNDY—For 2001-02?

Mr Allsop—That was actually given to us in about March-April this year.

Senator LUNDY—Were you able to spend it really quickly?

Mr Allsop—We are trying very hard. We get an extra \$500,000 next year, which represents a total of \$1 million. From the following year, 2003-04 onwards, it is indexed together with the formula that the government used for increasing appropriation.

Senator LUNDY—Can you explain that for me? How much is that in each of the outyears, or don't you know yet?

Mr Allsop—We do not know. That is calculated at the time of the PBS for the next financial year. But for this year it represents a total of \$1 million exactly. That was what was announced. Next year it will be \$1 million plus CPI, minus efficiencies.

Senator LUNDY—Then the following year?

Mr Allsop—Again, a compound increase.

Senator LUNDY—So the base effectively goes up as of 2003-04 by \$1 million per annum?

Mr Allsop—Correct.

Senator LUNDY—Obviously, the timing of that money is welcome and it enables you to upgrade. Is having it come to you over the outyears in that way enough to fund the capital costs that are at the front end of this process of upgrading your facilities? Are you having to draw down and borrow money or expend up front and then pay it back later because of the funding arrangements?

Mr Allsop—The money was explicitly given to us to fund our equipment under an operating lease facility. Hopefully, under that arrangement, we do not have to draw down on money and it will allow us to buy equipment up front and fund it over a period of a number of years, depending on the useful life of that piece of equipment. We are looking at long-term

acquisitions like seven to 10 years. That was recognised by the government. That is why they gave us the appropriation to keep that program going.

Senator LUNDY—So you can sustain that.

Mr Allsop—So we can continue to pay the lease, otherwise we would have to hand the equipment back, and that would be a disaster.

Senator LUNDY—Indeed, it would. What are the numbers like in the school? Is there any fluctuation of interest? How many people are actually using the school?

Ms Sheehan—We have 102 full-time students who go through postgraduate programs and around 4,500 to 5,000 short course participants nationwide who participate in our programs of seminars that go anything from half a day to two weeks to six weeks.

Senator LUNDY—Do you have waiting lists for your courses?

Ms Sheehan—We have an application process every year where approximately 400 people apply for about 60 positions. Each year we get well over 1,000 inquiries and requests for application forms.

Senator LUNDY—That is for the full-time positions?

Ms Sheehan—That is for the full-time positions. The short course positions are on a case by case basis.

Senator LUNDY—What position are you in to consider increasing your numbers? Obviously, there are funding implications for that. If there is a consistent demand, are you in a position to look at offering more places?

Ms Sheehan—The way we are structured and function is around a production based education. The learning is within a production environment and very much around the crewing for those productions, so is very much linked to the way those productions are made within the context of a learning environment. You would have to reconfigure the nature of the curriculum to increase the numbers. It is structured that way.

Senator LUNDY—How does the number of graduates—or, in this case, postgraduates—that you supply to the industry each year actually meet industry demand?

Ms Sheehan—In terms of our assessment of how graduates achieve once they leave the school, we conduct surveys about their employability, and continue to do so. Our most recent survey identified that 46 per cent of those surveyed were employed in the film and television industry at that time.

Senator LUNDY—That is not a bad percentage. With that percentage employed, is it safe to assume there is not a skill shortage in the area, or is there in some specialised areas? I am just trying to get a bit of a feel for what the labour force is like in that area.

Ms Sheehan—It varies considerably around specialist areas and is very much linked to the way the industry grows. We, in effect, have a twofold function, which is both to respond to industry and to generate industry in terms of the way we were set up. Through our producer program we send our entrepreneurial people into the industry to grow the industry as well as respond to it.

Senator LUNDY—Thank you for that. That is all the questions I have for you.

CHAIR—Thank you for appearing.

[12.04 p.m.]

Australian National Maritime Museum

Senator LUNDY—Could you direct me to the appropriate page in the PBS?

Dr Stretton—Page 243.

Senator LUNDY—There does not seem to be much change at all.

Mr Howarth—It is a bit like that.

Senator LUNDY—Do you conduct surveys of visitors to the museum?

Mr Dingle—We conduct both qualitative and quantitative surveys. There are exit surveys as people leave the museum, plus surveys of focus groups within the general community, but there tends to be a special case for major exhibitions. We have ongoing exit surveys.

Senator LUNDY—Do you make those evaluations and visitor surveys or reports that consolidate the findings publicly available?

Mr Dingle—No, they are not publicly available. They are not published as such. They are purely for our internal purposes for making sure that the exhibitions that we produce are on track and on target.

Senator LUNDY—Do you reflect upon those surveys in your annual report?

Mr Dingle—Yes, we do.

Mr Howarth—On page 22 of our annual report we cover a number of areas associated with programs and products which is one of our strategic objectives. I am not sure that we specifically relate to the outcomes of those surveys per se individually, but we certainly collectively utilise the outcomes as part of the basis of how we change our exhibitions or frame incoming new exhibitions and why we sometimes purchase exhibitions from overseas or develop them internally to meet those expectations or needs of the local marketplace.

Senator LUNDY—What about visitor numbers to the museum? Are they increasing, decreasing or staying the same?

Mr Dingle—Last year they increased quite markedly. Partly because it was the Olympic year in Sydney and partly because we had a major program of visiting vessels, the *Batavia* and HM Bark *Endeavour* and *Duyfken*. This year will be slightly down on last year, but that is purely because of the unusual nature of the previous year.

Senator LUNDY—Do you have a graph that tracks visitor numbers that can illustrate the Olympic time? Would you be able to provide that to the committee?

Mr Howarth—Certainly.

Senator LUNDY—What is the public perception of the admission fee?

Mr Howarth—It does not seem to be a particularly restrictive factor at all. It does not seem to have any impact on our visitor numbers at all.

Senator LUNDY—Forgive me for not knowing this, but have you always had an entry fee?

Mr Howarth—We have always had one since opening.

Senator LUNDY—Have you at different points increased that fee?

Mr Dingle—Yes, we have, but the entry fees change with the exhibition that we are showing.

Senator LUNDY—So if you have a special exhibition, you might put a premium on it.

Mr Dingle—We have multiple tickets. When *Batavia* was there, we had a *Batavia* ticket, an *Endeavour* ticket, and a museum ticket.

Senator LUNDY—So you can opt to go to the added attraction or not.

Mr Dingle—Or you can buy a combined ticket for the lot.

Senator LUNDY—I was going to ask if you saw any variation in visitor numbers in relation to the fee but I do not think, based on that system, that you would be able to draw data out that would be very informative.

Mr Howarth—There does not seem to be any impact on the elasticity of the demand as a result of the cost of the ticket.

Senator LUNDY—Running costs per visitor of \$35.74?

Mr Howarth—Which page are you on, Senator?

Senator LUNDY—I cannot actually identify my source at the moment.

Mr Howarth—That is per interaction/visitor.

Senator LUNDY—Per what?

Mr Howarth—Per interaction/visitor. We use as a measure at the museum interactions as opposed to visitors because there are a number of other elements associated with people's use of the museum.

Senator LUNDY—Sorry, what was that?

Mr Howarth—We use interactions rather than simply visitors as a baseline for determining the uses of the museum. So somebody utilising our web page for instance is not a visitor but they are still making use of the facilities of the museum.

Senator LUNDY—Right, so you factor that in?

Mr Howarth—So that we factor that in as well.

Senator LUNDY—So it is not per visitor. I do not know anything about the economics of museums. Is that high when compared to other institutions, or low, or average compared to comparable institutions? I know it is very subjective.

Mr Howarth—It is very subjective. I do not believe that it would warrant an appropriate comparison. You could do it but I do not think that it would actually give you any useful information.

Senator LUNDY—Do you know if other institutions are moving to this interaction, rather than visitor numbers?

Mr Howarth—I do not know if they are but I suspect that they probably should.

Senator LUNDY—So do you find yourself devoting more resources to your online presence?

Mr Howarth—No, that is not the basis for the intention. It is a question of trying to compare visitors. One visitor who comes to seven things in a museum as opposed to one who comes to one thing should be counted differently. They make greater use of the facilities and resources and therefore it is better to attribute the costs associated with that on that broader base. That is the simple reason for changing that capacity to measure and base. The idea of simply using a visitor number as a measure means you have to ask: is it a visitor who just comes in for five minutes or is it a visitor who comes in for two hours? How do they relate to

somebody who visits an exhibition that you have travelling around the country? The important thing for us was to come to some better means of measuring it and it is a very difficult thing to measure. So we felt that this was actually a much better basis for doing that determination.

Senator LUNDY—I look forward to looking at the trend growth which I presume it will be over the years. Have you ever found that charging has been a deterrent to visitors?

Mr Dingle—No. What we have found, and this is basically through our focus groups, is that people do not object to the price of the museum, provided they get value for money. What we aim to do through both our evaluation and market research is to provide that value, and the length of time they spend in the museum, which is quite considerable, up to two hours, they see as value for money.

Senator LUNDY—Do you have an outreach program?

Mr Dingle—Yes, we do. We have travelling exhibitions. In fact, the *Vasa* exhibition has just finished in Melbourne and we will be opening that in Adelaide later this year. We have got a number of smaller exhibitions on *Titanic* and a photographic exhibition travelling around the countryside at the moment. We have travelled major exhibitions around Australia over the last seven years.

Senator LUNDY—Is that a permanent feature of your program?

Mr Dingle—It is.

Senator LUNDY—Thank you. That is all the questions I have. We will move on. Thanks for coming.

CHAIR—Thank you.

[12.15 p.m.]

National Archives of Australia

Senator LUNDY—Welcome. I am having a quick look at the PBS. I notice that \$4 million will be reallocated from the National Archives of Australia to support the increased funding for the National Museum of Australia. I ask the department, and initially the minister, why has funding been shifted from the archives to the museum?

Dr Stretton—That is a question which better goes to the minister. I have asked him to return. As I said earlier, it was a year of a tight budget and the government was required to find some savings to help pay for the museum. Governments, as you know, need to make decisions and choices and to set priorities in such circumstances.

Senator LUNDY—What impact has that funding cut had on the archives?

Ms Schwirtlich—The cut is applied in two areas: there is a \$1 million impact on our operational expenditure and \$3 million in money allocated to the preservation of the collection.

Senator LUNDY—Conservation?

Ms Schwirtlich—Yes. In the year that we are currently in—that is, the year ending 30 June 2002—for the first time we have received \$15 million of preservation funding.

Senator LUNDY—As opposed to what? Was that a one-off?

Dr Stretton—As opposed to zero.

Ms Schwirtlich—Indeed. It was an enormously beneficial introduction for this particular financial year. The \$3 million reduction is off that \$15 million, and so we are still \$12 million a year better off in terms of the money that can be allocated to preserving the collection.

Senator LUNDY—I would like to backtrack a bit. The \$1 million was off operational expenses, for conservation?

Ms Schwirtlich—The \$1 million is off our operational expenses, our net appropriation of \$62 million. That is a 1.6 per cent cut in operational funding.

Senator LUNDY—So you are really absorbing that into your costs?

Ms Schwirtlich—Yes.

Senator LUNDY—Can you identify anything that is going as a result of it, like jobs?

Ms Schwirtlich—No, it will not affect our staffing numbers. We are still in the process of casting the budget for the coming year, but the principle to which we are working is that we are not looking to cut services to the public or government agencies, our two client groups.

Senator LUNDY—I now go to the \$3 million for conservation. \$15 million was allocated for this current financial year. Is it also going to be \$15 million in the next financial year?

Ms Schwirtlich—Yes; it is ongoing funding.

Senator LUNDY—It is ongoing; so there is \$15 million in the current financial year, \$12 million in the next financial year 2002-2003, and then back to \$15 million after that?

Ms Schwirtlich—No. The cap on preservation funding is for four years.

Senator LUNDY—So you are losing \$3 million and then \$3 million and \$3 million.

Ms Schwirtlich—Off \$15 million.

Senator LUNDY—That is a \$9 million cut over the outyears, all up, isn't it?

Ms Schwirtlich—Yes.

Senator LUNDY—That is bigger than I thought, but you still have \$12 million for each of those years?

Ms Schwirtlich—Yes.

Senator LUNDY—What have you had to do to your conservation program, to deal with that cut? What changes have you made? The key question is: what can't you conserve?

Ms Schwirtlich—In this first year of preservation funding, the archives has done an enormous amount of work to survey formats in the collection, because different formats deteriorate at different rates. In this first year we have done an enormous amount of analysis and have identified the parts of the collection at most risk. Basically, we will be looking to apply the funding that we have to the areas at most risk. For example, audiovisual material deteriorates at an accelerated pace compared with paper, so we have allocated funds according to that kind of hierarchy of need.

Senator LUNDY—When the original \$15 million per annum was allocated, did you have a very clearly defined program for conservation that justified that allocation?

Ms Schwirtlich—The allocation of \$15 million is tied to the value of the collection and is an amount that is derived from a depreciation formula. We have a five-year preservation plan that sets out, on the basis of our analysis of the condition of the collection, the work that we propose to do.

Senator LUNDY—So at the end of that period there may well be as a result of this cut some material, say on paper, that has not been preserved or conserved?

Ms Schwirtlich—It will be at a slightly slower rate than we might first have anticipated. But we certainly do not think that there is any paper in the collection that is in jeopardy.

Senator LUNDY—I note with interest that you see that your average staffing level will increase next year. How can that occur, given the fiscal pressures that you are under?

Ms Schwirtlich—To a great extent that reflects the allocation of money for work on the collection. We have many staff who are non-ongoing staff to work on projects, and so we can swing skills in and out of the organisation, depending on the material that is being worked on.

Senator LUNDY—I think it is just five people, and that would be on the basis of that project work within the conservation program?

Ms Schwirtlich—Yes. Already in the course of this year we have brought people on to work on preservation projects.

Senator LUNDY—Then you can guarantee that no exhibitions will be cut as a result of these reductions in funding?

Ms Schwirtlich—We are not looking to cut exhibitions.

Senator LUNDY—Thank you.

[12.25 p.m.]

National Museum of Australia

CHAIR—We welcome the officers from the National Museum.

Senator LUNDY—We have heard from a couple of other arts institutions that they have had cuts to their funding and that the money is being reallocated to the National Museum of Australia. To start off, could you provide me with an insight into what the actual increase is in the National Museum's budget for this forthcoming financial year?

Ms Casey—The increase is \$9 million for the coming financial year; and \$9.2 million, \$9.4 million and \$9.6 million in the outyears.

Senator LUNDY—What are the primary uses of this additional funding for the National Museum?

Ms Casey—When the budget was allocated several years ago, it was based on an estimate of what it would cost to run the museum. Over the last 12 months we have benefited from the experience of operating the museum and there have been increases in the areas that we had estimated way back in 1997 and 1998. The areas are the cost of the operation of the facilities generally. They cost more than we had estimated five years ago. The numbers of staff that are required on the floor are significantly more than we estimated. There is the cost of developing exhibitions. The \$9 million will go towards the general operation of the museum.

Senator LUNDY—Minister, in terms of that \$9.2 million, \$9.4 million and \$9.6 million, we accounted for about \$6 million: There was \$2 million from IAP and \$4 million from the archives. Where is the other \$3 million, \$3.2 million, \$3.4 million and \$3.6 million coming from to prop up the additional money to the museum? Is that new money?

Senator Kemp—That is money from the budget. The government has provided that additional funding. I do not want the record to remain confusing. You talked about cuts to funding to arts organisations and cultural organisations. Let me make this clear, Senator. I think it was pointed out to you that the archives based appropriation—and this is without the

capital user charge—is more than \$61 million in 2002-03, compared with \$43 million to \$61 million in 2001. So it is not correct to talk about cuts. There could have been a stronger increase, but there is still a substantial increase to the archives. I did not want the wrong impression to be created when people read your comment. That is the advice that I have received. The additional money that you are talking about came from the budget.

Senator LUNDY—I am just confirming that the \$2 million—and we did discuss this at some length yesterday—was drawn from the Internet Assistance Program.

Senator Kemp—Yes, that is right.

Senator LUNDY—And you can confirm that the remaining \$3 million, \$3.2 million, \$3.4 million and \$3.6 million over the outyears has not been drawn from another program within your portfolio?

Senator Kemp—Senator, it is one big pot but this has come from the budget. As I pointed out to you, a number of people have indicated that there have been some fairly substantial rises in moneys to cultural organisations including film. This has been a budget in very tight circumstances, and I think the cultural bodies have generally done pretty well.

Senator LUNDY—Perhaps I could ask the department, for both the Archives and the Internet Assistance Program there was very clearly the item identified in the portfolio budget statements. Are there any other items that I perhaps have not found that relate specifically to a reallocation to the National Museum from an existing program?

Dr Stretton—No.

Senator LUNDY—I just wanted to clarify that. Minister, if you had not been able to find those savings in those other areas, would the National Museum have got their needed \$9 million per annum increase?

Senator Kemp—That is a funny question, Senator. We have just announced that they did get \$9 million; I do not propose to speculate what may have happened if they had not got their \$9 million. As Ms Casey has indicated, this is important to the museum, it is based on their experience of their first years of operation and the demand for people to go into that area. Senator, we provided the money; I do not propose to speculate on what would happen if we did not.

Senator LUNDY—I was going to ask about that. If it is for these basic operational matters, how have you coped up until now? Excuse me, I think that is my phone and it should not be on.

CHAIR—We do have a broad rule about not having mobile phones on during this hearing, Senator.

Senator LUNDY—I am shocked; it must have turned on by accident.

Senator SCHACHT—I have just turned my mobile off.

Senator LUNDY—I do apologise to the committee.

Senator Kemp—You had better check yours too, Mr Chair, after that.

Senator LUNDY—That is right: once you have a go, you had better make sure your own phone is turned off.

Senator Kemp—We would not want any embarrassment.

Senator LUNDY—My apologies. My question is: how have you coped to date?

Ms Casey—We were fortunate enough to receive a supplementation at additional estimates for some of that running cost.

Senator LUNDY—How much did you get at additional supplementary estimates?

Ms Casey—\$4 million.

Senator LUNDY—Let us go back to what you are going to be spending the money on. Are you using any of it for building maintenance or upgrades? I ask this primarily because everyone knows the building is quite new. Have there been any significant maintenance activities or building upgrade activities that you have unexpectedly confronted?

Ms Casey—Not in terms of rectification issues. As part of the alliance contract, that was mostly covered by the alliance and will continue to be covered. There are some smaller areas, but that is just normal construction anyway. So, no, it is not for construction or building; it is for all of those general operational issues, including the cost of electricity, the cost of staffing and the cost of conservation. There are just general operational expenses for the museum—developing exhibitions.

Senator LUNDY—You mentioned before that it took a while to work out how much the building would actually cost as far as operational expenses were concerned. Minister, perhaps I could ask you this: were you expecting representations from the museum about increased operational costs?

Senator Kemp—Senator, I would expect any government agency would approach the government if it was experiencing increased operating costs and felt it was going to have difficulty in funding them. I would be surprised if agencies did not.

Senator LUNDY—I appreciate that, but estimates were made about the operational costs of the building and that has changed.

Senator Kemp—As Ms Casey pointed out, once you actually are starting to run the museum you find things that may not have been taken into account. I think the very large numbers of people that have come in must be one of the variables which I suspect you are particularly pleased about.

Ms Casey—Yes, indeed.

Senator Kemp—And that involves additional costs and it is one that the government is prepared to supplement. We are prepared to increase the museum's budget.

Senator LUNDY—I am presuming all public programs that you are currently running will be able to be continued?

Ms Casey—Yes, this increase in funds enables us to continue operating the way we have been operating in the last 12 months.

Senator LUNDY—So you are not cutting any programs as the pressure comes on.

Ms Casey—No.

Senator LUNDY—Will you be able to increase the number of programs that the museum is offering or does this \$9 million allow you just to keep the status quo?

Ms Casey—Nine million dollars allows us to maintain the highly innovative public programming that we currently have with the museum. It enables us to develop a couple of exhibitions and travel those exhibitions. So it enables us to overall keep a very innovative, creative program going and outreach as well.

Senator LUNDY—That is good. What are your visitation rates?

Ms Casey—Our visitor numbers for the first year of operation up until March were close to a million visitors and that included people who came into the permanent exhibition spaces, the temporary exhibition spaces and the range of public programs. We can provide you with a breakdown of those.

Senator LUNDY—That would be great, thank you. What were your observations about the impact of the travelling exhibitions and the blockbuster exhibitions in the temporary space on visitor numbers? Were they a big drawcard? What did the visitation graph look like when you had those exhibitions present?

Ms Casey—It has been really interesting watching that over the last 12 months because we have had a diversity of exhibitions, starting with *Gold and Civilisation*, for instance. The next one was *Australia's Lost Kingdom* and the one we currently have on is the search for the origins of life including Australian components. They have been averaging out at about 50,000 visitors over a period of three months. *Gold and Civilisation*, which had a substantial amount of art work, social history and some rare and beautiful objects, did not have as high a visitation as I thought it would have if you compared it with what happens at the National Gallery. Not that I expected that we would get the same visitors as Monet would attract. But it was not because it was just in Canberra and because we had the rest of the permanent exhibition spaces open at the same time. At the Melbourne museum where they were celebrating the goldrush anniversary of 150 years it also did not attract as many visitors as expected. So I will be very interested to watch the visitor numbers over the next couple of years to our temporary exhibitions. We would attract a different audience from that of the National Gallery. It is a social history museum so it will be interesting to watch those figures.

Senator LUNDY—I do not know if this is a useful observation but would it have been related to the attraction of the *Lost Kingdom* for children and the motivation of parents to bring children into the exhibition?

Ms Casey—I suspect that is right. We have not got substantial evidence for this view but certainly people are saying that they like to come even to our opening of exhibitions because they have been turned into family events. Certainly *Australia's Lost Kingdom* was extremely popular and our audience surveys show that families come as a group to visit the museum.

Senator LUNDY—I certainly fit that description as far as being a local and a visitor go. I have found it to be an excellent venue for taking all the kids. The revenue from other sources shows \$4 million this year and next year \$2.1 million. Can you explain that reduction in revenue from other sources?

Ms Casey—I think the area that we are most concerned about in terms of raising revenue is from sponsorship.

Senator LUNDY—So you expect sponsorship to go down?

Ms Casey—We have been finding it extremely difficult to attract sponsorship for the museum exhibitions. Part of the reason is that we are a new kid on the block and would normally attract sponsorship from outside Canberra. The second area is based on my experience with cultural institutions generally. In Canberra it is very difficult if you are not the National Gallery to attract sponsorship. So attracting sponsorship is proving difficult.

Senator SCHACHT—How is the airconditioning going at the National Museum?

CHAIR—A vital question!

Senator Kemp—That is one thing about Senator Schacht: he cuts to the chase pretty quickly, doesn't he?

Ms Casey—It is going extremely well, Senator.

Senator SCHACHT—It is good to hear that.

CHAIR—You are not using it for storage or anything?

Senator LUNDY—All I can say is I hope it is working. I am sure we would hear if it was not.

Senator Kemp—Do you have any more interesting questions, Senator? You are not just doing warm-ups, are you? You should be doing your warm-ups outside here.

Senator LUNDY—You have identified effectively a halving of your capacity to get sponsorship. Will your ability to attract sponsorship or not reduce the number of blockbuster style exhibitions you are hoping to show at the museum? How will that manifest itself in the way you operate?

Ms Casey—I would suggest that it would manifest itself in terms of the size of the exhibition. As opposed to doing 1,000 square metres of a major exhibition with extensive use of multimedia, for instance, you might do 700 square metres. We certainly would not envisage that we would not aim to travel exhibitions.

Senator LUNDY—Right.

Ms Casey—We have one opening next year called Rare Trades. It is a very interesting exhibition in terms of looking at how technology has now taken over and we are losing all these rare trades. We have sufficient funds to develop that exhibition and travel that.

Senator LUNDY—So you cannot generalise that those exhibitions won't travel?

Ms Casey—No.

Senator LUNDY—What about pressure to increase the cost of entry to those non-permanent exhibitions?

Ms Casey—I think you need to be extremely careful about just increasing costs to raise revenue because, in the end, if you increase it too high so that people from a particular audience type cannot go, you are defeating the purpose. Obviously, we want to raise revenue, but we are also there in the public interest. Certainly our research has shown that some people complain that \$15 is too high, so the cost should be determined on the exhibition itself, including size and all of that, plus your audience.

Senator LUNDY—I asked you about people paying for those exhibitions. I think you mentioned the figures of around \$50,000 for each. Are you looking at perhaps a stronger promotion of those pay per entry style exhibitions to help fill the shortfall of sponsorships?

Ms Casey—Absolutely. We will be looking to raise revenue on those temporary exhibitions. There are other ways that we look at. There are some pretty interesting public programs that we do in the school holidays, for instance, that people can afford to pay for and do pay for.

Senator LUNDY—What is the profit or loss on those temporary exhibitions to date? Can you give me an idea whether or not you made or lost money on each of them?

Ms Casey—We cannot actually give you that figure at this stage because the first three exhibitions were part of a contract with Art Exhibitions Australia and we will not have that final cost or loss situation until the end of the three exhibitions. Mars—the journey through space—is yet to travel to Melbourne so we will not know that until, I suspect, early next year.

I have to say to date, based on the gold exhibitions, that we did not do as well as we should have.

Senator LUNDY—You did not do as well as you should have?

Ms Casey—As well as we expected to do.

Senator LUNDY—Is that all of them or just specifically on gold?

Ms Casey—Gold. For *Australia's Lost Kingdom* if you just looked at that in isolation that was fairly satisfactory but we allocated an amount to Art Exhibitions Australia to develop three exhibitions and the first lot was going to supplement the journeys into space exhibition, so we will not know the final outcome until early next year, after it has been to Melbourne and we see what the revenue returns are from the Melbourne audience.

Senator LUNDY—So you are going to look at them collectively and make an assessment rather than look at the disaggregated profit or loss for each of the exhibitions?

Ms Casey—We can tell you generally to start with what the gold exhibition cost and what the revenue return was from that, but we pooled a small amount of money and gave it to Art Exhibitions Australia, so the end result of the total amount that we invested in the exhibitions we will not know until the completion of the Mars exhibition in Melbourne.

Senator LUNDY—Can you take on notice providing us with the breakdown for each of the exhibitions? I guess we can revisit this next time in the estimates forum for the final outcome of those exhibitions.

Ms Casey—Yes.

Senator LUNDY—How many members are there now of the Friends of the Museum?

Ms Casey—I think there are approximately 4,000. The number has doubled, but I would need to give you the accurate numbers.

Senator LUNDY—They have doubled their numbers?

Ms Casey—They have doubled their numbers.

Senator LUNDY—Since the museum opened?

Ms Casey—Yes, and particularly since they had a promotional campaign with journeys to outer space where they gave a ticket to visit the Mars exhibition.

Senator LUNDY—Do you know what the renewal rates for members are for the Friends of the Museum?

Ms Casey—No, I do not, I am sorry. That is something that we are working with the friends to look at: what the retention rate is and how we can encourage retention.

Senator LUNDY—If you could take that on notice that would be helpful. That is all I have for you. Thank you.

[12.48 p.m.]

National Gallery of Australia

CHAIR—Welcome, Dr Kennedy and Mr Froud, to yet another session of estimates. I think Senator Schacht wishes to lead the questions.

Senator SCHACHT—Firstly, Dr Kennedy, I will publicly apologise: I will be unable to accept your kind invitation to attend the Italians exhibition at the gallery tonight because of a thing called an estimates committee and a few other commitments that are out of my control. Thank you very much for the invitation.

CHAIR—A bad choice of nights, Dr Kennedy; we would all like to have attended.

Senator SCHACHT—Secondly, I want to say, Dr Kennedy, that I was pleased to accept your invitation to finally inspect the airconditioning system. I am sure I am the only member of parliament who has clambered down into the bowels of the National Gallery of Australia. I have seen places that no other member of parliament has seen.

Senator Kemp—You are quite right, Senator. It is very rare that someone goes to the gallery to inspect the airconditioning.

Senator SCHACHT—I know it is. It really is, isn't it?

Senator Kemp—There is no accounting for artistic taste.

Senator SCHACHT—No accounting. I thought that we might have got a Christo-style cultural outcome: if we wrapped the airconditioning ducts in plastic, we could have taken a photograph and put it in a coffee table book to make a profit for the gallery. But I thank you for that invitation; I will come back to that.

Dr Kennedy, since we last met, I put a lot of questions on notice. Some of the answers came in only today and the attachments are still coming through, so I have not had a chance to see them all in detail. I just say to the Chair that I may choose at the end of this session to put some further questions on notice, but I hope there will not be too many.

Since our last meeting, Dr Kennedy, one of the things that has occurred is the outcome of the Comcare investigation into the sacking, dismissal, loss of job—however you want to put it—of Mr Brian Cropp. The Comcare report by the independent investigator, Maureen Trevanon, said that there had been a breach of section 76 of the occupational health and safety act in the way in which Mr Cropp lost his job or did not get promoted when he applied for it.

I want to ask: has the gallery, as a result of that report from Comcare, had any discussions internally and/or sought to have discussions with Mr Cropp—or has he sought to have discussions with you—to seek a final settlement of the dispute? In view of the recommendation, is he eligible for compensation for the fact that his application did not get properly dealt with for that job?

Dr Kennedy—Senator, I think there is an assumption in your question that I just want to clarify. The person concerned, Brian Cropp, applied for a job and was not appointed to that job, so I think the use of the words 'dismissal' or 'sacking' are inappropriate, even though they have appeared in the media. To answer your question, I am currently in discussions with the representatives acting for Mr Cropp, following an approach by them. Until those discussions are complete, I believe it would be inappropriate for me to engage in public discussion of the detail of the matter.

Senator SCHACHT—I did not ask for the detail. I just wanted to know whether discussions in one form or another have begun.

Dr Kennedy—Yes. I would like to say a few things, however, respecting Mr Cropp's privacy. The Comcare report found that the gallery delegate acted in breach of section 76, but the gallery has received senior independent legal advice in the matter to the effect that the report discloses a number of errors and that its conclusion, under section 76, is not supported on the available evidence.

This is an important point. I think I need to clarify it because the way that this report worked was that there was a reverse onus of proof. The gallery effectively had to prove itself innocent of the charge. This is a flaw we are advised about by our legal advisers. That said, the Comcare report did recommend a number of changes to our administrative procedures.

Notwithstanding the validity of the Comcare report issue, we have taken all those recommendations and implemented them. I hope that we can go further. I hope that in the spirit of goodwill the discussions that I am having with the representatives of Mr Cropp can come to a mutually acceptable settlement, and I would be pleased to update the committee at its next hearing.

Senator SCHACHT—I would appreciate that. I am not asking for the details because that is a matter that we negotiated. At some stage either you or Mr Cropp may choose to make it public or not. That is a matter between you and him, and I do not want to interfere in that in any way. I am very pleased to hear that, firstly, the discussions are occurring with Mr Cropp's legal representation and, secondly, that you have accepted the recommendations in the report. I presume when you said the gallery sought separate legal advice about the findings of the Trevanon report the gallery sought that advice.

Dr Kennedy—Yes. It was appropriate. Obviously, it was a serious legal matter.

Senator SCHACHT—As you say, notwithstanding that, you had goodwill in discussions with Mr Cropp. I am very pleased to hear that. I have to say that there have been some comments around the place, not the least in an article recently in the *Sydney Morning Herald* that said that I was maybe too obsessive in pushing some of these matters about the airconditioning and Mr Cropp's appointment and others. It is true; this has taken 2½ years. But I think that is the role of the estimates committee.

It took nearly two years to get Telstra to come clean on the CoT cases. If Senator Boswell and I in estimates and separate hearings had not stuck at it, a number of people called 'casualties of Telstra' would not have got a settlement in the end without it being raised here. I think that is the strength of the Senate estimates committee. If everything else fails, someone has the right to ask a member of parliament to raise a question and follow it through. So I am very pleased to hear that.

I also point out that when I spoke to the journalist Mr Alan Ramsey when he rang me before he printed the article, he was unaware of the finding at that stage of the Comcare report. When I pointed out to him that I thought that was germane, I noticed it did not appear in the story. When I wrote a letter to the *Sydney Morning Herald* pointing it out, they did not print it. So I am using this opportunity to put it clear between the last hearing and this hearing. I turn now to the airconditioning system itself.

Senator Kemp—I do not see how anyone could say that you are obsessive.

Senator SCHACHT—I have to say, with your government, Minister, you have to be obsessive at times to get justice for ordinary citizens, otherwise ordinary citizens get done over hard by the way your government deals with them. So I will be obsessive.

Senator Kemp—They vote for us. That is why I am on this side of the table and that is why you are on that side of the table.

Senator SCHACHT—It does not matter whether they vote for you or not.

Senator Kemp—They do.

Senator SCHACHT—A lone individual has the right to get their case heard.

Senator Kemp—No-one argues that, but not to use that in an idea that ordinary people do not get a fair go under this government. This government was elected on a very handsome majority.

Senator SCHACHT—That is a non sequitur to the issue. I was pointing out about people having an opportunity. I think your government occasionally has dealt harshly with people.

Anyway, I will now turn to the airconditioning system. First of all, again, Dr Kennedy. I notice the main complaint that Mr Ramsey had against me was that I had the temerity to call you Mr Kennedy rather than Dr Kennedy. I have to say that I am not sure that you were ever particularly upset about that, but nevertheless.

Dr Kennedy—No.

Senator SCHACHT—I want to table, just for the record, a range of photos that were taken of the problem that people complained about with the airconditioning.

Senator Kemp—Are they your photos, Senator?

Senator SCHACHT—I just want to table them. Dr Kennedy and others may want to say that they are not correct. What I was going to come to about why I am tabling them is that, despite all the photos here which show water, rust or mould, although my tour was not into every crevice of the airconditioning system I saw no evidence of water, mould or rust in the areas that I chose to see, accompanied by Dr Kennedy and others. I think you said, Dr Kennedy, that I went into areas in the system that not even you had ever been in—not that I say that is a fault of yours. I nearly busted my head a couple of times trying to crawl through narrow sections. I will table the photos, Mr Chairman, if that is all right.

CHAIR—We thank you, Senator Schacht. We will have them photocopied and made available for all the members of the committee to view.

Senator SCHACHT—They are actually in colour, so it might be best if you can get a colour photocopier. They will not come out in black and white.

CHAIR—Somewhere around Parliament House there must be a colour photocopier.

Senator SCHACHT—In tabling them I want to say that, in all of the areas I saw, I saw no evidence of water, rust or mould. You pointed out to me and the other staff, Dr Kennedy, where you had repainted, put in new equipment et cetera. I would have to say that it looks to me, as a non-expert, as if you had put that into action. I just ask how much more has to be done to complete the renovation of the airconditioning system.

CHAIR—We are at one o'clock so I think we will take a break for lunch.

Senator Kemp—We will respond after lunch.

Proceedings suspended from 1.01 p.m. to 2.05 p.m.

Senator SCHACHT—Dr Kennedy, I think you were about to answer a question. I do not know whether you need it repeated. I hope not. I have probably half forgotten it. But it was something to do with the cost of where you are at with expenditure on airconditioning.

Senator Kemp—Chair, before Dr Kennedy responds, can we just do a little bit of housekeeping. We have quite a number of people from the Australian Sports Commission here and I would like to get a bit of a feeling as to whether they need to stay for the next couple of hours or whether they should go back to their labours, preparing the Commonwealth Games team, that sort of thing.

CHAIR—That is important work.

Senator Kemp—That is what I am saying. It is very important.

Senator LUNDY—I hope that I will get to the Sports Commission, say, at about 3 p.m.

CHAIR—That is about one hour away.

Senator LUNDY—I know Senator Schacht is only going to go for another 10 or 15 minutes max.

Senator Kemp—This seems to be a triumph of hope over experience.

Senator LUNDY—We are all trying to cooperate.

Senator SCHACHT—Hope over triumph.

Senator LUNDY—I estimate I have about 40 minutes or so of questions going back to the department, of those remaining, and I know I will be putting some questions on notice. So that is my thinking at this stage.

Senator Kemp—That is fine, Senator. Are you comfortable with that, Senator Schacht? Do you think you will be able to finish at 3 p.m.?

Senator SCHACHT—I have only got 15 further minutes with the Gallery, and then it will be back to Senator Lundy. Then I will come back, out of interest, for the Sports Commission.

CHAIR—So that is 45 minutes for Senator Lundy and around five past three for the Sports Commission. So there we are. Things are looking good.

Dr Stretton—Senator Lundy, which areas of the department? You said you were going to come back and ask some questions of the department. Are they about culture or sport?

Senator LUNDY—At the beginning of the arts this morning I began to ask questions with respect to Old Parliament House, output 1.3. They are all listed. So all of those departmental people.

Dr Stretton—That is fine, no problem. Thank you.

Senator LUNDY—I do not actually have that many but I think they all should stay.

Senator Kemp—It seems that we are on target.

CHAIR—Let us proceed.

Dr Kennedy—Senator Schacht was asking what we have done to date on the airconditioning system and what was due to take place in the future. We have done a very considerable amount of work, and you saw some of that yourself. We have spent about \$1.8 million of \$2.8 million in total on the heating and ventilation airconditioning system. All nine of the air handling units in the original gallery—that is not the temporary exhibition wing—have been converted to ultrasonic technology now and thus, as a consequence, I think the previous maintenance challenges that are associated with spray units, coils and water troughs are no longer an issue. There is considerable work to be done, but it is ongoing all the time and we are pleased that the independent experts that we have contracted are working well with us to make sure that we stay on schedule.

I believe that, with the introduction of the accrual accounting system, we are provided with funding to enable plant and equipment to be upgraded in the future on an annual basis. That is my fervent hope, and I do not see any reason why it should not happen, given the accrual accounting system. As long as it stays funded the way it is, we will be able to maintain the appropriate airconditioning system. I think our current monitoring arrangements are significant improvements. We have had the benefit of recommendations from a number of bodies, and we have implemented those. I hope that my commitment to you two years ago that we would fix the problems with the airconditioning system and renew it is being achieved and will continue to be.

Senator SCHACHT—The \$1 million still to be spent: is that in the next 12 months or in a longer period of time?

Dr Kennedy—I will let Mr Froud answer that.

Mr Froud—The figure of \$1.8 million that we have spent was the expenditure position at the end of April. We would expect that the full \$2.8 million will be spent probably over the next couple of months to complete the refurbishment.

Senator SCHACHT—Thank you. With the complete refurbishment, the need to use peroxide will no longer be necessary, I understand. Is that correct?

Dr Kennedy—Yes. The gallery no longer uses hydrogen peroxide. We do not.

Senator SCHACHT—I do not want to get into any argument about it. All round, a lot of people, including myself, are a bit relieved that the new equipment and management means that you do not need to use peroxide.

Dr Kennedy—That is correct.

Senator SCHACHT—Fine. That is very good, for all the reasons that have previously been discussed. You just mentioned accrual accounting. Therefore you believe you will have an adequate budget each year in your overall budget for maintenance to keep the airconditioning system at the level that we would all expect?

Dr Kennedy—That is case at the present, and certainly if it were to change I think I could reasonably be expected to be arguing for an improvement.

Senator SCHACHT—That is good. After this next two or three months, when the \$2.8 million has been spent, what do you think you would have to put aside each year thereafter in the management budget to maintain the airconditioning system at the level we are now all agreed it has got to be maintained at? Is it going to be a million dollars a year or \$10 million?

Mr Froud—It would be difficult to provide a precise answer at the moment. Certainly we would be happy to take that on notice and provide that information. The critical thing is that the depreciation of plant and equipment provision within the current accounting framework enables us to have funding to meet replacement obligations as and when they fall due. And, separate to that, our recurrent operating funding provides for maintenance as opposed to capital replacement.

Senator SCHACHT—Okay. On another area, there was in the annual report a mention of \$40 million for enhancement, various projects for physically restructuring parts of the gallery. One of them was the dreaded issue I raised previously about the front door—there is the argument about moral rights, the architect et cetera. I cannot find that \$40 million figure in the PBS, the way it is laid out—but that is nothing unusual because of the way Finance says we have to lay these out. Can you draw my attention to where that is? I know the \$40 million is not all in one year, but what proportion of the \$40 million is in the PBS for the coming year? How much is the allocation you have got?

Mr Froud—On page 334 of the PBS, about halfway down the page—I am taking you to the cash flow summary—we have the purchase of property, plant and equipment. You will see that the budget estimate is \$8.6 million for the year ahead, and then you will see \$25 million the year following, \$4 million and \$1 million, on top of the \$6 million for this year. The actual project budget is \$42.9 million and that is to be found in those figures along with other expenditure on property, plant and equipment.

Senator SCHACHT—Right. So the \$41 million is included when you add up all those years, including the year just ending?

Mr Froud—Yes, that is correct. There is \$45 million identified there that includes other purposes.

Senator SCHACHT—The \$6.6 million spent in the year just ended: what was that spent on? I understand the issue of the front door is being held in abeyance at least or there is no more progress. I just wondered what the \$6.6 million was spent on in actual of capital investment.

Dr Kennedy—To 30 April this year we had expended \$6.4 million in total. Of that, \$630,000 was for the original selection of the managing architect and the master planning and conversion of drawings to computer format—in other words, the selection of the managing architect. We spent \$1,835,000 on an upgrade of the airconditioning system; \$778,000 on an upgrade of emergency warning, security and lightning protection systems, which is completed; \$432,000 on other project costs including project advice, legal expenses and equipment; and a total of \$2,733,000 related to the whole building refurbishment project, some of which is already under way. It was made up of fees to the managing architect of \$1,177,000, to the managing architect subconsultants of \$1,397,000, programming costs of \$13,700 and cost planning of \$144,900, for a total \$2,700,000. The total is \$6.4 million in funds expended to date.

Senator SCHACHT—You rattle off those figures. Are you able to break them down to how much was spent on what I call euphemistically the front door project? How much has been spent on that so far?

Dr Kennedy—That is pretty well in the amount of \$2.7 million relating to the whole building refurbishment. The actual division of it is difficult to assess, even in getting these figures which we have broken down, knowing that this would be an issue. We could work further on it, but I would say to you that the \$43 million is made up largely of two parts, approximately half-and-half. The first \$20 million is for internal works in the gallery, which every visitor to the gallery at the present time can see is being expended. Much of that work will be completed by October of this year. There is significant work going on at present to relieve the building from the accretions that it has endured over the years, and October is our 20th anniversary of opening to the public, the 90th anniversary of the foundation of the gallery in 1912. Of the other \$20million, we have expended a proportion of the \$2.7 million in coming to the position we are now at, of discussions between the original architect and the managing architect to resolve to place a front door at a solution which will address the building in front of the existing lecture theatre. We have made a significant advance but it has been a very difficult task.

Senator SCHACHT—I am not going to go back over the previous hearings about the argument of the moral rights issue and the architects et cetera. The point is that it seems that we have spent a lot of money and have yet still not got an outcome. I know this is more than a new front door—it is a new entrance et cetera, which is not inexpensive in the size of what you are building—but we have probably spent over \$1 million, nearly \$2 million, on consultants and drawing up plans and as yet we have not got an agreement that we can go ahead and do it. Is that correct?

Dr Kennedy—Not a final agreement. We are in discussions on the solution that we would advocate. Having a personal responsibility in having started this, I would say to you that this is a very challenging building, a difficult building to resolve, and this has taken time. That is a frustration to me. The issue of moral rights is certainly an issue that we have to confront and deal with. It does indeed cost money. Effectively, in drawing up designs we have to get the right answer, and the right answer has meant exploring various options. And that is a money-consuming business.

Senator SCHACHT—So far, it is a bit like my comments about some professions like lawyers always seeming to make the biggest cop. I just hope that we can keep control, to say the least, so that the consulting architects et cetera are not going to get the biggest share of the money and the changes you want to make do not end up being delayed. I am not going to get into an argument about the quality of the design; that is not my position. It is more about the cost and the money being spent. Very quickly, then: the budget for this year is \$8.6 million. Is any of that for what I call the front door project?

Dr Kennedy—In the PBS?

Senator SCHACHT—That is the budget estimate for this coming financial year.

Dr Kennedy—A proportion of it is.

Senator SCHACHT—Would it be a 20 per cent proportion?

Dr Kennedy—It really depends how quickly we advance in our discussions.

Senator SCHACHT—So you have got flexibility in that figure of \$8.6 million, to some extent, according to your success in negotiations?

Dr Kennedy—Correct. At the present time, I have shut down fees, effectively, while we go through these discussions.

Senator SCHACHT—The big figure, the big daddy of them all, is 2003-04 and the outlays of \$25 million. What are the expected expenditures which total \$25 million? Obviously, that is a significant expenditure in the gallery.

Dr Kennedy—As I said, we are expecting it to be more or less half-and-half. The expenditure there is for the anticipated front doors. We have not moved as quickly as I would have liked, for the various reasons we have canvassed. Largely, with the front door, if we proceed with the design—

Senator SCHACHT—If you do not proceed, for whatever reason—you cannot reach a moral rights agreement with the original architect, et cetera—does Finance take the \$25 million back? Can you redirect it to something else?

Dr Kennedy—I would regard our relations with the Department of Finance and Administration as such that it would make that impossible.

Senator SCHACHT—Good luck!

Dr Kennedy—We have an understanding on the issue. In fact, we have the government's support for the project—and, I know, your support.

Senator SCHACHT—As I say, I am a bit worried because I know what the bean counters are like. If you say you cannot spend it on the door or if there is a delay in the outlay of this project, they might say, 'Come back in three years time but, in the meantime, we will take \$20 million back.'

Dr Kennedy—I take the point, Senator. The time for discussion has come to an end, really, for me. We have had enough canvassing of all the ideas, and I would envisage that we will have a resolution fairly soon.

Senator SCHACHT—All the best for that. I am not an architect, but I can see an argument that it would be an improvement to the gallery to have a new front entrance. If I had to choose between spending the money on the entrance or buying more paintings, I might choose to spend it on the paintings, but that is just a personal opinion. The last question I want to ask is about the Italian Exhibition—I have apologised for not being able to make it tonight.

There have been some press reports and press stories about the cost of the exhibition. What have you paid to bring the exhibition to Australia? You might say that whatever it was, it is too much money—

Dr Kennedy—It is too much money?

Senator SCHACHT—No. Whatever the figure is, some people might say that you can always get these things cheaper; but I understand that they have to cost.

Dr Kennedy—Yes. People have different views on the existence of a national gallery. I know that is not in dispute here. We anticipate the total cost of the exhibition will be \$2.8 million. Various exhibitions cost different amounts. Some have cost more; some have cost less. The exhibition is going on to the Melbourne museum in a few weeks time.

Senator SCHACHT—You have not completed the exhibition here in the gallery. It goes through until mid-June. Do you anticipate, on the present trend of people coming to see it, that you will at least break even on your expenditure?

Dr Kennedy—Yes, I am hopeful that we will do that. We are on target for achieving our visitor numbers. There are various issues, which you have canvassed.

Senator SCHACHT—So far, are you hopeful, and is there no big black hole appearing on what you have outlaid compared with what appears to be the income from people attending?

Dr Kennedy—No; we have no black hole.

Senator SCHACHT—The other issue is that, as I understand it, this exhibition was purchased from a series of galleries and organisations in Italy; whereas a number of exhibitions have been put together from time to time, and many times, using the curatorial experience of the staff of the gallery. Is there a trend developing, for whatever reason, that there will be fewer exhibitions put together by the curatorial expertise of the gallery and more buying 'off the shelf' exhibitions that someone else has put together and then charges you accordingly for you to exhibit in Australia?

Dr Kennedy—No; quite the contrary. Over recent years, the gallery has had more self-curated exhibitions of the major type—we are doing four a year at the moment—than brought-in exhibitions. For the next couple of years, we have a sequence of all home generated shows. We have to have a balance. Throwing all the staff's resources at home generated shows is terribly time consuming. There is also time consumption in exhibitions brought in. The aim is to provide a diversity in the programming. For the next two years, we have a sequence of entirely home generated shows, but I am not saying that I will not bring in, on top of that, another show.

Senator SCHACHT—I understand. The balance you have now is not out of kilter with the long-term balance in the gallery of bringing an outside, off-the-shelf, ready-made exhibition, as compared with getting the curatorial staff to bring their skills together to put together a unique exhibition that stands on its own feet.

Dr Kennedy—No, it is not. There is a distinction to be made between the time before 1998 when we had the temporary exhibitions wing, where we were having one exhibition a year or two every 18 months with many of them home generated, and generating four major shows a year where some are home generated and some not. Our curatorial staff is complete and full now. We have 24 curators and they are very busy working on a full program of home generated shows.

Senator LUNDY—If I could come in with a question about visitor numbers, I noted that there seems to be a projected decrease in revenues, from \$11.5 million to \$9.4 million. Given

that you have just said that you are on target for visitor numbers, what can you attribute that decrease in revenue to? Is that linked to the fact that you might be in a building site for a while?

Dr Kennedy—Yes. We had anticipated that we would be in refurbishment works. That has been delayed somewhat, though significant parts of the gallery—our Asian and European galleries—are currently closed. It is really to do with the merchandising achievement and how much we get in terms of sales per visitor of that attendance. Our *Monet & Japan* exhibition was extraordinarily successful: Monet is eminently purchasable in various products. We were anticipating that there would be a change this year. We have had a successful year, but that was exceptional; and we were anticipating there would be a change and that is likely to be so.

Senator LUNDY—Page 330 talks about price per visitor at events at \$330. Can you explain what type of events those are?

Dr Kennedy—They are our various public programs which are advertised in the calendar: there is more or less an event a day. They would be everything from public lectures to children's programs to seminars, and activities specifically for children during holidays and ongoing. With regard to this figure, I prefaced my annual report introduction two years ago with a paragraph about the dangers of reporting on quantitative measurement as opposed to qualitative measurement, and how that can really obscure the realities. But if you divide the cost, according to attributable measures, by the number of events that is what it comes out as.

Senator LUNDY—Do those events include the opening events of new exhibitions?

Dr Kennedy—I would have to check but I do not believe so. They would be attributable to our exhibition budget and calculated in the overall cost of exhibitions, which is contained on an exhibition-by-exhibition basis; and the successful exhibitions pay for the less successful ones. But, no, they would not be regarded as a public event.

Senator LUNDY—Can you explain what is meant by the \$59 excluding the CEC?

Dr Kennedy—I would have to take that on notice. I do not know if Mr Froud can elucidate.

Mr Froud—What we have attempted to do in terms of the cost attribution recognises that the gallery, because it is a very significantly asset-rich institution, attracts a substantial capital use charge obligation. By far the greatest cost component in our operating statement is in fact the payment of the capital use charge that we are funded for. So the \$330 per attendee includes that very substantial fee of the capital use charge. If we strip that out it is a \$59 cost per event.

Senator SCHACHT—That is a good old Finance calculation that they have put on you, isn't it? Our friends in Finance have stretched you over the barrel on that. It is a ridiculous thing to put \$330 in by putting a so-called capital value of all the artwork. Are you in the business of actually selling it?

Dr Kennedy—No.

Senator SCHACHT—Of course not. I am on your side on this. I think it is a ridiculous thing to do.

Senator LUNDY—Can you give me an idea of what the breakdown of that \$59 component is?

Mr Froud—I will happily take that on notice, Senator, and provide that.

Senator LUNDY—Thank you. I know there is a wide range of events, which you just alluded to. In terms of the types of events that are described under Output 1.3—Access to and promotion of works of art, can you take it on notice to provide a full list of the events that would be characterised by that particular item in the budget? Could you include how many of those events are open to the general public and how many of them are by invitation only?

Mr Froud—Yes.

Dr Kennedy—I would have to say, Senator, that very few of our events would be by invitation only. The open events are a public program, but we will certainly check that for you.

Senator LUNDY—Thank you.

Senator SCHACHT—We talked about that \$42 million and the fact that you are not sure yet whether you are able to proceed because of the negotiations. If you do have successful negotiations, could you inform the estimates committee at that time of what that amount is? Secondly, more importantly, if it goes around the other way, can you also take on notice what would happen to whatever else you would spend the money on, if you have an agreement with Finance that they are not going to take it off you?

Dr Kennedy—It would be incorrect if I left the committee with any impression that this work is not going to take place. It will. The issue is just how it will take place.

Senator SCHACHT—Okay. There is no problem such that you have told Finance the money is for the front-door project but that in the end they will be able to skewer you and say, ‘You have not actually done it, so we are going to take some of it back.’ They accept that this money will be spent and, in the meantime, if you cannot spend it this year you will get it rolled over and not have it spent on something else?

Dr Kennedy—We do not see that bridge at this time, Senator, but if that bridge appears we will cross it at that time.

Senator SCHACHT—Okay. There are two other answers you gave to questions I previously asked. In question 37 from February, I asked some detailed questions and you responded with answers saying:

...Certified Agreements which prevent the Gallery from providing a copy of the Effective People report to the Senate.

The gallery has basically said in these areas that you cannot supply information. I take what you have said here, but I have to say, Dr Kennedy, that this issue arises across all estimates committees about what is confidential and what is not. I think the Senate still reserves its right, if it insists by resolution, to have that information provided to us. It might be in camera. It is not clear-cut that either we have the power to demand it from you in the end or that you have got the power to say, ‘We will not give it to you’. It is a matter of what the political negotiation is in the Senate between various parties on the day. I might refer the answer to the Clerk of the Senate to get his opinion about where what you are claiming here stands and all the argy-bargy about this. He might say you are right and he might say you are wrong. If you are wrong, it is up to the Senate to decide what other action they may or may not choose to take.

Senator Kemp—Senator, you have always been a very strong supporter of the opinions of the clerk, too.

Senator SCHACHT—Of course. I am a very strong supporter of the clerks, as you well know.

Senator Kemp—I shall draw your comment to the attention of Harry Evans.

Senator SCHACHT—I think I have even made speeches about it in the Senate.

Senator Kemp—You have changed over the years, Senator, I have to say.

Senator SCHACHT—It is partly the problem of getting into government from opposition. The clerk is always against the government, as you have discovered, Senator.

Senator Kemp—That is right.

Senator SCHACHT—The other question I wanted to ask is about question 41, a question I asked about a Comcare investigation. You say in answer:

The Gallery is not aware that any current staff and/or former staff have been exposed to high levels of dangerous chemicals and biological contamination. Consequently, no specific action has been taken.

I understand that the Ombudsman's report says that adequate protective gear was not provided. Is it still the case that there is no claim by any staff member or former staff member that they may have been at risk by not having adequate safety gear provided—clothing, boots, goggles, helmets et cetera?

Mr Froud—That is the case—

Senator SCHACHT—That is still the case?

Mr Froud—as I understand, Senator.

Senator SCHACHT—What do you say to the Ombudsman's comment, as I understand it, that at times inadequate protective gear was provided? Has that been overcome? Are you now confident that you have taken that on board?

Dr Kennedy—Yes. I would not like it to be thought that we have taken no action. When we say that no specific action was taken on the basis that there were no cases where staff had claimed that they had been exposed to any dangerous levels, obviously we did not take any action if there was no issue there; but we have taken action to make sure that there is adequate safety equipment provided. On your visit you would have seen that that is the case, I hope.

Senator SCHACHT—Those are all the questions I have. Good luck, Dr Kennedy.

Dr Kennedy—Senator, can I wish you well. I do not know whether you have achieved the target of 1,000 questions. I had 951 at the time you entered today.

Senator SCHACHT—I had 49 to go?

Senator Kemp—Don't encourage him.

Senator LUNDY—We have got a few minutes!

Senator SCHACHT—There are 49 to go on notice then, Dr Kennedy.

Dr Kennedy—Thank you for your interest in the gallery, and we wish you well.

Senator Kemp—I would not go that far!

Senator LUNDY—I am very conscious of time, but I want to flag that we may well want to put a few questions on notice for the gallery. It will not be 49. I will leave that record up to Senator Schacht to make.

Dr Kennedy—You are not doing too badly yourself, Senator.

Senator Kemp—We will make sure they are dealt with in the usual prompt manner.

CHAIR—Thank you very much, Dr Kennedy and Mr Froud.

Senator LUNDY—Chair, could we return to the department and output 1.3? I have some questions in relation to Old Parliament House and the National Portrait Gallery. Then I have just a few questions relating to outcome 4 and output 4.1 and 4.2—ScreenSound Australia.

[2.38 p.m.]

Old Parliament House

Senator LUNDY—Do you have an entry fee at Old Parliament House?

Mr Morton—Yes, we do.

Senator LUNDY—How much is it and how much does it raise?

Mr Morton—It is \$2. In terms of how much it raises, it is of the order of a quarter of a million dollars—about \$250,000. I do not have the precise figure with me, but I can get it for you.

Senator LUNDY—How much does it cost you to actually raise it?

Mr Morton—We have not done an analysis of the cost. It would be fairly marginal because it is collected by the people who actually are doing other duties on the door. The security staff collect it as part of their duties.

Senator LUNDY—Would there be some sort of costs associated with accounting and all of the processes?

Mr Morton—Yes, but it would be marginal. It is not a big operation.

Senator LUNDY—Can you take it on notice and give me your best shot at making those calculations?

Mr Morton—I shall.

Senator LUNDY—Thank you. Have you been able to assess visitor attitude towards the entry fee?

Mr Morton—Certainly the anecdotal evidence that we get is that there is no particular objection to the entry fee. We get very few people who refuse to pay it or do not pay it willingly. They look on it basically as a gold coin donation. We have done modest surveys in the past on whether our visitor numbers would increase or decrease if we increased the entry fee or did away with it altogether. By and large, we think people come to Old Parliament House and the Portrait Gallery because of their interest there, and the entry fee is largely irrelevant.

Senator LUNDY—It is your assessment to date that it does not present a barrier or a deterrent?

Mr Morton—Correct.

Senator LUNDY—Have you had people register any representations and complaints to you about the presence of the fee?

Mr Morton—Not with me personally. We may very occasionally get somebody make a casual comment at the door. I am not aware of any formal complaints in writing, for example, about there being a fee.

Senator LUNDY—Perhaps you can direct me to the appropriate page in the PBS.

Mr Morton—We are on page 34.

Senator LUNDY—You got an extra million dollars.

Mr Morton—I understand that that is a pro rata figure for outcome 1. We are still in the process of negotiating our actual budget for this year. We believe it will be of that order. We certainly hope so.

Senator LUNDY—In terms of the estimated actuals, this is \$8.03 million?

Mr Morton—Yes, \$8 million.

Senator LUNDY—Do you expect that those negotiations will provide you with an additional nearly \$1 million?

Mr Morton—We are not seeking quite as much as that. We are seeking in the order of our appropriation for last year plus an addition for increased costs.

Senator LUNDY—Like CPI?

Mr Morton—Yes.

Senator LUNDY—What are you actually asking for?

Mr Morton—We are still in the process of finalising that figure.

Senator LUNDY—So it might be about \$8 million?

Mr Morton—Yes.

Senator LUNDY—I do not know if you are the appropriate person to answer this—perhaps the department could. Why does the budget show that there is extra—well, it is not quite \$1 million dollars—for Parliament House if there isn't really?

Dr Stretton—Can you give me a moment?

Senator LUNDY—Sure.

Dr Stretton—I have just been informed that most of that increase is in fact due to an increase in depreciation funding, which is expected to go towards the Old Parliament House as a result of a revaluation of the assets.

Senator LUNDY—I do not really understand how that works, how it can show \$9 million and it be somehow related to depreciation—that is because I am not an accountant I suppose.

Senator KEMP—Senator, we may need to get some more information on it and, if there is any additional information, we will provide that to you.

Senator LUNDY—Thanks. Can we go down to 'revenue from other sources'. That identifies a decrease in revenue between the estimated actuals for this current financial year, which has it at \$1.391 million and the next financial year has it as \$727,000. Can you provide an explanation as to what that revenue was and where it is disappearing from?

Mr Morton—I can give a guess. I suspect that the \$1.391 million includes cash revenue from entrance fees, from our share of the catering contract from the proceeds of the shop and so forth, and it also includes the value of donations from the National Portrait Gallery. The \$727,000 figure does not include a number of items such as donations both in cash and paintings to the Portrait Gallery, that is my understanding.

Senator LUNDY—Is that because those donations have not yet been received, so the estimated actual for next year may come back and show that amount significantly increased—is that the logic?

Mr Morton—That would be my guess—that is the logic of it. I will take that on notice and see if I can give you further information.

Senator LUNDY—Thanks.

[2.47 p.m.]

CHAIR—We will now move to output 4.1 ScreenSound Australia.

Senator LUNDY—While we are waiting, could the department refer me to the right page in the PBS.

Dr Stretton—It is page 61, Senator.

Senator LUNDY—I note in the first instance that there has been a marginal decrease in the total estimate of estimated resourcing for outcome 4. Is that all related to ScreenSound Australia?

Mr Brent—Yes, outcome 4, the item there on page 61 is all ScreenSound Australia.

Senator LUNDY—I also noticed that the average staffing level is dropping six positions, from 215 to 209. Perhaps we could start with you providing an explanation for that drop.

Mr Brent—The resources for ScreenSound Australia are staying roughly the same, with small variations due to efficiency dividends and so on. The archive is expecting that we will be paying salary increases to reflect improved productivity across the organisation. The counterpoint to that is that the dividend for the organisation needs to be a reduction in staffing numbers to be able to pay the extra salary. The increase in productivity will certainly pay for any reduction in staff or increased salaries.

Senator LUNDY—How are you approaching that reduction in staff? Are you having to make people redundant?

Mr Brent—Certainly not. The archive currently has about 20 staff on short-term contract. Since we have been anticipating this in our long-term planning for a great deal of time, we have simply ensured that we have carefully manoeuvred the archive to be able to reduce staffing through attrition and nonrenewal of temporary contracts.

Senator LUNDY—How many people have attended the sights and sounds of the nation exhibition?

Mr Brent—The figures for the first year of the exhibition are about 100,000.

Senator LUNDY—I do not know if you have disaggregated the information, but how many of those have been from overseas?

Mr Brent—We do have the numbers. I do not have them off the top of my head but my recollection is that it is a relatively small number.

Senator LUNDY—How many schools have made use of the various education programs on offer?

Mr Brent—We have about 40,000 school kids coming through the archive this year. I do not have with me the number of schools that that represents but, on average, we are talking about school groups of between 40 and 90. That is one-to-two buses' worth.

Senator LUNDY—That would keep you busy!

Mr Brent—It certainly keeps us busy.

Senator LUNDY—Do you know what proportion of those schools are public schools and private schools?

Mr Brent—Again, I do not have those figures with me, but I can get those for you. We can assume that they roughly represent the school population in that we broadly market to all schools visiting Canberra.

Senator LUNDY—Are you in a position to say which program has been the most popular? What is working for you in terms of generating visitor numbers?

Mr Brent—It is certainly the presentation program to school kids, which is marketed to schools and is very popular. But the sights and sounds exhibition itself has seen about a 46 per cent increase in visitor numbers since we introduced the exhibition.

Senator LUNDY—Can you take it on notice to provide us with a graph showing visitor numbers over whatever time they have been recorded?

Mr Brent—Certainly. No problem.

Senator LUNDY—And noting any significant changes—knowing that there has been significant refurbishment in the past, just where that occurs on that graph.

Mr Brent—Yes.

Senator Kemp—Which of your videos has been the most popular?

Mr Brent—I think that is a leading question, but we have had a number of recent video releases, some of which have been enormously popular, including our recent *Bayside Reflections: Volume 2*, which is a collection of material from the Melbourne Bayside. Another very popular one has been *The Tractor Factor*, a video of historical tractor footage.

Senator LUNDY—That is obviously for a niche audience. Have you got that one, Senator Kemp?

Senator Kemp—I have not got that one. I have the Bayside one, and I might say that part 2 is absolutely first rate. I shall now look at part 1, but I thought that was an excellent production. On the tractor front, I must confess that I have not had a chance to look through that tape, but that is something for which I will wait with expectation.

Senator LUNDY—Maybe you could organise a Wednesday night viewing.

Senator Kemp—Would you like to come, Senator? We would love to see you there.

Senator LUNDY—I would, although I am not particularly interested in tractors.

Senator Kemp—We might put that on. Senator Lundy, have you had a chance to go down to Screen Sound?

Senator LUNDY—No, not recently.

Senator Kemp—You should really go down. I am sure that Mr Brent would like to organise a visit. It is well worth seeing. At least as far as I am concerned, it is a facility which is one of the hidden treasures of Canberra.

Senator LUNDY—One of the hidden treasures of the national capital.

Senator Kemp—It is well worth while going down to. The archival footage they have in there is quite extraordinary and the video tapes. For anyone who has an interest in history it is a sensational place to go to. I thought I would get that recorded in the *Hansard* for you.

Senator LUNDY—I was just going to say you would be rivalling their marketing manager's position, Senator Kemp

Senator Kemp—Well, you never know, in this trade, Senator, when you will be needed for a new job!

Mr Brent—That is the sort of plug that if I tried to get on ABC Radio I would be cut off I think.

Senator LUNDY—That is right. You can get away with anything in Senate estimates, Mr Brent.

Senator Kemp—Every word is printed, though. Let me assure you I meant every word of it.

Senator LUNDY—It is all good news; is it not? Can you tell me what your out years estimates are—say, for 2003-4, 2004-5 and 2005-6?

Mr Brent—I do not have the precise figures with me but, essentially, we are running on a reasonably consistent forecast for funding—no particular increases or decreases are forecast at this stage.

Senator LUNDY—No hidden nasties around the corner?

Mr Brent—Not at this stage.

Senator LUNDY—Very good. Thank you. That is all I have.

CHAIR—Thank you for your appearance. We now move to program 3.1 Questacon.

[2.57 p.m.]

Senator LUNDY—I will start with my normal observations, first by saying welcome and then that you seem to have done reasonably well in the budget this year, having a small increase of about \$1.5 million. Is that in some convoluted depreciation and accounting technicality, or is it real money?

Dr Ghisalberti—I will answer for Questacon. With that \$500,000 of that is real new money out of Backing Australia's Ability for our program Smart Moves, which last year was \$700,000, and next year will be \$1.2 million. That is to take innovation, entrepreneurship, science and technology out to the regions.

Senator LUNDY—Sounds like an excellent program. You said it is \$1.2 million this year, but you are only getting \$0.5 million in the budget. Does that mean you have to find \$0.7 million within the current program?

Dr Ghisalberti—No. The first year it was \$700,000 and the next year \$1.2 million. The \$500,000 is the increase from last year, because we go by calendar years because it is schools. So the first financial year was only half.

Senator LUNDY—Okay. Thank you. Have you started heading out with that program?

Dr Ghisalberti—Yes, we have. We started going to areas quite close to Canberra to pilot it—Goulbourn, Yass, and places like that—and we are slowly increasing and we have had a lot of good feedback.

Senator LUNDY—Excellent. What about the funding for that program beyond this next financial year? Is there ongoing funding there or is it just for a two year period?

Dr Ghisalberti—It is a four-year funding, and we are treating this as a pilot. We are going to evaluate it really well and to see if it makes a difference and, if it does, we will seek funding to continue it.

Senator LUNDY—Right. So when you say a pilot, when are you going to do that evaluation?

Dr Ghisalberti—We are evaluating as we go and making changes, but we are going to do a real evaluation at the end of four years to see whether more kids are taking up science and technology as a result. We already have a photonics program which does the same thing—goes around Australia—and some of the universities are already reporting increased numbers

of kids doing physics and saying that it is because of that program. We have to evaluate that as well.

Senator LUNDY—You are approaching it as a long-term, four-year pilot, in effect?

Dr Ghisalberti—Yes. We are talking to kids who are 14, 15 or 16, and we need to have a long-term look at enrolments.

Senator LUNDY—Do you have a system in place that will track their decision making following your presentation to them? How do you go about that? That is probably a very big question.

Dr Ghisalberti—Evaluation is a very important thing. We evaluate all the time because, if the programs are not going to make a difference, let us not do them. This one will be done by an independent university—probably the ANU—to track the kids and see what affects their decision making. We already know, from other research, why kids choose their careers. Now we are going to see whether this makes a difference, because we are going to very discrete regions and it is easy to track the kids there.

Senator LUNDY—That sounds excellent. I will leave it at that. Thank you for appearing, however briefly.

CHAIR—Thank you, witnesses. That was very short, sharp and to the point.

Senator Kemp—Chair, may I make a brief comment while Dr Annie Ghisalberti is still at the table. This, unfortunately, will be her last appearance at Senate estimates, because Dr Ghisalberti has resigned from Questacon. I would like to thank you, Dr Ghisalberti, on behalf of the government and on behalf of the Senate, for all your good work. We are sorry to see you go, but one of the benefits of leaving is that you will never again have to appear before an estimates committee.

Dr Ghisalberti—I enjoy it, Senator.

Senator Kemp—Thank you very much.

CHAIR—On behalf of the committee, I endorse those comments and wish you well in the future. I am not so sure that you will really miss estimates.

Senator LUNDY—I share those views, as expressed by the minister and the chair.

Dr Ghisalberti—Thank you.

[3.05 p.m.]

Australian Sports Commission

Senator LUNDY—Given that the route of the Gungahlin Drive extension has not been finalised, Minister, have you told the Sports Commission that they will only get the additional \$65 million funding package announced in the budget if the ACT government abandons the Gungahlin Drive extension?

Senator Kemp—The position I have put is the position I put in my press release. This government has made a very significant commitment to the AIS of \$65.5 million over four years. That is our policy and, in my press release, I have indicated that we do not support any road plans which have an adverse effect on the AIS—and I would imagine that should be your position too. I have further asked that the ACT government revisit its plans, as I understand that there is a view that the current plans that we are aware of may well have a significant adverse effect on the AIS.

The point I want to make is that the AIS is one of Canberra's great prizes. It is an institute which has world standing—it is the MIT or the Harvard of sport—and people from all over the world come to inspect this institute. This government has made a very significant commitment to the institute already, and we have further expanded that commitment. This is great news for sportsmen and sportswomen. Our policy is very clear: we want to ensure that the AIS continues to grow, continues to expand its competence and maintains its standing. We therefore do not support any roadworks which will have an adverse effect on the AIS.

Senator LUNDY—I want to get this really clear, because I do not really understand. There are two issues here. The ACT government has not released, as yet, its route. It has not finalised those details. I want to be clear what the preconditions are that you are attaching to the additional money promised to the AIS and also to try and get some clarification on your position on the road and whether that position extends to both the western and eastern route. You have said it is conditional upon the AIS being completely satisfied that there is no adverse impact. If the AIS come to that view and say, in the end, 'It's okay to go on the western route', will you block that money?

Senator Kemp—Frankly, I will just restate the position, because I do not think you quite understood the position I put to you. This is an institution of world standing which should continue to expand. We have made a huge commitment to that institute and, therefore, we do not support any roadworks which will have an adverse effect on the AIS, so any plans that would be brought forward by the ACT government will be evaluated in that light. If the ACT government changes its plans, clearly, there will be consultation and a report will be made, and presumably made public, about any impact that may have on the AIS. That is our bottom line. That is the position.

Senator LUNDY—So, at that point, if you are not satisfied, you will not be paying out the \$65 million.

Senator Kemp—Let me finish, Senator. That is our bottom line, and I would have thought that was your bottom line. I would have thought that you, as the shadow minister for sport, would have exactly the same position as the government—that is, no roadworks which have an adverse effect on the AIS. I have called on the ACT government to go back to the drawing board and come up with options, if they wish to, which do not have an adverse effect on the AIS. That is the government's position at this stage.

Senator LUNDY—In effect, your mind is still open, based on what the ACT government come up with, given they have not finalised their position on the road?

Senator Kemp—We will judge it in the light of that criterion. We will judge any plans they have in the light of criterion that there should be no road plans which would have an adverse effect on the AIS. That is the government's position, and we would hope it is your position. We would hope it is the position of the ACT government. I am a little surprised because never in my political career have I heard an announcement made of this order to support an institute that then seems to cop the sort of aggression that the ACT government have shown. Most governments would have been delighted to have this sort of commitment made to an institution which is located in their city. We would call on the ACT government to work closely with the AIS. The AIS is happy to consult with the ACT government to ensure that there are no road plans which will have an adverse effect on that institute. We look for your support, too, Senator, for that.

Senator LUNDY—You were reported on WIN television on 23 May as saying, 'There should be no road which has an adverse effect on the Institute of Sport', and that 'I should not separate the extension of the road to a commitment of the AIS.' You were also reported as

saying, 'The Commonwealth will monitor its \$65.5 million investment closely.' Doesn't that directly imply that the \$65 million that you have announced to go to the institute will be contingent upon your satisfaction about the impact of the road on the AIS? Isn't that political blackmail, Minister?

Senator Kemp—I think it is an astonishing comment that you have made. Our policy is to give \$65 million to the AIS. Your policy is to support a four-lane highway thread through the front yard of the AIS. I just find that absolutely astonishing.

Senator LUNDY—I do not think they are mutually exclusive, given you do not even know what the proposed route is going to look like. Surely, you should not pre-empt the ability of the AIS to consider the facts, once they are on the table.

Senator Kemp—Sure. The AIS will consider the facts, and the AIS will then indicate whether any roadworks will have an adverse effect on the AIS. If the AIS tell us that that they are satisfied from their scientific studies and from other advice that any roadworks will not have an adverse effect, that obviously will be a very important statement. But our bottom line is—

Senator LUNDY—Let us not get ahead of ourselves. Until that information is available, they do not know and how could you know. So my question to you, Minister, is: why have you chosen to enter this debate in the way that you have by implying that somehow that money is contingent on a problem that you do not know exists? The AIS do not know whether or not it exists—not if their statements to date are true.

Senator Kemp—Senator, if you think there is no problem, that is great news. If you have some scientific studies which show that a new roadwork proposed by the ACT government does not have any adverse effects on the AIS, you should share it with us.

Senator LUNDY—Clearly, the point is whether or not the road information is out there.

Senator Kemp—We call on you to adopt the same position that we have—in other words, that roadworks should have no adverse effect on the AIS. That is the position the federal government holds. We would like you to support that position. Do you support that position?

Senator LUNDY—Very clearly, it is up to the ACT government and the AIS to continue their discussions and negotiations, in good faith, about the location of the road and the various impacts it would have. My understanding is that those discussions are continuing. Perhaps I could ask Mr Peters why he had not responded to—

Senator Kemp—The record will show—

Senator LUNDY—Excuse me, I am in the middle of a question.

Senator Kemp—I am just going to finish this. The record will show that you have refused to give that commitment to the AIS.

Senator LUNDY—I want to know whether or not the Sports Commission has replied to a letter from the ACT government dated 6 March 2002 requesting clarification from the Sports Commission regarding their requirements in relation to Gungahlin Drive. Has the Sports Commission detailed explicitly to the ACT government their requirements with a view to giving guidance to the ACT government about how your alleged concerns can be dealt with?

Mr Peters—I am not aware of a letter of 6 March from the ACT government to us seeking any clarification. Since 1990, the Australian Sports Commission has put forward submissions raising considerable concern about highway proposals in the vicinity of the AIS. On 28 February, I met with the planning minister, Mr Corbell, who acknowledged that there had been no studies done into the issues raised by the Australian Sports Commission concerning

the effect on AIS athletes of a proposed highway. He gave an undertaking that he would immediately put in place a study to address the issues that we raised with him in that meeting—his officers were also present. Unfortunately, after a month we still had no reply and I wrote to the minister again, saying that we were concerned that there had been no action. He has responded. As of last week, terms of reference were signed off between the planning department of the ACT government and us to immediately address the issues that we have continually identified and—

Senator LUNDY—Sorry to interrupt. I have just realised that the letter I am referring to was in fact not addressed to you, as you have correctly pointed out; it was addressed to Senator Kemp as the minister. I might come back to you later with those issues. Senator Kemp, can you tell me why you have not responded to the ACT government's letter?

Senator Kemp—I will check on that.

Senator LUNDY—Is it because you are trying to turn this into some sort of political stunt with your local Liberal mates and do not actually care about the AIS or the road or the Gungahlin residents? What is your motivation in intervening in this dispute in the way that you have?

Senator Kemp—My motivation is to continue to expand and improve the AIS, to ensure that it maintains its world-class status and to ensure that it can attract sports men and women from all over Australia to come to Canberra to make use of the facilities.

Senator LUNDY—They are all worthy objectives.

Senator Kemp—That is my motive.

Senator LUNDY—That does not explain your intervention in this debate.

Senator Kemp—My intervention in this debate is that the Commonwealth government has made a \$65 million commitment to the AIS and we are concerned that the AIS is not in any way harmed or adversely affected by roadworks. I would have thought that was blatantly obvious to you. I hardly think that is political blackmail; it is plain commonsense. The thing which I think astonishes quite a few people in Australia is the fact that you seem unable to accept the proposition—which I would have thought everyone could accept—that there should be no roadworks around the AIS which would have an adverse effect on the AIS. Is that a terrible thing to say, or is it a thing that you are prepared to support as well?

Senator LUNDY—As I have said, I have complete faith in the ACT government to resolve their issues with the AIS.

Senator Kemp—Why don't you say those words then? Why are those words so impossible for you to say? You would give a lot of comfort to people if you could say that you do not support any roadworks which would have an adverse effect on the AIS.

Senator LUNDY—Can you tell us precisely what conditions your government will accept? Do you believe a tunnel is acceptable? You have said 'no road'. Does that mean the eastern route is unacceptable to you? I want to know whether the federal coalition government has a non-negotiable bottom line on this issue and is in fact denying the Sports Commission the right to negotiate these matters with the ACT government. Can you tell me where your bottom line is on this issue?

Senator Kemp—I have not denied that. My bottom line is that the Commonwealth government does not accept any road works which would have an adverse effect on the AIS. How many times do you want me to say that? That is the bottom line.

Senator LUNDY—I actually want specifics. You say ‘not an adverse effect’. What, in your view, would not be an adverse effect? You have obviously made your mind up in advance without knowing where the road is going to go.

Senator Kemp—No, I have not made my mind up in advance.

CHAIR—Let us do this in an orderly fashion, Senator, and give the minister an opportunity to reply.

Senator Kemp—This will be determined by the studies which will be carried out on issues concerned with the environment and noise. Clearly, there will be some comments from the athletes’ coaches and the athletes themselves on the effect that this will have. The problem is that there is already a huge amount of sunk capital in the AIS and, at the end of the day, we have to make sure that sportsmen and sportswomen want to come to that institute. If the environment of the institute were adversely affected, the fact is that many would not come.

Senator LUNDY—Are you going to use the National Capital Authority to effectively block the proposed amendment for the western alignment route for the Gungahlin Drive extension?

Senator Kemp—The government has not turned its mind to that option. The option that we are looking at is for the ACT government to enter into constructive discussions with the AIS to have these matters resolved. That is the only option that the government has considered at this stage.

Senator LUNDY—Do you concede that, in fact, we do not know yet what road we are talking about or which proposal the ACT government is putting forward, because they have not released that detail of the plan?

Senator Kemp—If you tell me that this is a fluid position, I accept that. You have asked me what the Commonwealth thinking is on this, and I have explained three or four times precisely what the Commonwealth thinking is. We would want the ACT government to look at this constructively and to recognise that they have something which is very special in this town.

Senator LUNDY—So do you concede that, by saying up front that the AIS will not get the money because the road, as you understand it, will have an adverse effect, you have been basing those comments on inaccurate reports of where the road is actually going to be and go and what it is going to look like?

Senator Kemp—I keep on reading newspaper reports and there seems to be a fairly fluid position in relation to the Stanhope government here. Let us hope it is sufficiently fluid that when they finally come down with some road plans the AIS will not be adversely affected. That is our hope and our expectation. But it would be remiss of me not to make these comments, as it indeed would be remiss of the AIS and the ASC not to provide proper advice on these matters. That is what I am doing. I do not know why you are being so defensive about this. I always thought that you were a strong supporter of the AIS. What we want is your support.

Senator LUNDY—It continues to be unwavering.

Senator Kemp—Except that you seem to be supporting a four-lane highway through the front yard of the AIS.

Senator LUNDY—As the western option was an election commitment by the ACT government, is it the coalition’s policy that an elected government must break its election commitment just because you do not like the outcome? Given that the ACT Labor

government achieved the biggest swing since self-government to get themselves elected and that the western route was such a significant part of their policies, and acknowledging the fact that your government has placed a lot of stake in electoral mandates, don't you think that that gives the ACT government the right to continue to negotiate in good faith with the AIS with the view to constructing the western route for the Gungahlin Drive extension? Isn't that a reasonable proposition?

Senator Kemp—Let me put a number of points to you. You said that the government has a mandate to do this and therefore the government should be allowed to do it.

Senator LUNDY—Within the scope of negotiating the difficulties with the AIS.

Senator Kemp—That was the proposition you put to me. As a Labor senator who will be voting on promises that we went to the election on, you have indicated to me that the ACT government should be allowed to carry out its election promises. Do you believe that the Howard government should be allowed to carry out its election promises?

Senator LUNDY—Can you answer my question, please? Go down any rabbit hole you like to try and distract from the question.

Senator Kemp—You are putting a proposition which you do not believe yourself. You are putting a proposition to me that it is okay for the ACT Labor senator in the Senate to constantly vote against government promises, but that any promise that the ACT government made should be entirely fulfilled as far as you are concerned. I am astonished that you made that argument in this chamber, given your own behaviour and given the fact that you have consistently voted against election mandates this government has had, particularly in 1998. Presumably there will be some issues which will be coming up in this budget which you will be voting against. That is the first point I would make in response to your comments, Senator. The second point is that I am not preventing the ASC or the AIS having negotiations with the ACT government; I welcome it.

Senator LUNDY—That is a really important point. I need to know that you are not.

Senator Kemp—I support them. In fact, I would want them to do it.

Senator LUNDY—To date it has been like you have been trying to pre-empt their position by saying that under no circumstances is the AIS going to be permitted to negotiate with the ACT government. That is very clearly the perception.

Senator Kemp—Excuse me. Are you saying that I have said that?

Senator LUNDY—That is very clearly the perception and the implied threat in your press release.

Senator Kemp—That might be your perception, but I have never said that, Senator.

Senator LUNDY—I was making it very clear that the implication in your press release—

Senator Kemp—Why do you put words in people's mouths? I have never said that.

Senator LUNDY—This is what I am here to clarify. If that is not the case, then we are a step ahead from where we were before we started.

Senator Kemp—Senator, I would invite you to show me anywhere where I made that statement. I would indicate to you that you will not be able to show me anywhere I have made that statement. This is a total figment of your imagination.

Senator LUNDY—There is an implication there, and I am challenging you on it. If it is not the case, then we are one step ahead.

Senator Kemp—To give you some comfort, Senator, I would strongly support the AIS and the ASC entering into discussions with the ACT government. I would want the ACT government to come to that table, being willing to protect this most precious asset that they have in Canberra. There are many important assets in Canberra. This is one of the most important. It is a world-class facility. It is the Harvard of sport. Frankly, I think it is beholden on all of us to make sure that that facility continues to grow and to expand. We would want the ACT government to recognise this. I think that some of the interventions by Mr Stanhope have not been all that constructive. I think the rhetoric has been overblown. It is time now that Mr Stanhope and your colleagues sat down and had a good discussion with the AIS—I think they are continuing anyway; I think this is happening—to make sure that we have an outcome. The outcome which you should support and the outcome which the ACT government should support is the outcome that I support, which is that there should be no road plans which have an adverse effect on the AIS.

Senator LUNDY—We have moved a long way because—

Senator Kemp—This is what I have said in my first press release on this, Senator.

Senator LUNDY—Absolutely not.

Senator Kemp—This is just—

Senator LUNDY—We are here to express our view on the matter. I am relieved to hear that you are now supportive—

Senator Kemp—Why don't you read the press release that was put out three weeks ago, rather than making a clear invention, Senator?

Senator LUNDY—of the fact that the AIS has the right to negotiate in good faith with the ACT government.

Senator Kemp—But I have never said that they haven't. Where have I said they haven't?

Senator LUNDY—Minister, you have certainly said that there should be no road which has an adverse effect.

Senator Kemp—Absolutely.

Senator LUNDY—And that they shouldn't separate the extension of the road to a commitment to the AIS. Now that we have established that you do not have a problem with the AIS resolving their issues with the ACT government, can we establish that either way you are not going to withhold that \$65 million from the AIS?

Senator Kemp—I can go over this again and again, but to make it very clear to you, the consistent position of this government has been—rather than any figment of your imagination—that there should be no road plans which have an adverse effect on the AIS. We have called on the ACT government to go back to the drawing board to bring forth plans which do not have an adverse effect on the AIS. We are very comfortable with the AIS having discussions with the ACT government. The AIS and the ASC will advise me whether the road plans do have any adverse effect. They will look at a range of things, I am sure, and I think the terms of reference have been agreed. If you would like to have a discussion on the terms of reference, they can be outlined to you. But it seems to me that you should support the proposition I am putting: if you do not, it means that you are—I would have to say—a very strange spokesperson for the Labor Party on sport, because we would have thought that you would have supported the AIS. Our position is clear. I have stated this time and time again.

Senator LUNDY—In terms of your feeding of information to the local Liberal people, have you made a decision from your office to keep the ACT Liberals informed of your particular views on this matter?

Senator Kemp—It is none of your business what my dealings are with the ACT Liberals, as it is none of my business what your dealings are with the ACT Labor Party. It is none of your business, and—

Senator LUNDY—They seem to know everything at least a day in advance.

Senator Kemp—Do they? In that case, I am pleased to hear it. But let me say that it is an astonishing proposition that Senator Lundy is now putting—that somehow I should not have consultations with the ACT Liberals. Of course I will; and of course you will have consultations with the ACT Labor. It is like your comment on broken promises: the standards which you wish to apply to us are not the standards which you apply to yourself.

Senator LUNDY—You have conceded that you have not seen the plans, because no-one has seen them yet because the ACT government has not released them. You now acknowledge, of course, that the AIS is in good faith negotiation with the ACT government—

Senator Kemp—You have the most absurd way of expressing what I have just said.

Senator LUNDY—Please do not interrupt.

CHAIR—Senator Lundy, please let the minister—

Senator LUNDY—Please, Chair, be consistent in your rulings. I am being constrained in not interrupting the minister when he goes off on these little editorials. I deserve the same respect.

CHAIR—The minister is being misrepresented. He is entitled to seek to have a fair representation of his views.

Senator MACKAY—That goes both ways, though.

Senator Kemp—Can I just say that Senator Lundy—

Senator LUNDY—I would like to finish my question. Given that you have conceded a number of issues today—

Senator Kemp—I have not conceded a single issue today. The position of the government has been absolutely consistent. I am now looking at a press release of 16 May—

Senator LUNDY—Please do not interrupt my question. I do not interrupt your editorials; do not interrupt mine.

Senator Kemp—Let me just read you the press release of 16 May—

Senator LUNDY—Chair, let me ask my question.

CHAIR—You could have said that you had made a point—

Senator LUNDY—I was in the middle of asking a question, and I was interrupted.

CHAIR—The minister claims that your statement was incorrect, and he is simply correcting it.

Senator LUNDY—Then I am going to interrupt Senator Kemp every time I think he is making an incorrect statement about me.

CHAIR—As I understand it, the minister is reading a press statement.

Senator LUNDY—No, I was asking a question.

Senator MACKAY—Point of order! I appreciate your ruling, Chair, but I really think that there should be some respect, as well, from the minister's perspective.

CHAIR—That is where we began.

Senator MACKAY—Please do not interrupt. Please let Senator Lundy finish a sentence.

CHAIR—We did begin with a question of letting the minister finish what he was saying, but—

Senator Kemp—I am happy for Senator Lundy to continue.

Senator MACKAY—Thank you.

Senator Kemp—On the point of order—and then we will let Senator Lundy continue—what I was objecting to was Senator Lundy's outrageous claim that I have made some concessions. I want to make it very clear that our position has been completely consistent. I have a press release here from 16 May, which I am very comfortable in reading to Senator Lundy, which shows exactly what our position is.

CHAIR—Perhaps you would like to table it.

Senator LUNDY—When I have finished my question. Could I also say on the point of order, before I continue my question, that I want to put on the record my disagreement with Senator Kemp's continual assertions that I do not support the AIS. Everyone knows that is not true. It is a petty political point that he is trying to get across that is entirely inaccurate.

CHAIR—Okay. We note that.

Senator LUNDY—Thank you.

CHAIR—If you just finish what you are saying, then the minister will read his press release into the record.

Senator LUNDY—Can I clarify whether the minister has expressed opposition to just the western route or whether the opposition expressed goes to both routes—the eastern and the western route—or whether, in fact, his opposition to the roads is to both roads and he is of the view that the road should not go ahead? I should also say that the Gungahlin Drive extension has been part of the territory plan since 1962 and that these plans were established well before the AIS was built. I thought that salient fact might be important to bring to the minister's attention.

Senator Kemp—Thank you, Mr Chairman. Your letter was, I think you said, of 16 March—the letter that I received from the ACT government. Is that right?

Senator LUNDY—The sixth.

Senator Kemp—Well, the letter that you are referring to from 6 March was, in fact, 6 May. There is a letter on 6 May, not 6 March. I think it is worth while correcting the record. I do not know who informed you. We will continue to search to see whether there is such a letter, but there is a letter from Mr Corbell—

Senator LUNDY—I am happy to stand corrected, if that is the case. My information was that it was 6 March.

Senator Kemp—It says here the sixth of the fifth, 2002, from Simon Corbell. On 16 May I issued a press release. In that press release I said, 'Minister for Sport calls on ALP to support AIS'. In the second paragraph of that press release are these words:

The Commonwealth position is very, very clear and has been known for a long time—there should be no road works which adversely affect the AIS.

That has been stated time and time again. There has been no shift in our position. So what we are talking about is making sure that whatever roadworks are put in place—whatever roadworks—we do not want those roadworks to have any adverse effect on the AIS. What we would hope is that Mr Corbell and Mr Stanhope would attempt to lower the temperature, come to the table, have a discussion and work through an issue which is difficult, but with the objective of coming up with plans which do not have any adverse effect on the Australian Institute of Sport. That is all we are saying. I do not think a bad position. It is a position I would have thought that you, as the shadow sports minister, would have strongly supported. How can you, as the shadow sports minister, not support that proposition?

Senator LUNDY—I have a copy of the letter. The actual date on it seems unclear. If you have it recorded as May—

Senator Kemp—Why don't you show me yours and I will show you my letter, Senator? Does your letter start off:

Dear Senator Kemp,

I am writing to you as minister responsible for the Australian Sports ...

Senator LUNDY—Yes. I know we are talking about the same letter; I presumed as much. I just cannot actually read the dating on it.

Senator Kemp—I will get an auditor to have a look at this, but that looks to me like—

Senator LUNDY—It is a fine point. It actually does not change much.

Senator Kemp—It was received in my office on 9 May.

Senator LUNDY—And you put out your press release on 16 May?

Senator Kemp—The press release was dealing with some comments that Mr Corbell had made on the radio, I think, not in relation to this.

Senator LUNDY—Minister, on page 3 of that letter, it says:

We are prepared to undertake a range of studies and design modifications to address the proven concerns of the AIS in relation to its current operations. In order to address the issue of future operations of the AIS, it will be necessary for those plans and concerns to be identified.

It continues:

I seek your assistance—

Simon Corbell is asking you—

to obtain the specific performance criteria which the Australian Sports Commission considers necessary to meet in regards to the impact of the Gungahlin Drive extension on the AIS. In particular, I would welcome your advice on exactly what the Commonwealth has established as the potential impact on the current and future operations of the AIS that will need to be satisfactorily resolved. I would appreciate any particular information you have on the future growth of the AIS so that such requirements can be identified and considered when designing the road.

Why haven't you responded to that letter? Why haven't you provided that information to help the ACT government be informed about your concerns and the concerns of the AIS, so that they can in good faith factor those specific concerns into their ongoing work on the final design and siting of the road? Why have you ignored this letter, Minister? Isn't it because you are playing politics with this issue? That is the only conclusion I can draw.

Senator Kemp—Senator Lundy, I think you ought to lower the temperature, too.

Senator LUNDY—I am absolutely serious about this. That is the conclusion you force me to make.

Senator Kemp—Senator, I know that you are getting upset about it.

Senator LUNDY—Tell me why you did not answer this letter and why you put out a press release instead.

Senator Kemp—I put out a press release because of the relentless comments that were being made publicly by Mr Stanhope, Mr Corbell and you.

Senator LUNDY—Don't you take this issue seriously?

Senator Kemp—The ASC had discussions with Mr Corbell's department on this issue in March. Mr Corbell has been very well informed, I am advised, on this issue from March. I am not sure why he persists in pretending that he does not know—

Senator LUNDY—No. He is asking you because you have come into the debate and appeared to have set preconditions. That is why.

Senator Kemp—I know that you are in a very poor position on this and I know that this is causing you considerable embarrassment, and I suspect that many of your colleagues would not be supporting the position that you have on this road. Let me make it clear to you that there have been meetings as early as March with Mr Corbell's department and that Mr Corbell's department has been made aware of the AIS concerns. I am surprised that Mr Corbell feels he is unsure of precisely what the concerns are of the AIS. I find that very surprising. We have meetings with them. We inform them of the concerns. We write to them.

Senator LUNDY—You are speaking as the AIS?

Senator Kemp—We agreed on terms of reference with them.

Senator LUNDY—When you say 'we', are you are talking about the AIS?

Senator Kemp—The ASC is a key advisory body to the government, and I do listen to the advice of the ASC.

Senator LUNDY—So when it is the royal 'we', it is you and them.

Senator Kemp—I do not take advice from you, Senator. I take advice on sport issues from the ASC. It is incorrect of you to claim that Mr Corbell has not been made aware of the AIS concerns. It is also incorrect to say that the government is not acting in a constructive fashion, because the ASC has agreed terms of reference for a further study, and I would have thought that action was being taken on this. I have to say that I think you are attempting to politicise this issue. My fondest hope is that this issue can be resolved in a very satisfactory manner which properly protects the AIS. Frankly, I do not think the sorts of comments that are being slung around and some of the rhetoric that I have heard are conducive to reaching an appropriate outcome. If Mr Corbell agrees with the proposition that I have put, I have no doubt that we can get this matter finalised appropriately.

Senator LUNDY—While Mr Corbell was—and still is—negotiating in good faith with the AIS, he was completely justified in concluding from your entry into the debate at that crucial time that the only responsible thing to do on behalf of the ACT government was to go directly to you as minister and to ask you, as opposed to the AIS, these questions. Further, when no response was received by the ACT government, it is a reasonable conclusion to draw that you were not prepared to put on the table your concerns and that, in some sense, hampered their ability to address the concerns.

Senator Kemp—That is complete nonsense. I received a letter on 9 May—

Senator LUNDY—I am sorry; I have not finished yet. The letter goes on to say:

I will be happy to arrange a full briefing for you or any representatives on the current proposals in order to expedite this advice. Arrangements can be made by contacting Ms Gina Pinkus in my office ...'

I am also writing to the Minister for Regional Services, Territories and Local Government, Mr Tuckey, as minister responsible for the National Capital Authority.

Mr Corbell goes on to say that he will be seeking advice from Mr Tuckey with respect to the specific requirements of the NCA in respect to the National Capital Plan. Mr Corbell concludes his letter by saying he looks forward to your advice on these matters with the view to allaying any proven concerns of the Australian Sports Commission and to working cooperatively through any outstanding issues. I ask you again, why did you not bother to respond to that letter?

Senator Kemp—Let me tell you, as you seem to be incapable of taking in the information that I have already given you, that we signed off on the terms of reference for the study last week. This was in train. It is exactly what I understand that Mr Corbell was seeking, and the ASC has signed off on the terms of reference so that a proper study can be carried out. So it is not correct for you to say there has been no response. The letter arrived on 9 May. According to your time line, apparently every letter has got to be responded to within three weeks.

Senator LUNDY—On an issue as crucial as this, as you point out, what do you expect?

Senator Kemp—But we have responded. And we responded in the most constructive way—

Senator LUNDY—You did not respond.

Senator Kemp—The response Mr Corbell wanted was consultations, discussions and agreement on the terms of reference, and that has been done. Again, this is another error you have made, Senator. There has been a very positive effort to work with the ACT government. I think that the rhetoric of some of your mates in the Labor Party in Canberra should be toned down. They should settle down, they should work with the ASC and they should come up with some plans which everyone can agree upon, so that the road plans will not have any adverse effect on the AIS.

Senator SCHACHT—You do not want to settle this. You are being provocative and condescending. You want to keep it going as long as you can—

CHAIR—Senator Schacht, the minister has just said—

Senator SCHACHT—because it suits your political agenda.

Senator Kemp—It does not suit our political agenda. Our political agenda is to get this settled.

Senator SCHACHT—You do not want to negotiate a settlement; you want to keep sucking it for everything you can. In five days of estimates, this is the only thing you have got yourself excited about. I cannot think of anything else at estimates—for the days that I have been here—that you have got yourself excited about.

Senator Kemp—I have to say, because it has been the most boring estimates I have been to—it has genuinely been the most boring—

Senator SCHACHT—You have not even been sitting there. You have been outside, wandering about like a lost lamb.

Senator Kemp—Senator Lundy has been at her boring best in these senate estimates, it is true. But this is a very important issue.

Senator SCHACHT—You want to gnaw this bone; you do not want to negotiate an outcome; you just want to fight it to the end. That is what you are on about—goodness me, it is so transparent, Senator!

Senator LUNDY—And that from an independent observer!

Senator Kemp—We have just said that we have agreed the terms of reference, and that the ASC is more than happy to settle down with Mr Corbell and his department and negotiate this; but the bottom line—

Senator SCHACHT—I am sure they are—without you looking over their shoulder.

Senator Kemp—I am not looking over their shoulder.

Senator LUNDY—Are you sure?

Senator Kemp—I am not looking over their shoulder. Senator, as you are the president of the volleyball association—

Senator SCHACHT—Federation.

Senator Kemp—As the president of that federation, can I ask you this: do you want a four-lane highway through the front yard of the AIS?

Senator LUNDY—We have not even seen the plans yet, Minister. Stop whipping it up. It is self-serving when you use that language. We have conceded that you do not even know what it is going to look like.

Senator SCHACHT—I will put on the record, Minister, that the federation of which I am the president, has written to the Australian Sports Commission indicating—I do not know which is the worst route, east or west—their support for the AIS position.

Senator Kemp—Good.

Senator SCHACHT—When they took that decision, I declared myself out of the discussion, because of the consideration of a possible conflict of interest from being a Labor senator.

Senator Kemp—Excellent.

Senator SCHACHT—That is the decision. That is called good governance, which you would not understand, on most occasions.

Senator Kemp—Don't be pathetic, Senator.

Senator SCHACHT—That is the decision of the federation, and I excluded myself from the discussion, either way.

Senator Kemp—That is excellent; I am delighted to hear that.

Senator SCHACHT—Mr Peters might acknowledge that he has probably received the letter, I would suspect, from the Volleyball Federation.

Senator Kemp—I am delighted to hear that.

Senator SCHACHT—If I had taken your attitude, I would have made some effort to stop a letter going—with the way you go on and the way you play this issue.

Senator Kemp—What, precisely, is your objection to my position? My position is this: there should be no roadworks which would have an adverse effect on the AIS. Is that, in your view, an impossible position?

Senator SCHACHT—I am not talking on behalf of the federation; I have declared myself out of the discussion. One thing I have observed about this is that you have got yourself so enthusiastically emotionally committed that you think this is the way in which you can make yourself feel excited—by belting the ACT Labor government. That is all you are on about.

Senator Kemp—I am not.

Senator SCHACHT—If there was a negotiated settlement, you would be the first to undo it, because you would have nothing left to argue about. That is your position.

Senator Kemp—That is complete nonsense. It shows, perhaps, why it is time you left this Senate.

Senator SCHACHT—Well, maybe.

Senator Kemp—You have not listened to any of the discussion which has been held here. We do not want a debate on this. We want the AIS to be protected. We want the AIS to continue to grow and expand. That is why we made this big commitment. We do not want a political battle over this.

Senator SCHACHT—You have made it a political battle, Minister.

Senator Kemp—The sooner this matter is resolved, the better.

Senator SCHACHT—You have had your sticky fingers all over it.

Senator Kemp—If the AIS and the ASC advise me that they have reached an agreement with the ACT government regarding the roadworks and that they believe that these roadworks will not have any adverse effect on the AIS, I will be perfectly happy with that—and I am happy to go on record. So your assertions are quite wrong. It is true that I think this is an important issue, and it is appropriate that we have this debate here to clarify our positions. I think it is an important budgetary initiative. It is important for the AIS and, really, it is important for sport in Australia. I make no apology whatsoever about becoming emotionally involved in this. If Senator Lundy can tell me that her position is that the AIS should not be in any way adversely affected by the road plans—

Senator SCHACHT—Will you lie down in front of the bulldozers when they build the road in the wrong spot? It would be a very encouraging beginning, to have you in front of the bulldozers or the trucks. You might be run over. You might get some advice from Bob Brown about that. That would be a real test of your commitment. I look forward to seeing you lying down in front of a bulldozer.

Senator Kemp—Senator Schacht never fails to lower the tone of a debate in Senate estimates, I have noticed. On this particular occasion, Senator, you have not disappointed me.

Senator SCHACHT—I try for consistency.

Senator Kemp—You are totally consistent.

Senator SCHACHT—With you, I am.

Senator Kemp—No, with everybody.

Senator SCHACHT—Will you lie down in front of a bulldozer? That is what I want to see.

Senator Kemp—As I said, you never fail to lower the tone of a debate.

CHAIR—It being five to four, we might break for afternoon tea. A little caffeine may stimulate people to focus more clearly on real issues when we resume.

Proceedings suspended from 3.53 p.m. to 4.10 p.m.

CHAIR—We will resume.

Senator Kemp—I have before me a letter of acknowledgment to Mr Corbell dated 21 May. It is a very brief acknowledgment that says that the issues raised in your letter ‘are receiving attention and the minister will respond to you shortly’.

Senator LUNDY—I was aware of that.

Senator Kemp—I regret that I do not turn around letters in three weeks, but we will keep on trying.

Senator LUNDY—I am glad to hear it, Minister. I would like to go to the views as expressed by the AIS, or more accurately, the Sports Commission. Firstly, you mentioned before, Mr Peters, that you have now negotiated terms of reference for a study to occur.

Mr Peters—As of last week there was agreement on the terms of reference from the ACT government.

Senator LUNDY—Who were you negotiating those with?

Mr Peters—The planning minister nominated his senior planning representatives out of their department.

Senator LUNDY—Have you got those terms of reference?

Mr Peters—I do not have them here with me at the moment. We have heard verbally. We have not received the formal notification back from the council.

Senator LUNDY—But you are not aware that there is any problem with the terms of reference as agreed?

Mr Peters—No. We had some variations and they have now been agreed.

Senator LUNDY—What is the process from this point forward now that you have agreed terms of reference and, certainly for my benefit, could you describe those terms of reference? What are the issues included?

Mr Peters—As we have consistently put before whichever government has been in power in the ACT since the early 1990s, the concern we have about road or highway structures is the impact it will have on the athletes. That impact has a number of different concerns, from sleep deprivation to pollution to the future of the facility, et cetera.

Senator LUNDY—Mr Peters, you are going to have plenty of opportunities down the track to go through all of those issues, so could you just stick to my question and tell me, in general terms, what the terms of reference are, please.

Mr Peters—The terms of reference address those issues. There will now be a consultancy let. That consultancy will address the issues that we have raised with the ACT government, and they have acknowledged they are issues that need to be addressed.

Senator LUNDY—Could you list them now? I am sorry to have interrupted.

Mr Peters—I do not have the actual terms of reference at the moment. I have variations of them that, again, were agreed to, and I was told verbally late last week that they have been agreed to by Mr Corbell. I am quite happy to provide them. They are going to be publicly out there in the tender process.

Senator LUNDY—They are certainly pertinent to this discussion. I do not have a copy of them either but I think it is worthwhile just talking through the ‘what happens next’. As you

understand it, based on those terms of reference, a consultancy will be let. What is the selection process for that consultancy?

Mr Peters—The ACT government and ourselves will be on the consultancy panel. We have agreed to a group of consultants that will be approached.

Senator LUNDY—Who is that—are you in a position to say?

Mr Peters—I cannot remember the names. We can provide the list. It has been agreed to with the ACT government.

Senator LUNDY—So it will be a competitive process—you will go to an agreed number of reputable consultants.

Mr Peters—My understanding is that there are four reputable consultants agreed to. The initial consultants were actually supplied by the ACT government.

Senator LUNDY—And you are happy with that list?

Mr Peters—Yes.

Senator LUNDY—What is the value of that consultancy? Have you talked about how much that will cost, and is that full cost being met by the ACT government or is it a joint cost?

Mr Peters—I understand it could be around \$10,000 and the ACT are meeting those costs.

Senator LUNDY—You should be happy about that then.

Mr Peters—We are always happy when others meet costs, yes.

Senator LUNDY—What is the time frame, as you understand it, for this consultancy?

Mr Peters—If it runs as planned then we would hope that in July we have a final report.

Senator LUNDY—Late July—it is nearly June.

Mr Peters—Our estimation and that of the ACT government is that it will be two months by the time we let the contract and get the final report.

Senator LUNDY—I am presuming that this consultant will be able to rely on the actual road as it going to be proposed. Is that your understanding—that they are actually going to base this consultancy on the ACT government's announced plans?

Senator Kemp—Senator, you just told me prior to afternoon tea that there was no specific road.

Senator LUNDY—I am just trying to get the sequencing right because I am presuming that if the consultants are going to be able to do accurate work they are not going to be able to do that work until the ACT government has actually released those plans. I do not know the detail of the timing of that, but the ACT government has said that they are preparing their design and siting. I presume that they will need at least something more definitive than text across maps to base their work on. Is that your understanding, Mr Peters?

Mr Peters—Yes, they provided a map which had a corridor earlier this year, provided by the ACT government's planning people, which raised our concerns about location. In the letter that was sent to the minister, the May letter, there is also a map which includes a corridor which goes over Leverrier Crescent. So we would be requiring the exact location of that highway—and I would agree it would be pointless doing a study unless there is some more detail available as to that.

Senator LUNDY—So your understanding is that the consultancy, when it goes ahead, will be relying on absolutely the latest up-to-date, yet to be released intention of the ACT government?

Mr Peters—Yes.

Senator LUNDY—I probably should know the answer, but you might know. Do you have any idea when the ACT government is intending to release that information?

Mr Peters—Again, I can only go by what we read in the paper. We have not had any recent correspondence from the planning minister. We are assuming that in the next few weeks that information will be available.

Senator LUNDY—Right; that fits with what little I know about their plans as well. I just want to get very clear that this \$10,000 consultancy will be addressing your concerns in response to what is not a guess at where the road will be but in fact a stated intention of where the ACT government would like the road.

Mr Peters—Yes, and that would also include elevations, et cetera, which were a major concern.

Senator LUNDY—Yes. I know we are into the hypothetical, but once that report is made available it will be made available, obviously, to both you and the ACT government for consideration?

Mr Peters—Yes, we are joint owners of the study.

Senator LUNDY—And then is the process you and the government continuing your negotiations based around the recommendations of that report? Is that the intent as you see it?

Senator Kemp—The ASC will be providing me with advice. That is what they will be doing. We are not negotiating with the ASC. The ASC is one of the key advisers of the government in the area of sport.

Senator LUNDY—I am sorry; I am talking about negotiations between the ACT government and the Sports Commission. I am not talking about you yet. I was going to come to that. But I am presuming that at that point, when you get the consultants' report back, it will carry some form of observations or recommendations that will continue to inform both your position and, I presume, the position of the ACT government.

Mr Peters—Yes, in the full knowledge of the ACT government we commissioned an independent report to try to speed the process up. That has confirmed a number of our professional officers' observations. That has been fed into the process. At the end of it I expect we will sit down with the ACT government and, hopefully, be able to resolve the situation. We have consistently said that at the end of the day it is the athletes and coaches who will determine whether they come to the AIS, and that that will depend on the environment they believe they can train in. Based on those negotiations we would be providing advice to the government, as I assume the ACT. But I would imagine out of this study the ACT would need to look at their design options as well, and I would hope they would work us through those issues.

Senator LUNDY—I am presuming that, once you have something firm with respect to design and siting options, following this consultancy and observations or recommendations, that process would open up again if there are any recommendations, for example, to modify what they have proposed. I presume that would be the process and, following the conclusion of that process, that is the point at which you would then go back to the federal government

with your view on whether or not you think there will be an adverse impact. Is that how you see it?

Mr Peters—Yes.

Senator LUNDY—Continuing with that hypothetical, Minister, if the report from the AIS is that there is an adverse effect, for whatever reason, is it your intention to withhold the \$65 million?

Senator Kemp—We have not even considered that option, because it is our view that this matter should be resolved. The government has not turned its mind to any alternative—

Senator LUNDY—It was a hypothetical question.

Senator Kemp—It is. Frankly, we are interested in having this matter resolved so that the AIS is fully protected from adverse effects. That is the Commonwealth position. Our expectation is that this matter will be resolved satisfactorily—that the ACT government will come to its senses, and it will ensure that road plans do not have an effect on the AIS.

Senator LUNDY—Can I confirm as well that, if, hypothetically, the AIS still has the conclusion that it will have an adverse effect, the federal government will use its power to prevent the NCA from facilitating the appropriate amendments for the road to go ahead?

Senator Kemp—We have not, as I said, turned our minds to any options which may exist. We do not want to deal with hypotheticals. I think, at this stage, it is important that we make our position crystal clear, and I think we have done that. We are very anxious that there is a process, so that whatever is proposed can be properly assessed. But, you would have to say, commonsense would leave you with the position that the ACT government presumably would not want to have a road which would have an adverse effect on one of the prizes of Canberra. That is why I have been a bit astonished that they have not been able to give these assurances publicly. It is, essentially, 10 little words: there should be no roadworks that adversely effect the AIS. If they could say those 10 little words, everyone would be in blazing agreement—but they find it hard to say those words. If you tell me that they are moving to that position, I would think that is excellent and we would support them. I think the less comment that is made on this, the better. I make the comment to you that I have responded to questions that I have received in the light of comments by Mr Corbell and Mr Stanhope. I have not been belting this issue up—in fact, it is my fervent hope that the issue will be resolved to the satisfaction of the AIS and to the federal government.

Senator LUNDY—Indeed, it heartens me to hear you express such goodwill about the process that we have heard outlined.

Senator Kemp—But you see, what have I done? I am the minister for sport, and I was able to announce that there was a huge expansion of the AIS. That is what I have done, and the next thing I find is that there is a succession of comments by the ACT government and the press get on the phone to me, ask me my response and I have to respond. I think you should be in contact with your colleagues and urge them to settle down, do the hard work and produce some plans which ensure that the AIS is not adversely affected. That is what they should do.

Senator LUNDY—It will not come as any surprise to you that this issue may well end up—I do not think anyone disagrees with the principles of not wanting an adverse impact on the Sports Commission—being about the finer points of what constitutes an adverse impact in the views of the broader community and the AIS. I would like to go to some of those questions now about the Sports Commission's view to this point about what exactly would constitute an adverse effect.

In prefacing some questions I have about the opinion paper by Dr Ray Brindle and Eldamar Research that the Sports Commission has released, entitled *Opinion on impacts of the Gungahlin Drive Extension western option on the Australian Institute of Sport*, I would like to work through some of those issues. In relation to that paper, I ask up front whether the Sports Commission's concerns are just about the western route or encompass any road around the AIS, including the eastern route. I am trying to set the framework for this discussion because I am interested in working through some of the details of that paper with Mr Peters.

Senator Kemp—In the criteria I put down I have not specified the western or eastern route; I have specified the impact issue, that the road plan should have no adverse affect on the AIS. That is the position that I have stated.

Senator LUNDY—It is a relevant question on the western and eastern route, particularly in the context of the proposed new money. The Sports Commission at least implied, in a briefing I had out there, that it could be convenient for them to extend the AIS across the proposed western route. We will come to those points down the track.

Senator Kemp—You have just said that there is a process in place. Presumably, the ACT government will present the ASC with their final plans and, on that basis, the assessment will be done. Whatever those final plans are, if it is the eastern alignment or the western alignment—and I assume that it is the western alignment, because that is the one which the government is talking about—we will do an assessment.

Senator LUNDY—I am asking the Sports Commission to say whether it is a question of the eastern or the western route, or a 'no road' premise that you are approaching regarding these adverse effects. Or is it a question of measure? If there are fewer adverse effects, is the eastern route an option in your view? Do you see what I am trying to get at?

Mr Peters—The advice we sought initially from AIS experts like Dr Peter Fricker, who is world-renowned for his involvement in athlete preparation, was: given initially the information that we were presented with on the western route by the ACT planning authority earlier this year—where they did not have an exact road; they had some lines drawn and easement possibilities—what issues would we, as a commission, and in turn the AIS, regard as ones that needed to be considered? He produced a report, which you and others have a copy of.

Senator LUNDY—Is this the Eldamar report?

Mr Peters—No, this is the one we provided to you when you had the briefing out at the Australian Sports Commission. It was also provided to the ACT government. We discussed our various issues with Mr Corbell in February. He acknowledged they had not been considered in any of the studies by the ACT government but said something would be put in place immediately. We had some delays, for whatever reason. Eventually, those negotiations started. In the interim, we brought Eldamar on board again as professionals in this area to confirm whether or not our people were addressing the right issues. As you would appreciate in these circumstances, there are a lot of instant experts, whereas we are dealing with very complex issues when we talk about elite athletes—where 0.1 or 0.01 of a second is the difference between winning and losing.

The Eldamar report was prepared on the basis that it would feed into the joint study with the ACT government, in their full knowledge. It has been forwarded to them. I have written to Mr Corbell and to you. We asked them to look at information we had at that moment. Dealing with ozone issues—and this is not my area of expertise—they noted in the report that, on the eastern route, with the hill structure at the back, ozone may well settle over our playing fields.

That may be of concern and something we needed to look at. Subsequently, I have written to the Leader of the Opposition in the ACT government, saying that we have done this report—and he would have read what is going on. We also may well have some concerns about the eastern route, and that is something we are raising publicly.

Senator LUNDY—You have written to the leader of—

Mr Peters—I wrote to Mr Humphries after the Eldamar report.

Senator LUNDY—Did you write the same letter to the minister you are dealing with in the ACT?

Mr Peters—Yes. Mr Corbell has the full report and, again, his staff are fully aware that this report was being done and sent out.

Senator LUNDY—Why are you taking the time to brief the local Liberal opposition?

Mr Peters—In our opinion, we are trying to get honesty in the discussion—

Senator LUNDY—I thought you said that you were not going to be partisan in this debate.

Mr Peters—The eastern road may well have been an option that was being pursued, and we thought that it was only fair for the original proposers to say that we may have concerns with that road as well.

Senator LUNDY—Oh, come on. I cannot believe you have done that; that is a blatant exercise in trying to politicise this further.

Senator Kemp—I am a bit shocked. I believe that you have written—

Senator LUNDY—This is a tangent I did not expect.

Senator Kemp—I am a bit shocked. Mr Peters, you may have written to Senator Lundy on the same criteria in the past—which you have, of course. Senator Lundy, you received letters from Mr Mark Peters, briefing you—though you happened to be the opposition—on the ASC position on an issue of public contention. Why should the ASC not extend the same courtesy to the opposition Liberals that it extends to the opposition Labor Party in this chamber?

Senator LUNDY—Probably because I have had ongoing involvement in this issue, but involving the ACT Liberal opposition in that way seems to me to be a provocative action.

Senator Kemp—But the ACT Liberals have an ongoing involvement in this issue: it is occurring in Canberra and it is a matter which is also under consideration by that chamber. The ASC briefs you because we think you are interested in it. I do not go to Mr Peters and say, 'It is outrageous that you are acting in this partisan way and briefing Senator Kate Lundy.' We are applying the same criteria we apply to you to the Liberal opposition. It is an astonishing proposition that you have put.

Senator SCHACHT—You should ask if he has been heavying Mr Peters.

Senator Kemp—Senator, I can assure you that I have not heavyed Mr Peters to brief Senator Lundy. Let me say that I have not heavyed him. Mr Peters is acting in an entirely appropriate fashion by making sure that the relevant people are aware of the ASC's concerns.

Senator LUNDY—Okay.

Senator Kemp—This is again a dual standard that you are applying here.

Senator LUNDY—I am happy to move on. Going back to the issue of the Eldamar report, you say that it now forms part of the formal consultancy that has been agreed with the ACT government. Because you were not aware of the final design and siting of the road, can you

confirm that this report was based on the proposed road being at grade, or level on the ground, some distance from the AIS? That is certainly my understanding.

Mr Peters—This report addressed the issues about ozone and pollutants that are put into the air—

Senator LUNDY—I will come to that. I just wanted to establish the basis upon which this report was written. It certainly raises a lot of issues about ozone and other things, but I am trying to work out the preconditions upon which it was written because I think that that is relevant as far as the report's relevance and status goes in the ongoing consultancy.

Mr Peters—It was undertaken on the basis that we would reach agreement with the ACT government to progress a study. This would be helpful because, in their admittance, they do not have the expertise within their organisation either to address these issues. So it was done in good faith to benefit both organisations.

Senator LUNDY—No, that is fine. I just wanted to establish that its findings may well have to be readdressed based on new information about the design siting features of the road, when we actually know what those are.

Mr Peters—We are all waiting anxiously to find out what is being proposed, and yes, that will affect the consultancy.

Senator LUNDY—It will affect the findings of this already published report.

Senator Kemp—We can only go on information which is being provided.

Senator LUNDY—I appreciate that, but I am sure you can see very clearly that, if the information upon which a study has been based changes, then that does start to impact upon the credibility of that study in its current form, albeit that Mr Peter's point is quite right: there will be some aspects of it that will not be changed, perhaps. I do not know. I am not an expert either.

Mr Peters—The road corridor gives very few options for the ACT government, and the study is based on the corridor we have been provided with. It was done to inform the consultancy and that is the important part. It helps bring some expertise, which can be questioned.

Senator LUNDY—How much did the commission pay for this particular paper?

Mr Peters—\$15,000.

Senator LUNDY—When did you actually commission it from Eldamar?

Mr Peters—It was commissioned in late March. There were initial discussions in March and then it was commissioned—I have not got the exact day but I can come back—in late March or early April, I understand.

Senator LUNDY—Apart from the reference to the eastern route with respect to ozone, which you have already mentioned, was the Eldamar research paper asked to look at the eastern route option, in broad terms?

Mr Peters—No, we asked them to look at the information that had been prepared by our scientists and the issues that had been raised in terms of athlete preparation around ozone, noise pollution, sleep deprivation et cetera, and to give us advice on that. There was no reference for them to be looking at the eastern option. It came as an observation from them during their studies.

Senator LUNDY—Dr Brindle based his opinions on the proposed road being at grade. Given we do not know this information, won't the aspects of the report that rely on that information become void?

Mr Peters—I cannot answer that question in terms of whether he based it at grade. Our information and our briefing from the ACT government which was passed on is that, in fact, this road will not be a level road. It will be certain grades. There will be 30,000 cars a day at least on it, plus trucks. That is the sort of general background that the study was done on.

Senator LUNDY—Isn't it correct that the opinions about air quality in this report are based on information that is now more than five years old? If you do not know, please take it on notice to tell me the sources of that data.

Mr Peters—This report was done with a series of experts asked to source the latest information and questions so they could input into a report. This is a very difficult area where there have not been direct studies on the effect on some athletes et cetera. These are scientists in some cases breaking new ground, but needing to, because this is an issue effecting elite athletes. They have taken, in my understanding, the latest information available and analysed it and, again, it will feed into a bigger study. I am not sure of the outcome and whether there will need to be some more specific studies done.

Senator LUNDY—On page 4 of the paper, it states that the likelihood of a negative impact on local air quality from the eastern option could possibly be at least equal to that of the western option. If this is true, how does that affect your objections to the western route, and doesn't it flow logically that you would be equally opposed to the eastern route?

Mr Peters—I do not have the report in front of me again. All I can emphasise is that this report was done to view the information that our professional scientists had put together to input into a bigger study. The comment about the eastern freeway was about the ozone and the pollutants that may well sit—because of the incline of the hill, or mountain, or whatever the definition is—behind it. It raised an issue which they believe should be looked at. So we have just noted that and forwarded that information on to the relevant parties.

Senator LUNDY—The opinion paper goes on to note the impact of noise and light on athletes' sleep requirements. This is a hypothetical: part of the \$65.5 million funding from the government has been flagged for upgrading the athletes' residences. Would it be possible to use that money to, in fact, address some of the problems that this report identifies? This is important because it is about sequencing. If you know in advance that some of these adverse effects could be resolved using that additional money from the government, isn't that a solution that you could actually be looking at as part of your considerations of these matters?

Mr Peters—We are very excited about and grateful for the additional funds provided for the upgrade of the AIS for essential purposes. This would be a distraction, and this would therefore allow us not to develop the AIS as we want to into the future. Again, I come back to the fact that we have had professionals from the AIS do an initial report. We have had independent people come in and comment on that, and we have reached agreement with the ACT government. These are serious issues that need addressing. We, at the AIS, believe that it should be left to the experts to say what the issues are and what the possible resolutions are. Every cent that we see allocated at the moment should be used for the progressing of our purpose, and that is for elite athletes to be able to perform at their best. That is why we gratefully accept the commitment at the moment.

Senator LUNDY—Minister, I do not know whether you have a comment on this. It seems to me that there may well be an opportunity to use that process of upgrading the residences to,

in fact, resolve particular complaints about effects of noise and light on athletes' sleep requirements. Do you think that is a reasonable proposition?

Senator Kemp—I am trying to think what the substance of the question is. The issue of the road is a matter for the ACT government. That is its policy and its program. All we are saying on that is that we do not want that road to have any adverse effect on the AIS. They have to deal with that problem.

Senator LUNDY—Could they deal with it concurrently with the issue of using that money, given that some of it is allocated to upgrade those residences, or are you saying that those issues must be resolved first?

Senator Kemp—We are not providing additional money to the ACT government—if the implication of your question is that we are in the process of providing money. The ACT government has to work out its own expenditure plans. We expect them, as I said, to come to a position to develop plans which do not have an adverse effect on the AIS.

The point that Mr Peters made earlier on is quite important. Frankly, coaches and athletes will make a judgment as to whether they come to the AIS. If the AIS is adversely affected in any way, athletes and coaches will make that judgment and they may not feel that it is an appropriate place. That would be a tragedy. This is not about new money so much as the sunk capital which has already been put into the AIS.

Senator LUNDY—Yes. I raise this issue because, just referring to your budget press release dated 14 May, you said:

Key elements of the facility's upgrade and expansion include full environmental control in all training halls...

At the moment they are not airconditioned, are they? They actually need fresh air flowing through them.

Senator Kemp—That is right.

Senator LUNDY—There is no airconditioning or filtering system in place. Full environmental control in all training halls is part of that package. The press release goes on:

... refurbishment of elite athlete residences and the modernisation of dining and kitchen facilities.

Probably they are the two most relevant aspects that came out of the Eldamar report relating to athletes' sleep requirements—soundproofing, airconditioning and issues of air pollution by virtue of the fact that those facilities are currently reliant on fresh air flows that could go to a filtered airconditioning system. Couldn't some of those concerns, in fact, be addressed by an investment that is going to occur anyway? Can you see the synergy there between the money that you have identified to be spent and some of the specific complaints that have been made?

What I am putting to you is that it seems eminently reasonable to me that those investments which would occur anyway—theoretically—could, in fact, just improve again incrementally and address some of those problems that you have raised as part of that Eldamar study and will no doubt get oxygen—excuse the pun—in the formal study that you are going to engage in with the ACT government. What I am trying to do is test what scope there is for you to really cooperate, using the money that has been identified, with the federal government to work through some of these problems and issues. I ask the minister or Mr Peters to respond to those ideas.

Mr Peters—My response is the same as before. We have provided as much information as we can from professionals around the world as to what the issues are. We need the professionals to come back and tell us what the solutions are. We can all guess at what could

be a solution, and we have done the same thing ourselves—looking at solutions. But airconditioning does not filter air; our athletes do not sit inside all day. The environment that they are in is the key issue—

Senator LUNDY—I concede that. I never said that it would be a total solution, but it would be part of it.

Mr Peters—The Eldamar report is there to inform what needs to be a very professional study, because we cannot take a chance at the end of the day.

Senator LUNDY—It is worth noting that the Eldamar report raises issues of noise and light. Are the residences currently airconditioned?

Mr Peters—No, they are not.

Senator LUNDY—In the proposals to upgrade their facilities, as identified in the budget, is it proposed that they do become airconditioned?

Mr Peters—Yes, it is one of the issues that we are looking at, together with expanding room sizes and access, which is a major issue for us.

Senator LUNDY—Would be possible for some sort of light and soundproofing? I am presuming by this that athletes cannot have much light if they are sleeping. Can those sorts of issues be addressed as part of that refurbishment process? Is that feasible?

Mr Peters—Again, we provided the issues, and we have provided expert opinion, and we expect, in looking for a solution, that, first, we need to understand what the road design is, what the plan is and all those sorts of issues. But, again, we need to rely on expert advice as to what these solutions are.

Senator LUNDY—On page 5 of the report, in the area on noise pollution, it uses a 100 metre separation between the nearest traffic lane and the residences for measurement purposes. Did you supply Dr Brindle with that 100-metre measurement for the purposes of the study?

Mr Peters—I cannot comment exactly at the moment, but I can check that out. I assume we would have said that on the initial plans provided by the ACT government the four-lane—if not six-lane, eventually—highway could be within 120 metres, which was the sort of initial estimation that we had. But with the prevailing winds, it makes little difference whether it is 100 or 200 metres. Again, that is why we are inputting into this study, for the experts to tell us what the answers are.

Senator LUNDY—On page 8 it states that even if the road was 250 metres from residential buildings the impact would be the same. In looking at it from my distinctly inexperienced eyes, even that sounds a bit strange to me if you are talking about noise pollution. But it also begs the question about the distance of Ginninderra Drive and the existing roads and what measurements have been taken with respect to noise and light, and whether they were factored in. They do not appear to have been factored into the report for comparative purposes.

Mr Peters—Ginninderra Drive has been discussed. It was one of the issues raised by the local authority. Its direction, the wind directions, et cetera have not affected our operation. We all have a tendency to be experts in this area. We are looking for the answers, and that is why we are having a consultancy. We have done as much as we can to raise what we believe are very serious issues and bring professional advice to those issues that now can be explored in full by ourselves and the ACT government.

Senator LUNDY—In regard to the upcoming refurbishment of athletes' residences, it certainly seems that the Eldamar study did not know about that, or certainly did not take into account the possibility of those residences being upgraded in any way. Why didn't you ask Eldamar to factor in potential treatment of those residences that could improve that situation? Or is that something you expect to be addressed in the next consultant report?

Mr Peters—The budget decision has only recently been made and, although we had a masterplan of what we were going to do, it is not appropriate to be telling Eldamar what was going on.

Senator LUNDY—So you commissioned this before the budget announcement? That is fair enough.

Mr Peters—Senator, if I could perhaps just make a correction, I have just been handed a note. The cost of the Eldamar study was in the vicinity of \$10,000, not \$15,000.

Senator LUNDY—What current action do you take to protect your athletes from light and noise when Canberra Stadium is being used for large events like Brumbies matches, and concerts?

Mr Peters—When the car parks are full on the western side there is a dust problem for us, but it is at night time. When our athletes are not training outside, it is a problem, but luckily there are not that many games. Sadly for the Raiders, their crowds are not that big. So it is mainly Brumbies games where we have a problem.

Senator LUNDY—They talk them up, Mr Peters. You should at least be consistent.

Mr Peters—There have not been any major concerts in the Canberra Stadium for some time. There have been a number in the arena, but again, that is a self-contained stadium.

Senator LUNDY—From time to time there are daytime events there. Do you have any strategies to protect your athletes from the effects of dust, pollution and ozone from large numbers of vehicles currently?

Mr Peters—We monitor our athletes in terms of their physiological, psychological and general selves every day. That is why we employ the number of professionals we do. Again, I am not aware of any major daytime concerts that have been in any of those venues when the athletes are there.

Senator LUNDY—I do not know if there would be concerts, but there are some daytime events, like that glorious breakfast we had out there this morning, farewelling the athletes.

Mr Peters—Yes, and it was a great pleasure to have you there.

Senator LUNDY—Indeed. Do you, as par for the course, conduct environmental testing of the air, both inside and outside the facilities at Bruce?

Mr Peters—We have not, over the years, done regular studies. Because of the pristine nature of the venue it has not been deemed necessary by any of our professionals for that to happen, but we do monitor our athletes on a regular basis. So if our scientists were to notice any adverse lung capacity or anything like that, that would be picked up and then we would be questioning it. The process we have gone through now since the highway has been proposed is to do those series of tests so we have a benchmark that we can now work our studies from.

Senator LUNDY—When Bruce Stadium had significant construction activity—I think we all know how much it cost now—did you put in place any special program to monitor

atmospheric conditions that could adversely affect athletes, or indeed notice any change in their health and performance when that was occurring?

Mr Peters—I will take that on notice and come back to you, but I know that because it was within a bowl and there were prevailing winds it was not deemed an issue. However, when the car parks were constructed—and they are dirt car parks—there was a significant problem with dust, and that did cause concerns for our sports scientists, coaches and athletes. Measures were taken then to try to alleviate that problem while car parks were being put in place, again, particularly because of the westerly winds.

Senator LUNDY—In terms of the sensitivity of these issues—and I am sure everyone appreciates the diligence with which this study has been undertaken—I am interested in seeing a comparable level of concern for AIS athletes in other locations around the country, given not all of them have the best of conditions. My question goes further to the institute's attitude to the effects on the health of their athletes in cities in which they are to compete. Sydney is an obvious example. There were freeways all around the Olympic venues. I would be very interested to know if any studies were done on the effect of ozone, noise or light pollution on performances during the Olympics. It begs the question that, in other venues, you would have far less control and far less opportunity to manage or be involved in deciding what should be the prevailing atmospheric conditions in which athletes could perform.

Mr Peters—It is a relevant question and one that I know you had discussion with Professor Fricker about. His response is that we are a training environment and that, if we can train our athletes to their maximum performance, we have to accept that, at some stage, they will be competing in environments that are not conducive. But, if we have the ability to train them to their best performance, they will perform better in that environment.

Senator LUNDY—You acknowledge that the conditions may vary greatly, and your argument is one of optimising the training environment and, I presume, a case for no change?

Mr Peters—Yes. The AIS is recognised for its training environment. That is why it has been successful.

Senator LUNDY—What potential liability would the AIS incur in terms of its responsibility to control and manage the atmospheric conditions of the training environment?

Mr Peters—The responsibility of the commission and the AIS is to create the training environment that coaches and athletes require. I have not explored the question of liability on us recommending that they do not come to an environment that is affected, because I am approaching this with some optimism that commonsense will prevail. At the end of the day, it is the decision of the coaches and the athletes as to whether they come. It is our responsibility to provide the best advice on the training environment.

Senator LUNDY—I have a final question on this issue, and then I would like to move on. Can you assure me that you are approaching your negotiations, discussions, with the ACT government in absolute good faith to resolve this issue?

Senator Kemp—What an extraordinary question!

Senator LUNDY—I asked you the same thing.

Mr Peters—We met with Mr Corbell on 28 February. It was agreed that there was a need to address our issues, which had not previously been addressed, and that that would be done with some urgency. I had to write to Mr Corbell on 27 March expressing my disappointment that we had heard nothing back from the government, given the urgency of the issue. Since that time, there have been discussions between his organisation and us, and we have

responded at every opportunity, with haste, to any requests. Again, verbally, I was informed that last week we had finally signed off on terms of reference. We have also spent funds to try to make sure that, if there were any accusations of bias from our professionals—which I would refute in any environment because they are world's best in what they do—we would fund an independent study to help bring this to some conclusion. I think that is an absolute sign of good faith in everything we have done.

Senator Kemp—Senator, we are very keen to see some good faith from the ACT government. We are very keen to see them show a greater recognition of the importance of the AIS. We would be very keen for them to make a statement, which I say is just 10 little words: 'There should be no roadworks that adversely affect the AIS.' I took it that, later in the hearing, that was your position. I welcome that. I think that that is a constructive comment. I am sorry that we had to take so long to do it. We want this to be resolved, and we want it to be resolved quickly. We have made a very substantial commitment to the AIS. We want it to continue to grow and expand and to maintain its ranking as a world-class training facility. We are very committed to the AIS, and we put our money where our commitment is. What we want is for you and your colleagues in the ACT government to show the same commitment.

Senator LUNDY—Chair, can I ask that we now go to ASDA?

CHAIR—If that is what you would like to do, Senator, we are more than happy to comply.

Senator LUNDY—Because what normally happens is that the department, the Sports Commission and ASDA are usually at the table together. Are the officers here?

Senator Kemp—Can I assume that this means the ASC is finished?

Senator LUNDY—No, absolutely not.

Senator Kemp—Why don't we finish with the ASC?

Senator LUNDY—Because I have about another two hours and I thought we would get ASDA out of the way because they always end up being last.

CHAIR—How long are you going to take with ASDA?

Senator LUNDY—I am happy not to. It was just a suggestion. I am expecting my colleague Senator Ray at 5.30 who will want to come back to the department so, no, I am not finished with the Sports Commission.

Senator Kemp—We do have a list which is all agreed, don't we?

Senator LUNDY—Fine. It was just a suggestion.

Senator Kemp—How many questions would you have?

Senator LUNDY—I am going to be deferring to my colleague Senator Ray.

CHAIR—And is he going to question the department?

Senator LUNDY—Yes.

CHAIR—If you have more questions for the department—

Senator LUNDY—I am happy to continue. It was just a suggestion.

CHAIR—How long are you going to take with ASDA?

Senator Kemp—How many questions have you got for ASDA? If you have five, we will get them on the table.

Senator LUNDY—I have quite a few. If I started really quickly we might get through them before 5.30; we might not.

CHAIR—There are a lot of ‘mights’ there.

Senator LUNDY—Well, don’t worry about it. I will continue on. I want to talk about the detail.

CHAIR—If you got through them, could they go home?

Senator LUNDY—Yes.

Senator Kemp—I am prepared to say that ASDA should come to the table if we can have a guarantee that ASDA are finished at 5.30.

Senator LUNDY—No, I cannot guarantee that, because it depends on the answers to the questions.

Senator Kemp—In that case, there is no point.

Senator LUNDY—I will just continue on with my questions to the commission. I am sorry, Mr Mendoza. I did try. See you at 10 o’clock.

Senator Kemp—Not hard enough, Senator.

Senator LUNDY—Anyway, it was just an idea. I would like to turn now specifically to the \$65.5 million budget announcement. I would like to go through the spread of that money across the outyears. Can you tell me—and I think I know what it is but I will get you to confirm it—what amount of that \$65.5 million is spent in each of the forthcoming financial years?

Mr Peters—In 2003-04, \$3.3 million; in 2004-05, \$26.7 million; in 2005-06, \$21.3 million and in 2006-07, \$14 million.

Senator LUNDY—Of that, it states that \$24.4 million of that \$65.5 million is to be contributed by the Sports Commission. Does that come from within your existing allocations?

Mr Peters—It comes through our depreciation allocation that we use to refurbish and rebuild buildings. It is an accumulation of funds we have for the purpose of building replacement.

Senator LUNDY—So if I were to look at your annual allocations across the outyears, would that figure come out of each of those figures as identified for each of those years?

Mr Peters—If you look at page 269 of the portfolio budget statements, it talks about the government’s allocations and then we will be supplementing that through our depreciation.

Senator LUNDY—I am having trouble understanding this. Forty-one million dollars is new money; \$24 million is to be found within the Sports Commission budget’s depreciation.

Mr Peters—It is for us to use a depreciation allocation we have over those years, which was for the purpose of refurbishment and replacement. So it is within our budget allocation.

Senator LUNDY—So that was already in your budget.

Mr Peters—Yes.

Senator LUNDY—Just confirming—and I think the press release says this reasonably clearly—that that \$41 million commences in 2004-05 with \$24.4 million provided by the Australian Sports Commission, of which \$3.3 million starts this year. Can you tell me, out of that \$24.4 million of the contribution of the commission, what comes out of what year? Do you know what I mean? Obviously, \$3.3 million has to come out of your budget this year for 2002-03. We know that because the new money does not actually—

Mr Peters—If I can ask Brent Espeland to come forward, he can explain it in simple terms.

Senator LUNDY—Please, because to me it does not add up, because the new money identified on page 269 is more than \$41 million. You will have to go through this really slowly. I am not very good at maths.

Senator Kemp—It has been a very long day.

Senator LUNDY—I know Senator Kemp will help me; he is much better at it than I am.

Senator Kemp—That is true, but it has been a long day and I will leave it to the experts.

Mr Espeland—There is a total spend of \$65.4 million over the four years. We are funding the difference between that and the \$41 million of new money from our depreciation funds. It is money that is already in the bank, or will be in the bank, for these purposes. One of the reasons we had to be very careful about the level of depreciation funding we were prepared to commit was, looking at our cash flows in the eight years, to make sure that we stayed solvent as an agency, and that has been done in terms of the modelling. So, in terms of the proposed project of \$65.4 million, we were in a position to invest the \$24-odd million from our depreciation.

Senator LUNDY—On that point, can you tell me from what years you have identified that \$24.4 million? Have you allocated that against certain financial years?

Mr Espeland—We have. At this stage, this is just modelling type stuff.

Senator LUNDY—I know it is slightly indicative.

Mr Espeland—It is also the case that, ultimately, this whole project will need to go before the PWC and through that process as well. We have some way to go but, certainly, the project was based on cash flows. Are you wanting to look at the spend against particular items in a particular year?

Senator LUNDY—Yes, why not? Not in the first instance—I am trying to get my head around who is spending what in which year, how much new money is spent in each year and how much money you are spending from your account in each of the outyears.

Mr Espeland—I need to go back and make sure I can remodel that to make sure it is correct. I have some indicative figures here, but they are probably not adjusted for CPI or anything like that.

Senator LUNDY—On the basis that I understand that they are indicative and that you can take on notice providing me with the detailed figures, if you could proceed just with those indicative numbers, that would be helpful.

Mr Espeland—One of the difficulties is that, for example, the AIS service hub has a component relating to refurbishment, replacement, which would come from depreciation, and a fairly substantial one in terms of a new facility.

I do not, right now, have the split in front of me. I can give you the fact that it is going to be a total of \$8.5 million; that in 2003-04 we will be spending 2.1, or modelling on that; and 6.4 in 2004-05. I can indicate that there is a mixture within that total 8.5 of our depreciation money and the new capital investment. I cannot give you the breakdown at this stage, but that can certainly be provided.

Senator LUNDY—Right. If that is a combination of the new capital investment and depreciation, how does 2.1 in 2003-04 and 6.4 in 2004-05 relate back to those initial figures of \$3.3 million in 2002-03 and 26.7 in 2003-04?

Mr Espeland—That was just the one facility for the AIS service hub. I can give you further examples.

Senator LUNDY—Right. Maybe the best thing would be to take it on notice.

Mr Espeland—Yes.

Senator LUNDY—I am looking for the aggregated figures of how the 24.4 of your own money goes across the outyears and out of the 41 new money goes across the outyears as well. Those totals should obviously be consistent with 3.3, 26.7—

Mr Espeland—They are fairly complex models. As I say, through all this we are very careful to make sure we could provide the maximum level of depreciation, but not to the point of—

Senator LUNDY—I am working on the basis that, if the government can put it in the budget papers, you can justify it.

Mr Espeland—Yes. We can provide that.

Senator LUNDY—Can you confirm that all of the Sports Commission's contribution will be coming from that depreciation fund or depreciation account? I do not know what the right term is.

Mr Espeland—It will be coming from that source, yes.

Senator LUNDY—So there will not be any staff cuts, program cuts or grant reductions?

Mr Espeland—No.

Senator LUNDY—Or any adverse impact on your programs or initiatives?

Mr Espeland—To the contrary.

Senator LUNDY—Good. We have established that the new money is not in fact 65.5 but 41 million?

Mr Espeland—In terms of new money, the whole 65.4 goes to the government's bottom line in terms of spend.

Senator LUNDY—Mr Peters, you are probably the best person to ask this. Why was it presented as a \$65.4 million package? Is that because you have developed a very specific strategy around a \$65.4 million package of upgrades?

Mr Peters—We did a master plan study. That was presented to the board, and this was the costing of the things we believed we needed to do into the future. This is what it was costed at. We then put the submission forward to government, and there was a series of negotiations.

Senator LUNDY—When I first heard the announcement, I thought it was \$65.4 million on top of what you already get. In reading the press release, it became clear that that was not the case. I tried to figure out, in my mind, why it was announced as a \$65.4 million initiative, as opposed to a \$41 million initiative. I think you have probably answered that. What will the \$3.3 million be spent on in the next financial year?

Mr Peters—One million dollars will be spent towards the initial design and tendering process for a sports education and development centre, \$200,000 will be for some initial work on the northern side of the residents' facilities and \$2.1 million will be spent in starting the readjustments to the AIS service hub. The service hub is where all our sports science people are, and the extension of our strength and training areas et cetera. There will obviously be time delays, in terms of planning processes—going to the Public Works Committee, tendering et cetera—before any expenditure can occur.

Senator LUNDY—Do you think you will actually spend that money in this next financial year with all of that planning and all those processes to go through?

Mr Peters—We are certainly planning on that and we would hope that that is the case. Obviously, 2004-05 and 2005-06 is where the major expenditure is, based on those processes.

Senator LUNDY—Do you have a master plan about when you want each element of the initiative, as listed in the minister's press release, to start and be completed by?

Mr Peters—We have two master plans: one—if we are able to use the western side which is our preference—is to put some facilities there; and two, a much more squashy one, if we have to do everything in our present location. Obviously, there are certain decisions that need to be made in relation to the road before I can make a recommendation to the Public Works Committee, or to the minister to proceed with either. So we are in a difficult situation of planning where we have a preferred option, and of not knowing whether we can take that forward, but that is what we are progressing on at the moment.

Senator LUNDY—Your view, that you just stated then, that your preferred option is to expand the AIS closer to the proposed road: how will that shape and impact upon your opinion of the issues of an adverse impact on the AIS of any proposed road development?

Mr Peters—The initial master plan for the Australian Institute of Sport has always shown significant expansion onto the western side. Again, we are negotiating in good faith what this road is going to look like, where it is going to be et cetera, before we can progress.

Senator LUNDY—Have you raised the issue of that proposed development in the context of your negotiations with the ACT government?

Mr Peters—There are many discussions where we have talked about possible extensions. There are some leases issues that need going through—

Senator LUNDY—I am aware of the fact that you probably have two chances of getting a lease purpose change on the carpark anyway in the current circumstances, in my own humble opinion.

Mr Peters—We are negotiating in good faith. We are waiting for the study to finish and we hope the AIS is prioritised as the issue that should be addressed.

Senator Kemp—We would hope that you would support an expansion of the AIS.

Senator LUNDY—What I am interested in ascertaining is whether or not the AIS is actually going to move the bar at the negotiating table by introducing a proposed new development that actually takes it closer to the proposed western route.

Senator Kemp—Don't we want the best possible facilities for the AIS? Surely, we are all agreed on that. That is what I want.

Senator LUNDY—I cannot believe what I am hearing. I am actually asking a question that Mr Peters has raised. I have not considered this question in the context of the road debate. I am very concerned that, in fact, it is a new issue being introduced into the debate. I am just asking whether or not it is, or you are not raising it in the context of the road. I am seeking your assurance that you are not raising the spectre—like an ambit claim, I think we call it in industrial relations speak—into the negotiations, and effectively moving the bar on what those issues are.

Mr Peters—Our presentations to the ACT government were to show them the early nineties master plan, which although it had buildings on it, said that was the only area that the AIS could expand into. We have not introduced it as a threat or anything in our good faith

negotiations. We have produced information which says, whether it is 100 or 200 metres away from where we are, the westerly winds and the pollution et cetera, will affect our facility. So the road, whether it has a building within 50 metres or 100 metres, is irrelevant in terms of the study that is going ahead. We are not, in my opinion, doing anything to adversely affect the negotiations and the terms of reference we have put in. I am suggesting that we have a preferred development model which has a couple of the facilities on that side. We have a fallback position which says we can squeeze those facilities in, although not our desired option into our present site.

Senator LUNDY—In terms of your own arguments about not building on the western side and creating dust, you would not want to be going and constructing something there and harming your own athletes as the report says anyway.

Mr Peters—I can assure you, Senator, our athletes' health is our prime consideration in everything we do.

Senator LUNDY—So logically you would rule out any development of your own to the west of your site, given that is the basis of your complaint against the western route.

Senator Kemp—Senator, I cannot see how you can actually say that a single development which is on the westerly side which will be completed within a specified period of time is exactly the same as having a continuous traffic flow year after year on a four- or six-lane highway.

Senator LUNDY—No. I am talking about the impact of construction. Your point is a fair one but the issue of construction is one that has been raised as a point of concern.

Mr Peters—I was raising the point of location.

Senator LUNDY—It is possible for you to do your expansion within your current footprint, is it not?

Mr Peters—Yes.

Senator LUNDY—And you are not going to introduce this issue to set the bar higher in your negotiations with the ACT government?

Mr Peters—We have anxiously waited and are glad that the terms of reference have now been signed off, and we believe those terms of reference cover the issues that we need covered.

Senator LUNDY—Does it cover the issue of the proposed expansion of the AIS?

Mr Peters—It contains the issue of the environment their athletes train in. And as I say, the noise deprivation, the pollution issues et cetera, are real issues that affect the entire site and that is what is being investigated.

Senator LUNDY—So the terms of reference do not include the impact on the proposed expansion?

Mr Peters—No. The terms of reference have been negotiated before and during a parliamentary period that the budget was delivered on. The short answer is there is nothing in the terms of reference that says—

Senator LUNDY—Hang on! This is the key point. Say what you just said again.

Mr Peters—The negotiations on these terms of reference started well before consideration of the budget and has been signed off.

Senator LUNDY—The federal budget?

Mr Peters—The federal budget.

Senator LUNDY—But you signed off on them—

Mr Peters—And, again, we cannot negotiate as we said earlier on issues that we are not aware of.

Senator LUNDY—But you signed off on those issues last week when you were fully aware of the federal budget?

Mr Peters—Yes, because we are not introducing this as any sort of threat in a good faith process.

Senator LUNDY—That is what I am looking for reassurance on. Thank you for that. Can you provide me with a table showing this grand plan—the grand vision—when you hope to do things and where they will be located?

Mr Peters—Yes, a site plan.

Senator LUNDY—As it relates to the \$65.5 million.

Mr Peters—The site plan of where we are proposing to build new facilities and also expand present facilities. Yes, we have that. We have two versions.

Senator LUNDY—One that takes it closer to the proposed western road.

Mr Peters—One is our preferred option which is a far more efficient way to run an Australian Institute of Sport for the benefit of our athletes.

Senator LUNDY—How convenient!

Senator Kemp—No, Senator, I would not be cynical.

Senator LUNDY—Sorry. I should not succumb to the temptation to be—

Senator Kemp—You have held yourself out for years as a very strong supporter of the AIS—an advocate.

Senator LUNDY—Absolutely. There should be nothing you are drawing from my questions as being anything but absolutely supportive.

Senator Kemp—I have to say that, with respect to a fair reading of what you have been saying now: shock, horror! The AIS may wish to expand in a westward direction. Isn't that a terrible thing? Isn't that simply awful, Senator? I cannot believe—

Senator LUNDY—I am just wondering if the athletes will be able to sue the AIS for subjecting them to such appalling dust levels.

Senator Kemp—That is the implication that one would draw from your questions. We want the AIS to have the best possible facilities. We want them to continue to attract athletes. We want it to continue to maintain and even increase its already high reputation.

Senator LUNDY—Have you thought of a biodome?

Mr Peters—We prefer to leave it to the experts to suggest what the solutions may be.

Senator LUNDY—How long has the AIS been preparing the expansion plans as announced in the budget? I understand that discussion has been going on for quite some time and the Sports Commission obviously had discussions with the government at some length prior to the budget announcement having been made.

Mr Peters—There was a similar question asked in the last estimates—I would refer to that by way of background. We were looking to wait till Mr Scott took up his position as Director

of the AIS and then we embarked upon a facility plan that was presented at the December board meeting last year. They signed off on the development plan and then it was put forward to the minister for consideration by the government.

Senator LUNDY—Will any of the projects commence before the Athens Olympics?

Mr Peters—Again, I can only respond that now we have this very positive response from government to improve these facilities, we have put in indicative spending patterns. A number of these are for construction of some new facilities, but also refurbishment and expansion of existing facilities. We now have to go into a far more detailed planning process, which will take into consideration all the issues about the timing, when athletes are there and are not there. How we actually put that together, as you would appreciate, is not going to be an easy exercise, given that we do not close down the AIS for any purposes.

Senator LUNDY—Will you be commissioning an assessment on the impact of noise, traffic, degraded air quality, light and other environmental consequences arising from your proposed developments?

Mr Peters—We would hope that the results of the present study we are to undertake with the ACT government will give us a lot of information. It will either confirm the issues that have been raised by our AIS professionals and in the Eldamar report or look at what possible solutions there are which will help us in our planning process.

Senator LUNDY—Is it your intention to look at refurbishing the athletes' residences in the first phase of the redevelopment?

Mr Peters—Our schedule is to look at that over the four years of development.

Senator LUNDY—Over the four years?

Mr Peters—From 2003-04 through to 2006-07 there are funding allocations for different aspects of the residencies and also associated facilities such as kitchens et cetera. Again, as you would appreciate, when athletes are actually in residence there is a fairly delicate timing issue in terms of when we can do things and when we cannot. That is now part of our detailed consideration.

Senator LUNDY—I might defer to my colleague and continue to follow up my questions with the Sports Commission after dinner.

Senator ROBERT RAY—Minister, I want to ask a few questions about the Commonwealth Games and the MCG redevelopment, as it affects your portfolio, if I may. I will try to get it finished before six o'clock, so you can have a longer tea break.

Senator Kemp—That would certainly be appreciated.

Senator ROBERT RAY—Through you to the officials, who probably have a better comprehension of all the details—

Senator Kemp—Probably.

Senator ROBERT RAY—It is hard to retain all of that in your head. When was the decision made by the Commonwealth government—your government—to offer a contribution to the MCG redevelopment?

Dr Stretton—The decision was announced in March 2001.

Senator ROBERT RAY—So it was not in a budget context. Was this a result of a cabinet decision?

Dr Stretton—I assume so, yes. At that time, sport was in a different department, but I am assuming that it was the subject of a cabinet submission. I have been told the answer is yes.

Senator ROBERT RAY—I was pretty certain from the date that it did not come out as a budget decision and that there must have been a separate consideration. The amount of money would have required a cabinet decision.

Dr Stretton—Yes.

Senator ROBERT RAY—Was this considered to be the major contribution to the 2006 Commonwealth Games by the Commonwealth?

Dr Stretton—It is understood that the Commonwealth would be making two types of contributions to the Commonwealth Games. Firstly, there is the \$90 million to assist with the infrastructure projects. Secondly, there are services provided by a range of Commonwealth departments which we will be providing and which we have started negotiations with Victoria about and will continue over the coming months and years. They are both security type issues, as you would appreciate, and then a range of cross-border issues, anti-doping issues, health—

Ms Morris—The Bureau of Meteorology, for instance.

Dr Stretton—A range of services provided.

Ms Morris—About 30 different agencies are covered.

Dr Stretton—So, in a sense, there is the one large infrastructure project and a range of services provided by Commonwealth departments and agencies.

Senator ROBERT RAY—You may not be able to answer this, but before the cabinet decision, do you know who did the negotiations? Or were there negotiations between the Victorian government and the Commonwealth government regarding this grant? Or were there negotiations between the Melbourne Cricket Club or the Melbourne Cricket Ground Trust, or the Commonwealth Games Association?

Dr Stretton—Who were the negotiations between? Is that the question?

Senator ROBERT RAY—Cabinet makes a decision to grant \$90 million. I assume there may have been discussions before that as to the purposes of a grant and how it would operate.

Ms Morris—I may have to take this on notice to give you a fuller answer, but my understanding is that there had been discussions with the Victorian government on possible options for capital assistance.

Senator ROBERT RAY—You may not know this, either, but I assume that, in part, this offer of assistance was—I do not think it is as blunt as this—because Sydney had a large measure of Commonwealth assistance in infrastructure coming out of the Olympic Games. I know that various Commonwealth governments of either hue—Labor or coalition—were looking to balance that up around Australia. Was this regarded as part of that balance of putting money into infrastructure outside Sydney?

Dr Stretton—My understanding is that the Commonwealth does not have an ongoing program for the provision of sporting infrastructure. With major events, such as the Olympic Games in Sydney and the Commonwealth games in Melbourne, it makes decisions on a case-by-case basis as to what might be the appropriate Commonwealth contribution.

Senator ROBERT RAY—Is it your understanding that this contribution of \$90 million is estimated at one-fifth the cost of the redevelopment?

Ms Morris—The redevelopment is estimated at about \$400 million.

Senator ROBERT RAY—Do you know how the rest of the project is going to be financed?

Ms Morris—It is being underwritten by the Victorian government, but the finance is being raised by the MCC/MCG.

Senator ROBERT RAY—Correct me if I am wrong, but as I understand it, that will be repaid, in turn, by the Melbourne Cricket Club at \$10 million a year.

Ms Morris—There is an understanding that they will repay it, but we do not know the rate.

Senator ROBERT RAY—I think the AFL have given a commitment to help repay?

Ms Morris—Yes.

Senator ROBERT RAY—In which out year was the Commonwealth contribution due, in the normal course of events?

Ms Morris—In 2003-04, \$60 million, and 2004-05, \$30 million.

Senator ROBERT RAY—So it is already in the budget out years?

Ms Morris—Yes.

Senator ROBERT RAY—Do we know whether the Commonwealth had indicated there were any conditions when this was announced in March 2001?

Dr Stretton—Certainly there was an expectation and a condition that appropriate recognition would be sought by the Commonwealth for its contribution to the redevelopment.

Senator ROBERT RAY—This included the possibility of naming rights to what Senator Kemp and I would call the Northern, or Olympic, Stand section?

Dr Stretton—No, I think it is for the Ponsford Stand.

Senator ROBERT RAY—Oh, on the western side. And that was going to be called the Commonwealth Stand, I think?

Dr Stretton—A decision on what form the naming rights might take is still to be made.

Senator ROBERT RAY—Do you think it might be the John Howard Stand, Minister?

Senator Kemp—I do not think it will be the Robert Ray stand.

Senator ROBERT RAY—No, and I think the Collingwood supporters would pull down the John Howard stand very quickly. We might go for another name.

Senator Kemp—I think I can rule out the Robert Ray stand.

Senator ROBERT RAY—So can I. There is no real tradition in naming in the MCG because you have the Ponsford Stand named after an individual and you have the Great Southern Stand.

Senator Kemp—And the Olympic Stand named after an event.

Senator ROBERT RAY—It is a typical MCG approach, that it just grows and develops in different directions.

Senator Kemp—It is organic, isn't it?

Senator ROBERT RAY—Exactly. So that was a condition. The discussions did not get down to negotiating a federal government box at this stage, like the Olympics, did it?

Senator Kemp—Michael Knight was always interesting to deal with, if I recall.

Senator ROBERT RAY—He sold out far too cheaply! No discussion as to who will open it?

Dr Stretton—It was understood that the deed of agreement would have to be negotiated and, in terms of that, that there would be a range of issues with respect to what other recognition the Commonwealth might be seeking—for example, wording on plaques, opening ceremonies, hospitality arrangements et cetera. They are to be negotiated.

Senator ROBERT RAY—Because if you do not negotiate them with the state they would not even acknowledge you gave them anything, would they?

Dr Stretton—It is not appropriate for me to answer that.

Senator Kemp—You are a better judge of your colleagues than we are.

Senator ROBERT RAY—Human nature and state governments are exactly the same whether they are Liberal or Labor, aren't they, Minister?

Senator Kemp—I would like to think they are a bit different.

Senator ROBERT RAY—You have already sold yourself. It does not matter—we will not go into those details of history.

Senator Kemp—Don't get into that, Senator.

Senator ROBERT RAY—No, we will not get into that history. I think you mentioned this before but I would like a better understanding, so could you give me a complete explanation: what is the history of this section of the department—was it elsewhere and it has come here? And where is the corporate knowledge on this?

Dr Stretton—That is correct: prior to the last election, sport was part of the Department of Industry, Science, Tourism and Resources. With the change in administrative orders following this decision sport came to this department.

Senator ROBERT RAY—Did it come with a full resources transfer?

Dr Stretton—It came with a section of about eight to 10 people. It was negotiated and agreed that they were the group who were working primarily on sport issues in the previous department.

Senator ROBERT RAY—Were you or Ms Morris part of that at the stage, in that transfer?

Dr Stretton—No.

Ms Morris—No.

Senator ROBERT RAY—So, again, corporate history is going to be difficult to pursue at estimates.

Dr Stretton—The group who came over had been working full time on sport, but there was no SES officer who came.

Senator ROBERT RAY—So you took over this some time in late November. Could you tell me what role your department has had since November—I will not go back prior to that—in developing an agreement with the Victorian government, maybe in conjunction with other federal departments, to bring this Commonwealth contribution to fruition.

Dr Stretton—In the sense, as you said, what we have been doing is negotiating with the Victorian government on a deed of agreement that would spell out the obligations of both parties and spell out when the money would be paid et cetera.

Senator ROBERT RAY—Did the Victorian government keep you fully apprised of their timetable in terms for requests for tender, closing of tenders and their proposed timetable of assessment and award of tenders for this project?

Dr Stretton—Yes, we were informed that the Victorians were working toward a commencement of construction in June 2002 and would like the agreement signed prior to that.

Senator ROBERT RAY—Six weeks before, in fact, was the lead time, wasn't it?

Ms Morris—Yes, mid-April.

Senator ROBERT RAY—That has not occurred, has it?

Dr Stretton—No, it has not.

Senator ROBERT RAY—Do you think the entire government was aware of the timetable? This is a timetable that was set at least in December 2001; I think that is true to say. Is that when you understood the timetable: December 2001?

Dr Stretton—That is when we first became aware that we were responsible for the issue, so it could not have been earlier than then. I am not sure I can answer your question fully, but let me start anyway. At the time of the cabinet decision and the cabinet submission, which is when a whole range of departments would obviously be aware of what was being proposed, I understand the timeframe for the commencement of construction was not clear, so departments would not have known at that stage. Departments, in a sense, became aware round December—if you are talking particularly about the Department of Employment and Workplace Relations—of the project and contacted us at that time.

Senator ROBERT RAY—They contacted you in December last year?

Dr Stretton—Yes.

Senator ROBERT RAY—Were you aware of the proposed MOU between the construction unions and the Victorian state government of 14 March 2002?

Dr Stretton—No, not that I am aware of.

Senator ROBERT RAY—Sorry, when I say the MOU, this was adopted for negotiation, not adopted as an MOU. It basically had three elements, I think. It was to gain a commitment from unions to an on-time and on-budget completion of the Commonwealth Games construction projects. Secondly, they agreed to the application of the Victorian Building Industry Agreement for the Commonwealth Games sites. And, thirdly, there were commitments made on environment, occupational health and safety, training and apprentices et cetera. This was going to form the basis of the industrial relations agreement between the unions in the construction of Commonwealth Games facilities. Were you aware of that at the time?

Dr Stretton—I am advised no, Senator.

Senator ROBERT RAY—When were you first informed? I know when the Victorian government was, but when were you first informed that the Commonwealth department of workplace relations was putting up certain requirements before the Commonwealth money could be committed?

Dr Stretton—I think it is a standard clause in all contracts of this type that implementation of the national construction code must be complied with. Certainly, the Victorian government were made aware of early in the process.

Senator ROBERT RAY—When were they made aware of it?

Dr Stretton—Certainly, in December, if not earlier. My understanding is that in our early drafts of the deed of agreement that clause was always there. I think the issue which developed came down to what was required in order to monitor whether the national code was being implemented or not.

Senator ROBERT RAY—So it is now not the code but the monitoring of the code?

Dr Stretton—The deed of agreement requires that the code be implemented.

Senator ROBERT RAY—Yes, but there is a commitment, isn't there, from the Victorian government that all federal laws will be complied with? That is clear. All federal laws will be complied with: that is a clear commitment from the Victorian government and the other associated parties with this, isn't it?

Dr Stretton—The reason the monitoring of the code became important is that, with at least one other infrastructure project in Victoria which the Commonwealth had provided funding for—

Senator ROBERT RAY—Under the Kennett government; yes.

Dr Stretton—the instances of non-compliance with the code were reported by the Office of the Employment Advocate, particularly in relation to the National Gallery of Victoria project.

Senator ROBERT RAY—Whilst you say that the national code of conduct—or whatever you like to call it—was made known in December, what was not made known, and therefore could not be put into the tender documents, was the requirement for monitoring. That is true, is it not? That came as a surprise to a lot of people.

Dr Stretton—Some of the details as to what was required in order to monitor the code came out in the meeting on 26 March.

Senator ROBERT RAY—That is right. But that was long after the tenders went out. People who tendered did not know that that was going to be a requirement. They may have altered their tender bid had they known that, but they were already locked in to what they thought were the circumstances. Do you see the difficulty that the Victorian government has with this? The goal posts were not moved, but they may have been re-angled just a bit, and that affects the whole thing.

Dr Stretton—All I can say is that it was fully understood that the code would have to be implemented. As I said before, concerns about how that needed to be monitored arose from the fact that, in other projects where the Commonwealth had had the same clause in the contract, it was found that the code had not been implemented.

Senator ROBERT RAY—This may be better directed to the Department of Employment and Workplace Relations, but can you name a Commonwealth construction project—one that this government is doing—that has these monitoring clauses in it?

Dr Stretton—My understanding is that the Alice Springs-Darwin Railway project, for example, has that requirement.

Senator ROBERT RAY—That is not under way yet, is it?

Dr Stretton—I think it is.

Senator ROBERT RAY—Is it?

Dr Stretton—Yes. They are building it.

Senator ROBERT RAY—So that has the same monitoring clauses as are required in this project?

Dr Stretton—That is my advice.

Ms Morris—That is our understanding. Workplace Relations would be able to confirm that.

Senator ROBERT RAY—They will be here next week.

Senator Kemp—I think that some of these questions may well be better addressed to Workplace Relations. They are handling this aspect of the negotiations, I understand.

Senator ROBERT RAY—My difficulty with this, as a senator representing Victoria—as you do, Minister—is that I have seen a whole range of money successfully poured into New South Wales, Olympic projects and everything else, and the first big project in Victoria, in a sporting sense, suddenly gets held up when the goal posts are moved after the event. This is not to do with the code of construction, but with the monitoring, which changes a whole range of things. This was dropped in, not by your department, apparently, but, much later, by another department. It is not as though the Bolsheviks are behind this. I think you would know some of the people here, Senator. You would probably be aware of Mr Ron Walker, who is in charge of the Commonwealth Games Committee; Mr John Wylie, Chairman of the MCG Trust; and Mr David Jones, a Vice-President of the MCC. They have been negotiating and trying to get this project under way. You would hardly call them bomb throwers, would you?

Senator Kemp—As far as the detail of the negotiations goes, this is for Workplace Relations. We are happy to assist you with the information that we have on hand, but I think that questions about the times the negotiations occurred are simply better addressed to the relevant department, or else it may be possible that a misleading impression could inadvertently be given, and we would not want that.

Senator ROBERT RAY—Of course I would not want it. I should say that, as I understand it, the Prime Minister and the Premier of Victoria are having discussions on this. I do not want to do anything that would inhibit or discourage those discussions. I think that is taking it to a very sensible level; let us encourage it to go on there. But if, in fact, it cannot be resolved, has any thought been given in the department to how the \$90 million may be reused in terms of support of the Commonwealth Games because there must be some prospect of it not proceeding?

Senator Kemp—Let me make some observations on that. I understand that, as you said, the Prime Minister, Mr Howard, has recently spoken with the Victorian Premier. Mr Howard has subsequently written to the Victorian Premier, outlining the Commonwealth's position in terms that are consistent with the Commonwealth's previously expressed position. I am advised that this position, as mentioned by my colleague, is also consistent with the Adelaide-Darwin project, which seems to be working just fine. Our position is that we are looking forward to a speedy resolution of this matter. I do not think it makes sense to address our minds to any speculation on what might happen in a hypothetical case. That is the official advice I have received. We hope this matter can be resolved, and resolved in a speedy fashion.

Senator ROBERT RAY—I will let you take this question on notice, because I think it is the crucial thing. When was the question of monitoring, to the knowledge of your department, first raised? Was it in March 2001, December 2001, or after March 2002? That is the crucial question. Was the same thing done in the Alice Springs-Darwin railway? I can ask that in

another context in another committee. Your department must have some involvement and knowledge of this. I need to know when that issue was first raised.

Senator Kemp—We will take that on notice and see what we can provide to you.

Senator ROBERT RAY—Thank you. I hope you do encourage this project, Minister, because it is very important for Victoria.

Senator Kemp—It is a very important project for Victoria, as indeed the Commonwealth Games are. As you would have noted over your years in this parliament, I have been a very strong supporter of Victorian activity.

Senator ROBERT RAY—Until this issue, I had never noticed any amnesia, but I am keeping you up to your past form—to put a bit of stick about and get this project going. Thank you.

CHAIR—We will break for dinner now.

Proceedings suspended from 5.52 p.m. to 7.08 p.m.

CHAIR—Welcome back. We will continue with questions for the Australian Sports Commission.

Senator LUNDY—I would like to go to outcomes 1 and 2. I note that there are no longer three outcomes, that the old outcomes 1 and 2 have been combined into a single outcome: An effective national sports system that offers improved participation in quality sports activities by Australians. And outcome 3 is now outcome 2, Excellence in sports performances by Australians. I want to gather some general information about the changes to these outputs. Can you briefly outline the administrative and funding changes to the Sports Commission, if any, as a result of combining the old outcomes 1 and 2.

Mr Peters—Following on from the Backing Australia's Sporting Ability policy, launched by the government and us, we thought it was better to reflect the two major program areas of the commission. The first one is the national sports system, which incorporates the issues of participation and the ethics in sport coaching—all of the elements of our sporting system that we have been involved in in the past. The second one we are concentrating on is the high performance area, which is the AIS, and some of our high performance programs as well. That would allow our programs to relate better to one or two of the other outputs, rather than the third output we had last time. That output started to talk about facilities and other issues which confused in some ways what our objectives were. So we tried to simplify our role in supporting a national sports system and all the elements to it and then supporting excellence through our programs.

Senator LUNDY—So is the National Sporting Organisation, NSO, grants program in the new outcome 1?

Mr Peters—I will just look at the breakdown here. No, that is part of outcome 2.

Senator LUNDY—So the NSO grants and the AIS are part of outcome 2.

Mr Peters—Yes.

Senator LUNDY—You said ethics, participation and coaching are part of outcome 1.

Mr Peters—Yes.

Senator LUNDY—Are there any other elements that you would care to nominate?

Mr Peters—Women's sport indigenous program.

Senator LUNDY—I presume grants to elite athletes, scholarships, would be under the—

Mr Peters—That is part of the AIS program.

Senator LUNDY—Twenty NSOs have been targeted for improved intervention and funding. Can you tell me the criteria used to determine which of those NSOs received the enhanced support.

Mr Peters—It occurs in two ways. One is in working with the sport. We recognise there may be some issues around governance or structure that we believe need improving. So we will actually—in looking at the sports development plans, the high performance plans—suggest that we can help them to become a better organised organisation or, as happens in the majority of cases, sports come to us asking for assistance in one of their particular problem areas they may have. So, through our management improvement area, we service them. In some cases we give grants out for consultants to come in. A recent example is soccer. We have actually had someone come in and look at their financial systems, their books. We have validated some of the work done by an independent accountant. We have suggested reforms internally in terms of the way they run their systems, and we have given them ideas in relation to structure et cetera. So some of that work involved our staff; other work involved bringing in an expert consultant in the finance area.

Senator LUNDY—Is that issue of governance the main criterion or are there others?

Mr Peters—No, it can be amalgamation. We are working with golf at the moment on the amalgamation of the men's and women's bodies. We did a similar thing with hockey. So there are structural issues; there are financial systems that we will provide advice on.

Senator LUNDY—Under the new arrangements, have NSOs been given greater autonomy over aspects of sports science and sports medicine?

Mr Peters—Coming out of the Backing Australia's Sporting Ability policy, one of the issues was what is often referred to as 'one-line appropriation'. In a number of reviews leading up to that policy announcement, NSOs said that they would prefer to have more control over where their prioritised funds go in the development of their sport, rather than what happened prior to the Olympics, where there was the Olympic Athlete Program and the money was actually run out of the AIS. So there is more autonomy for NSOs, and they can apply that across a series of products that they are desirous of putting in place. With the Australian Institute of Sport, there has been agreement through the National Elite Sport Council to apply a model so that sports can purchase services off the AIS or the QAS or NSWIS or any of the councils. That is an obligation or an option that can be picked up.

Senator LUNDY—I actually want to come to that, but before we do I would like to discuss the one-line appropriation. Do you mean by that that the national sporting organisations get given one amount of money with no strings attached and that, once they have what they call a one-line appropriation, it is up to them to set their priorities? I know this has been discussed for some time now, that you have been contemplating it and that you have in fact done it, so I am just trying to—

Mr Peters—We have a funding model which looks at where—

Senator LUNDY—But how has that one-line appropriation method of funding the NSOs impacted on things like sports science and sports medicine? Is it true that that one-line appropriation led to a withdrawal of funding support for the AIS sports science and sports medicine area for a period, which in fact you are now trying to address?

Mr Peters—There are two parts to that question. I will explain our funding model and how that applies to NSOs, and then I will call on Mr Scott, the Director of the AIS, to talk about

the one-line appropriation and sports science and sports medicine in the AIS. It is a fairly complicated process, but it is one we think is working very effectively.

Senator LUNDY—Yes. It is a really important area too, so I think it is worth spending the time on it.

Mr Peters—We have a model which looks at a national sporting organisation's performance over three years, so we review that model each year. That is based on overseas performance and the international events of its athletes or teams. It is about participation. It is where we view them in terms of governance and their popularity within Australia as sports. We then categorise them as sports from A through to E. And we say that attached to that categorisation is an opinion we form of an amount of funds that will be given to the NSO. The NSO then knows it has an allocation, for example \$2 million, and it then comes back to us with its high performance plan, its sport development plan.

We actually set a resource agreement up and say, 'Okay, we believe that is an effective way to achieve the outcomes you want to achieve. We will now provide the funds on the basis of these outcomes.' Then that introduces how, in the high performance area, sports purchase their sports science/sports medicine, given that the OAP program does not exist any more and in fact the money has been given to them. That has really been driven by Michael and the AIS and the NESC in establishing a formula Australia wide, and the negotiations have continued. There was some criticism early on because we actually costed out the full cost to the AIS to provide a service to a sport. They were actually quite amazed at how much they were supported.

Senator LUNDY—I bet they were.

Mr Peters—But then the negotiations continued from there. So, if you are happy with that, I will have Michael explain how that process went on.

Senator LUNDY—Before you do, can I ask you to supply me with a list of what sports you have categorised under that A to E criteria?

Mr Peters—Yes.

Senator LUNDY—Have you got that here?

Mr Peters—No, I have not got it with me.

Senator LUNDY—It would be really handy if you could talk me through that a little later if we have time. I might come back to that.

Mr Scott—In terms of the AIS's involvement in the implementation of this policy, the AIS is a provider of sports science/sports medicine services to national teams—as it is under this new policy—state institutes of sport as well as the private sectors. When implementing this new policy, the AIS sought expressions of interest from national bodies that wished to use AIS services, whether that be a range of services or a single service like physiotherapy. We then quantified that service and provided the sports with a costing of what the cost of that service was to the Australian Sports Commission. So that initial costing included technical costs, equipment costs and corporate overheads. Then we went into negotiation with each sport. To date we have received 22 expressions of interest. We have 13 agreements signed with sports and a verbal indication from another seven that they will sign an agreement with the AIS in the near future. That agreement is for a three-year period, which then allows us to plan how we provide that service to the sport in the lead-up to the Athens Olympics.

Senator LUNDY—Would it be fair to describe that as having moved from an in-house system of service provision to effectively a user-pays system? The strength of your sports

science/sports medicine unit is entirely contingent upon the NSOs choosing your service in what is arguably a competitive environment, and they have to pay you for that.

Mr Scott—Under the OAP model, the AIS was both the purchaser and the provider.

Senator LUNDY—Indeed.

Mr Scott—It had the money. Under the new model, the sports have been given the money. They determine whether they wish to purchase those services from the AIS. Part of the process is that the AIS has worked, I believe, constructively with national bodies to promote the value of the technical expertise that it has. But at the end of the day, under this policy, it is the decisions of the sport to determine whether they use the AIS or another provider. The one thing that I would like to state is that, through the sports submitting their high performance plan, they do have to demonstrate to the commission that they do have a proper or effective sports science/sports medicine program in place. We are also setting in place, through the high performance unit at the commission, a process by which national bodies' high performance plans will be assessed by a peer review process. The aim is to assist them in further enhancing all elements of their high performance plan, including sports science/sports medicine.

Senator LUNDY—What sort of position does that leave you in when you are leveraging these agreements out of the NSOs to use your sports science? What would happen if, for example, some you-beaut private provider set up shop in Australia and took that business away? Where would that leave the sports science/sports medicine core of expertise at the AIS? As a worst-case scenario it would leave them high and dry. You would not have the money to sustain it and that resource would be lost, would it not?

Mr Scott—The core focus of the AIS is to service its 35 sports programs based in Canberra and in other locations around the nation. So the funding that the AIS receives from the Australian Sports Commission for all facets of its operation, including sports science and sports medicine, is to meet that specific objective: to provide our athletes with a world-class daily training environment.

Senator LUNDY—So what you have to offer has some inherent advantages, obviously because of the relationship with the AIS.

Mr Scott—We believe that if we continue our tradition of excellence, which has been established over the 21 years, obviously we have an advantage in the credibility of the expertise that we have. The other advantage that we have in this process is that the AIS, being the national institute, has a lot of national programs. For example, there is a quite close working relationship with the AIS volleyball program and the national program because they are very closely interrelated.

Senator LUNDY—Where would that leave smaller sports that would have had OAP funding—but who have not necessarily had such a sizeable chunk of former OAP funding come directly to them—in making a contribution in their high performance plan to a specific sports science program? Can they still purchase access to the full range of services, albeit it in what I suspect would have to be a subsidised environment? Do you see what I mean?

Mr Scott—Again, with the high performance funding that they receive from the commission, if they wish to use the expertise of the AIS, they can approach the AIS and lodge an expression of interest. As I mentioned before, we have 13 agreements signed and seven verbal intentions. They range from what I call significant agreements, with sports like rowing and swimming, through to very small agreements, with sports like motor sport, where they just want to use a small component of the AIS and its expertise.

Senator LUNDY—How do you differentiate your charging to the different NSOs? Do you only charge them for the services that they nominate they want to use, or is there a more sort of formulae approach that allows you to cross-subsidise?

Mr Scott—The process entailed the sports putting in an expression of interest in which the sports outline the type and range of services that they want to use from the AIS. We then went into a process of negotiation to better define those services, but in that process our staff also made suggestions to sports on how they could better use AIS services or take up other services. At the end of the day, though, the sports are the purchaser and they define the range, I guess the quantity and quality, of service that they take up from the AIS.

Senator LUNDY—What impact does that have on the applied research—I suppose you probably do not do core research—that perhaps would have been done by a larger team not so diligently focused on providing a purchase service but the synergies of having lots of really smart scientists in the same place coming up with really innovative ideas? We have seen plenty of examples of that through the years. I remember the ice fests and things like that. Really great ideas came out of that critical mass. Will that unit, that core of scientists, still have that capability under this new model?

Mr Scott—Senator, one of our roles at the AIS is quite clearly to provide national leadership and that, in my view, entails the area of applied research, as you have mentioned. One of the exciting initiatives that the AIS has undertaken with the commission's support is joining the Cooperative Research Council for MicroTechnology, where we are looking at very futuristic projects in terms of miniaturising sports science equipment. We believe that that will keep the AIS at the cutting edge of innovation and technology. So, as part of our sports science/sports medicine staff role, they have a role in terms of servicing our AIS athletes. Where chosen by the national body, they have a role in servicing national teams, and we still have a clearly defined role, I believe, in research and innovation.

Senator LUNDY—Apart from the revenue earned by your sports science/sports medicine section, is there a core level of funding that guarantees continuity of employment for those people so that they have some security and knowledge that that core research is in fact part of what they are supposed to be doing?

Mr Scott—Yes, Senator. The sports science/sports medicine area has a core budget in terms of its staffing needs. We also have, under the new policy direction, re-established a national AIS research program that involves internal research within the AIS as well as collaborative research with state institutes and academies of sport as well as universities. One other point I would like to raise is the money that we secure or earn from the NSOs in providing services. We use that to employ additional science and medicine staff within the AIS. So that allows for staff to go off and service the national teams. We backfill those staff through the money raised, and that allows the quality of service to be maintained to our 35 programs and 700 athletes that we support on a daily basis.

Senator LUNDY—The first dot point in the minister's press release states that there will be 'a new AIS services hub to expand the specialist areas such as sports science and sports medicine, including the emerging field of performance analysis. How does that initiative fit within the model you have described?

Mr Scott—Is it the actual facility development you are talking about or the people?

Senator LUNDY—If this is referring to a physical structure, I am curious about that but also, in particular, the human resources.

Mr Scott—In terms of the physical development, the AIS services hub will, in effect, be an extension of the existing sports science/sports medicine facility at the AIS. It will allow all service providers from the AIS to operate under one roof. That includes our sports groups, sport managers, coaches, and career and education counsellors so that we can enhance the operating environment of the AIS.

Senator LUNDY—So they are not currently co-located within the facility?

Mr Scott—They are located on the campus but in a variety of different locations on campus.

Senator LUNDY—Do you know where that is actually going to go?

Mr Scott—It will extend at the back of the existing sports science/sports medicine facility.

Senator LUNDY—Which building is that?

Mr Scott—It is the one which I describe as the Sustain biomechanics dome, which you see on the commercials on television.

Senator Kemp—Mr Scott, that is not a move to the west, is it?

Mr Scott—No, Minister.

Senator LUNDY—It is not? I am glad to hear it. I was not going to ask that question, Minister.

Senator Kemp—I beat you to it.

Senator LUNDY—You beat me to it.

Senator Kemp—That is right—years of experience.

Senator LUNDY—I will just remind you that sarcasm does not show up in *Hansard*, so I do appreciate your efforts.

Senator Kemp—I think your comment will make the point.

Senator LUNDY—So it is a physical thing. And the human resources side of that, that will allow all those people that you describe to be co-located?

Mr Scott—Yes.

Senator LUNDY—That has to be a good thing, too.

Mr Scott—We believe it is a very positive thing for the AIS.

Senator LUNDY—What fluctuation has there been in the number of sports scientists at the AIS, say, since the budget before the Olympics? I know there has been some fluctuation. I know it is a bit before your time as well, but if you could tell me what you know about any changes, that would be helpful.

Mr Scott—I guess in general terms there has been, from memory, a reduction in staff numbers. That has been based on those staff who were employed for a specific term basis as, I guess, sports science/sports medicine staff. But under the OAP program—

Senator LUNDY—Yes, I think those contracts were extended through to December of the Olympics year, weren't they?

Mr Scott—Yes. So, whilst there has been a reduction, that reduction, that money, has been redeployed to the national bodies to allow them to engage—

Senator LUNDY—Possibly reinvest it back in.

Mr Scott—Correct.

Senator LUNDY—In the process of getting them to reinvest that money back in, what has happened to the actual numbers? Are you now at a point where you are probably at your lowest ebb in terms of numbers and you are hoping to build numbers back up? I am just second-guessing where it is at. If you could just tell me, that would be great.

Mr Scott—What I call the core number of sports science/sports medicine staff in the AIS exclusive of the OAP has probably slightly increased.

Senator LUNDY—Which is how many?

Mr Scott—We have 56.1 at this stage.

Senator LUNDY—Is that 56.1 sports science/sports medicine positions?

Mr Scott—Correct.

Senator LUNDY—How many of those positions are scientists or doctors?

Mr Scott—I would have to take that on notice and give you the break-up of the staff. Our largest number of staff in any one department is our physiology department.

Senator LUNDY—Right. Approximately how many physiologists do you have?

Mr Scott—About 20.

Senator LUNDY—And those numbers can only increase, based on the model you have described to us in terms of funding.

Mr Scott—It depends on the revenue that we get from the national bodies, but we would see those numbers probably increasing by about four in the next couple of months, once we finalise all these agreements.

Senator LUNDY—And how can you guarantee that this user-pays service model that you are using will ensure that it is not just the big sports, which have the bigger programs, that can actually afford to purchase the comprehensive services required? Do you see what I mean? I can see financial or other pressures on that section servicing the big clients at the expense of the small clients because there is more money in it or there are more jobs in it. The section could afford perhaps to have its smaller clients fall away but it could not afford to have that core group of key NSOs, which provides the section with the vast majority of its additional funding, not be happy.

Mr Scott—In the process of marketing the AIS to NSOs, we wrote to every national body that receives high performance funding from the commission, and we encouraged them to enter into discussions with the AIS about expressions of interest. I do not have the range of sports in front of me that we either signed or are working with, but they do range from AFL, cricket, rowing, swimming through to cross-country skiing. So there is diversity in the range of sports. They are not all big-ticket items or big-ticket sports. But at the end of the day I guess we have an approach that we have marketed ourselves to every sport. We have tried to seek in a very proactive way the business of every sport, given that we believe the AIS has a reputation to add value to those sports. So we have positioned ourselves as best we can, and we have not played favourites with larger bodies or smaller bodies in that process.

Senator LUNDY—What evaluation will you have over the way you have structured this just so you can test the system over time?

Mr Scott—In implementing the system, we have obviously put in place agreements with national bodies. Those agreements involve customer service feedback on the services that are provided by our scientists and medical staff to national bodies. So we are trying to have a very interactive approach where we put in place evaluation mechanisms to make sure that we are

delivering what we commit to in those agreements. We also will have face-to-face meetings with the management of sports to make sure that, from their perspective, they are happy with the arrangement that we have put in place. We again, from both a coach perspective and a management perspective, are meeting the needs of the sport within the defined parameters that we have agreed.

Senator LUNDY—Just going back to Mr Peters and the A to E sports categories, you mentioned before that you have to approve, I think, the elite program.

Mr Peters—They put in the high performance program and a sports development program.

Senator LUNDY—What is your process for assessing that and how transparent is it?

Mr Peters—Again, we sit down with the sports. Where there are AIS sports involved, the AIS sit in on those meetings and work through the plans with the sports again. They have a nominal allocation based on our model. We sit down with them and challenge them about issues. It is important that sports science and sports medicine remain, we believe, an important element of any elite development program. The beauty of our sports consultants working in the same environment of our professionals in the AIS is that there is a feeding off each of the groups, and so we can sit down in various environments. We have high performance committees that are established with probably 50 per cent of our sports, where we help them not in the day-to-day management of their high performance programs but maybe on a bi-monthly or quarterly basis, whereby we review what they are doing if they are broaching new ground. So, at the moment, the sports understand which category they fit into, and why. They put their proposals up for consideration, and the discussions are held with those sports. I am not saying that all sports agree with the category they are placed in.

Senator LUNDY—Indeed. And for sports development, is it a similar process for their participation program?

Mr Peters—We have a separate sports development area where we look particularly at education programs. Now we are branching into looking at opening a category into the harassment-free education programs, and other equity issues programs—

Senator LUNDY—That does include the participation—what is the name of the participation strategy you have got with NSOs?

Mr Peters—We have a number of them—targeted sports participation program.

Senator LUNDY—Targeted sports is the one I am thinking of. I will come to that.

Mr Peters—So there are two separate plans. There is the high performance plan, and our sports consultants are very much driving that with input from the AIS. And then we have the sport development programs—which is more on the educational side for coaches and administrators—with special education areas like harassment-free sport. We have a different section within our sport development area that works with the sport on those particular programs but, again, there is continual discussion between the different groups within the commission.

Senator LUNDY—Categories A to E: you have not dropped any sports off your list of sports that you fund through this exercise, have you?

Mr Peters—There are about 20 sports that have applied that we do not fund, and have not funded for a number of years.

Senator LUNDY—But you have not chopped any more off the list. I have not had any complaints, I have to say. I figure I would hear about it.

Mr Peters—In my quick time there have not been any sports that have disappeared off our list.

Senator LUNDY—Excellent. So who is an A, and what does being an A mean?

Mr Peters—Swimming, athletics, hockey, rowing, cycling—and then I am starting to struggle a little bit. Certainly I can supply the list.

Senator LUNDY—What is an E?

Mr Peters—An E would be lacrosse. I have a note suggesting volleyball might disappear off our list.

Senator LUNDY—You are asking for trouble, you know. He will come back through that door.

Senator Kemp—I know. What we wanted him to do was to get Senator Schacht back.

Senator LUNDY—I know; I can tell. They are joking.

Mr Peters—With some of the smaller sports like lacrosse and handball, we are looking at working with them to actually provide them with more administrative and management support, not necessarily through giving them individual grants but looking at another system whereby we may be able to service them from within the commission. We think that will be a fairly positive initiative. We are just beginning discussions on that.

Senator LUNDY—And with these different categories, did you say that associated with each category was a set amount of funding?

Mr Peters—It pans out. We do not actually have a category that says that this was between \$2 million and \$3 million. But we look at the amount of money we have got where we see sports in a different categories and then we try to apportion it out in terms of where we believe it will have an effect. But the sports come back to us and ask how they are going to spend that, and we then put that into a resource agreement which we assess. Some sports will sometimes move between the B and C or the A and B categories, depending on our assessment of their performance, and we average that out over three years.

Senator LUNDY—Do the categories relate to how much money you give them, or to a set of performance criteria?

Mr Peters—There is a set of criteria which revolve around the international performance of athletes and teams, where we see them structurally and governance-wise as organisations, their participation rates and the popularity of the sport within Australia.

Senator LUNDY—Are you able to express in writing how you categorise all those things?

Mr Peters—Yes. We have a model. Again, the sports are aware of it. I am happy to provide that.

Senator LUNDY—If you could give that to me, that would be helpful. I might leave it at that, rather than trying to get my head around all the intricacies this evening. With regard to activity 1.2, the Sport Development Grant Program, it states that 60 NSOs are receiving funding to deliver specified development outcomes under this program. This, to me, looks to be the same program that was axed last year and that was directed at regional sports assemblies. In the latest annual report, I think the reference is page 38.

Mr Peters—I can answer that.

Senator LUNDY—Do you know what I am going to ask?

Mr Peters—It is not the same program. This is the program which we classify internally as our sport development program. We have \$4.8 million in that program, where NSOs receive grants for sports education and administrator education and particular equity programs. We are looking at their harassment-free education programs at the moment. That is what this particular scheme is for, and there is \$4.8 million in the budget this year. Perhaps I can clarify this. The program you referred to us as dumping was an initial arrangement we had states to provide them with funds to deliver activities—

Senator LUNDY—Was it the same kind of outcome or aim?

Mr Peters—No.

Senator LUNDY—Different aims?

Mr Peters—It was under the guise of our Active Australia program, and they were given funds to do a number of things around increasing physical activity, but also moving into some of these education areas as well. We provided some states with money to employ state coaching coordinators. We reduced that funding after the release of the policy, from roughly \$3.2 million to \$1 million, and we have renegotiated with all the states. So, other than Queensland, all the states and territories have signed an agreement for the delivery of various products, which can be around coaching but may well be in running seminars.

An example is that we are running a series of seminars called 'Fair Go'. We are concerned at the moment about crowd behaviour around junior football and the treatment of referees. So we now have an agreement with the majority of states. Where we are now running a series of seminars, they will be coordinating and working with us within the states. So through the \$1 million we have re-established relationships with those states and their specific responsibilities that they are working with us on to deliver certain programs. And some of them do move into this area. But this is specifically for national sporting organisations to drive programs within their own organisations. Our relationship with the state is to help them take the programs further and wider.

Senator LUNDY—What is the allocation for the sport development grant program?

Mr Peters—\$4.8 million.

Senator LUNDY—And \$1 million per annum for the other one that you have re-established with the states?

Mr Peters—Yes.

Senator LUNDY—The commission has spent about \$1.38 million on SportNet. Have you effectively written off this investment?

Mr Peters—Our responsibility in the relationship with Telstra over the years has been to employ staff—and that has sometimes been up to three staff in a year—to go out and work with national sporting organisations and talk to them about the need for technology into the future and about how they can link their clubs to their national bodies and the various programs that are available. In one way we were promoting SportNet as a possible answer to that but, at the same time, we were running education programs with those sports, in some cases trying to convince them that technology is the answer to some of their administrative problems into the future. Although in one sense SportNet has now ceased, we have worked on a transition program. We have not written the money off. As I said, we believe it was a valuable education program for national sporting organisations.

Senator LUNDY—Where did that \$1.38 million come from within the commission's budget?

Mr Peters—It was part of our Sport Development Group budget. There is actually a section within our Sport Development Group.

Senator LUNDY—In the 2000-01 portfolio budget statement it is stated that there was 90 per cent client satisfaction with SportNet and 100 per cent of services delivered to agreed timetables. Yet in this year's portfolio budget statement it states that NSOs had been slow in using technology business tools to greatest effect. Which statement was correct? It seems to me they could not both be correct, and certainly not the former if the ultimate effect has been that SportNet has not worked.

Mr Peters—I can only comment on the time I have been here and the studies we have conducted. We employed Ernst and Young in November 2001 to go out and talk to the NSOs that were presently involved in SportNet, on the basis that Telstra had made their intentions known to us. The second comment you read is a reflection of the response from NSOs. Some believe that SportNet did produce what they wanted; others said the lack of the final software programs did not allow them to implement the program as first promised. They were all keen for us to stay involved in some way. But, after the number of years that SportNet product had been on the market and had been promoted, there are many other suppliers in the market. Obviously from these statistics, the majority of NSOs have chosen to go with other suppliers. Again, I cannot comment on the 2000-01 PBS. There may be a survey I can try to find within the commission but, as I say, in November 2001 we engaged Ernst and Young to do a review of SportNet, obviously because we had a concern about the future.

Senator LUNDY—Did Telstra let you down with this product?

Mr Peters—No. Telstra had to make a commercial decision. Again, we would have preferred to continue on an arrangement, but if you look at the statistics there was a very small take-up of the SportNet program over a number of years.

Senator LUNDY—It says in the annual report for 2000-01:

During implementation, SportNet experienced an unavoidable delay in the delivery of additional functionality to the product.

It goes on to talk about the program suffering minor slippage on delivery time frames, owing to a desire to use a Telstra shared infrastructure to deliver the next phase of the product. Then a major redevelopment of SportNet took place during the year. It seems in my recollections of how SportNet was structured that it was very much in the hands of Telstra how that product developed and was not particularly controllable from the Sports Commission's perspective. Is that a fair observation?

Mr Peters—From the commission's point of view there needed to be further development on the product through some software programs which would make the connectivity between clubs and national sporting organisations workable. That product had not been developed, and Telstra were to develop that product.

Senator LUNDY—And ultimately they chose not to? Is that what you are saying?

Mr Peters—They chose not to, at the time they made the commercial decision to withdraw from the relationship.

Senator LUNDY—I know you were not there at the time and so you may have to take this on notice, but my recollection is that at the time of the arrangement there were certainly concerns, raising questions about the deal that had been done and the huge amount of discretion that Telstra had over the nature of that product. From what I recollect about the arrangements in the first instance, there was a significant prospect of exactly this occurring,

and it has occurred and it has cost you \$1.38 million. Did Telstra suffer any contractual penalty for not fulfilling their obligations as part of this deal, or did they just walk away and dump it?

Mr Peters—There was a negotiation in relation to the transition, and they agreed to pay a number of the transition costs for the NSOs that were presently on the scheme.

Senator LUNDY—Did that cover all of your costs?

Mr Peters—We still have an obligation in terms of education and working with sports. We are working with a larger department, which has a communication section to it, to see if there are still other solutions we can bring forward for sport. We are finding that a lot of sports are using other suppliers and are quite happy with those suppliers. We have been inundated with companies wanting us to now partner up with them to deliver a similar type of product and—

Senator LUNDY—Will you be a bit smarter about your contract this time? I mean that in the nicest way.

Mr Peters—The present management of the commission will make sure that we do the due diligence that is needed.

Senator LUNDY—Good. I am glad to hear it. You mentioned the cost of transition: what are those sports that were previously users of SportNet transitioned to?

Mr Peters—In the computer technology, the platform is being run by a company called Advanced Solutions International who were actually working with Telstra in supplying the platform. We have negotiated with them for those on the SportNet network to migrate.

Senator LUNDY—How is that process going?

Mr Peters—There was an initial time delay because we needed a formal advice from Telstra. We had hoped the migration would have happened at the end of March, and it has now been put off until the end of June.

Senator LUNDY—So Telstra is holding you up in the transition phase?

Mr Peters—We are now working well, but initially we—

Senator LUNDY—You do not have to be generous to them.

Mr Peters—needed to get a formal advice from them, and that was later than we expected in coming.

Senator LUNDY—Three months delay. Has it come through yet?

Mr Peters—Yes; and, as I say, the full migration will be complete at the end of June.

Senator LUNDY—Are Telstra paying compensation for the inconvenience to you and the sports you work with, for that delay?

Mr Peters—They have still been running SportNet, so there has been no disadvantage to the sports on SportNet. What we have said is that they still have full services, as previously supplied; and the migration is now taking place.

Senator LUNDY—Were you bound in any way to use Advanced Solutions?

Mr Peters—No.

Senator LUNDY—Did the use of Advance Solutions help you extricate yourself from the contract with Telstra?

Mr Peters—Telstra advised us that they were not going to progress the contract. We sat down with the NSOs and ASI, and it was a convenient and less disruptive option, and the others in the sports are happy with the arrangements that have been put in place.

Senator LUNDY—Would it have cost you more to go with a completely new supplier?

Mr Peters—We did not go out to a tender process because, as I said, Advanced Solutions International were actually the provider that Telstra were using, and it was easier for the sports for the transition. It did not cost us any money as the commission, in terms of having to go through investigations; and we needed a situation where we could introduce some stability to the sports. If, in fact, the sports, and a lot of them are not on SportNet—SportNet is still operating—

Senator LUNDY—Is it still going to be called SportNet?

Mr Peters—No. We are in the migration stage, and so in technical terms SportNet is still going until the end of June, and then it will not be called anything. The issue is if the sports had totally embraced SportNet in the past, so that all the states and regions were on, it would have been a far more effective program. A lot of the sports on, even now, did not have all their states involved. The option that is being provided now is that if they do go that way it will be a much cheaper product for them in the long term. So we are working with them and encouraging them to take that option up.

Senator LUNDY—Do you have plans to put that service out to a competitive tender at the conclusion of this new contract that you have just negotiated with ASI?

Mr Peters—What we are looking to do now, once we have satisfied the sports in the migration, is talking to the department. There are some relationships at the moment, technology in states where local governments are able to use certain networks, and so we are progressing whether we can tap into that. We have many companies approaching us at the moment with solutions.

Senator LUNDY—That is why I am thinking that you need to be able to give them some signal that, at some point down the track, they might have a bite at the cherry.

Mr Peters—Certainly that is our response, but it is good for us to be talking to them to see what alternatives are available.

Senator LUNDY—You had an independent survey commissioned, I understand, to gauge NSOs satisfaction or otherwise with SportNet. Is it possible for the committee to get a copy of that survey?

Mr Peters—The Ernst and Young survey that we did?

Senator LUNDY—Yes, thank you. Can you provide to the committee any written correspondence to or from Telstra that relates to this issue of SportNet and their withdrawal from SportNet?

Mr Peters—Yes.

Senator LUNDY—Thank you. With regard to the proposed sports administration centre, to what degree will you be incorporating Internet based technologies to provide data information to support sports people?

Mr Peters—At the moment, it will be absolutely essential—because a lot of small organisations do not actually have office accommodation in any states or territories and yet their administration is scattered Australia-wide. So the concept we are looking at is to actually set up a centre in Canberra initially, where accommodation costs et cetera are much cheaper,

to have some staff in there that will service the smaller sports around Australia. Therefore the ability to do that electronically is absolutely essential and provides an opportunity for us to actually—and I am mindful of the word ‘experiment’—look at options that will be effective. Hopefully, we can take that wider into the sporting community.

Senator LUNDY—I am sure there is any number, particularly here in Canberra, very dynamic and innovative software companies that would want to try and impress you with their capabilities. Will you be putting that service requirement out to tender?

Mr Peters—I would imagine so. I am a bit hesitant, because we are having discussions now with the smaller NSOs. We are looking at what their demands will actually be. We have got our own IT people internally looking at what can be done and what cannot, so that we can get some definition. As I say, we are very much on a learning curve with some of these new companies that are offering different products. I would expect that by the end of July we will have resolved it. Certainly in terms of our operation, if it is a significant contract we would be going to a tender in some form.

Senator LUNDY—Can I offer some advice that perhaps may be perceived as gratuitous? The need to retain full strategic control of IT has been demonstrated in a whole number of scenarios, including very large agencies outsourcing their IT. It has been a critical factor in the success or failure of the exercise.

Mr Peters—Yes.

Senator LUNDY—So having that competency in-house to both manage contracts and give strategic direction to what you are trying to achieve is really important. I would like to keep moving. According to the 2001 annual report 93,824 coaches were registered within the national coaching accreditation scheme; apparently an increase of some 12,000 on the previous year’s figures. However, in the 1999 annual report it says there was a total of 102,193 coaches that were registered with the scheme. If you need to take this on notice, that is fine; but can you please provide an explanation as to why the latest annual report states an increase of over 12,000 coaches, but when you look at the actual figures there appears to have been a decrease of some 8,369 coaches? Also, why does the PBS have a figure of 87,000 accredited coaches. It sounds like a bit of a mish-mash of figures. If you could get to the bottom of it and come back to me, that would be helpful.

Mr Peters—I will take that on notice.

Senator LUNDY—I would now like to turn to participation. What is the current rate of adult participation in sport and physical activities? Can you account for the almost five per cent drop in participation between 1998-99 and 2000-01?

Mr Peters—I do not have the actual participation figure of adults. One of the great challenges for our industry is the lack of consistency around participation figures. We have given our support to a proposal put forward for a CRC, a cooperative research centre, to be established particularly to look at the rate of participation in physical activity and at why young people participate and, more importantly, at why they do not. We want to see how we can link that to academic performance and health issues, because we believe there need to be significant longitudinal studies done. Through the SCORS function—the Standing Committee on Recreation and Sport, which is made up of heads of the sport and recreation agencies around Australia and which services the Sport and Recreation Ministers Council—we have been conducting a participation study based on ABS statistics.

It is easier to talk about trends than actual yearly statistics. There is no doubt that there is a trend downwards in participation in all categories, and that is a major issue in Australia, as it

is worldwide. There are different government agencies including health now, federally and in states, looking at the issue, because it is very much about physical activity. Our act is about sport and increasing participation in sport, but we are obviously working with the states in looking for solutions and answers as well, and trying to create as many different opportunities as we can for people to participate, to make it easy for them.

Senator LUNDY—I guess it begs the question, with so many young people participating in physical activity that are not necessarily part of organised sport, that it demonstrates a need to look at modifying your tight focus on organised sport, in order to take into account broader physical activities—what we used to call recreational activities; although I do not want to use that word—in order to gauge what is really happening out there. I want to bring in the example of the inline skate and skateboard initiative as an example of a sport that absolutely qualifies as being measurable, as far as participation goes. It does not quite qualify as being organised yet, but I know you are working on that and trying to bring it into your field of measurement. In the meantime, do you think there is a need for you to move a little wider in your focus on these issues? It is very close to a policy question, but I would be very interested in any comments you could share with the committee.

Mr Peters—At the moment, statistically there is no proof to say more people are being physically active but not playing sport. The issue is that people are not doing anything. What we need to create are opportunities, and we believe that sport is a fun way to get involved in physical activity. So we are attempting to create through our various programs, following the Backing Australia's Sporting Ability policy, to work with national sporting organisations to create different types of opportunities to encourage people to be involved in sport, which in turn means that they are being physically active. But we also recognise that within the school and education system and within the health system there needs to be an effort as well. Pleasingly, we are seeing the health sector respond very well to the challenges of physical activity.

Senator LUNDY—The portfolio statements set a target of one million additional club members over four years. I put to you—being the devil's advocate that I am—that by identifying club membership as the measure, that is just a way of fudging the statistics about participation and that club membership does not necessarily mean greater participation levels. From the club's perspective, they have to justify that targeted sports money. Can't they just go on a recruiting drive and not actually get more people playing the sport?

Mr Peters—One of the concerns for the commission and for the sporting fraternity is that the key to Australia's sporting success has been the club structure. The club structure is where people get involved in sport, where town identification occurs, where coaches, umpires and volunteers come from. Clubs are being challenged at the moment in terms of increased costs. That is not just around insurance, it is also around ground hire from local governments, and there are a whole lot of issues around how the volunteer sector works. If we are not able to sustain the club's sporting structure in Australia, then our achievements in sport will be greatly undermined.

That is why the emphasis of our targeted sports program is to challenge the national sporting organisations and work with them to set up different models throughout Australia where we do not just have a whole lot of 'come and tries', because people go along and they may have fun on a weekend but that is it. But we want to actually have the transition so those people who may enjoy a sporting activity will join a club. They will pay capitation fees, they will be in an environment where there are accredited coaches and where there are volunteers that understand their obligations. In that way, we will sustain a club system.

Yes, the one million in four years is a target, but it is a real target. We have statistics now in those sports on club membership. If I can use the example of the AFL: they had a program called Auskick where it was just about young kids coming to a park with their families to enjoy themselves and learn how to kick a football. We are now working with the AFL and taking this to regional areas so that those kids are actually encouraged to join clubs and continue their participation, hopefully bringing the parents and others with them to become the support base for that club. I think it is an exciting initiative and it is the sort of thing we need to do because we cannot keep seeing the trends we are at the moment.

Senator Kemp—Just to expand on a point: where you join a club you are joining an institutional structure which will have events and, rather than just being a one-off, as you said, for a weekend where everyone has a good bit of healthy activity, you are part of an institutional structure which will continue to encourage you to take part in sport. It is not the only measure, that is true. Quite obviously, we like people to be physically active, we like them to take part in sports and we recognise that a lot of very useful activity occurs outside a formal club structure. Nonetheless, I think there is a strong argument that because you join a club you are in an institutional set-up which will be likely to lead to continuing activity. For all the reasons that Mark said, which are very important reasons, that is also a useful way of thinking about it.

Senator LUNDY—Backing Australia's Sporting Ability described an extra \$32 million for a more active Australia. How much of that \$32 million went to the targeted sports program?

Mr Peters—The \$32 million was over four years, and \$4 million was the Olympians for Youth program. The targeted sports program, in the first year is \$3.4 million, in the second year is \$3.7 million, and then we are looking to continue similar amounts through three and four.

Senator LUNDY—For the four years?

Mr Peters—When we get to the second year we are actually reviewing the program. We are saying that we may actually be putting less directly into that program, but we are not sure at the moment. Certainly, in the first year it was \$3.4 million, it is \$3.7 million in the second year, and it will be three something in the third year. We are working initially with 20 sports over two years. Then we hoped that, with the number of different models, we could then have some of the smaller sports picking up those models and driving them within their communities.

Senator LUNDY—How much is notionally allocated against targeted sports across the outyears all-up? It is \$3.4 million plus \$3.7 million—is there anything after that?

Mr Peters—Yes. We have \$3 million and \$3 million with a question mark as to whether we need to increase that contribution in the outyears.

Senator LUNDY—It was about \$14 million or \$15 million?

Mr Peters—Yes.

Senator LUNDY—Is it the Sports Commission's view that physical education is a state matter and not something that you see the Sports Commission is responsible for funding?

Mr Peters—It is a question that we address at each of the sport and recreation officers' meetings. There is a hierarchy of governments, as we all know. We can have an impact at a certain level, but our prime responsibility is to work with national sporting organisations. The states, outside some institute programs, do not work with NSOs and they do not work with the

high-performance programs. We will always have a bias, with our funds going into the high performance arena.

We have chosen, with our NSOs, to drive a targeted sports program and we will support our state colleagues in terms of their endeavours to work in the physical activity area. But most of them have a much broader agenda than us and work more closely with local government. For example, in Victoria we are working with the Victorian department and the VicHealth organisation. We are looking at after-school programs, which will be modified sports programs around physical activity, which will hopefully inspire those schools to move back into physical activity. South Australia is talking about joining the program and, as of last week when we had all the states and territories here with us, we think Western Australia and Queensland now are quite enthusiastic about it.

We often talk about leadership, and we believe our role is to provide leadership, but our prime service groups are national sporting organisations. Yes, the states and the territories, who control the education systems, certainly have a responsibility in that area, but we will work with them.

Senator LUNDY—In budget estimates last year, you said you were looking at ways to better improve participation by working more closely with NSOs, which we have just heard about, and also the private sector. What strategies are there to use the private sector to improve participation?

Mr Peters—The initial basis of the targeted sports program is that we wanted to encourage the private sector to partner up with us and NSOs.

Senator LUNDY—Like private sponsors?

Mr Peters—Yes. As we all know, sponsorship is very difficult at the moment but, to date, with the AFL Auskick program, we have Electrolux as a sponsor and Athletics Australia have IGA grocers. Last week we launched a tennis program with Milo. The Australian softball and baseball program has major league baseball putting in a significant amount of funds. At the moment they are the sponsors that have been involved in the programs.

Senator LUNDY—What about Westfield?

Mr Peters—Westfield is under our Active Australia banner. There are two programs there: the Street Active program which, as you describe, is a very exciting program.

Senator LUNDY—Yes, congratulations for that. It is very impressive.

Mr Peters—There is 1800 Reverse, the phone company. If teenagers or young people—

Senator LUNDY—They are sponsoring that?

Mr Peters—They are a major sponsor, and they have been absolutely delighted with the results. We think we will be greatly expanding that program by adding to regional areas next year.

Senator LUNDY—Excellent.

Mr Peters—We have also had some subsponsors in that program. With triathlon, we had Sanitarium come on as a major sponsor. They had run a youth triathlon series in New Zealand. We spoke to them and they have now partnered with us in Triathlon Australia. Again, it has been unbelievably successful in the first year. With the Westfield shopping centre, we trialed a concept that, within shopping centres where parents may come with their families, if we had sporting displays there and online registrations for sports in the local area, more people might come to try an activity, enjoy it, and then ask for more information online.

We are just assessing that pilot at the moment. Westfield and Breakaway—a clothing group—came on board there. We have had some success. It is a tough market out there but, hopefully, we are seeing sponsors also looking at the grassroots level of sport to put their money in, and we will keep working in that area.

Senator LUNDY—Is McDonald's a sponsor of anything?

Mr Peters—No. The chairman of McDonald's is also the chairman of 1800 Reverse. So, indirectly, he is an enthusiast. McDonald's have been approached, along with a number of other sponsors. We are continually talking to them. We have a company called Sporting Frontiers that runs our sponsorship area. It is a tough market, but we are very happy with the successes that have come on board at the moment.

Senator LUNDY—Do you have an ethical or moral test for sponsors?

Mr Peters—Yes.

Senator LUNDY—I do not want to pick on McDonald's, but fat-laden food and sporting activity is not exactly a good partnership in my personal view. Do you have criteria like that where you assess how good the match is?

Mr Peters—We apply commonsense criteria because we are very much aware that whatever we associate ourselves with, the government will be associated with. There are a couple of groups of sponsors I could go to now and get enormous support from.

Senator LUNDY—I bet. I do not think we will even bother naming them. You do apply commonsense.

Mr Peters—Yes. We are very much aware that we are imaging government when we are out there.

Senator LUNDY—I am very pleased to hear it, and I would not expect anything less. I am sure Senator Kemp would be on to you if you did something silly. Doesn't all of that mean Active Australia, as we once knew it, is effectively dead? I am not saying that that is necessarily a very bad thing, but I think we need to be clear about this.

Mr Peters—It has been a wonderful brand. The states and the health sector have asked us if we will allow them to use it exclusively because it is an all-inclusive brand that has been associated in the past with physical activity. We are discussing it with them at the moment, and we are looking at another way of perhaps recognising our involvement in that area but giving them the freedom to use it. At the moment, we do not restrict where they use it. They are wanting to associate it more with physical activity than with sport. We are in those discussions at the moment.

Senator LUNDY—Are there any programs that you are specifically funding that are still badged as Active Australia?

Mr Peters—We still badge the majority of our participation programs under Active Australia. It was very much a part of our organisation when the policy was launched.

Senator LUNDY—Will that change, depending on the outcome of these negotiations with the states? Will you try to rebadge the commission's participation programs?

Mr Peters—It is certainly one of the options that we are looking at. But, in fairness to our negotiations, we have not raised that with the minister or the government but it is certainly a request on the table, and I do not believe it will affect our operations. Again, we are looking to work very cooperatively with the states, particularly the health sector which is doing some wonderful work in this area.

Senator LUNDY—So the scenario could be that you do a deal with the states, they get to use the logo and, as a sports commission, you rebadge your whole package of participation based programs with something new?

Mr Peters—That is one of the scenarios, yes.

Senator LUNDY—Then the minister could trot out and smile for the cameras.

Senator Kemp—Like you, Senator.

Senator LUNDY—Make sure you invite me to that launch, Minister.

Senator Kemp—Which launch was that? We asked you to attend one this morning. We were very pleased to have you there this morning.

Senator LUNDY—I was very pleased to receive an invitation. It was a fine breakfast.

Senator Kemp—We like to involve you, Senator, in the hope that you will learn a few things.

Senator LUNDY—It has become clear from Backing Australia's Sporting Ability and the changes that have taken place at Active Australia, as we knew it, that Active Australia was very much on the way out. I am glad that you have been up front about that. Under activity 1.6 it states: 'One special project addressing women and sport issues.' Can you tell me what the one special project addressing women and sport issues is?

Mr Peters—It is always interesting putting statistics down on a bit of paper. We could actually put three down now. For example, pregnancy in sport was not an easy issue, but I think the commission and Shirley Willis, who is with us today, and her staff did a fantastic job in addressing a very tough issue. We are aware of a number of ethical and social issues out there at the moment. We have just commissioned someone to look at that, to talk to the sporting communities and to the school system and to come back to us and say what priorities we should be setting in this area of women's sport and their participation and a whole lot of issues around that, such as harassment, amalgamation of organisations that are male dominated et cetera. When we put a figure of one, I expect that to be a larger figure. As I say, we have now finished off on pregnancy in sport. There was the harassment-free sport project that still has a major education component to it, and we are now out there talking to our constituents about what their priorities are. There are still a lot of issues about participation in sport for women and the creation of opportunities.

Senator LUNDY—How much money was set up against that?

Mr Peters—In our budget for next year for 'Women and sport ethics' there is \$310,000; in the year after, \$350,000; and the year after that, \$350,000.

Senator LUNDY—That is a discrete program within the Sports Commission?

Mr Peters—Specific to the section, yes.

Senator LUNDY—Minister, have you seen a report entitled *An illusory image: a report on the media coverage and portrayal of women's sport in Australia*? It was launched by Warwick Smith and the Sports Commission in 1996. It contained a large number of recommendations that went to addressing the vicious circle that women's sport confronts in getting coverage and sponsorship, and how the two are completely interlinked.

Senator Kemp—I cannot claim to have gone through it.

Senator LUNDY—I highly recommend it to you. It will be enlightening.

Senator Kemp—As you have drawn my attention to it, I am sure I will have a look at it.

Senator LUNDY—Minister, can I ask you to provide an explanation—I am happy for you to do that on notice—for the government not acting on any of the recommendations contained in that report. From memory, the report also contained recommendations for media organisations and sporting organisations.

Senator Kemp—Before I prejudge the issue and accept your underlying statement, I will call on Mr Peters to respond.

Mr Peters—Shirley Willis, the general manager of sport development, runs the women's unit within the organisation. She can outline a number of the programs that we have put in place.

Senator LUNDY—Welcome to estimates.

Ms Willis—Thank you. We have moved on the *Illusory image* by undertaking a joint project with the New South Wales Department of Sport and Recreation and the University of Canberra. We have wanted to make a long-term impact on journalists. The outcome of this report will help the universities create course work for journalism students—about 70 per cent of them are women—who will undertake training on reporting gender issues in their training period. We have tried to make infrastructure change rather than bits and pieces everywhere else.

Senator LUNDY—That is good to hear. Is it your intention to look at the other recommendations contained in that report and to start doing something with them? That would be very exciting.

Ms Willis—Absolutely. Even though it is difficult to say what has been done with national sporting organisations or what has been done with state sporting organisations, there is a change, as Mark alluded to previously, in that we are now case managing with every national sporting organisation. At every meeting that the women and sport people are at—and that is at every meeting—they ask the question: ‘What is happening with women?’ I think we are making a difference for the first time. Sports are putting up their hands and saying, ‘Yes, we want to do some gender work.’ So I think we have started that process.

Senator LUNDY—We were discussing earlier some success that you had in getting sponsorship, but I am sure that you as well as Mr Peters will be only too aware of the specific challenge women's sport has in attracting and holding meaningful sponsorships and of the incredible inequities between the levels of sponsorship that women's and men's divisions of the same sport attract. I would really like to hear what you think you could do about that inequity in sponsorship, if anything—I know it is a very tough question.

Mr Peters—Like a lot of things, if we had the answer to how to convince companies to invest in women's sport, then we would be very happy. Last year we supported the Women's National Basketball League to the tune of \$75,000 to allow them to continue because of the fall-out of sponsorship. At the moment, we are discussing with netball the inclusion of the AIS team in their national competition and what that means to them. As Shirley said, it is our responsibility and we believe that, if we are going to have a strong sports system into the future representing both males and females, the national sporting organisations are the key to that happening. We are putting a lot of effort into having our staff discuss and work with those organisations. Certainly, regarding women in sport, there is a list of about five projects from special women's programs for coaches and so on that we are actually implementing at the moment.

Senator LUNDY—That is good news; I will follow that with interest. According to the portfolio budget statements, there are 10 national sporting organisations engaged in special

programs to provide Indigenous people with improved sports participation programs. Which sports are these?

Ms Willis—There were 13 last year and 15 this year—it will be a test of my memory. Tennis is new; we have had cricket, athletics, soccer, basketball, yachting, boxing, AFL, both rugbys, netball—

Mr Peters—We would be happy to fill the gaps in.

Senator LUNDY—You got 11 of them; that was pretty good. It was just to give me an idea, thank you. What input have you had from Indigenous communities about which sports they want to be involved in?

Ms Willis—A lot. We think the way we have gone about running this program is pretty exciting and fairly contemporary: the 35 ATSIC regions around Australia have an indigenous officer employed in them, funded mainly through our contract with ATSIC. We linked the national sporting organisations up with the development officers to actually negotiate what they wanted in each region, and then the programs were delivered after consultation not only with the Indigenous sports officers but with the state sporting organisations who would go to communities—not necessarily isolated communities. So there was a lot of input from the Indigenous communities.

Senator LUNDY—Are the programs based regionally or based around Aboriginal communities, particularly the more remote ones?

Ms Willis—Both. So if you are talking about the eastern seaboard, they are not operating in the traditional community that you would think about if you were talking about the Kimberleys or the Northern Territory.

Senator LUNDY—There were 14 Indigenous sports development officers in 1999-2000. How many are currently employed?

Ms Willis—In the unit?

Senator LUNDY—Yes.

Ms Willis—Four. Could I seek clarification? Were you looking to discover whether they were actually Indigenous or how many people there were?

Senator LUNDY—How many people.

Ms Willis—Four.

Senator LUNDY—ATSIC's contribution to Indigenous sports is over \$2 million compared to the \$1.5 million that the commission allocates. Can you outline how ATSIC works with you in determining how that money is allocated?

Ms Willis—Last year we negotiated with ATSIC the outputs they actually wanted us to report to. We negotiated those with the states and territories because, largely, the ATSIC money is spent on employing the Indigenous people in the states and all of our money is spent on the programs that go with those people. It is a negotiated contract with ATSIC and then negotiated with the states, which have to negotiate with their ATSIC areas before they initiate their program.

Senator LUNDY—One of the major barriers to increasing participation by Indigenous Australians is distance—getting around. Quite often the difference a minibus makes is a deciding factor on whether or not they participate in the comp. What can you do, from the Sports Commission perspective, to break down that barrier to Indigenous participation? It is a

tough one because it requires very practical assistance. I want to know if any of your programs can tackle that.

Mr Peters—Perhaps we will both answer that. One of the things we are very conscious of is how we have modified what we call the scholarship program out to Indigenous athletes. Whereas before we gave perhaps \$5,000 to an athlete, we have now broken that down to increase the number of athletes that we support financially with the NSO so it creates opportunities for more Indigenous officers to experience the better coaching or training environment that we can provide for them. So we have consciously looked at how we can support more Indigenous athletes, particularly those that show talent, to give them the opportunity to see if they want to progress.

Senator LUNDY—My question was less about creating elite opportunities and more about this really basic capability of getting around.

Ms Willis—That is a tricky one, as you know. One of the good things we have been able to do was that the Indigenous Sport Unit won a Laureus award last year and won a substantial amount of money with that. We are spending a lot of that money on mobile sport libraries, which can actually live in the ATSI regions, so that when the Indigenous sport officer goes to the region they can take the sport equipment with them. That is a pretty simple solution to a complex problem, and it certainly does not completely do that, but with our limited amount of money we have veered away from trying to resolve those issues. If you win money or you leverage extra money, you can put it into things like that. That is just one strategy to address the issue that you are talking about.

Senator LUNDY—But that still does not really go to the heart of it.

Mr Peters—I think the states are also doing a tremendous job in working with Indigenous communities. Regarding the funds that I talked about, we have contracted three state departments to be able to work with them in solving this issue. There are a lot of organisations putting Indigenous games together now so that communities can actually compete against each other. In some states there are Indigenous teams being formed to play in local competitions, all with the idea of trying to create an environment to encourage more people to participate and to try to break down the problems of travel but also recognising that a number of the Indigenous communities would prefer to be within their own environments and not necessarily be forced to go to the big smoke and play games. I think, in partnership with the states and certainly with ATSI, there are a lot of people trying to find which models produce the most effective outcome, importantly—from my experience in Queensland—asking the communities to find the solutions and not imposing solutions upon them.

Senator LUNDY—Are there any programs focusing on Islander sport, as opposed to mainland Aboriginal community needs?

Ms Willis—That would be included in the Queensland one.

Mr Peters—We do not directly support those programs, but certainly in Queensland their definition of their Indigenous community is the Aboriginal community and also the Islander community. I know they actually financially support an Indigenous officer in the Islander community.

Senator LUNDY—The Prime Minister's Indigenous group match cost around \$180,000 of which the department contributed \$80,000. I note that the commission provided the Australian Cricket Board with \$14,000 as part of the Indigenous Sport Program. I put to you that it would be a smarter spend to provide more funding to the ACB for that program, rather than throwing such a significant amount at one single match of cricket.

Mr Peters—We were not involved in the match other than helping with some of the organisation. It is hard for me to answer the rationale behind that. Often it is about imaging and imaging excellence and that it will create role models and it is a way of stimulating.

Senator LUNDY—I am presuming that that is the motivation of the exercise and I think it is an important thing to do and a worthy motivation. I am looking at \$180,000 versus \$14,000. It is really raising a question of parity. I would like my question to be interpreted to increase the amount through the Indigenous Sport Program to the Cricket Board, rather than suggest that you do not hold the cricket match. Minister, I do not know if you are in a position to comment on that.

Senator Kemp—I will make sure that the PM's office is told your view on this matter. I am sure they will take great interest in it.

Senator LUNDY—Thank you. I would like to see the Prime Minister, as a result of hearing about my comments, advocate vehemently to both yourselves and the Sports Commission to increase the allocation for the Indigenous Sport Program to the Cricket Board.

Senator Kemp—There is no doubt about the PM's commitment to sport now. No-one doubts that this government has been able to substantially increase funding to sport. We can see the results of that. I suspect there has been no government which has shown a greater commitment to sport. There will always be arguments about how money should be allocated. You will have a view. That cricket match does play an important role. You may have a different view.

Senator LUNDY—I do not. I think it does play an important role. The question is one of parity; not just the high profile stuff but putting the dollars where it can make a difference to participation and opportunity.

Senator Kemp—You would have to say this government has put a lot of dollars into sport. I do not think there is any argument about that.

Senator LUNDY—The Sports Commission is planning three reviews in 2002-03. One, you mentioned before, will be to review the targeted sports participation program. What were the other reviews?

Mr Peters—We have presently instigated a review into our sports education program which fosters and develops a national coaching accreditation scheme. We have three of our board members involved in that review. We are also looking at the model and formula for national sporting organisations that we talked about before, and I will be providing you with a copy of it. We are talking with NSOs about perhaps the best way, the paperwork side of it; there must be accountability and there must be planning. How do we work better with them? And again, to get their thoughts on what they think about the model: does it work? How do we interact with them in terms of the planning process? And, as I said, another review. These are often minimum figures. We now have a review through Shirley of what the social and ethical issues addressing sport are at the moment that we should be prioritising.

Senator LUNDY—The AIS review in 2000-02 resulted in three key findings which are noted on page 272 of the PBS. Can the complete review be made available to the committee?

Mr Peters—Yes, that can be made available.

Senator LUNDY—I would like to place some questions on notice. Can you provide details, including the financial implications, reporting dates, fields of inquiry and staff involved in the two technical benchmarking projects, the 20 approved applied research projects and the three commercially funded projects? That is from page 271 of the PBS.

Mr Peters—Yes.

Senator LUNDY—Is the commission planning to sell any assets?

Mr Peters—Not that I am aware of.

Senator LUNDY—Staffing levels dropped from 410.9 in 1999-2000 to 378.1 in 2000-01. What is the current staffing level; and what is the estimate for the level for 2002-03?

Mr Peters—The significant drop was when the AAP program ended. The staffing figures at the moment are 385, which varies slightly from what it is on page 270. In April 2002, it is 384, and we expect that to be the level this year. Next year, we expect—as Michael said—depending on the agreements, that may well go up four positions in the AIS.

Senator LUNDY—I would like to ask a few questions about insurance. I understand that at the last SCORS meeting, it was resolved to produce a risk management resource for sport. I understand this was due weeks ago. Why hasn't it been released?

Mr Peters—The Department of Sport and Recreation in Victoria chairs these SCORS meetings. It was agreed that a number of responses should be made: one being of immediacy, and that is developing a risk management plan. There was a working party formed under the chairmanship of Victoria and we inputted into that.

There has been some discussion about the use of a New South Wales information pack. It is a relatively complex document that needed to be modified and the working party has been doing that over the last few weeks. The delay has been very much in the working party failing to come back to the chairman with definite recommendations. When I spoke to him the day before yesterday, he expected that to be resolved next week, and that a package would be forwarded to all representatives of the SCORS meeting.

Senator LUNDY—Can you update the committee on the situation with respect to the Trade Practices Act and public liability? I understand the need is to amend the Trade Practices Act to exclude sport from contractual obligations to allow waivers to be upheld.

Senator Kemp—These matters are going to be considered at the meeting tomorrow with state finance ministers and the Assistant Treasurer. There has been discussion about the Trade Practices Act, and the use of waivers and how they can be made more effective. This is probably not the best forum to have a discussion on that, unless anyone feels they might like to make a contribution.

Dr Stretton—These are among the options which have been discussed by heads of treasuries. It is going to be discussed by ministers tomorrow, and so I think it is best to wait to see what comes out of that.

Senator LUNDY—My final point is that every day more and more clubs are coming under extreme pressure, some of which are stopping and going under. You are conscious of this, of course, aren't you?

Senator Kemp—We believe this is a very high priority issue. It is vital for sport; indeed vital for many arts bodies as well. It is something that the states and the Commonwealth have been giving great attention to. As you would be aware, there was a meeting earlier in March on this matter which reported that there would be a number of directions which would be pursued by the states and Commonwealth. Tomorrow all those parties will be brought together again and an action program will be discussed. The Prime Minister last night made some comments, which you would have seen in the press, on the problems of sport. We regard this as a very significant and important problem. We hope the results of the meeting tomorrow

will prove to be very productive, but a lot of the issues involved are with state governments, as you would know.

Senator LUNDY—I nearly forgot a really important question which relates to a particular line on page 269 of the PBS, which relates to the \$65.4 million, and it says:

The investment plan includes redeveloped athlete accommodation—
which we have discussed—

and enhanced specialised facilities for sports such as rowing and water polo.

Now I know that the press release says ‘a dedicated water polo training pool and upgrade of current swimming facilities’, which I am sure those athletes are very much looking forward to—

Senator Kemp—You would be very supportive of the rowing, I would think, Senator.

Senator LUNDY—I am coming to that.

Senator Kemp—I am expecting to receive a letter of congratulations from you.

Senator LUNDY—I do want to say that, knowing a number of water polo athletes in this town, additional water polo training facilities will be very warmly welcomed by the water polo community because they have a great deal of difficulty, as I am sure you are aware, in finding appropriate facilities. But please tell me what the enhanced specialised facilities are for rowing. And please tell me that they are here in Canberra.

Senator Kemp—Sorry, I missed the last part of that. Do you want to repeat it.

Senator LUNDY—There is a line in there saying ‘enhanced specialised facilities for rowing and water polo’. We know about water polo, and that is excellent. What are the proposals for rowing?

Mr Scott—The proposal for rowing is to upgrade the existing rowing facility at Yarralumla. It entails two key elements: (1) an expansion of the gym and ergometer area and (2) an expansion of what we call our athlete lounge, which allows the rowers to recover in between training sessions rather than commuting to and from Yarralumla and the AIS.

Senator LUNDY—Thank you, that is excellent news. I am very conscious of the time and I want to move to ASDA. Could I suggest a break until 9 o’clock.

Senator Kemp—Do I take it now that the ASC is finished?

CHAIR—That would appear to be the case. Thank you, Mr Peters and the department.

Senator LUNDY—I may take the opportunity to put questions on notice.

Senator Kemp—Of course, Senator, and we will always respond quickly, as you know.

CHAIR—Thank you very much for appearing. That leaves only the Australian Sports Drug Agency after this.

Proceedings suspended from 8.53 p.m. to 9.06 p.m.

Australian Sports Drug Agency

CHAIR—We welcome the Australian Sports Drug Agency.

Senator LUNDY—I would like to ask Minister Kemp about widely reported comments made by the broadcaster Mr Alan Jones, but, first up, I would like to confirm that this is the same Alan Jones who is also the deputy chair of the board of the Australian Sports Commission. It is the same person, isn’t it, Minister?

Senator Kemp—I do not know. You have not told me what you are talking about.

Senator LUNDY—Mr Jones, in his 2GB show on Monday, 27 May, made comments to the effect that our elite swimmers are being stalked by drug testing authorities, and that that testing may be excessive. Does the government endorse Mr Jones's comments?

Senator Kemp—What we might do is get some comments from Mr Mendoza. I suspect Mr Jones may have been referring to the fact that there are a number of bodies which are drug testing. Further—and correct me if I am wrong—I think there is not a great deal of coordination between those two bodies. Someone pointed out to me that you may be tested one day and further tested the following day, but I would seek expert opinion on that. Perhaps you might like to make some observations.

Senator LUNDY—I have certainly got a lot of questions about this issue, but I wanted to go to matters of policy first.

Senator Kemp—I think that that is the background, as far as I am aware. I have not examined Mr Alan Jones's comment but, to the extent that this relates to matters which I have also been informed about elsewhere, I think that provides the background to it. What I would like to do is hear from the drug agency itself about its views on this matter.

Senator LUNDY—Can I ask you before we do that whether or not Alan Jones's comments are in line with government policy on these issues?

Senator Kemp—I was just trying to get the facts on board. Mr Jones is perfectly free to make comments if he likes—

Senator LUNDY—Is he?

Senator Kemp—and Mr Jones does not speak for the government. This government has a very strong view on drug testing. I think we can properly say that we have been able, in many ways, to lead the world on this issue. This government is very firm on drug testing matters, but there may have been an issue that has arisen because of some lack of coordination and I understand that is what provides the background to Mr Jones's comment. I would take advice from the drug agency on the seriousness of this problem, so let us hear from the drug agency.

Mr Mendoza—If I just cast back to the media report: there was a media report which generated subsequent media reports, but the core article was in the *Daily Telegraph* on Saturday and three key issues were raised in that article. One was a claim that there was overtesting of Australian swimmers. The second was that it was uncoordinated between the relevant testing authorities—they being ASDA, the World Anti-Doping Agency and FINA, the international swimming federation. And the third element to the article was that there were claims by Australian swimmers that they were being subject to tests at a disproportionate level by FINA and other authorities to athletes of equal standing in other countries.

In response to those claims, I have said that I think it is a fair call to say there is a lack of coordination and there needs to be better coordination between the relevant testing authorities. We, both at a government level and ASDA, have been calling for a number of years for greater out-of-competition testing of elite athletes worldwide. There are really only still a couple of handfuls of high quality national anti-doping programs operating that ensure athletes in those countries are subject to independent, high quality tests. There are only a couple of international federations running their own testing programs, notably FINA and the IAAF, the athletics federation. Most recently, we have seen the development of the WADA program. As yet, we do not have effective coordination between national, international

federation and World Anti-Doping Agency testing. I think that is the core of the issue that has been identified in this article.

I would reject that there is any overtesting of Australian swimmers, certainly by ASDA. I can state this because Ian Thorpe put his own testing record in the public domain and in the last 10 months, to the end of April, ASDA has conducted five tests on Ian Thorpe. For arguably the No. 1 male swimmer in the world, that would seem to be an entirely appropriate, and some may even say inadequate, level of testing.

So, yes, there is an issue that these media reports have highlighted. We are endeavouring to address that with the other authorities as quickly and as effectively as we can. There have been, in fact, a number of athletes who have come out in the last 48 hours or so who have said, 'No, we reject that. We do not think there is overtesting.' Some of those people have been Geoff Huegill and Petria Thomas. In fact, I was just talking with her again this morning. They do not believe and they are not in a chorus of support for Ian Thorpe, Michael Klim and some of the other people who are reported to have made those claims.

Senator LUNDY—You have responded to the claim that they have been overtested. What is your response to the claim that these swimmers were being 'stalked', with all the implications of that term?

Mr Mendoza—We conduct the drug testing business of notifying athletes for tests and of carrying out those tests in as unobtrusive a manner as possible. I do not think anyone would dispute that drug testing is a fairly invasive process. However, athletes who are educated in terms of sports ethics and the purpose for drug testing are highly supportive. Certainly the survey work that we carry out routinely demonstrates a very high level of support and commitment to anti-doping by Australian athletes, in the order of 85 to 90 per cent consistently. They would not be registering, in my view, satisfaction if they had a sense of being stalked. I am only able to comment so far as how we endeavour to go about our business. The evidence that we see coming through from athletes, coaches and others tells us that, by and large, we do that in a way which does not disrupt their training and preparation for major events, and certainly does not intrude on their privacy in the way that such a word implies.

Senator LUNDY—Can you explain ASDA's role in testing swimmers, given the fact that FINA also have a role there? Why are FINA doing some of the testing, if not all of it now? Why doesn't ASDA do all of that testing on our swimmers?

Mr Mendoza—FINA started an out-of-competition testing program in 1994. Very shortly after that they engaged ASDA, along with a handful of other national agencies around the world, to do that testing on their behalf. It is really only quite recently—to our knowledge, in late January this year—that, for reasons they have not been crystal clear about, they decided to engage their own sample collection agency on a contractual basis and send people to Australia to collect those samples and dispatch them to laboratories. There has been expressed to me a view that ASDA, and any national anti-doping agency, has a question mark about independence. I have raised this in discussions with FINA.

Senator LUNDY—Is that an allegation that FINA has made?

Mr Mendoza—Calling it an allegation might be extending the meaning of that word, but certainly in discussions with them they have made the point that they wish to engage what they describe as a 'fully independent agency' to undertake that testing.

Senator LUNDY—Have they expressed that to you formally? Have they written to you?

Mr Mendoza—Yes, they have. I guess further evidence of this, or an early sign of this sort of view in FINA, emerged about three years ago. I cannot be exact on the date, but they instructed us not to send samples that we had collected on Australian swimmers to the Australian laboratory because they felt that that was inappropriate, and we had been sending them to Barcelona. I understand the head of laboratory, Dr Kazlauskas, also made the point quite strongly to FINA, that that was undesirable; it sent a message to athletes that laboratories and, indeed, now agencies who purport to be independent are not so.

My prime concern with the way FINA is going about this is that it does undermine confidence in the public and athletes. We are seeking to address this issue. In fact, WADA is quite central to finding a solution here. This is a problem not just unique to Australian swimmers; this is an issue for many countries and their athletes, if you apply it generally. One has to have confidence in agencies such as ours, and I believe that that can be best done through formal accreditation and certification processes, which WADA or another body could administer.

Senator LUNDY—Are you able to provide to the committee correspondence from FINA to ASDA about this matter?

Mr Mendoza—Yes, I will take that on notice.

Senator LUNDY—Has ASDA done anything that, in your view, Mr Mendoza, is contrary to your current charter or to government policy in the way you have conducted tests?

Mr Mendoza—Not to my knowledge, Senator.

Senator LUNDY—Minister, can I ask you whether you have every confidence in ASDA having performed their work in accordance with not only government policy but, obviously, their charter.

Senator Kemp—As far as I am aware, that is exactly what they have done, and I have every confidence in ASDA.

Senator LUNDY—Now that we have heard a bit about the issue, I would like to return to my earlier questions about Mr Jones's comments and your view on whether or not they were out of line with government policy.

Senator Kemp—Mr Jones can express his views. As a journalist, he will use language which perhaps I would not use as a government minister. I am perfectly comfortable with the explanation and evidence that was tendered by Mr John Mendoza.

Senator LUNDY—Do you think the fact that Mr Jones is deputy chair of the board is an issue in relation to him making public comment on this matter, in the way that he did?

Senator Kemp—Mr Jones is entitled to make public comment, Senator. Mr Jones is a very effective deputy chair of the ASC. I think he makes an important contribution so, on that basis, I think you should view the comments he has made within the context of his profession as a journalist. I was perfectly comfortable with the advice that I received from ASDA.

Senator LUNDY—I take it from that that you will not be reproaching Mr Jones for making those comments that do not reflect government policy even though he is a board member.

Senator Kemp—The mere fact that Mr Jones takes up a position on a government board does not mean that he speaks for the government. Mr Jones is a very well-known journalist and he is quite entitled to have his views, and that will continue. As far as the contribution that he is making to the Australian Sports Commission is concerned, I think he makes an excellent contribution.

Senator LUNDY—I will move on. There was a disturbing newspaper report in the *Australian* on 28 May that last weekend the Australian analytical laboratory in Sydney was robbed of over \$1 million worth of substances. The report said that some of the drugs or substances stolen were used to cross-reference performance enhancing drug tests. I know I will have the opportunity to speak directly to that analytical laboratory when we have that department before estimates next week, but can you spell out how this robbery will impact upon ASDA and the work that you do.

Mr Mendoza—I have asked AGAL, which is the principal body that the sports laboratory sits within, for a detailed report on the burglary and the implications for the testing programs. That is being sent to AGAL. At this stage, I have not been provided with an inventory so it is unclear as to the exact extent of the impact of the stolen or damaged property, so it is a bit early to assess the impact of that at this point in time.

Senator LUNDY—Have you been informed as to how they plan to replace the samples needed for cross-referencing?

Mr Mendoza—The media report was not quite clear, in that my understanding is that the cross-reference material referred to pertains not to performance enhancing products but to illicit drug substances. I am advised that there was a quantity of anabolic steroids seized which were in the same location as the illicit drug substances, and that product, I think, is readily replaced. I am not aware of any analytical protocol material relating to steroid or other performance enhancing products being lost in this burglary. The other material I am aware of that has been lost is—if you like—parts of samples that were already going through an analytical process. The loss will not interfere with that process, I am advised, and, to my knowledge, will result in no impact.

Senator LUNDY—My recollection tells me that some samples due to be tested were also taken. Is that correct?

Mr Mendoza—That is correct, Senator. There are a small number of samples that were unopened and awaiting testing. These had arrived in the laboratory late Friday and were placed in a refrigerator over the weekend. The laboratory does not work over weekends—although it does during periods of heavy activity and testing. They were lost, and we have taken appropriate action in terms of ensuring the integrity of the drug testing program. That is as far as I would probably want to go in commenting on that at this point.

Senator LUNDY—Are there any other points you want to add about the robbery and the impact on ASDA?

Mr Mendoza—At this point, the impact is negligible—it has had no impact in terms of the vast number of samples that were in the laboratory that had either completed their analytical procedure or that are in progress. There were four samples that were stolen that were intact and unopened. We have addressed that issue as best we can; we are awaiting a report on the full extent and inventory of items stolen from the Sports Drug Testing Laboratory. We understand some equipment, such as a computer, was taken. I am not aware of what data was lost or retained on that computer, but that will be forthcoming.

Senator LUNDY—Has this given you cause to review your own security arrangements?

Mr Mendoza—We undertook a review of our own security arrangements following our own burglary here in Canberra, which did not gain quite the same notoriety as the Sydney burglary. We have upgraded those security arrangements quite significantly. I will be seeking advice and reassurance from AGAL that the security arrangements in place with the Sports Drug Testing Laboratory are adequate.

Senator LUNDY—As a matter of interest, when was your robbery?

Mr Mendoza—Around November last year, and it was, from the police report, purely a haul of computer technology. They were selective; they took the latest and best equipment. It certainly caused a disruption to our program but confidential files and records are not kept on the hard drives of those computers. They are kept on servers and therefore no damage or loss was incurred.

Senator LUNDY—That is good to hear. Thank you for that. We will be pursuing it next week with AGAL as well. Can you outline for me budgetary changes and their implications for the forthcoming financial year for ASDA?

Mr Mendoza—I guess the headline numbers are the important ones. In terms of the government funded program, next year's budget allocation is just under \$5.3 million. That is an increase over the previous estimates due to supplementation for the implementation of the blood testing EPO program. That is in the order of \$700,000 per annum. It rises slightly over the next couple of years up to a maximum of \$750,000. That is enabling the agency to increase the total number of tests to around 3,900 tests—that is a combination of standard urine tests, in and out of competition, and EPO tests, again predominantly out of competition but some in competition.

In terms of the income derived from the sale of services, it appears in next year's financial statements as just on \$2 million. That would appear to be lower than the income we have actually secured this year. But one of our difficulties is that we can only put into our PBS that income for which we already have either secured contracts or are close to securing contracts.

Senator LUNDY—Is this in the sales of goods and services column?

Mr Mendoza—That is right.

Senator LUNDY—I can see it. There appears to be a drop of \$2.5 million.

Mr Mendoza—Not a drop of \$2.5 million.

Senator LUNDY—The estimated actuals of the current financial year.

Mr Mendoza—Right. One of the things that is distorting that figure, you might say, is that this year the income from government for EPO is actually in that \$4.5 million figure.

Senator LUNDY—Okay. Why is that in sales of goods and services?

Mr Mendoza—It is simply an anomaly in terms of timing last year's announcement on Backing Australia's Sporting Ability. You will recall—

Senator LUNDY—But shouldn't it be in the revenue from government column or line?

Mr Mendoza—I will just explain. Last year the appropriation was with ISR and for each of the out years that was sitting there. The reasons for that were that at the time we did not have a clear enough picture on what the actual year costs of conducting the EPO program would be. Secondly, it was unclear as to what Australia's contribution to WADA would be and what would be remaining for supporting the research program. Once those issues were resolved, we then had the change of portfolio and so on. But early this year the EPO funding was then moved so that it appeared as part of ASDA's appropriation. That is the explanation I can give for that appearance.

To summarise: the actual amount of user-pays or sale of services income this year will be around \$3.8 million, and it is presented here as slightly under \$2.1 million in the 2002-03 period.

Senator LUNDY—Thanks for that. I note that there seems to be a minor reduction in staff, from 43 to 40 of the average staffing level. Are you going to have three staff less, or more than that, depending on how you distribute those working hours?

Mr Mendoza—If there is less sale of services then there would follow from that a reduction in staffing. We will obviously monitor that as contracts are signed and work is forthcoming. So, yes, in the representation you have got in front of you, that is what would occur. But as we had this year, our PBS showed a significantly lower level of income than what we have actually ended up securing. It is one of the challenges in a small agency where we are selling services to have a staffing level matched with that.

Senator LUNDY—Just out of interest, what did the PBS show last year in the budget estimate for sales of goods and services?

Mr Mendoza—It was significantly less than \$3.8 million. In fact, it was \$1.4 million.

Senator LUNDY—And the estimated actuals of that went up to the \$4.5 million less the EPO component?

Mr Mendoza—That is right.

Senator LUNDY—That is significant. Is there any change to the Australian Sports Drug Medical Advisory Committee funding?

Mr Mendoza—No—only insofar as we have more accurately planned for the future the full-cost funding for that operation. That is in the order of \$150,000 for committee fees, travel, secretariat support, direct human resource costs and so on.

Senator LUNDY—I have previously asked for information regarding what the laboratory—ASDTL— charges for the tests they perform. I am told in the answers that this information is considered commercial-in-confidence. I have to say that I am astounded and think it quite ludicrous that information about what one Commonwealth agency charges another is being prevented from going on the public record. How are we to be satisfied that this arrangement represents value for taxpayers' money if we are not able to look at the detail?

Senator Kemp—You are as well aware of commercial-in-confidence issues as I am. Many years ago I was an opposition senator and I used to ask these questions and the minister at the table used to tell me, 'It is commercial-in-confidence.' I used to say, 'How are we meant to know?' Labor ministers were absolutely rigorous in enforcing commission-in-confidence issues. Of course, if you feel you are able to add anything you should do that, but I suspect this may well be another one of those commercial-in-confidence matters.

Senator LUNDY—One of those moments.

Mr Mendoza—I will just pick up on Senator Kemp's comments. We report in our annual report, in our financials, the total expenditure against analytical services. The detail of the contract is bound by confidentiality provisions.

Senator LUNDY—Would it be possible to deduce, from the amount you paid according to your financial papers and how many drug tests you reported having been done, at least some idea?

Mr Mendoza—You could get an average cost from that, but that does not reflect the full extent of the services, in that there are consultancy services and other services we purchase from the laboratory. There is also increasing complexity, I suppose, because now we are not only purchasing urine sample collection but we are also purchasing blood analysis. There is also the issue of half and full screen tests, and they all come to us at a different fee. I guess, from the point of view of having confidence, we certainly do look at the cost of services from

AGAL in comparison to the services or analyses that we purchase overseas. Australian athletes, as you know, spend considerable periods of time training and competing offshore. If we are to be providing an effective national program, particularly in sports where the vast majority of them do not have out-of-competition testing programs, we need to engage other sample collection services and other analytical services. We do not send those samples back to Sydney if we collect them in Europe, for instance, and we will have them tested at a European IOC accredited laboratory. Hence, we are able to compare not only cost of service but quality of service from other laboratories and ensure that we are retaining a competitive provider.

Senator LUNDY—Are you confident that you are getting quality, timely, cost-effective service from ASDTL?

Mr Mendoza—Yes, I am. In any commercial contract where there are complex services, there are times when both parties will fail to meet the performance standards set. We have in place an operational management structure which ensures that our managers and ADSTL's managers meet monthly and monitor and correct those issues. We have a strategic management committee involving myself, Sandra Hart and the laboratory director, along with my operations manager, Anne Gripper. Through those mechanisms we keep on top of performance requirements and ensure that the agency receives the service that it is purchasing.

Senator LUNDY—Perhaps I should place formally on the record again, Minister, my request with regard to that information, as I am not convinced or accepting of the claim for commercial-in-confidence.

Senator Kemp—Sometimes you are hard to convince, Senator, I would agree with that.

Senator LUNDY—I know. You know the procedure.

Senator Kemp—Yes, we know. We have been around.

Senator LUNDY—Previously there have been some reservations about the level of commitment in the United States to antidoping programs. Is ASDA now satisfied with the US commitment to antidoping and their testing regime?

Mr Mendoza—We are certainly delighted to see the improvements in the American response to this problem. The US Anti-Doping Agency was established just after the Sydney Olympics—unfortunately, in some senses, because it would have been good to have it in operation two years before. That was not the case. They have now been operating for some 20 months. We have been assisting them in setting up their infrastructure, training of staff and so on. They are, I think, responding to the challenge of an independent, effective drug testing program in the US with great speed and a high degree of effectiveness.

We have seen around 15 announcements made by USADA on sanctions arising from positive test results or failures to comply on US athletes just this year. So they have responded to the criticism of lack of transparency and lack of conclusion which was being levelled at the American team when they were here for the Olympic Games. USADA has done a lot to turn the issue around. So we are pleased, and when I speak to Australian athletes they are extremely pleased because the US, particularly in track and field, has been a source of concern for a number of years.

Senator LUNDY—On international antidoping measures, Australia makes a hefty contribution to WADA. Is ASDA satisfied with WADA's testing regime and its achievements to date?

Mr Mendoza—First, I would say that ASDA, in commenting on that, has got to declare a conflict of interest.

Senator LUNDY—Fair enough.

Mr Mendoza—We are a service provider to WADA, particularly in the area of the testing program. We, along with our partners, the Canadians and the Norwegians, conduct the program on behalf of WADA. We have been reporting to WADA that there are certainly areas for improvement. We must appreciate that implementing a worldwide program across all Olympic sports has got enormous challenges. It is akin to the situation—but on a much greater scale—back in about 1990 when ASDA was established. You would not compare the program that ASDA runs today with the program in 1990. They are two vastly different test programs having regard to quality, effectiveness and the deterrent value of the programs. I think we have to appreciate that WADA's program is in that sort of early developmental stage and will take a number of years to reach what I would call a high quality, highly effective deterrent program. And it will vary across sports. I can tell you that, in some sports, it is proving very effective now. Skiing, winter sport, is one example. We are seeing quite a number of positives come through in that sport, which is an early sign that it is effective. Over time, those positives will decline as athletes modify their behaviour.

Senator LUNDY—Who currently represents Australia's interests at WADA? Is it an ASDA official?

Senator Kemp—Yes, I am a member of the board.

Senator LUNDY—You are, Minister?

Senator Kemp—Yes, of WADA.

Senator LUNDY—They are privileged.

Senator Kemp—I have been to an informal meeting. We are normally represented on WADA by Dr Alan Stretton. He will be going to WADA next week, in Montreal.

Dr Stretton—Mr Mendoza attends as well; we both attend.

Senator LUNDY—I was going to ask if it would make sense for an ASDA official also to be part of that, but they obviously are. Where are you going next weekend?

Dr Stretton—Montreal, which is where the new headquarters of WADA are located.

Senator Kemp—Provided of course, that the estimates are finished by then. If the estimates continue, Dr Stretton would, of course, know what his priorities were.

Senator LUNDY—I can assure you that, by this time next week, it will not be my fault.

Dr Stretton—You have only got until Saturday morning, Senator.

Senator LUNDY—I am quite interested in this: what is on the agenda for the meeting? What sort of issues is WADA wading through?

Dr Stretton—I have not had a chance to be briefed on that. That is tomorrow's job, I am afraid.

Senator LUNDY—After estimates. How often does it meet?

Dr Stretton—Three times a year.

Senator LUNDY—Is it always in Montreal?

Dr Stretton—I think this is the first time in Montreal, because the headquarters have just been established there. The previous meeting I went to in December was in Lausanne. There

was an informal meeting in Salt Lake City, so it does move around. It depends on where major sporting events might be held—where a number of board members might be for other reasons.

Senator LUNDY—I note that only two governments—the ACT government and the Queensland government—paid for drug testing. Is there any reason why only two governments did that? What are the other state governments doing in terms of testing?

Mr Mendoza—That is correct as we stand today. Only that one state and one territory, as you mentioned, have set up a state drug testing program, complemented and, in fact, preceded by an education effort aimed at athletes in their scholarship and state institute programs.

Senator LUNDY—I was just going to double-check that. I presume this relates to the state based elite programs?

Mr Mendoza—That is right. It has come through from the complementary legislation. Certainly in the case of the ACT that has been the basis for that testing. That legislation is complementary to the Commonwealth act and they have engaged ASDA, in both those cases, to undertake that testing. A third state or territory has just enacted legislation and announced a policy to ensure that it is also conducting a program aimed at this group of athletes who are currently not covered by the Commonwealth act. That state is Western Australia. Victoria is in the process of conducting a review. It has had legislation but has not been engaging in any testing. New South Wales is also engaged in a review of its legislation, which is now five years from proclamation. Again, they have not actually undertaken any testing. So both the Victorian and New South Wales reviews have taken note of the developments in these other states.

Senator LUNDY—Do you see that there will be greater opportunities in the future as the states look at their own legislation? Do they need to legislate before they access your services?

Mr Mendoza—It is the preferred model. Our advice, and that of the Commonwealth Attorney-General's, is to pass complementary legislation that confers to the Commonwealth. South Australia has also enacted complementary legislation. That is exactly what Western Australia has done. Queensland has not gone that route as yet—they wish to get on with a testing program prior to passing legislation. We are encouraging the Queenslanders, as much as we can, to put in place the legislation because it is a stronger legal base than contractual arrangements, which is what we are operating under at the moment. However, our advice is that that is an adequate base for the way the program is structured. So we are moving to a situation where I think that, in the not too distant time, all of the states and territories will have complementary legislation and a complementary testing program. That is important because, as we know, many of those athletes coming through compete for their state and at present are not subject to the Commonwealth act. States and territories are putting money into sport development; it would seem appropriate to put some money towards drug testing.

Senator LUNDY—User-pays drug testing dropped markedly in 2000-01. The figures are 1,094 in July to September 2000—the reason for that is probably pretty obvious—and then drop down to 551. That corresponds with the Olympic period, does it not?

Mr Mendoza—Is that from the annual report?

Senator LUNDY—I think so.

Mr Mendoza—The total number of tests for that particular year was 2,702.

Senator LUNDY—I think I was looking at the quarterly figure for the quarter covering the Olympic period and then comparing it with a quarter later the following year.

Mr Mendoza—Later in the same year?

Senator LUNDY—The 551 figure I just quoted is actually from April to June 2001, so the comparison was with a quarter in the following year. It is not a particularly important question. I am just looking for confirmation that there are significant fluctuations depending on the presence of very significant sporting events, like the Olympics.

Mr Mendoza—That is absolutely right. The second quarter of each year is, in fact, a lower quarter typically. If you think of the big sports in Australia that have drug testing—the AFLs, the NRLs, the ARUs—they are the big purchasers of domestic tests from us. We are very pleased they provide significant funds for drug testing out of their own budget. In doing that voluntarily these professional sports are quite unique in the world. But that period after their seasons and grand finals is a period where there is no in-competition testing and there is less out-of-competition but not no out-of-competition testing. There is full year cycle testing, so there are no gaps in the program, but it is a quieter time right across both the winter sports, and, typically, the summer sports have not yet ramped up. Athletics is much greater in, typically, the third and fourth quarter.

Senator LUNDY—That is interesting. I also note on page 26 of the annual report that client satisfaction with your drug information hotline seems to have slipped slightly. Can you tell me what is happening there? Is there a problem with that?

Mr Mendoza—It is an expectation that is very difficult to meet. Athletes, coaches and support staff are the prime users of the hotline. It is not a service that is in the telephone book or something for the general public, so it is very targeted at the groups that need to use that service. We have been doing some research on this, talking to groups, surveying and so on, and I think the issue of supplements is the primary cause of concern. People are looking for hard and fast guarantees on supplement A or B—I am sure you have observed some of the media comments this year on this—and we cannot provide those. The onus of responsibility is with the manufacturer to provide a guarantee of the constituents of those products. We do our best to provide appropriate levels of warning and caution to athletes where we have reason to believe that is a product we cannot give a guarantee on. That is the prime reason we are seeing that decline in satisfaction.

Senator LUNDY—What work that you doing in that area? What are you able to do to pursue what is a very significant emerging issue as far as anti-doping goes?

Mr Mendoza—I would say this is one of the key issues for athletes. I would say a proportion of the cases of nandrolone and other anabolic positives we are seeing are indeed from athletes who have knowingly consumed a product but have not known that there were steroids or precursors to steroids in those supplements. I think some of them use this as an excuse when it comes to tribunal, but I have no doubt that there would be some legitimate cases here. What we are doing is ensuring that no-one that is competing for Australia or as an elite athlete is unaware of that risk. We are literally saturating messages to them about warnings and cautions and advice on this matter.

Senator LUNDY—And you have a budget to do that, haven't you?

Mr Mendoza—Absolutely. There are two areas of innovation in terms of the way we are tackling this issue in Australia. The first is that organisations like the AIS have set up an institutional policy which says that any athlete coming into their programs must declare, once they sign a scholarship or are contemplating a scholarship, every substance that they

consume. Whether that substance is simply a multivitamin tablet, a sports drink, a chocolate or a high-energy bar, a supplement in the form of HMB or Creatine, or whatever it might be. The AIS actually vets every one of those, substitutes them with products they know are safe and sound and simply says to the athlete, 'That product is of absolutely no use to you in terms of performance—forget about it.' There are many products like that.

Senator LUNDY—In other words, do not be fooled by advertising claims.

Mr Mendoza—Exactly. The other element that is innovative is that with the AIS and with AGAL, we have set up a program with manufacturers—and I am pleased to say one manufacturer has come to the party—where a manufacturer will pay a fee to have the chemical structure of its product analysed. They will be given a certificate of analysis and, if they are prepared to provide athletes with a legally binding guarantee which says that the company will wear the consequence should the athlete test positive, we will direct athletes to that product—not in a marketing sense but simply to say which manufacturers are prepared to put that sort of guarantee next to their product.

We are not in any way, shape or form endorsing or promoting the products, but we do want to find a systems solution and not put the onus on the athlete. This is an industry that has not taken a great deal of responsibility for its products. They have sought to use athletes for marketing and we are seeking that they come forward and take some responsibility. It is pleasing to see that at least one of them has done so.

Senator LUNDY—Which company is that?

Mr Mendoza—A company called Musashi, which is one of the most high profile companies in this regard.

Senator LUNDY—This may be a very naive question but I have noticed there are more and more of these drinks which claim to be energy boosting in the fridges. I do not know how much caffeine they contain, but I presume it is a lot. How do those products rate as far as performance enhancement is concerned?

Mr Mendoza—I could not answer that. I would have to rely on a sports scientist to provide a satisfactory answer. All I can say is that, yes, there are a number of these products that contain high levels of caffeine, they are marketed as such and are freely available. Therefore we do warn athletes about the possibility of testing positive during an event.

Senator LUNDY—That was my next point: you help educate the athletes; the athletes need to take responsibility for themselves with regard to those types of products and the risk they may put themselves in.

Mr Mendoza—Absolutely.

Senator LUNDY—Thank you for that. I am going to break a new record and declare that that is all I have.

CHAIR—That is very good.

Senator LUNDY—Chair, before closing, can I say in relation to the comments made by Alan Jones that I really hoped to hear the minister say that he would have liked to have heard Mr Jones strongly support the work of ASDA and the critical issue of making sure we have really strong anti-doping laws in this country and a way in which to enforce that. I am making the assumption, Minister, that that is your view. I know that it is my view. And I think it is our responsibility to do everything we can to support the institutions that have been established by both our governments to achieve a very important public policy goal.

Senator Kemp—Senator, I hope you are not misleading or that you did not, again, misunderstand what I said on this matter.

Senator LUNDY—I was not actually reflecting on what you said; I was putting another proposition to you.

Senator Kemp—I strongly supported the comments that Mr John Mendoza made—he gave some important perspectives on that. I would not want any inference to be drawn that this government is not prepared to lead the charge on drug testing and supporting ASDA. There was an implication in your comments that that is not the case.

Senator LUNDY—I was not saying that. I was looking for a more positive affirmation.

Senator Kemp—I am not sure what more I am able to do.

Senator LUNDY—I am satisfied with that.

Senator Kemp—Mr Chairman, I was not going to make a few comments as we wound up but as this has become—

Senator LUNDY—I was going to say something really nice then.

Senator Kemp—It had better be pretty nice, Senator, because I am just about to launch forth, so this is your last chance. Make it pretty nice.

Senator LUNDY—It has been a very efficient estimates period. On both evenings we have been able to pull up stumps a fraction before the allotted time. From my part as a participant, we have pretty much kept to what was perceived in the first instance as a fairly drawn out schedule. But it has in fact ultimately been very accurate in what we wanted to achieve and has created a reasonably timely guide to agencies and departments appearing before us. I think it has been the epitome of cooperation.

Senator Kemp—Mr Chairman, I will just make a few comments. That was nice, Senator, but not quite nice enough.

Senator LUNDY—Well, that is all you are going to get.

Senator Kemp—This has been three rather long days. I am not sure how long we spent here—it seems like an eternity, but it may be well over 30 hours, I suspect. Can I make a number of observations. There are a lot of questions of a factual nature which should be better dealt with by people reading annual reports, going onto web sites and using their research staff. I am one who always used the estimates committee when I was in opposition, but I would like to feel that I did not use the estimates committee just to carry out basic research which could have been carried out in my own office or on my own behalf. There is always a problem that we are tying up considerable numbers of public servants and it is always better if we can order that process so that we can tell people when they are coming and when they are not required. There was an attempt to do that with this committee, but I think we can do it better.

On the issue of sport, the most interesting debate was the debate on the Australian Institute of Sport. I think I detected some movement in Senator Lundy's position. I know that publicly this is sometimes difficult to convey, but I hope privately Senator Lundy can encourage her colleagues in the ACT Government to take a more proactive and supportive approach. I hope that they will now stop making press comments that I have to come out and respond to, that they will settle down and work with the AIS and, hopefully, that we can come to a situation where there no longer appears to be a threat to the future of the AIS.

Having said that, Senator, I shall leave it there. It has been a very long haul. I hope that we can reflect on this and, at the next estimates, maybe we can keep it a little quicker and tighter, Senator. I will be happy to supply you with all the annual reports and the web sites so that you will be able to do some basic research before you come to this committee.

Senator LUNDY—Thank you. And, before you get the last word, I do object to being thoroughly verballed about changing views or otherwise.

Senator Kemp—I was being nice, Senator.

Senator LUNDY—I cannot believe you are so self-indulgent.

Senator Kemp—I thought I was being constructive.

Senator LUNDY—For my part, the estimates process is the very rare opportunity the opposition has to question the government. I reject reflections on our approach to questioning that, in some way or some form, it is not relevant. It is about accountability to the parliament by the executive government. We have a right to question the government and bureaucrats in any way we see fit, without the continual editorialising by ministers who just do not like being here. It is worth noting the appropriate minister was not here for the best part of the period. That is why you were here for three days, Senator Kemp, because the real minister for IT and communications was not. We appreciate your cooperation, but I want to make that point. So as for any tedium you experienced while I asked very important questions in my portfolio, you are entitled to be bored because you do not know anything about it. I suspect if the minister had been here he would have been enthralled with the proceedings.

Senator Kemp—I might not know that much about it but I am not sure that you know an awful lot about it either.

Senator LUNDY—Keep your personal reflections to yourself.

CHAIR—At this point I think we will wind up this hearing. I thank the officers—

Senator Kemp—Let me say that, in contrast to the Labor ministers that used to sit in this desk, I have been exquisitely polite and considerate. Thank you very much.

CHAIR—A good point. Thank you. We will resume in the morning with the Environment and Heritage portfolio.

Committee adjourned at 10.11 p.m.