



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

**Consideration of Additional Estimates**

MONDAY, 10 FEBRUARY 2003

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**SENATE**

**FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE**

**Monday, 10 February 2003**

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

**Senators in attendance:** Senators Allison, Brandis, Jacinta Collins, Conroy, Crossin, Faulkner, Forshaw, Heffernan, Mason, Murray and Robert Ray

**Committee met at 9.02 a.m.**

**PARLIAMENT**

Consideration resumed from 20 November 2002.

**In Attendance**

**Parliament Portfolio**

Senator the Hon. Paul Calvert, President of the Senate

**Department of the Senate**

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

**Department of the Parliamentary Library**

Mr John Templeton, Secretary  
Mr Rob Johnston, Assistant Secretary, Resource Management  
Dr June Verrier, Head Information and Research Services  
Ms Nola Adcock, Deputy Head Information and Research Services  
Ms Ros Membrey, Head Resource Development

**Department of the Parliamentary Reporting Staff**

Mr John Templeton, Secretary  
Ms Val Barrett, Group Manager, Client Services Group  
Mr Peter Ward, Group Manager, Technical Services Group  
Mr John Walsh, Group Manager, Corporate and Strategic Development Group  
Ms Judy Konig, Chief Finance Officer

**Joint House Department**

Mr Michael Bolton, Secretary  
Mr Robert Wedgwood, Executive Leader (Support)  
Mr Andrew Smith, Executive Leader (Operations)  
Mr Adrian Guilfoyle, Executive Leader (Technical)  
Mr Michael Laugesen, Director Financial Resources  
Ms Louise Dauth, Director Art Services

Mr Peter Crowe, Director Facilities

Ms Margaret Perrin, Director Human Resources

**CHAIR**—I declare open this public hearing of the Senate Finance and Public Administration Legislation Committee. On 11 December 2002 the Senate referred to the committee for examination the following documents: particulars of proposed additional expenditure for the service of the year ending on 30 June, Appropriation Bill (No. 3); particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2003, Appropriation Bill (No. 4); statement of savings expected in annual appropriations made by act No. 43 of 2002, Appropriation Act (No. 1), and act No. 44 of 2002, Appropriation Act (No. 2); and the final budget outcome of 2001-02.

The committee is required to consider these documents insofar as they refer to the portfolios allocated to the committee by the Senate on 13 February 2002 and to report to the Senate on or before 19 March 2003. The committee may also examine the annual reports of departments and agencies at this time, even if no additional appropriations have been sought. Agencies which are not listed on the program may have written questions on notice directed to them. The committee has set Wednesday, 26 March 2003 as the date for the submission of written answers to questions taken on notice.

The hearing today will commence with the parliamentary departments, followed by the Prime Minister and Cabinet portfolio. Examination of the Finance and Administration portfolio will commence tomorrow, 11 February. I propose to proceed by opening with general questions and then calling on the outcomes and outputs in the order listed on the agenda. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I further remind officers that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. Evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

[9.05 a.m.]

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

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

**The PRESIDENT**—No, I do not. There are more important things than me talking here this morning.

**CHAIR**—Are there any general questions?

**Senator FAULKNER**—Can I ask, through you, Mr Chairman, the Clerk a question. Could you just indicate to us whether there has been any update in relation to any further information on the award of the centenary medals, a matter that we discussed at the last estimates round. I appreciate the chronology that the Clerk provided the committee with, indicating that a process that commenced on 22 February 2000 had ended by 7 May 2002 with the presiding officers approving the final list of nominations. Since our last hearing, I wondered if there had been any further developments.

**Mr Evans**—I have heard nothing further except that, as everybody knows, the letters were sent out to proposed recipients asking them if they would be prepared to accept the medal. I think that was following the last hearing of this committee.

**Senator FAULKNER**—Are you aware if the presiding officers received information about whether the list of nominations provided were accepted or not? Were the presiding officers informed of that or would you expect them to be informed?

**Mr Evans**—I do not believe there was any official notification that the nominations had been accepted. I think they were just submitted and then action taken upon it without any notification of whether all the recipients would actually receive the medal. I think that is what was expected and I think that is what happened.

**Senator FAULKNER**—So we still await finalisation of the issue.

**Mr Evans**—Yes.

**Senator ROBERT RAY**—Were all questions taken on notice taken by the Department of the Senate answered within the specified time?

**Mr Evans**—I believe so, Mr Chairman. I certainly hope so.

**Senator ROBERT RAY**—It is a leading question.

**Mr Evans**—I would be very distressed to hear if that were not the case.

**Senator ROBERT RAY**—There was one incidence of corrected evidence coming out of the last estimates?

**Mr Evans**—I believe there was, yes.

**Senator ROBERT RAY**—And that was provided at the first available opportunity.

**Mr Evans**—It was, yes.

**Senator ROBERT RAY**—A fairly minor issue came up at a committee meeting the other day. Is it true that there is a ban now putting photos up on committee walls?

**Ms Griffiths**—Yes, there is. The previous President had agreed that, after consultation with the previous Black Rod and Joint House, it was detracting from the committee rooms, given the different sizes and nature of the photographs. It was agreed that no further photos be placed in committee rooms. An alternative was offered, which has not been pursued yet, that any photographs of current committees could be hung in the committee corridor on the second floor.

**Senator ROBERT RAY**—Has this decision been communicated to senators?

**Ms Griffiths**—I suspect not.

**Senator ROBERT RAY**—It certainly has not been included—not that it is that crucial, I understand—in any of the surveys to gauge senators' opinions, has it?

**Ms Griffiths**—No.

**Senator FAULKNER**—Are there any plans to remove those photographs that are currently adorning the walls of committee rooms?

**Ms Griffiths**—No.

**Senator FAULKNER**—They will stay.

**Ms Griffiths**—Yes.

**Senator ROBERT RAY**—You are happy with this, President.

**Senator Calvert**—It is the first time it has come to my attention and something I will reflect upon.

**Senator ROBERT RAY**—They are a part of the history of the building. Looking at all the people who are no longer with you—I do not mean those who have passed away but those who have left the Senate—always gives you some pleasure.

**Senator FAULKNER**—Ms Griffiths, when was the building first occupied? I think I know the answer to this question, but can you just remind me when the building was opened?

**Ms Griffiths**—The building was opened on 9 May 1988, but we moved up here and had our first sitting in August 1988.

**Senator FAULKNER**—When did the photographs go on the walls of the committee rooms?

**Ms Griffiths**—Not until much later in the mid- to late 1990s.

**Senator ROBERT RAY**—They used to be up in the old house, too, weren't they?

**Ms Griffiths**—Yes.

**Senator ROBERT RAY**—You can see them change from black and white to colour.

**Senator FAULKNER**—It took a while for someone to work out that these were not in keeping with the architectural integrity of the internal walls of the committee rooms.

**Senator ROBERT RAY**—Senator Faulkner is in direct view of two of them right through the door.

**Senator FAULKNER**—Do you seriously think I can see that far!

**Ms Griffiths**—As the President said, we can revisit that issue.

**Senator ROBERT RAY**—I suggest you list it for a future staffing appropriation and have a bit of consultation—no big deal. Not only is it the sentimental ones; it gives a sense of history to have the photos. I understand the differing size argument and all the rest, but a lot of the committees meet in the same room, year in, year out.

**Senator FAULKNER**—I suspect by 11 o'clock tonight we will not think these four walls are that beautiful anyway!

**Senator ROBERT RAY**—I have a question for the President that has been raised before which is in relation to travel by committees. I have always found that, before people become Speaker or President, they think this is an excellent idea and then they have a conversion the moment they get elected to that office. Have you given that matter any thought?

**The PRESIDENT**—Do you mean overseas travel by committees?

**Senator ROBERT RAY**—Yes.

**The PRESIDENT**—It is something that I gave a fair amount of thought to before I was President. It is something I will have a look at. I think there are some advantages at times.

**Senator ROBERT RAY**—Let me state a non self-interest here: in the time I have been here I have never been on the Joint Committee on Foreign Affairs, Defence and Trade. But I constantly get feedback from that committee and others that, when they are expected to do an inquiry—for instance, it may be the ongoing current inquiry into PNG—the main question they get asked is: how can you do an inquiry into Australia's relationship with another country when you never visit that country? Has that come to your attention?

**The PRESIDENT**—Yes, it has. I was a member of the Rural and Regional Affairs and Transport Legislation Committee that was looking into the fire blight situation in New Zealand. I know that by visiting New Zealand, at our own expense, it certainly put a different slant on what we were being told here and what we actually saw over there. I can see there are some advantages and it is something I will have a look at.

**Senator ROBERT RAY**—The traditional argument against overseas travel, which I think has some merit, is that you cannot have all committees travelling willy-nilly, because of budget and other reasons. Would that be a fair point?

**The PRESIDENT**—Yes. But, Harry, isn't there an argument at the moment that you cannot make decisions overseas or you cannot legally have a meeting of a committee outside Australia?

**Mr Evans**—A committee of the Australian houses of parliament cannot exercise any powers overseas. Also, there are difficulties with taking evidence. Depending on what country you are in, you cannot be certain that the witnesses are protected in respect of the evidence they give you. There is a range of problems like that. But for committees travelling simply as a fact-finding delegation, the main barrier is budgetary.

**Senator ROBERT RAY**—Mr President, can I put forward a suggestion for your consideration? I do not think you can give committees carte blanche, but I would have thought that the Presiding Officers could say that possibly three or four committee delegations could go overseas in any one year, and then any committee which wanted to bid for that could put in their bid by a certain time and the Presiding Officers could choose the most meritorious. That way it is budget capped. You could put a limit on the size of the delegation, and the best four—and I imagine that the Joint Committee on Foreign Affairs, Defence and Trade would probably always be one of the best four—would have that opportunity. You might well experiment with a couple of joint committees to begin with to see how it goes. I understand the budgetary argument—and it is not inconsequential—but most other parliaments have a budget devoted to that. We see them when they come out here.

**The PRESIDENT**—Senators do have—as you know, Senator—their own study leave entitlements, which may be of some assistance in that as well.

**Senator ROBERT RAY**—I think that is absolutely right. The difficulty is requiring those members of the foreign affairs and defence committee to use that two or three times in the life of a parliament when others do not have to or when you may have competing demands. That is a solution for certain occasions. If you adopted my suggestion, those that did not make it into the top four would then have to use that entitlement if they wished to travel. But a couple of these committees that have very good reasons to travel are actually having a different imposition put on them from the rest of the members of parliament. That does not seem fair to me. I hope you give it a bit of thought.

**The PRESIDENT**—Certainly.

**Ms Griffiths**—Could I just add something at this stage about the previous question on the hanging of photographs. I think I said that they were hung in the mid- to late nineties. It was 1994 approximately when photographs of the Privileges Committee were hung in 1S6. I am unsure of the dates for other ones in the corridor—

**Senator ROBERT RAY**—Using the premier committee of the parliament is fine by me.

**Ms Griffiths**—but there are only a couple of committee rooms that have the capacity for hanging photographs, because you would not hang them in a room like this, with timber walls.

**Senator ROBERT RAY**—No.

**Ms Griffiths**—I just wanted to add that.

**Senator FAULKNER**—Mr President, I appreciate that the Podger review is still before the Standing Committee on Appropriations and Staffing—I think I am correct in saying that; please correct me if I am not—and that is its status, but can you indicate if, beyond the activities of the appropriations and staffing committee, there have been any other developments in relation to the Podger review?

**The PRESIDENT**—On the security side, there have been. As you would be aware, we have increased security—I made a statement to the Senate to that effect.

**Senator FAULKNER**—I am certainly aware of the statement that you made to the Senate.

**The PRESIDENT**—As of this morning, for instance, you are required to use a pass to bring your car into the parliamentary car park, and senators are required to go through formal security on entering the Senate. As far as the other part of the Podger review is concerned, I understand there is a meeting of the appropriations and staffing committee in March that Mr Podger will be asked to attend, and members of that committee may well ask him about some of the recommendations he made.

**Senator FAULKNER**—Do I understand from that and from the announcements that you have made about security in and around the building that, beyond the work of the appropriations and staffing committee, there are no other developments in relation to the Podger review?

**The PRESIDENT**—Not that I am aware of, no.

**Senator ROBERT RAY**—While we are on that question of security for senators coming in, which as you know I have supported, it occurred to me this morning that there may be an imbalance of resources there. You have the entire rest of the building coming in through one entrance and senators through the other. I wondered whether we could nominate a couple of other categories to come through the senators' one. I am not trying to get two classes of citizens here but, as one is pretty crowded and the other one is never going to be crowded, maybe the senior officers of the Senate and of Joint House and others could go through the senators' entrance as well, just to balance it.

**The PRESIDENT**—It is a very good suggestion because, as you know, one of the reasons that we have the new security area is to cut down congestion at the entrance. You quite rightly say it may be an advantage for more people to use the senators' entrance, where there are the facilities, to get a better balance. I think Black Rod will certainly be looking at all those matters, because it is very early days.

**Senator ROBERT RAY**—Have you had any—I think complaints is too strong a word—disquiet from any of the female staff about the electronic metal detectors, and are we doing anything from a training point of view there?

**The PRESIDENT**—I have not.

**Ms Griffiths**—There have been a couple of complaints—not directly to me, but through the security staff—that the steel in the heels of ladies' shoes, or their jewellery or whatever, tends to set the detectors off. People get sick of that happening every day. There have been a couple of instances where females have thought that, when the scanner has been put over them, it has not been done appropriately. Certainly, the security controller has advised all staff and there has been training going on to ensure that it is done correctly.



**Senator ROBERT RAY**—This is not the place to go into the enhanced security arrangements, but has the increased security put any strain on the Senate budget or the budget across the parliamentary departments more broadly?

**The PRESIDENT**—We have asked Mike Bolton to have a look at the costs so far, and when he comes to the table—

**Senator ROBERT RAY**—We will deal with it then?

**The PRESIDENT**—Yes, I think so.

**Mr Evans**—Some of the costs of the increased security measures are being absorbed in the current financial year's budgets of all of the departments, but it will be necessary to have extra money in the next financial year. A consolidated budget is being prepared on the cost of all of the security measures which are in contemplation for future financial years.

**Senator MURRAY**—Clerk, last November I put in a question on the proposed water restrictions, or a request that that issue should be looked at, and a statement was subsequently issued by the President and the Speaker. Is it your intention in the annual report to report on estimated savings and actual achieved and that sort of thing, to keep us abreast of how you are progressing?

**Mr Evans**—Water falls within the jurisdiction of the Joint House Department. We do not control water.

**CHAIR**—Do you aspire to?

**Mr Evans**—No, I am quite happy to leave that to others.

**Senator MURRAY**—Do you perspire to!

**Mr Evans**—Plumbing is not my strong suit.

**Senator MURRAY**—Next I want to ask about questions on notice. The latest publication from you gives all the lists. I think there might be a record in there and perhaps you will tell us whether it is one. Under Employment and Workplace Relations, under Murray, question dated 12 February 2002, it says the date of reply received was 12 February 2002 and elapsed time was nought. I do not think I have ever seen that before.

**Mr Evans**—I have not seen that before, Mr Chairman. Senator Murray should be very grateful.

**Senator MURRAY**—More seriously, when I go through these times elapsed, they are just hopeless. If you go through the report, given the nature of the Senate's requirement, nearly every minister is pretty dilatory. The times range enormously in terms of days. If you look at the Revenue and Assistant Treasurer portfolio, for instance, there is one question which has 322 days attached to it and the shortest period is 32 days. Under that particular portfolio, there is a range of independent, cross-party and opposition questions.

I think it is difficult to ask each party or senator to keep applying the pressure to make sure that Senate orders are adhered to. Mr President, do you think it would be appropriate or possible for the President's office to take a non-partisan approach to the problem as a whole and, on behalf of the Senate, where you get ministers who are very slow, to ask periodically that these matters be attended to? There seem to be some ministers who are much better at it than others. I do not know if it is an attitudinal thing or a content thing or what, but plainly our present system is not working.

**The PRESIDENT**—I would be interested to have a look at the history of this and see if it is something that is just manifesting itself now or whether it has been an ongoing problem.

When I am in the chamber I cannot direct a minister on how to answer a question and I doubt whether I can outside the chamber either; can I, Harry?

**Mr Evans**—No, at present there is no power of direction. This is a problem that has attracted attention over many years, and certainly there are some departments and ministries which appear to be slower than others. The 30-day rule and the remedy of any senator being able to initiate a debate immediately after question time were adopted precisely to allow senators to put pressure on recalcitrant departments to produce answers more quickly, and certainly that does have some salutary effect. But perhaps we could take Senator Murray's suggestion on board. One possible solution might be to ask for explanations of the information contained in that document.

**Senator MURRAY**—Is this a six-monthly or an annual publication?

**Mr Evans**—I think it is an annual one that you have got there.

**Senator MURRAY**—That is the time over which it is collated and you get a general sense of what is happening. My understanding from my own party is that senators are a bit sensitive about going into the Senate and carrying on in detail about all the questions that are delayed, simply because there are so many of them that the Senate would end up doing nothing else; you would bring the place to a halt—perhaps we should! I think that there may be an intermediary kind of approach possible from the President's office—as I said, not on a partisan basis, but just because it is a generic problem for the Senate.

**The PRESIDENT**—I can remember over many years ministers replying that some questions require a fair amount of research and that the cost of replying to some questions is quite expensive. Nevertheless, we have heard what you have said and I think that is something that we can perhaps have a think about.

**Mr Evans**—Yes, we could perhaps draw the contents of that document to the attention of particular departments and point out that they are being unusually slow in answering some questions. But what we always tell departments about questions on notice is that, if they do take a lot of time, they should put in an interim answer before the 30 days is up, saying that a full answer will be forthcoming but is going to take time because of the nature of the question.

**Senator ROBERT RAY**—That overlooks the fact that these answers are the responsibility not of departments but of ministers. If you look at the evidence of other committees, time and time again we find that the department has answered the question within three weeks and the answer sits in ministerial offices for weeks or months for two reasons: lack of diligence on the part of the ministers or the government not wanting the answers released. It is at that intervening point, I respectfully put to you, Mr Evans, that we need to know that knowledge as well. If we could find a way of having the departments notify when they have sent the answer to the minister's office, we would not always have to be cross with the departments, would we?

**Mr Evans**—That is certainly so, and there certainly is a good deal of evidence that ministers' offices are often a large part of the problem. But I was working on the theory that if we cannot kick the minister we will kick the department and hope that that produces some result.

**Senator MURRAY**—It is not to pick on this particular minister, but I will again use this sheet from the Minister for Revenue and Assistant Treasurer. I will give you an example of the first 10 questions listed. The 10 questions were from Senators Faulkner, Allison, Murray, Brown, O'Brien and Sherry. The lapsed time in days for those 10 questions was 104, 322, 104, 127, 257, 98, 220, 45, 45 and 98. I think it is just outrageous. We are not getting

anywhere as senators. As I say, if we really did decide to take it to the floor of the Senate, we would clog the place up for months, not just a day or two.

**Mr Evans**—I think that was part of the thinking behind the original remedy: that if ministers and/or departments were being as difficult about answering questions as that, then a great deal of time could be expended in the Senate and ministers would then get the message that they had to get their answers in more expeditiously. Whether it was their fault or their department's fault that, as Senator Murray puts it, the Senate was clogged up and brought to a halt, ministers would perhaps get the message. A great deal of thought was given to that and it was decided that that was the way to bring pressure to bear to get expeditious answers. Senator Murray is looking for some intermediate step, and certainly one intermediate step would be to draw that document to the attention of the departments concerned—or perhaps the President can draw it to the attention of the ministers concerned and see whether that does any good.

**Senator MURRAY**—Returning to the matter of overseas committees, I have been overseas twice with committees: the first time was with the economics committee which went to New Zealand, which I thought was astonishingly productive, and the second time was with the child migrant inquiry, which went to England and Canada. On the latter committee we held hearings in the offices of the Australian High Commission. It seems to me that we need to develop greater clarity about witnesses' privileges and so on. I have always assumed that, provided the hearings are held on the equivalent of Australian soil, which I have always assumed high commissions and embassies are, you would be able to transfer the powers and privileges of the Senate to those sites—and I can see that if you are in a commercial building or something you could not. I do think we need more development of that issue. I do not know if it is a question for the President and the Speaker or simply a question for the President of the Senate in examining the issue, but I am not satisfied that there is enough clarity in that area yet.

**Mr Evans**—What Senator Murray says is probably correct in those well-known countries whose law is fairly well understood. The legal difficulties arise when you are in countries where the law is not so readily understood. If you go to Indonesia, for example, it is not clear to us whether witnesses giving evidence before a committee and criticising the Indonesian government or the Indonesian legal system or something like that would be protected in Indonesia in respect of their evidence. There is no real way of clarifying that except by greater knowledge of the law of the country concerned. But, if there is a problem, the only way of solving that problem would be by some sort of treaty between Australia and the country concerned, which is not really feasible. So those problems are only worried about when you are in jurisdictions where witnesses are giving evidence that might get them into trouble in those jurisdictions. As I said before, those legal problems are not the real problem, particularly where you are dealing with countries whose legal systems we well understand; it is the budgetary restraint that has been the real problem.

**Senator MURRAY**—Would the Parliamentary Privileges Act, for instance, need amendment to indicate what status committees do have on foreign soil, if any—or, rather, on Australian soil in foreign countries, if any? The other issue is whether you would genuinely reject outright a reciprocal granting of powers with respect to certain countries—for instance, those countries which themselves have a Parliamentary Privileges Act, such as I think New Zealand; I do not know about the UK or the United States. It may well be possible to have some kind of exchange which warrants that. With the way in which globalisation and politics are going, I can see that travel and the need to make inquiries overseas, particularly with

particular committees, might well increase. I think we need better guidance than we have at present.

**Mr Evans**—Of course, by amending our Parliamentary Privileges Act we cannot change the law in other countries. So Senator Murray is right—reciprocal arrangements would be the only way of dealing with the problem. But, as I said, generally speaking that is not really the problem with committees going overseas as delegations on fact-finding missions. The difficulty has always been budgetary. I noted just a few weeks ago that an American congressional committee went to London and held a hearing there. I contacted one of my UK counterparts and asked whether they saw any problem with that and the answer was that they did not see any real problem, either in that committee having a formal hearing in their jurisdiction or regarding any legal problems which might arise. That is probably right—for countries whose legal systems we understand well, probably there is no problem. An Australian Senate committee could go to North America and hold a formal hearing and probably there would be no difficulty.

**Senator MURRAY**—With the child migrant inquiry, my impression was that the advice that we got at the time was ad hoc and based on uncertainties, which was quite acceptable, and it was very cautious because of that. I would just suggest to the President that it is an area in which we do need greater clarity.

**Mr Evans**—As I said, caution is warranted when people are giving information and witnesses are giving evidence that might be dangerous to themselves. It is the protection of the witnesses that you have to worry about. I was asked about a person giving evidence from somewhere in continental Europe. It was evidence which could have been risky for the person to give. We simply did not have enough information about the legal system of the country concerned to say that that witness would be totally safe in presenting that information to an Australian parliamentary committee. So caution is warranted in those circumstances. The problem will not be solved, or the need for caution will not be removed, unless we have, as you said, reciprocal agreements with countries around the world.

**Senator MURRAY**—I would assume, though, that, for instance, an in camera hearing held by a Senate committee in the premises of the high commission in London would be pretty safe, whereas the same might not be true in a country which does not have that system of law and that sort of relationship with Australia.

**Mr Evans**—In the case that I mentioned, it was thought that a public hearing of a congressional committee in London was perfectly safe. They did not have to have it in camera or in the American embassy. There was no problem with it. As I said, the difficulty arises in countries where the legal system is not well understood and where witnesses might be giving evidence that is dangerous to themselves.

**Senator MURRAY**—My last question is on security. Should that be put to the Joint House Department?

**Mr Evans**—It depends on the aspect of security.

**Senator MURRAY**—I just wondered what the update was on theft—whether it has decreased or increased and whether the increased security for other reasons is having side effects which are good.

**Mr Evans**—It is probably more convenient to leave that until the Joint House Department is here to get a fully up-to-date picture of that across the whole building.

**Senator ROBERT RAY**—I would like to follow up on a couple of Senator Murray's questions. Mr President, I did ask you to look at the overseas travel by committees. I never

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once conceived that they would be doing so to take evidence. I think it would always automatically be precluded that you would go to another country and hold a hearing there—not on grounds of legality but on grounds of good taste. I am surprised that the US Congress has done so. In your consideration of that issue, you may use as a working assumption that the overseas travel would not be for formal hearings.

**Mr Evans**—But the problem could arise even from a person speaking with members of a committee.

**Senator ROBERT RAY**—It could arise in any capacity when you are overseas, I suspect.

**Mr Evans**—Yes.

**Senator ROBERT RAY**—We have dealt with the issue of questions on notice. What about enforcement after a failure to answer questions taken on notice at estimates committees—leaving aside the issue of whether they are answered on time? Is that becoming an increasing problem?

**Mr Evans**—Yes, there have been concerns on the part of a number of senators about the time taken to answer questions on notice in estimates hearings. We have been asked to think about remedies. One possible remedy would be to allow the 30-day rule and debate in the Senate to be attached to questions on notice in estimates hearings as well. Certainly we are giving thought to what other remedies might be adopted in relation to estimates questions on notice.

**Senator ROBERT RAY**—Have you noticed the rather cute emergence of a new technique that requires third-party consultation a la freedom of information, which had never applied before? Certainly a streak of civil liberties has been running through certain ministers' offices to say that there has to be third-party consultation, which delays things.

**Mr Evans**—Yes, I have noticed that. It is claimed that the information cannot be given without the consent of people who have provided the information.

**Senator ROBERT RAY**—It is not so much that—that is sometimes the case where there is information shared between the states and the Commonwealth; I understand that. But in other cases it might be about someone's overtime claim. In some instances, you are not asking even for the individual's name, but then it is thought that you have to consult with everyone who has ever put in an overtime claim form.

**Mr Evans**—Yes, that has also been noticed. That is increasingly being resorted to by departments. I do not know whether it is a genuine sensitivity about privacy issues and other issues like that. But, again, in speaking with public servants we always stress that answers to a parliamentary committee are different; they are not freedom of information requests from any citizen on the street, so to speak. They are different. They have different imperatives and protections and public servants should not assume that they have to go through all of the processes that they need to go through for a freedom of information request.

**Senator ROBERT RAY**—Mr President, recently you announced the Richard Baker prize. Would you like to explain to the committee what that is about?

**The PRESIDENT**—It goes without saying that the Senate is not that well understood by the general populace, and I thought it was about time that we in a positive way promoted the Senate and the workings of the Senate and its committees. After some consultation with the Clerk and some others, we came up with the Richard Baker prize. Richard Baker, as you would know, was the first President of the Senate. He was a South Australian. The prize is open to anyone, except senators or their staff, who may electronically or through journalistic

skills promote the Senate or put forward an article or a piece that promotes the Senate. I am in the process of approaching a judging panel, which I will be writing to, consisting of three senators, an academic, representatives of the press gallery and the Clerk of the Senate or his nominee. I am hoping that the outcome of this will be some positive publicity and that it may highlight with universities or students or others just what a great institution we have.

**Senator FAULKNER**—How are you going to publicise it?

**The PRESIDENT**—Once we get the article—or whatever the winning entry may be—I am hoping that the media, seeing as they are involved, will be happy to highlight what we are doing. Naturally, in my position as President of the Senate, I will probably be holding a function to announce it so that we can get some media publicity about it. I guess it is one of those things which is a bit unknown until we have had a couple of prizes and seen how popular it is, how it works and how positive the feedback for it is. I think we need to do something, so we will just see how it goes.

**Senator ROBERT RAY**—And when is the first process going to be?

**The PRESIDENT**—I think entries close in July and we are hoping to have the announcement of the winner by August or September this year.

**Senator ROBERT RAY**—So that will all be done this year?

**The PRESIDENT**—Yes.

**Senator ROBERT RAY**—The only downside I can see to it is that we get plagued with pretty thick PhD students wanting to interview us non-stop. I hope this does not double the amount; that is all.

**The PRESIDENT**—I am hoping that we might get an entirely different slant on the situation and that something refreshing comes forward. It could be an article which, while well researched, might have some light relief in it as well—who knows? I think that is up to the judges; I am not involved in the judging of it.

**Senator ROBERT RAY**—None of us are allowed to ghost write, are we? I always ask about and get an update on the Senate dictionary of biography, volume 2. How are we going with that?

**Mr Evans**—That is well in hand. We have a contract with a publisher, the same publisher as before. I think the manuscript—to use an old-fashioned term—for the volume is virtually finalised. It is a matter of going through the process of publication.

**Senator ROBERT RAY**—Any idea of the launch date?

**Mr Evans**—I am told that the first half of next year is an indicative date.

**Senator FAULKNER**—Are you looking at trying to ensure that there is some similarity—I am pleased that you are going to the same publisher; I think that is very good—in terms of the size and style of the publication, how it is finally presented and the like, so that in the longer term it will look like a three-volume series?

**Mr Evans**—Yes, we are certainly aiming to achieve that.

**CHAIR**—What year does volume 2 take us up to?

**Mr Evans**—It takes us up until 1962. Volume 2 covers 1929 until 1962.

**Senator FAULKNER**—So that will include senators who concluded their senatorial service by 1962 as opposed to those who were serving in 1962. That is standard procedure—that is, the same approach as was taken in the first volume.

**Mr Evans**—Yes, that is the way that it is done.

**CHAIR**—Are there any other general questions? Are there any questions in relation to output 1?

**Senator ROBERT RAY**—No, we have finished all our questions.

**CHAIR**—Are there any other further questions for the Department of the Senate?

**Senator MURRAY**—Yes, I do have one which I think I have asked you before relevant to staff entitlements, leave provisions and so on. Are you up to date with that? Have you brought overdue leave provisions into line with what they should be or are there still a lot of people overhanging there?

**Mr Evans**—I am not entirely clear on what Senator Murray is referring to.

**Senator MURRAY**—Throughout all government departments and agencies, including the Senate—and I forgot to bring my copy of your particular balance sheet—there has been a massive overhang of leave not taken. That sits on your balance sheet as a liability. In personal terms, it is a liability because it means that people are not getting the proper rest and leave that they should. I am happy for you to take it on notice, if you wish.

**Mr Evans**—I am not sure that we can produce any figures. It is a phenomenon, certainly, as Senator Murray says, across all departments. We can get some figures to indicate the scale of it in the Department of the Senate.

**Senator MURRAY**—I should tell you that they are questions I am asking right across the board of government. In contingent liabilities, it runs to hundreds of millions of dollars and the social and human cost is quite high when people are being worked to such an extent that they are not taking their leave appropriately.

**Mr Evans**—Chair, let me get a set of figures for Senator Murray which I hope will give a full picture of the situation in this department.

**Senator MURRAY**—Thank you.

**CHAIR**—If there are no further questions of the Department of the Senate, Mr Evans, as always, thank you very much.

[9.52 a.m.]

#### **Department of the Parliamentary Library**

**CHAIR**—I call for general questions.

**Senator FAULKNER**—There is only one issue I would like to canvass, probably quite briefly. Mr Templeton, I wonder whether you can assist us with the table that appears on page 49 of your annual report, that is, the statement of cash flows for the year ended 30 June 2002. The issue I want to understand a little more about is the proceeds from maturity of term deposits, which is nearly \$12 million, and purchase of term deposits, a little over \$11 million. This seems to be quite dramatically increased from financial year 2000-01 to 2001-02. I wonder whether some background could be provided by you or Mr Johnston in relation to that.

**Mr Templeton**—Mr Johnston, the chief finance officer, is much more qualified than I to deal with these issues.

**Mr Johnston**—The cash at bank, in broad terms, which is held by any Commonwealth agency comprises funding for small agencies for depreciation which is not spent at that particular time. For example, something may have a life of 20 or 30 years. It comprises sale of

assets, revenue received in that way, so that you have an asset reserve and that asset reserve varies from year to year based on the asset replacement cycle of things such as computers which are three years, photocopiers which might be five or seven years and other items. In addition, other than at 30 June, there are funds which up until 30 June this year are held in capital usage charge, which we have received on a fortnightly basis and we pay at the end of June. There are provisions for employee entitlements, which essentially are based on the increase of employee entitlements since 30 June 1999 when we went to accrual accounting—net creditors and things of this nature where we have bills but we are waiting for the invoice or waiting for processing of the payment.

Where moneys increase in the order that they have in the cash flow statement, that arises from two situations: where there has been a variation in the level of average funds held over the year and where the interest rate has increased or varied over the year. At the moment, the amount of interest paid to DPL by the Department of Finance and Administration is only \$17,000 per year, although in previous years we were receiving in the order of \$130,000. All senators are aware of the changes in the budget management processes as a result of the banking arrangements.

Where you have cash receipts, the other major component is where we are putting money in on a shorter cycle. For example, if we had a cash receipt for an investment of \$1 million with the Reserve Bank, through the Department of Finance and Administration, and that is a two-year investment, that will only come up in the cash flow statement when we pay it and when we receive it back. But if we are investing in shorter time cycles for a particular reason—which might be asset replacement cycles or other things—that money might be sequencing through the account several times in the one year. In essence, that is why the money has doubled in that period. It is the frequency of the investments—the cycle in which we are putting the money in. At this time, too, as a result of the changes in the scheme of the government prior to the end of the last financial year, where money was being received we did not reinvest it; we just held it as cash. The money is not wasted, of course. What happens is that the bank accounts are swept by the Reserve Bank, and the department of finance and Treasury invest that on an overnight basis. So the cash is managed on a whole-of-government basis.

**Senator FAULKNER**—Thank you for that explanation. I hope I understood it.

**Senator ROBERT RAY**—Or did Mr Templeton understand it.

**Senator FAULKNER**—I am sure he hopes he understood it, too. Could you indicate to me and Mr Templeton how much money the Department of the Parliamentary Library might have invested at any one time and whether that has changed over recent months or years?

**Mr Johnston**—At the moment, because of the change in the agency banking scheme which the government made in the middle of last year, we no longer ‘invest’ through the Reserve Bank arrangements with the Department of Finance and Administration. We are having funds mature as their term deposit ceases. I would have to give you the actual balance on notice, but in essence we are running it down to zero.

**Mr Templeton**—The last information I got was about a week or two ago. In terms of unused asset replacement money, I think we are holding about \$2 million. In terms of provisions for a general fund—including provisions for employee entitlements, which we have been appropriated for since 1 July 1999—that is about a further \$2 million. The unused capital money, the depreciation money, because—as Mr Johnson said—not all assets are replaced on a 12-month cycle, goes up and down.



**Senator FAULKNER**—Is it fair to say that what this is showing is that the amount of investment activity has doubled? Would that be a fair analysis of it?

**Mr Templeton**—That is a major contributor to it in the 2001-02 financial year; but, as Mr Johnson said, the government, following its review of the implementation of the accrual accounting arrangements, has revised the agency banking scheme, so there is no net benefit for us any more to invest. They are also tightening up overall their cash flow arrangements, so that would drop quite dramatically, I would expect.

**Senator FAULKNER**—Could you explain to me why the amount of investment activity doubled from the financial year 2000-01 to 2001-02?

**Mr Johnston**—For the reasons I indicated before, the increased frequency at which we invested and, secondly, there had been a small increase in the balance. The balance changed over the year, of course. For example, we pay out in June a capital usage charge of just under a million dollars. So we make sure our funds are available at the time we have cash requirements. At 30 June last year, the asset figure that we had in asset reserve was approximately \$1.7 million of accumulated depreciation, with provisions for write-downs. So that was our asset reserve. We made a surplus last year which was substantially as a result of accounting changes, and we are spending that over the current two years. The other reason we sometimes have increased funds at particular parts of the parliamentary cycle—and I think Senator Robert Ray may have asked a question a couple of years ago about it—is we put in our annual report and our portfolio budget statement that our costs vary over a parliamentary cycle because of the ebb and flow of the parliamentary processes so that in an election year we essentially run a surplus and in the other years of the parliamentary cycle we essentially run deficits. So we run a zero balance over the period. Last year we had a million dollar surplus, mainly from accounting processes, and we are spending that over the two years. So we have money which is just there temporarily.

**Senator FAULKNER**—Are you saying that you have a cash reserve up your sleeve for possible future expenditure on capital items?

**Mr Johnston**—There are two reserves. One is an asset replacement reserve, which is based on the asset replacement process; the second is where we have operational funding based on, as I said, whether we are staffing up for increased parliamentary business or whether it is an election year. For example, this year the presiding officers and the department of finance have agreed for us to run in deficit our operational budget as a result of the surplus that we ran last year—that is, \$533,000—and we base our staffing on that. So we do plan on a three-year cycle.

**Senator FAULKNER**—So what would be the current dollar value of those reserves?

**Mr Johnston**—As Mr Templeton said, the cash balance as at 31 December was approximately \$4 million, of which approximately half is the asset replacement plan. I do not have the final figures for 31 December yet, as a result of some system problems we have had, but we can provide that on notice.

**Senator FAULKNER**—I will take on board what you have informed me; that was helpful, thank you. I do not want to get out of my depth on these issues of the Department of the Parliamentary Library's cash reserve.

**Senator MURRAY**—Mr Johnston, on notice, on the same basis that I asked earlier, would the Parliamentary Library please provide me with a quantification of how much excessive or overdue leave is due to your staff?

**Mr Johnston**—The theoretical answer to that is zero because our certified agreement provides that, where annual leave builds up to more than 40 days as at 1 April, we pay it out or people take the leave.

**Senator MURRAY**—Did most people opt for the payout?

**Mr Johnston**—It varies from year to year. We have a very flexible and generous working hours process whereby staff can accumulate up to 150 hours, or four weeks, in what we call superflex.

**Senator MURRAY**—And in your agreement is there a minimum number of contiguous days that they must take in leave, that they cannot be paid out for?

**Mr Johnston**—No, but for health and safety reasons it is the responsibility of all managers—and we do keep an eye on it—to ensure that all staff at all levels take reasonable leave during a year. For individual purposes, some staff might want to save their leave for a year because they may want a substantial trip the next year—or something of that order. But we do not have a build-up past 1 April of more than 40 days annual leave in any one year.

Long service leave is a different situation. Mr Templeton answered the estimates committee on a number of issues for this department and his other department, DPRS, on that. Clearly, we are subject to the Long Service Leave (Commonwealth Employees) Act. There is no way at this point that I am aware of, other than through moral pressure, where we can force people to take long service leave. Our perceived employee entitlement liability will increase also, as you would be aware, every time we have a pay rise. For example, if there is a five per cent pay rise, the liability will go up by five per cent and that comes out of our operational budget. That does not mean there has been an increase in leave; it just means that the average salary has gone up.

**Senator MURRAY**—And you are saying to me that, for all the staff, you would be able to press a button and know if any had not taken leave for the last year and the year before and that sort of thing?

**Mr Johnston**—We definitely monitor it. I look at everyone of my staff in my program, for example, and I have personnel monitor it for Dr Verrier's area as well. As I said, because we are a small organisation only running 160-plus staff, we can look at it on an individual basis and if someone does not wish to take leave because they want to take, say, an overseas strip or something of that nature, then obviously that is permitted to be built up at that stage up to the 40-day limit. The other issue is that during election periods we do place considerable pressure on staff to use the election period to reduce their leave balances and have a significant break from work. Our certified agreement quite explicitly states that both annual and long service leave are there for the reasons which you indicated and we wish staff to take reasonable leave.

**Mr Templeton**—Long service leave is probably the biggest single component because there is no way to require staff to take long service leave and people by and large bank it. We have not just recreation leave but, as Mr Johnston said, a superflex arrangement, so we do have fairly generous leave agreements. There is a pretty general predisposition to keep your long service leave up your sleeve for later.

**Senator MURRAY**—Meaning to be paid out when they are short of money or to be paid out when they leave your service.

**Mr Templeton**—When people move from one department to another, we cannot pay out their long service leave; they take that accrued entitlement with them. It is when they choose to resign, or they might decide for some reason that they want to take six months off, they will

take it. A lot of people tend to keep it in the bank for when they eventually leave the Commonwealth as an employer.

**Mr Johnston**—You also asked if they can take it when they need money. The implication might be: can they sell their long service leave? The answer is no. Long service leave cannot be part of an Australian workplace agreement or certified agreement because it is not one of the items listed in the regulations as being covered in those Commonwealth agreements. So the act is what applies, not the certified agreement, for long service leave. So we at a departmental level cannot pay out long service leave. If an employee wishes to take it, they have to either be paid out when they cease work or take the leave.

**Senator MURRAY**—The Workplace Relations Act does not say you cannot pay out. Does the Public Service Act say you cannot pay out?

**Mr Johnston**—The Long Service Leave (Commonwealth Employees) Act is obviously superior to a certified agreement because the workplace relations regulations do not permit Commonwealth agencies to include long service leave in certified agreements or AWAs.

**CHAIR**—Mr Johnston, do the superflex arrangements apply to all staff, including senior staff?

**Mr Johnston**—They do not apply to the secretary, Dr Verrier or me as SES and they do not necessarily apply to staff on AWAs—that is by agreement between the secretary and the staff member. In essence, the members of the department's management committee do not have the ability to exercise superflex. But what we used to call senior officers, parliamentary executive staff—for example, our research and information specialists—have access to it, yes.

**Senator MURRAY**—I want to ask about *Bills digests*. My experience is that they are heavily used and well referred to. Their quality, generally speaking, in my experience, reflects very well on the Parliamentary Library. My question is about updating them. It seems to me that quite often, by nature of the process of their production, they are a little out of date. For instance, they are often produced before the report of the Scrutiny of Bills Committee comes down, they are often produced before a legislation committee report comes down, they are often produced before a court case emerges; and, of course, there are issues about new information coming to light as a result of Senate questions or information provided by government and so on. What is the process for keeping them as updated as possible, particularly where bills bounce—in other words, go down to the House in December and reappear in February, March or April of the next year? Is there a process for reissuing digests whenever you can?

**Mr Templeton**—Perhaps before I ask Dr Verrier to go into some of the detail about the *Bills digests*, the *Bills digests* are one of our major products and are very heavily used by senators, members and—because they are now up on the Internet—a lot of people out in the general community. There is enormous pressure on the process of producing *Bills digests*—legislation tends to come in great lumps rather than perhaps a more effectively managed process—and the amount of work that is involved to produce a product of the quality that you refer to is obviously very substantial and involves people across a number of areas of the library. We are conscious of the issues that you have raised, but in the overall scheme of the number of digests that we do and the amount of work it really is probably a quantum leap for us to try and get to that level of constant refinement and constant adjustment. But perhaps Dr Verrier might like to go through some of the detail with you.

**Dr Verrier**—What Mr Templeton has said is correct. It is a huge workload, which takes a huge resource of the service, to get *Bills digests* out on 100 per cent of the bills that are tabled

in the parliament. That is our goal and that is what we mostly achieve. On each and every one of them you will note a date of issue clearly stated, and that is because we are very aware that it is time-bound. It is one of the reasons we do not publish them in any kind of hard copy record for the long term, because they are very much time-bound. Resources-wise, we would need significantly more staff to keep up with the evolution of every single bill. We make a judgment about critical pieces of legislation that clearly have an ongoing life and significance, and we will do further work on them. Of course, there is always the option of individual senators and members taking up with the author of the original *Bills digest* further matters arising, and a lot of that does go on. But, in general, it is a major production line to get them out. Our legal people and the subject specialists who help them work long and late hours—building up lots of superflex—to get the things done. We are conscious that it is not a perfect service and there are time limits and pressure limits.

**Senator MURRAY**—I am not a critic of the content, quality or objectivity of the digest entries—I think that they are of a very high standard and I use them extensively—but it does seem to me that sometimes we are left behind a little, if you like, with current information. I think of it in the following way. In a parliamentary year you might get 160 to 200 bills—160 on the lower side and 200 on the upper side. I think the statistics are that about a third of those go to committee. I would expect not more than 10 to 15 per cent to be highly controversial. Do you do an audit to see whether updating has left out significant information on particularly difficult or topical issues?

**Dr Verrier**—Yes, indeed, we can do that. My guess would be that, as I said a moment ago, quite a significant amount of additional work is done on a one-by-one basis for individual senators and members. This does not hit the public domain, as it were. It takes a lot more work to hit the public domain with a general product, because there are quality control issues and so on. I would hope that we were getting the judgment right about which are the controversial ones and that senators and members were satisfied with the amount of work that is going on around that. But I can actually monitor that. We can do a bit of a check on what is going on with that 10 to 15 per cent of bills that are controversial to see how much individual consultation is going on and whether that is satisfactory.

**Senator MURRAY**—I have been wondering—and you may consider it spoon-feeding, so do not hesitate to criticise the suggestion if you think of it in that way—whether it might not be worth while, say, with respect to a batch of bills that are on the *Notice Paper* and that come up during the week's sitting, to have a single-page or double-page sheet from the library that says which *Bills Digests* were issued then and which ones do not include any material that has emerged since, such as Scrutiny of Bills Committee reports, Senate committee reports, court cases or any other material. That would be a signal as to what is not in there for those senators and members who are using it. That is far less work for the library than actually trying to update the digest itself.

**Dr Verrier**—I think that, if you are agreeable, I will take that on board and discuss it with our legal team and the people who work on the *Bills Digests* to see what we think is the best way to proceed with your suggestion.

**Senator MURRAY**—The reason I raise it is that I personally deal with up to a third of all legislation that comes before the Senate because of my particular mix of committees and portfolios. I have noticed that quite often I will be dealing with bills where the *Bills digest* could be six or nine months old. That is not a criticism, because sometimes it does not need updating.

**Dr Verrier**—You may have noticed in the last week that, for the first time, we have started an advertisement of legislative highlights. We are trying to make judgments about what we think are going to be the key pieces of legislation for the week and noting not only the *Bills Digest*, written or in draft, but also other papers we might have written around the subject area. So we are linking you in to what is available on any piece of legislation that we judge will be controversial or interesting in that week. In that kind of context, we can perhaps identify whether it is enough, in a sense. We might be able to identify a couple of issues that have arisen and do a link identifying that. So that is in tune with the way we are going. As I said, we will have a look at it and see how we can meet that need regarding the outdated digests.

**CHAIR**—There being no further questions of the Department of the Parliamentary Library, Mr Templeton and officers, thank you very much. On our agenda the Department of the Parliamentary Reporting Staff is next. Are there any questions from senators to the officers of the Department of the Parliamentary Reporting Staff? There being no questions, I call the Joint House Department.

[10.20 a.m.]

#### Joint House Department

**CHAIR**—I call for general questions.

**Senator FAULKNER**—You would recall late last year—I think the date was 12 December—the lights went out in both chambers during the debate on the ASIO legislation. I am sure there is a reason for that, Mr Bolton, and I thought you might share it with us.

**Mr Bolton**—Yes, Senator. I might ask Mr Andrew Smith, who is the Executive Leader (Operations), to fill you in on the arrangements.

**Mr Smith**—On that particular night, ACTEW had a major power problem in one of their main substations that provide electricity to Parliament House and the lights went out for that reason. The lights take time to restrike. That was why there was a lighting failure in the two chambers.

**Senator FAULKNER**—I am sure there is a rational explanation for why the lights go out in the chamber and not in other parts of the parliament.

**Mr Bolton**—They are a particular type of light. There are large volumes of air in there and they are large lights so that you get the right sort of light for television. I think they are mercury lights. It gets heated up and that gives out the light and saves on heat and energy so that we do not have to do more airconditioning. The problem when it goes out is that it virtually has to go back to its liquid form and be reheated again and that takes time. So it is a particular type of light; it is not incandescent.

**Senator FAULKNER**—I assumed, I admit, that someone had made the objective assessment that the least important activity in the building took place in the chamber; hence, you could do without those lights. That is not the case?

**Mr Bolton**—No. It is a particular type of light to give enough light in the chambers for the brightness needed for television.

**Senator ROBERT RAY**—Why did the Senate come back online a lot quicker than the House of Representatives?

**Senator FAULKNER**—The House of Representatives adjourned and the Senate did not adjourn. That is right, isn't it?

**Senator ROBERT RAY**—Yes. It seemed to be lighter in the Senate. I was watching on television, switching between the two.

**Mr Smith**—I have just been informed that it is due to the age of the lamp. Newer lamps restrike sooner than older lamps.

**Senator ROBERT RAY**—So it is not the aura we give out! Do you have a contingency plan for when lights go out? Has it happened before?

**Mr Bolton**—It has happened before. There is sufficient lighting for you to be able to see what is going on. It is not as though you are in darkness. Obviously, as part of the back-up systems for the building, there are major generators which we run once a month to ensure they work. They would keep the essential parts of the building operating if we lost power to this building. Also, as part of the infrastructure for the town, if ACTEW loses a major substation, it has opportunities to reroute the service back through other ways to get power here as well.

**Senator FAULKNER**—I have noticed that a sign appeared some time ago in the corridor between the cabinet room and the Prime Minister's office. Going on memory, I think the sign says 'Restricted access, authorised personnel only'. Is that what the sign says?

**Mr Bolton**—I am not sure of the exact words, but there was a limit—

**Senator FAULKNER**—It is not a matter of past tense, Mr Bolton. The sign is still there or it was there last week anyway.

**Mr Bolton**—Can I ask the security controller to come to the table. He might outline why the sign was put there and when.

**Mr Lucas**—The signage in the PM's corridor came about as a result of September 11. It was an additional security control implemented following the fact that the corridor was seen to be a public thoroughfare for the building.

**Senator ROBERT RAY**—So there are unsafe people in the building. That is what you are telling us right now.

**Mr Lucas**—No, that is not what I am saying.

**Senator ROBERT RAY**—What are you telling us?

**Mr Lucas**—It was noticed that it was utilised fairly regularly by people with visitor passes and even, on a regular basis, by people sightseeing in the building.

**Senator ROBERT RAY**—Which it had been for the previous 14 years. One of the highlights for sightseers—I do not know why—is that they like walking down the Prime Minister's passageway. You have caused me enormous inconvenience, because I never used it and now I have to use it every time because you have put the sign up.

**Mr Lucas**—It certainly does not apply to senators and members.

**Senator FAULKNER**—What does the sign say? My recollection is that it says 'Restricted access. Authorised personnel only'. Is that correct?

**Mr Lucas**—Correct.

**Senator FAULKNER**—Who are the authorised personnel?

**Mr Lucas**—In my view, it applies in a similar way to the signage in the car parks: 'authorised personnel' are parliamentary permanent pass holders.

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

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**Mr Lucas**—I guess it is just a matter of commonsense.

**Senator FAULKNER**—Is there a definition of ‘authorised personnel’?

**Mr Lucas**—No, there is not a specific definition.

**Senator FAULKNER**—So it is anybody who has a parliamentary pass?

**Mr Lucas**—A permanent parliamentary pass.

**Senator FAULKNER**—And anybody who has not got a parliamentary pass should not be going down that corridor?

**Mr Lucas**—We would prefer they went by another route.

**Senator FAULKNER**—Who knows this?

**Mr Lucas**—It was discussed with my colleague Mr Crowe here some time ago in relation to guides from the parliamentary guide service taking visitors backwards and forwards along that corridor.

**Senator FAULKNER**—Obviously, these days—these years—I do not spend much time in the ministerial wing, but I recall that the Prime Minister’s offices had a few back doors. It does not apply to what a former Prime Minister referred to, on the steps of Old Parliament House, as the ‘back passages’?

**Mr Lucas**—In actual fact, the rear entry to the Prime Minister’s office has been secured and it is only open to persons with parliamentary passes and having business in the office. There is a secure door there.

**Senator ROBERT RAY**—Was any request ever put to you or Joint House by anyone in the PM’s office, the cabinet office or anything?

**Mr Lucas**—No, it was my initiative.

**Senator ROBERT RAY**—Did you look at the history of why that has always been an open passageway? Prime ministers over the years have encouraged people to come along it.

**Mr Lucas**—No, I did not.

**Senator ROBERT RAY**—I am sure that is my memory of it. They used to love bumping into people on the way to and from the PM’s office. All three prime ministers I have known liked walking out of their office and saying hello to Joe Public on the way through to the cabinet room. That is part of the tradition of this building. That is all.

**Mr Lucas**—In my view, September 11 changed all that.

**Senator ROBERT RAY**—I am just a bit worried whom you are letting in the building that has changed that. I would have thought the defence of the building—without going into detail because we do not do that at these committees—is at the entry points.

**Mr Lucas**—It is a judgment call and it is a judgment I made. The general security enhancements that I recommended to the presiding officers were accepted and that was one of them.

**Senator ROBERT RAY**—It is one that has never been reported to the Appropriations and Staffing Committee, whereas I think everything else has. I find that a strange comment.

**Senator MURRAY**—Would you leave it up if the Prime Minister asked you to pull it down?

**Mr Lucas**—Obviously not. In actual fact—I do not want to go into too much detail—the Prime Minister’s personal protection did speak to me in relation to the general use of that corridor.

**Senator FAULKNER**—A little earlier you said it was noticed that there was an increase in groups in the area, didn’t you?

**Mr Lucas**—Not an increase. I noticed that a number of groups were using it on a regular basis.

**Senator ROBERT RAY**—But when did this person speak to you?

**Mr Lucas**—After September 11.

**Senator ROBERT RAY**—Yes, but before you put up the sign?

**Mr Lucas**—Yes.

**Senator ROBERT RAY**—I thought I asked earlier whether anyone had approached you. Is that right, Mr Bolton? You are nodding your head. So someone did actually ask about it?

**Mr Lucas**—Yes, indeed.

**Senator ROBERT RAY**—Who was that?

**Mr Lucas**—One of the officers of the PM’s CPP team.

**Senator MURRAY**—Is it policed at all? If somebody walks down there, can they be carted off somewhere else?

**Mr Lucas**—There is CCTV coverage in the corridor.

**Senator MURRAY**—But there has always been that.

**Mr Lucas**—That is correct.

**Senator MURRAY**—I think it is relevant to the point made earlier. If somebody watching those monitors did not know who was a senator or member or a permanent parliamentary office holder, what would they do?

**Mr Lucas**—I do not think they would do anything. It would be a matter of circumstances. If they felt that someone had gained access to the building on a temporary pass and they felt that that person was perhaps lingering in the corridor or acting in a suspicious manner, then perhaps that would draw their attention to that person and they would go out and make some inquiries.

**Senator MURRAY**—But they would have done that anyway in the past, even without a sign. I would have thought that someone with malicious intent is hardly going to be deterred by a sign.

**Mr Lucas**—That is correct; possibly not. However, it is designed to reduce the general traffic in that corridor. That was my intention. There are alternative routes.

**Senator FAULKNER**—Mr Bolton, I wondered if you could give us a brief report on any refurbishments in the ministerial wing, as you often do for us, to bring us up to speed.

**Mr Bolton**—Once again, I will ask Mr Smith to advise you of the latest details.

**Mr Smith**—As far as I am aware, there have been no refurbishments carried out in the ministerial area of the building in the last few months, since the last time we were here. However, I have just been informed that we are replacing some of the wooden handrails.

**Senator FAULKNER**—Where are they?



**Mr Smith**—They are in the two major stairwells of either walk between the two floors.

**Senator FAULKNER**—What happened to the old ones?

**Mr Smith**—We have had some failures of the wooden handrails. They crack in between the support members, causing OH&S concerns.

**Senator FAULKNER**—Ministers are not sliding down those handrails, are they?

**Mr Smith**—No, we have had the same problems throughout the building, Senator.

**Senator ROBERT RAY**—No more fights up there?

**Mr Smith**—Not that I am aware of, Senator.

**Mr Bolton**—So we do not get hoisted on what words are used, you used the word ‘refurbishment’. Maintenance is a different matter altogether. There have been no upgrades, but obviously we are continuously doing maintenance. So there has been some repainting and obviously some changing of carpets, but that is totally in accordance with the normal maintenance schedules that we have for that area.

**Senator FAULKNER**—I used the word ‘refurbishment’ deliberately but, for the sake of the record and for full transparency, you can let us know if there has been any major maintenance work there too. As you know, we normally focus on refurbishment.

**Mr Bolton**—We did some work in the Prime Minister’s suite. We had some carpet replaced as scheduled and we also fixed up some bathroom tiles, which were in a pretty bad state. Some of the tiles had come loose and fallen off and were broken. In the cabinet suite we replaced some carpets and did a bit of maintenance. In the President’s suite we did a little bit of work. In the suite of the Speaker of the House of Representatives we replaced some sunblock curtains, which were breaking down, and we did some repainting. In the Leader of the Opposition’s suite we replaced curtains and did some maintenance. Most of that was done in that period leading up to the last election.

**Senator FAULKNER**—Thanks for that. One of the constant bugbears around the place remains the wooden blinds. They break pretty regularly, don’t they—the cords and so forth?

**Mr Bolton**—The mechanisms used to break, but we did a lot of work on those and we believe that that breakage has been reduced substantially.

**Senator ROBERT RAY**—How long does it take to repair them? I have been waiting about eight months, I think.

**Mr Smith**—We do have a repair program for those. If they are reported through the normal process, we get them repaired fairly quickly.

**Senator FAULKNER**—Where does Senator Ray appear on the schedule? Just drop him down a bit—that is fine!

**Senator ROBERT RAY**—We are not trying to pull rank here!

**Mr Smith**—I might add that we have two units being trialled for new mechanisms. Based on the trials, we will be running out a program to replace the mechanisms on the blinds.

**Senator FAULKNER**—How much has been spent on the problems with the blinds in Parliament House? Can you let us know what the figure might be?

**Mr Smith**—I think I would have to take that on notice. I am not aware of the number.

**Senator FAULKNER**—It is quite a lot of money by now, isn’t it? It has been an ongoing problem, hasn’t it?

**Mr Smith**—I believe it has been an ongoing problem for a number of years but I could not tell you the amount in dollars spent resolving it.

**Mr Bolton**—We can dig that up for you. It is still an ongoing problem. The blinds in themselves are structurally sound but, because they are so large and heavy, it is the mechanism to move them either up or down that is the problem. I think a lot of people, like me, leave them alone as far as possible.

**Senator FAULKNER**—What about any major outside work?

**Mr Smith**—Is that work outside the building in the parliamentary precinct?

**Senator FAULKNER**—Yes, outdoor work. Is that a better word?

**Senator ROBERT RAY**—In the gardens and surrounds—that is what you are saying.

**Mr Smith**—Most of the work in the gardens has been put on hold pending the lifting of the water restrictions. We do have a number of projects which are security related around the outside areas of the building, but there are no major specific works apart from the tennis court refurbishment that is going on at the moment.

**Mr Bolton**—The work you might be referring to, Senator, is the work that was done towards the end of last year. There was a long period where a lot of work was done on the Senate side, which was replacing and refixing—as we have to do on a regular basis—the expansion joints between all the concrete parts of the building. We have looked at this over the years, and the best way to handle that is not to wait for failures, because we do not want water ingress into the building, which then causes a bigger maintenance problem. So, as those expansion joints get to the end of their life and as the manufacturer advises, we actually pull out the old material and put in new material. That gives us another 10 to 12 years of life. So there was a lot of work done on that. The other major work that we have done over the last year or two—of course, it has stopped now because of the drought conditions—was cleaning the building in a cyclical way.

**Senator FAULKNER**—What is happening with the tennis courts?

**Mr Smith**—The tennis court surfaces have worn out and are being replaced with new surfaces.

**Senator FAULKNER**—What is the cost of that project?

**Mr Smith**—We are just looking up that number. It is \$70,000 for the four tennis courts.

**Senator ROBERT RAY**—Mr President, can I ask you a question—not based on any empirical evidence at all but on the rumour mill around here—about the first-floor outside area that overlooks the President's and Deputy President's courtyard. There is no intention of stopping people going up there, is there?

**The PRESIDENT**—No. But I am aware—as you would be aware—that a year or two ago it was accessed one night by media who took film of some senators enjoying some hospitality.

**Senator ROBERT RAY**—Which would be outside the guidelines agreed to by the gallery?

**The PRESIDENT**—Yes. The tape was seized and the matter was taken up with the head of media, and it has not happened since. I am not aware of any moves to stop access to that area, but perhaps it might be happening.

**Mr Bolton**—Just talking generally about it: we have not made any recommendations that we stop people going there. Quite frankly, it is used a lot by smokers.

**Senator ROBERT RAY**—You would rather that they smoked out there than inside?

**Mr Bolton**—Exactly right.

**Senator ROBERT RAY**—Do you put ashtrays out there for them?

**Mr Bolton**—Yes, we do.

**Senator ROBERT RAY**—Putting up a couple of umbrellas in case it rains would also be a good idea. I have given up, by the way, so there is no self-interest here!

**Mr Bolton**—The one thing we have asked—and we put some signage there at one stage; I do not know whether it is still there because I have not had a look recently—is that, as there are some senators' offices on that corridor which unfortunately have floor to ceiling windows—

**Senator ROBERT RAY**—Do they have blinds that work?

**Mr Bolton**—They have blinds that work and curtains. As I said, the one thing we have asked is that people do not go and sit right on the windowsill looking into a senator's office while they or their staff are trying to conduct their work. At some stage, people were doing that. They were coming in under the alcove and sitting right on the windowsills, so basically they could see what was going on in the office.

**Senator ROBERT RAY**—They could see down?

**Mr Bolton**—No; straight through the glass. If you go out there and along the side, there is access to the alcove.

**Senator ROBERT RAY**—I see.

**Mr Bolton**—We asked people to stay away from that, and we put some signage up at one stage, and at one stage we were thinking—although we did not do it—of putting a bit of rope across just to say to people, 'Please don't go beyond this point.'

**Senator ROBERT RAY**—Did the signs work when they were there?

**Mr Bolton**—The issue has not come back to me. It got raised with me but it has not come to me, so I am hoping the signage has worked.

**Senator FAULKNER**—Did you ever have a complaint from the Leader of the Opposition in the Senate about people sitting on the windowsills outside his office, or did he just accept it as par for the course?

**Mr Bolton**—No; I have not heard that complaint.

**Senator ROBERT RAY**—The Leader of the Opposition in the Senate knows everyone who has snuck down to Aussie's for a coffee!

**The PRESIDENT**—I understand there was one complaint from a senator in this area and Joint House were thinking about putting some shrubbery there to screen his office.

**Senator ROBERT RAY**—It is no big deal at the moment. You will let us know if there is a problem, because commonsense can solve it rather than being authoritarian on these things.

**Mr Bolton**—The senator who was involved was very good about it. I agreed with him; I think he had a right to be able to work in privacy and for people not to know who came in and out of his office all the time.

**Senator ROBERT RAY**—He could close the blinds, too, if they worked. They do not in S-1-40 I just want to say!

**Senator FAULKNER**—Mr Bolton, could you or one of your officers indicate to the committee what chemicals, if any, are used to clean the airconditioning filters in Parliament House? The reason I ask this is that quite a number of people who come into the building—that is, visitors, not the usual occupants of the building—think they can smell some chemical in the air.

**Mr Smith**—We do not clean the filters; we actually replace the filters and no chemicals are used.

**Senator FAULKNER**—Have you had any complaints drawn to your attention about odours in the airconditioning system?

**Mr Smith**—None that I am aware of.

**Senator FAULKNER**—Thank you.

**Senator MURRAY**—Firstly, last November I raised through this committee the matter of water usage, and subsequently there was a joint announcement about that by the President and the Speaker, which I am sure they had been working on for some time anyway. Mr Bolton, my question simply is: is there going to be an inclusion in your annual report of what you have projected as savings and what your achievements are, so we can keep track of the progress of this matter?

**Mr Bolton**—Yes, there will be a response in the annual report. Every year for a number of years now we have reported on our water usage. We undertook a number of years ago some re-metering of Parliament House, so we can now monitor what water we are using in the external landscape as opposed to what water we are using inside the building and for building purposes. We report on that every year. We have indicators that we use as our own benchmarks that we report against each year to see how we are going.

**Senator MURRAY**—Thank you. I want to ask another thing about water usage. I might have missed it, but I did not see in your recommendations any reference to capturing run-off. It might be impossible because of the way in which the whole building design goes but, as you know, many people in dry areas and so on have tanks which capture run-off from their roofs and so on. Is there any potential, along with the use of recycled water, to capture run-off so that you could then legitimately use it on the gardens and so on around Parliament House?

**Mr Bolton**—Run-off is a major problem, because of the size and scale of the building and where everything is. Mr Smith has been undertaking quite extensive discussions with the local water authority about recycling, and I might let him answer your question.

**Senator MURRAY**—I understand the recycling area, but could you stay with the issue of run-off for the moment. Is that at all feasible? With a building of this size there is generally a lot of run-off when it does rain.

**Mr Smith**—We are having a major look at water use over the next 10 years to see what projects we will introduce to save water. We are certainly looking at capturing run-off water. With this building, it is difficult. Had the building been designed today, there would have been facilities put in place to capture the run-off water, but trying to retrofit that to a building that is 15 years old is difficult and expensive and may not be cost viable at this stage.

**Senator MURRAY**—What will you do? Will you put in a report to the President and the Speaker on your findings on that basis? What will happen?

**Mr Smith**—Our consultant is to submit a report to us shortly on that, and we can certainly make that available to the President.

**Senator MURRAY**—Yes, I think we should be kept informed.

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**Mr Bolton**—We would be happy to report where we are up to on that sort of thing—because we believe it is an initiative we have taken—in our annual report.

**Senator MURRAY**—Your experience in that area can perhaps be used as a template for other Commonwealth buildings. Water usage is something that we are all going to be more interested in. Unless you have more to say on that front, I will move quickly to the issue of security. As you will recall, there were thefts of laptops and occasions of offices being entered and things taken and so on. Has that dropped away or has it stayed at the same level? Is the greater security on the premises having good side effects in that area? Is there anything we need to know about that?

**Mr Bolton**—It would appear to me that we have not had the same number of incidences of theft as we have had in the past. One of the major things we were concerned about in the past was theft of computer equipment. There seems to have been a downturn in that area in the sense that in the last six months or so the only theft of computer equipment I am aware of was a case where a member of the media reported that a computer was taken from an area in the media section. There were no reports of computer theft within the areas occupied by the parliament. There are other things, obviously—some general equipment, a digital camera, went from here; a piece of technical equipment, a mobile phone, things like that. We do not have a price for all of these things, but in the last six months the value of theft of equipment was in the order of \$1,300, which is very low. There has been theft of personal property valued between \$6,000 and \$7,000. But one aspect of that was a pearl necklace which was left in an office on an unsecured shelf; the value put on that was basically half of that amount, \$3,000. In all of those circumstances the police were called in, but no-one has been apprehended.

**Senator MURRAY**—Would I be interpreting you correctly to be saying that there is currently a very low incidence of theft?

**Mr Bolton**—I believe so—for a facility of this type, yes.

**CHAIR**—There being no further questions for the Joint House Department, that concludes the examination of the parliamentary departments. I remind everyone that the committee has set 26 March 2003 as the date for the submission of written answers to questions taken on notice. I thank the President of the Senate, Senator Calvert, and officers for their attendance.

**Proceedings suspended from 10.50 a.m. to 11.08 a.m.**

**PRIME MINISTER AND CABINET PORTFOLIO**

Consideration resumed from 20 November 2002.

**In Attendance**

Senator Hill, Minister for Defence

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

Mr Andrew Metcalfe, Executive Coordinator, Government and Corporate

**Economic policy advice and coordination**

Dr James Horne, First Assistant Secretary, Industry, Infrastructure and Environment

Ms Jenny Goddard, First Assistant Secretary, Economic

**Social policy advice and coordination**

Ms Rosemary Calder, First Assistant Secretary, Office of the Status of Women

Ms Sandra Parker, Assistant Secretary, Office of the Status of Women

Ms Miranda Pointon, Acting Assistant Secretary, Office of the Status of Women

Ms Francine McAsey, Director, Coordination

Ms Joanna Davidson, First Assistant Secretary, Social Policy

Ms Helen Hambling, Assistant Secretary, Work and Family Taskforce

**International policy advice and coordination**

Ms Gillian Bird, First Assistant Secretary, International

**Support services for government operations**

Ms Barbara Belcher, First Assistant Secretary, Government

Mr David Macgill, Assistant Secretary, Legal and Culture

**Parliamentary and Government**

Ms Barbara Belcher, First Assistant Secretary, Government

Mr David Macgill, Assistant Secretary, Legal and Culture

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

Mr Peter Hamburger, Assistant Secretary, Cabinet Secretariat

Mr Greg Williams, First Assistant Secretary, Government Communications

Dr Susan Ball, Assistant Secretary, Information Services

Ms Julie Yeend, Assistant Secretary, Ceremonial and Hospitality

Mr Jamie Fox, Head, National Security Campaign Taskforce

Mr Terry Crane, Acting Assistant Secretary, Corporate Support

Ms Trish Corbell, Acting Senior Adviser, Services and Security

Ms Fiona O'Loughlin, Acting Senior Adviser, Financial Management

**Australian National Audit Office**

Mr Pat Barrett, Auditor-General

Mr Oliver Winder, Deputy Auditor-General

Mr Warren Cochrane, Executive Director, Performance Audit

Mr Trevor Burgess, Executive Director, Assurance Audit

Mr Michael Watson, Executive Director, Assurance Audit

Mr Russell Coleman, Executive Director, Corporate Management Branch

**Public Service and Merit Protection Commission**

Mr Andrew Podger, Australian Public Service Commissioner

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Ms Lynne Tacy, Deputy Australian Public Service Commissioner  
Mr Jeff Lamond, Merit Protection Commissioner  
Mr Mike Jones, Group Manager, Corporate Strategy and Support

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

Mr Martin Bonsey, Official Secretary  
Mr Kevin Davidson, Manager, Executive Support  
Ms Amanda O'Rourke, Manager, Honours Secretariat  
Mr Gary Bullivant, Corporate Manager  
Ms Joanne Mitchell, Finance Manager

[11.09 a.m.]

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

**CHAIR**—I call witnesses from the Department of the Prime Minister and Cabinet and witnesses from the Office of the Official Secretary to the Governor-General. I welcome Mr Bonsey and his officers. Do you wish to make an opening statement, Mr Bonsey?

**Mr Bonsey**—No, thank you.

**CHAIR**—Are there any general questions?

**Senator FAULKNER**—Mr Bonsey, can you tell us whether there is any protocol in operation at Government House in relation to the use of either commercial flights or VIP flights? How do you establish whether the Governor-General and his party will travel either by commercial flights or VIP flights?

**Mr Bonsey**—Are you talking domestically or overseas?

**Senator FAULKNER**—Both, Mr Bonsey.

**Mr Bonsey**—Domestically, there is an absolute standard practice that the Governor-General uses VIP flights. That is of longstanding. I will need to come back to the issue of charters. I am aware of one exception where the Governor-General and Mrs Hollingworth going to a wedding of a completely private nature chose to fly commercially—Sydney to Merimbula and back.

The only other exception to VIP usage is when we need to fly to a destination where the RAAF planes cannot land. From time to time, arrangements are made and there is a well established protocol for establishing that it is a reliable carrier. I have to certify that it is going to be safe, which always worries me slightly. We would do that maybe on occasions in outback locations. One occasion I can think of is when the Governor-General is travelling to an outback Indigenous community for the handover of land deeds. It is done from time to time.

I will turn to the overseas situation. Over the years with which I am familiar, it has been on a case by case basis. In 1999, a bit unusually we used a Falcon for Sir William's trip, which had the interesting consequence that we needed to land every 4,000 miles or so. We made a virtue out of stopping at Port Hedland, Christmas Island, the Maldives, Dubai and then Istanbul. It was very handy to have because it gave us greater flexibility in terms of scheduling. The government was able to ask us, on the day on which Sir William was leaving, could a visit be done to Jordan. It was possible to add that in because we were using the Falcon. A plane that size, frankly, is not highly desirable for doing that sort of distance.

Up until very recently, there really has not been an option and we have not used 707s in recent years. That has partly been a choice and partly a price issue. The subsequent visits by

Sir William to Switzerland and then to Greece were done commercially. The one to Timor was done with the RAAF, obviously because of proximity. In Dr Hollingworth's time, three overseas visits have taken place: the New Zealand one was done with the RAAF, again because of the proximity and the practicality of doing that in a Falcon; the April trip to London, Turkey, Paris and the Netherlands was commercial; as was the more recent one to Egypt and back. The last leg of that trip from Bali back to Canberra, which was arranged as the visit was proceeding, was done on the VIPs. We now have a new situation arising. We do not have any visits planned where we have addressed the issue, now that the VIP fleet has the two BBJs, of whether the Governor-General would travel with the RAAF, using a BBJ, or whether he would travel commercially.

**Senator FAULKNER**—So the protocol for domestic travel has not changed, has it?

**Mr Bonsey**—No.

**Senator FAULKNER**—What about Sir William Deane's domestic travel, was that almost exclusively by VIP aircraft?

**Mr Bonsey**—VIP or, in the circumstances I have detailed, charter.

**Senator FAULKNER**—That is what I am saying: the pattern or the protocol has not changed.

**Mr Bonsey**—No.

**Senator FAULKNER**—One thing that does appear to have changed is the number of flights. In the period financial year 2000-01, Sir William Deane undertook 78 flights and for the period financial year 2001-02, Dr Hollingworth has undertaken 116. Are those figures correct?

**Mr Bonsey**—I am not familiar with those figures. I am not saying that they are not correct. They would presumably be figures from the RAAF.

**Senator FAULKNER**—Yes.

**Mr Bonsey**—I am not sure where you have obtained those from. I am happy to confirm or otherwise.

**Senator FAULKNER**—Do you keep account of the number? Surely there is some inventory of travel kept in the office of the Governor-General.

**Mr Bonsey**—Certainly. We can go to the flight memos that commission each flight. I do not have readily available something which counts up in a serial way the number of flights done by the Governor-General.

**Senator FAULKNER**—I think those figures are accurate. Are you aware of a pattern that would mean that there would be a 33 per cent increase in figures from 2000-01 to 2001-02? Is there any explanation of that?

**Mr Bonsey**—Essentially the explanation is that he has done more trips, but that does not take you anywhere.

**Senator FAULKNER**—I can assure you the figures are accurate. They come from the schedule of special purpose flights. As you know, that material is available.

**Mr Bonsey**—I would expect the figures in the first year of every Governor-General's appointment to be somewhat higher, not least because there is a practice of Governors-General making official visits to each of the states within a fairly short time after their appointment. The other point to make of a general nature with respect to 2002-02, which



corresponds with Dr Hollingworth's first year, is that it was the second half of the Centenary of Federation and as Chairman of the National Council for the Centenary of Federation, Dr Hollingworth had taken a close interest in a range of things happening in a variety of places and he felt it appropriate to maintain that interest as Governor-General. So there were a number of Centenary of Federation related things and following on, calendar year 2002 was the Year of the Outback. There have been quite a number of visits related to that. A general point to be made about Governors-General travelling—this is a point in response to the gloss you get on these things on the media—is that basically they travel to fulfil their public duties. I saw reference in one of the papers to the number of jaunts and I do not think that is what they add up to by any means.

**Senator FAULKNER**—I saw the same newspaper article, which is why I thought I would ask you about it. You mentioned that for a private occasion the Governor-General determined to fly commercially; is that common practice?

**Mr Bonsey**—I am not aware that it has been. I think Governors-General have largely acted in a fairly self-denying way and not engaged in that much travel of a private nature. It is a practical problem: how does one deal with the situation of the private family function that is taking place interstate? I think there has been an element of people not being able to fulfil some private things which they would otherwise have liked to.

**Senator FAULKNER**—So you are drawing a distinction, which I appreciate. You mentioned the example of the wedding. Would the costs for that travel be borne by the Governor-General as opposed to the Commonwealth?

**Mr Bonsey**—Personally, yes.

**Senator FAULKNER**—That is the distinction you are drawing.

**Mr Bonsey**—Yes. There are still some Commonwealth funds associated with it because the AFP close protection people obviously maintain their role. It is not as though it is completely a nil cost. But the actual flight transport costs of the Governor-General are borne personally in that case.

**Senator FAULKNER**—All I am trying to understand is whether there is a standard operating procedure in relation to travel for private circumstances and whether that would be exclusively commercial or VIP travel.

**Mr Bonsey**—I cannot think of any occasion that is exclusively private, of a purely private nature, which has involved VIP travel.

**Senator FAULKNER**—I read in the newspaper that the Governor-General's base is effectively Admiralty House in Sydney; is that right?

**Mr Bonsey**—I hope you saw my rejoinder to that one, Senator.

**Senator FAULKNER**—I saw your rejoinder, yes. What is the situation?

**Mr Bonsey**—As of today, the Governor-General has had 589 nights in office. Of those, 353 have been at Yarralumla, which is 59.93 per cent; 30 of them have been overseas, which is 5.10 per cent; 79 of them, which is including last Friday and Saturday nights, have been at Admiralty House, which is 13.4 per cent, and elsewhere in New South Wales there was just one other night. In Victoria the Governor-General has spent 44 nights, at 7.48 per cent; in Queensland there were 26 nights, at 4.42 per cent; in the Northern Territory there were nine nights, at 1.53 per cent; in Western Australia there were 18 nights, at 3.06 per cent; in South Australia there were five nights, at 0.85 per cent; and in Tasmania there were two nights, at 0.34 per cent. In addition to that, we have counted 22 nights which were basically staying

with friends over the two January periods we have had as holidays—and I do not disclose the location of those—and that makes up 33.7 per cent. In terms of Yarralumla and Admiralty House, we are talking about 353 nights as against 79. So the notion that he is in any way based at Admiralty House is not correct. I suppose the other indicia of where their principal place of residence is would be the fact that Yarralumla is home for them—

**Senator ROBERT RAY**—It is where the cat lives, isn't it?

**Mr Bonsey**—It is where both cats live.

**Senator ROBERT RAY**—That is the definition.

**Mr Bonsey**—That is right. It is where the private photographs are, and that is home; Admiralty House is where they visit when they have cause to be in Sydney.

**Senator FAULKNER**—So how does the proportion of time spent at Admiralty House for the current Governor-General compare to the previous incumbent? Is it of a similar proportion?

**Mr Bonsey**—I think it is slightly more. I have not taken out of the figures for 2000-01, for example. As I think I have explained to the committee on a previous occasion, there is always a certain irregularity in the use of Admiralty House. For example, you might get something like the Olympics and the Special Olympics which would obviously give you quite a peak period down there.

**Senator FAULKNER**—I ask that because I wonder whether there was a measurable increase in travel costs between Sydney and Canberra and Canberra and Sydney that may have had an impact on those expenses that were given publicity in mid-January.

**Mr Bonsey**—I do not think there would be a substantial increase on that. I might take the opportunity to comment, if I may, on the Fleur Anderson story on 13 January in the *Daily Telegraph*, which got quite wide distribution through the rest of that newspaper chain. We can make no sense at all of the figure of \$170,000 spent flying the Governor-General on VIP planes between Canberra and Sydney. On our accounting of paying for invoices to the RAAF we think we paid \$92,092.

**Senator FAULKNER**—So what are the total figures, then?

**Mr Bonsey**—I can come to totals, but that is the amount for Sydney. I just do not know where that \$170,000 that Ms Anderson is writing about came from. Our VIP receipts show \$92,092.

**Senator FAULKNER**—Are you saying that in your view the \$170,000 should be \$92,000?

**Mr Bonsey**—That is correct.

**Senator ROBERT RAY**—Is it based on two-way flights, with the return leg as well? Or is that where the confusion is?

**Mr Bonsey**—It is quite tricky to know whether that comes into the confusion of counting numbers. We do not necessarily know quite what the configuration is. There is also a reference in that article, which is quite incorrect, to 18 one-day visits to Sydney. On looking at the diary we see five one-day visits to Sydney—which may not involve a night at Admiralty House, so they are a different set of statistics altogether. If it is a one-day visit to Sydney then probably the plane has come from here, taken him down, stayed, picked him up and come back, in which case Government House is liable for the flying time for those two visits. On

other occasions, if the plane has had to reposition for him then you get a different combination.

So supposing he has been down in Sydney for three or four days, the plane has probably gone right around the country several times in between but we may well have had to pay for the positioning flights both ways and so that can go in there. At other times, it may be that sort of gap but we will be lucky in terms of there not being a positioning requirement because the Prime Minister has just gone down on a flight, for example, and the plane is there.

The other general point I will make about VIP travel costs is that in a sense all of this is information which you will not be able to ask us in the future. In the future we will certainly be able to give you flying hours but the actual costing for the VIP fleet is now borne directly by Defence, and that will apply to all clients of the VIP fleet.

**Senator FAULKNER**—So what you are saying is that we had better ask today while the going is good.

**Mr Bonsey**—No, you are welcome to ask about usage, obviously, and we will be able to help you with that.

**Senator FAULKNER**—That \$92,000 figure, what period does that cover?

**Mr Bonsey**—That would be covering 2001-02.

**Senator FAULKNER**—That is the financial year 2001-02.

**Mr Bonsey**—Yes.

**Senator FAULKNER**—And you think the figure for flying Canberra-Sydney and Sydney-Canberra is \$92,000, or is this just for Canberra-Sydney?

**Mr Bonsey**—No, I think that figure is for the entirety of our bills which relate in any way to Sydney.

**Senator FAULKNER**—So what is the rest of the picture in terms of VIP costs for domestic travel for the Governor-General in the financial year 2001-02?

**Mr Bonsey**—The total is about \$650,496.

**Senator FAULKNER**—What is the breakdown?

**Mr Bonsey**—The break-up is done alphabetically by capital. The cost for flights to and from Adelaide is \$29,260, for Brisbane it is \$127,204, for Hobart it is \$24,948, for Launceston it is \$20,944, for Melbourne it is \$134,288 and for Perth it is \$65,912. I have already mentioned Sydney. I also have a figure for Williamstown which is \$13,244. I have another column which covers travel elsewhere, and this picks up on the points I was making about travelling to regional and rural Australia. That figure covers travel to Corowa, Townsville, Tamworth, Alice Springs, Coolangatta, Port Augusta, Glen Innes, Cairns, Richmond and some of Western Australia. The total for that is \$142,604.

**Senator FAULKNER**—So the total is \$650,496; is that right?

**Mr Bonsey**—Yes, and that includes GST. It is \$591,360 when GST is excluded.

**Senator FAULKNER**—The figure does include GST so it is \$650,496. What precisely is the definition of this?

**Mr Bonsey**—These are our invoices.

**Senator FAULKNER**—From whom?

**Mr Bonsey**—From the RAAF.

**Senator FAULKNER**—So this relates to travel on VIP aircraft?

**Mr Bonsey**—That is correct.

**Senator FAULKNER**—That is for travel on VIP domestically. For example, you told us about the New Zealand trip and that was not included in your ‘elsewhere’ column. But that may not have been in that period; I do not know when it was.

**Mr Bonsey**—I think the New Zealand trip is accounted for separately.

**Senator FAULKNER**—Let us go to the next category. What is the VIP non-domestic travel cost?

**Mr Bonsey**—The only VIP non-domestic cost during 2001-02, which is the only time we have accounts for, is \$17,744 for the New Zealand trip.

**Senator FAULKNER**—What is the figure for non-VIP travel in this same financial year, so commercial travel in this period?

**Mr Bonsey**—The only figure I can put in for that is \$9,695 of charter costs.

**Senator FAULKNER**—That is the sum total of it?

**Mr Bonsey**—That is the sum total of air travel.

**Senator FAULKNER**—What about other travel?

**Mr Bonsey**—There is Comcar, obviously.

**Senator FAULKNER**—What is that?

**Mr Bonsey**—Comcar for 2001-02, in total, was \$79,832.

**Senator FAULKNER**—What other elements of travel costs are there?

**Mr Bonsey**—They would be the only costs, other than transport within Canberra. Transport to and from Fairbairn is done by our own staff. I do not have a costing for that.

**Senator FAULKNER**—That is the complete picture in terms of the cost of the actual travel?

**Mr Bonsey**—Domestically.

**Senator FAULKNER**—Then you move to the next step, which is accommodation.

**Mr Bonsey**—There would be accommodation, yes.

**Senator FAULKNER**—What are those costs? I am going to add all this up and we are going to decide whether the journalist has been fair or not.

**Mr Bonsey**—For domestic accommodation we are looking at \$35,165. That covers the same period.

**Senator FAULKNER**—This is for the full travelling parties?

**Mr Bonsey**—Yes.

**Senator FAULKNER**—And international accommodation?

**Mr Bonsey**—The comparable figure is \$65,780. That is for 2001-02.

**Senator FAULKNER**—Are there any other elements that fall broadly under travel expenses? We have accommodation and aircraft—special purpose and commercial. Are there any other elements that you have disaggregated in the information before you?

**Mr Bonsey**—Overseas travel, which is basically commercial airfares and some very small travel allowance costs, is \$95,704.

**Senator FAULKNER**—Are travel allowance costs actually included in these figures?

**Mr Bonsey**—They would be. Travel allowance for us is very small in that only incidentals are paid. Taking New Zealand as the best example of a visit, our only costs were the RAAF costs of getting over there. Everything then was provided—in this case by Government House, New Zealand. Travel allowance is not used for accommodation or sustenance of staff.

**Senator FAULKNER**—When we add up all these figures for 2001-02, what is the grand total?

**Mr Bonsey**—The grand total is \$895,280.

**Senator ROBERT RAY**—You mentioned before that this will be the last time you will be in a position to give us figures on this. What is the rationale for moving the cost of this over to the Department of Defence?

**Mr Bonsey**—A government policy decision taken several years ago in the context of acquisition of the new VIP fleet leases.

**Senator ROBERT RAY**—We will ask Defence whether their budget has been properly supplemented for this.

**Mr Bonsey**—It is little bit complicated because of the accounting process, but an amount will from next year be taken out of our base related to five previous years of usage and transferred to Defence. For various accounting reasons that did not happen this year, but we have made them a one-off payment.

**Senator ROBERT RAY**—So if you use it less Defence will have a small profit and if you use it more they will have a small loss.

**Mr Bonsey**—It could work that way, yes.

**Senator ROBERT RAY**—Going through this holiday newspaper article paragraph by paragraph, you talked about 70 nights in Sydney, but that is over a period of more than a year. By my calculations, it would be an average of 50 a year. Is that about right?

**Mr Bonsey**—I can give you the figures for the financial year. Admiralty House was at 48.

**Senator ROBERT RAY**—Can you tell me the total cost of sustaining the operation at Admiralty House?

**Mr Bonsey**—No. I would need to take that on notice.

**Senator ROBERT RAY**—Can you give me a ballpark figure?

**Mr Bonsey**—I hesitate to even do that. There is a small gardening staff and a small housekeeping-custodial staff there. I can give you the cost of those fairly readily. We would have to think fairly carefully about what figures went into a figure being the total cost of Admiralty House—capital use charges, insurance premiums and a small amount of capital works and maintenance spent directly on the house. I am sorry that I cannot give that to you.

**Senator ROBERT RAY**—For the period where there were 48 nights spent, I would like those figures. You might like to further assist me—although I am capable of doing it—by dividing the figure by 48 so that we know how much per night a Governor-General staying at Admiralty House costs the taxpayer. You can read your 48 days in two ways: firstly, it certainly disproves that he is using Admiralty House as his main base of residence; or,

secondly, he is using it so little and the cost is so high it is time to send it back to the Navy. I would like those figures.

**Mr Bonsey**—I think the government of New South Wales would want it back before the Navy.

**Senator ROBERT RAY**—I do not know which one of those two to back these days.

**Senator FAULKNER**—So the total figure for travel for the current Governor-General in 2001-02 is \$895,280?

**Mr Bonsey**—That is correct.

**Senator FAULKNER**—The point of the article that we have all been referring to was a comparison between what is happening now and what occurred during the time when Sir William Deane was Governor-General—that is, financial year 2000-01. What is the figure for Sir William Deane in 2000-01 that correlates to \$895,280 for Dr Hollingworth in 2001-02?

**Mr Bonsey**—The corresponding figure for overseas travel—

**Senator FAULKNER**—No, the total; we can cut to the chase.

**Mr Bonsey**—If you are prepared to round, because I cannot total too quickly, it is \$430,500-odd.

**Senator ROBERT RAY**—Before we go any further, are we talking here about constant dollars or allocated dollars per year?

**Mr Bonsey**—That is the cash—

**Senator ROBERT RAY**—It is not always fair to compare one year with another.

**Mr Bonsey**—Those are in the dollars of the actual year.

**Senator ROBERT RAY**—In the actual year, so we would have to adjust for GST inspired inflationary—

**Mr Bonsey**—That is correct.

**Senator FAULKNER**—I work that out as \$430,500 for Sir William Deane and \$895,280 in the next financial year for Dr Hollingworth. That is a little more than double, is it not? Dr Hollingworth's travel expenses in total are a little more than double what Sir William Deane expended in the previous year.

**Mr Bonsey**—Sir William's overseas travel in 2000-01—all he did that year was to go to Timor for Anzac Day. There is an amount of \$29,120, compared with \$179,228.

**Senator FAULKNER**—I am just trying to get the picture. Were Sir William Deane's total travel costs for 2000-01 \$430,500, give or take a few dollars because it was a quick addition that you made? Is that right or wrong?

**Mr Bonsey**—That is correct.

**Senator FAULKNER**—Is Dr Hollingworth's total travel costs for 2001-02 \$895,280?

**Mr Bonsey**—Yes.

**Senator FAULKNER**—Are we comparing oranges with oranges?

**Mr Bonsey**—Yes, I think we are, Senator.

**Senator FAULKNER**—Is not Dr Hollingworth's expenditure on travel a little more than double that of Sir William Deane in the previous year?

**Mr Bonsey**—That seems to be the arithmetic, Senator.

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**Senator FAULKNER**—Thank you, Mr Bonsey. Was Dr Hollingworth, in the year 2000-01, expending on average \$2,452 a day on travel?

**Mr Bonsey**—I do not have that figure.

**Senator FAULKNER**—Take my word for it. Was Sir William Deane spending in the previous financial year \$1,180?

**Mr Bonsey**—I will take your word for it again, Senator. I have never understood why a daily rate is all that relevant to travel.

**Senator FAULKNER**—Fair enough; let us not worry about the daily rate. I will worry about an annual rate—that seems to be a clear comparison. The general thrust of what was being argued in some newspapers in the middle of January this year does seem to have an element of truth about it, does it not?

**Mr Bonsey**—The figures speak for themselves.

**Senator FAULKNER**—In other words, the current Governor-General, in the first financial year during which he was in office, spent more than double what Sir William Deane spent in the last year he was in office.

**Mr Bonsey**—Yes, Senator; I think you said that.

**Senator FAULKNER**—So the statements made in the press article we have both referred to that Mr Hollingworth's office racked up almost a million dollars on travel in the first 12 months in the job were pretty accurate, were they not?

**Mr Bonsey**—Apart from the fact that that was talking about the office and that that figure came from our response to what were the office costs, including the Governor-General's travel and we provided a figure that expenditure on travel for the entirety of the office was \$978,454. That is different from the Governor-General's own travel.

**Senator FAULKNER**—Okay. So far, we have been able to establish that, in Dr Hollingworth's first year as Governor-General, he spent more than double the amount on travel that Sir William Deane spent in his last year of office.

**Mr Bonsey**—Yes.

**Senator FAULKNER**—What about this article in the *Adelaide Advertiser*? I do not read it very often but it was drawn to my attention, I quickly add, Mr Bonsey, because I do not want you to criticise me and suggest that I regularly read the *Adelaide Advertiser*; I do not. The article says that renovations to the Governor-General's Lakeside Suite at Yarralumla cost \$300,000. Is that right or wrong?

**Mr Bonsey**—That is the total of the building and consultancy contracts relating to the refurbishment of the Governor-General's apartment.

**Senator FAULKNER**—At Yarralumla?

**Mr Bonsey**—Yes, at Yarralumla.

**Senator FAULKNER**—Is the Governor-General's apartment at Yarralumla called the Lakeside Suite?

**Mr Bonsey**—That is correct.

**Senator FAULKNER**—Can you disaggregate that figure of \$300,000, please?

**Mr Bonsey**—I can. Before doing so, it might be useful for you to have an appreciation of what the Governor-General's apartment consists of. There is a marked distinction at

Government House, probably more than at any of the other official establishments, between the part of the house that His Excellency and Mrs Hollingworth live in day to day and the rest of the house. Working from west to east, the suite comprises a small kitchenette, a living room of fairly modest dimensions, a longish, narrow bedroom and a combination of dressing rooms and a bathroom. That is about the area. The suite had not had any attention for the best part of 12 years and clearly needed to be refurbished quite substantially.

There were a number of very specific design defects with the configuration of the suite. Specifically, you came in through a set of doors from the passageway, and the doorway to His Excellency and Mrs Hollingworth's bedroom was immediately on your right. So, in terms of privacy for His Excellency and Mrs Hollingworth from staff coming into the suite, there was a significant problem. The living area was quite seriously confined in its practical liveability—to use a horrible word—by two quite large pillars, not in the middle but seriously constraining the size of the living area. The bathrooms and dressing room were very awkwardly configured and well in need of repair on an equipment and furnishing level. To give a specific example, Mrs Hollingworth, Lady Deane or Mrs Hayden had to shower in what was in effect a spa bath, which you had to actually climb over quite awkwardly to get into. That was quite a significant defect.

The sum total of that was that, when it came to be looked at, it was well worth doing a substantial renewal job on the flat which involved a considerable amount of engineering and architectural work—replacing doorways, moving walls, basically changing a situation where there had been two bathrooms and a dressing-room for one of their Excellencies into a situation where there were two dressing-rooms and a bathroom with access through them. Another defect which I should have mentioned was that outside there is a very fine sort of deck on the western side of the suite to which access—by going out onto another deck—was very hard to obtain.

**Senator FAULKNER**—I am sure the violins are out.

**Mr Bonsey**—Thank you. It was decided to put a french window in there, which has had the effect of opening it up, and reducing the extent to which the apartment has a bit of that tunnel effect that you can get in apartments. So a lot of attention went into the architectural and construction work which was necessary on that. The amount of capital works—there was a total of—

**Senator FAULKNER**—Before you go on, let me stop you there. You have just outlined in extraordinary detail what the situation was before the refurbishment. That is fair enough, albeit a bit defensive, because I certainly have not criticised what has occurred—yet.

**Mr Bonsey**—I suppose I just wanted to correct the notion that has existed in the media that it was just the bedroom or just something to do with bedrooms and bathrooms.

**Senator FAULKNER**—When was that refurbishment that you are talking about done?

**Mr Bonsey**—It was done over this time last year. It was started in December and finished in late February.

**Senator FAULKNER**—No, I am talking about the inadequate one, the old one.

**Mr Bonsey**—Oh, the previous one—it would have been done at different times. I think the most recent work had been done about 12 years previously.

**Senator FAULKNER**—That was the 1991 refurbishment.

**Senator ROBERT RAY**—That refurbishment must have been totally botched, from your description.



**Mr Bonsey**—No, well—

**Senator ROBERT RAY**—It must have been. You have described all these faults of design and stupidities of layout. What was Sir David Smith doing?

**Mr Bonsey**—Those defects were different ones. I do not know what was done specifically in 1991. A lot of the things I have described have been of a longer standing than that.

**Senator FAULKNER**—As I say, I am sure there are a lot of violins playing, but can we now go to the disaggregation of the costs for the lakeside suite?

**Mr Bonsey**—Yes, the main contract was to the building contractor, and that was worth \$226,655.

**Senator FAULKNER**—What did that involve?

**Mr Bonsey**—That would have been the actual carrying out of all the building works.

**Senator FAULKNER**—It was tendered for, of course, at that cost?

**Mr Bonsey**—That was a select tender, yes.

**Senator ROBERT RAY**—Did it come in on time?

**Mr Bonsey**—I think it did probably.

**Senator ROBERT RAY**—This is important. You have found a renovator—Senator Conroy would love to hear this—that actually delivers on time, have you?

**Senator CONROY**—I definitely want his name.

**Senator ROBERT RAY**—Senator Patterson and a whole range of people would also love to know the name.

**Mr Bonsey**—My recollection is that it was on time, yes.

**Senator CONROY**—Just send me the name.

**Mr Bonsey**—And then basically making up the balance of the amount were fees to architects, designers, engineers and quantity surveyors, of \$73,335.

**Senator FAULKNER**—You have given us a huge litany of faults. What is it like now? What did you get for the \$300,000? What did their Excellencies get for \$300,000? What did the Australian people get for \$300,000?

**Mr Bonsey**—For \$300,000—

**Senator FAULKNER**—Sorry, is my maths wrong again?

**Mr Bonsey**—No.

**Senator FAULKNER**—I am only out by about \$10, I think.

**Mr Bonsey**—No, there is no quibble with that. I could probably list the most extensive things which were done. There was a re-engineering of the steel work so that the pillars could be in one case removed and in another case narrowed. So the main living area no longer has the confined effect that it previously had. As I said, a new set of French windows was installed out to the west onto a deck, which has greatly increased the light coming in through the side of the building. Then there was a substantial reconstruction and reconfiguration of the wardrobes, the dressing rooms and the bathroom. There is now a well-designed, satisfactory bathroom, and there are separate dressing areas and more logically placed wardrobes and so on. Plus, there was redecoration—curtains, carpets—in a very satisfactory, modern aesthetic. It has been well done and Their Excellencies are very pleased with it.

**Senator FAULKNER**—So the cost of furnishing and furniture and so forth is included in the \$300,000?

**Mr Bonsey**—No. Some furniture is separate.

**Senator FAULKNER**—I see. What about furnishings? Is that separate or included—curtains and carpets and so forth?

**Mr Bonsey**—The carpets are included. The curtains—they are actually a very light sort of window blind/window treatment—are separate.

**Senator FAULKNER**—But they are included?

**Mr Bonsey**—No, the main carpet is included.

**Senator FAULKNER**—Carpets are included, right?

**Mr Bonsey**—Yes.

**Senator FAULKNER**—Are curtains included?

**Mr Bonsey**—No, Senator.

**Senator FAULKNER**—Blinds are not included.

**Mr Bonsey**—No. There is a range of those other things which—

**Senator FAULKNER**—And furnishings are not included?

**Mr Bonsey**—It depends on what you mean by ‘furnishings’, but no.

**Senator FAULKNER**—Or furniture. Tell us about the furniture.

**Mr Bonsey**—There is a total of \$45,000 additional which covers the entirety of furniture and soft items other than the main carpet, which is included in the main contract with the builder.

**Senator FAULKNER**—Does that \$45,000 include any new items of furniture?

**Mr Bonsey**—Yes.

**Senator FAULKNER**—What is that? Can you disaggregate the \$45,000 for us so that we get the full picture? I hope you wrote to the journalist concerned to say that they in fact underestimated the amount of expenditure in this case. You wrote to the other journalist saying that you felt that they had overblown the travel costs. I hope you wrote to the journalist who wrote the article in the *Adelaide Advertiser*, saying—

**Mr Bonsey**—I gave up writing to journalists a long time ago.

**CHAIR**—Well said, Mr Bonsey.

**Mr Bonsey**—There are a number of smallish items. I do not know if you want me to go through the list of table lamps, armchairs, Moran furniture and particular types of square-leg tables and things like that.

**Senator FAULKNER**—Yes. Just give us the full picture.

**Mr Bonsey**—It is \$45,096.

**Senator FAULKNER**—What is the disaggregation of the \$45,000, please?

**Senator ROBERT RAY**—I think Senator Faulkner is looking for general categories—maybe curtains and blinds, major furniture and minor furniture. They would probably be the three categories.

**Mr Bonsey**—It will take me a little while. I am not sure that the list fits into those sorts of categories. It is probably quickest for me to run down the total. There is one item which we have capitalised and that is a rug valued at \$5,909. That is an elaborate Turkish carpet.

**Senator FAULKNER**—It sounds beautiful.

**Mr Bonsey**—Then there is a Saville quilt and two Saville cushions at \$801; some of the bathroom fittings, including soap dishes, at \$215; window treatments for two entries at \$1,668.16 and \$2,676; fabrics for curtains at \$2,124; linen at \$742 and another related amount for \$283; table lamps with white shades and white gloss bases at \$290; a bedhead at \$800; a combination of armchairs and ottomans at \$5,202.73; a round coffee table with a white base and a marble top at \$1,632; floor lamps with white shades, table lamps with white shades and some other table lamps—a total of nine items—at \$4,542.50; another table at \$1,854; some more fabric at \$151; and some more fabric at \$1,764. Then the main armchairs—

**Senator FAULKNER**—Are any of these chesterfields?

**Mr Bonsey**—No. These particular ones I am coming to are Moran.

**Senator FAULKNER**—No chesterfields; that is good!

**Mr Bonsey**—There are two couches, two armchairs and a delivery charge at \$6,660; some more fabric at \$1,218; more fabric at \$204; more fabric at \$266; some low-backed dining chairs with arms at \$1,855; and three square-legged tables at \$4,200. That gives, as I said, a total of \$45,096.

**Senator FAULKNER**—Another thing that the press seemed to get wrong was the cost of the refurbishing of a room to make a chapel. That was another foul-up by the media, wasn't it?

**Mr Bonsey**—That was interesting. I was a bit concerned when I saw the edition on the Internet and the edition which came out of Adelaide, because it referred to \$12,000. They meant \$1,200, and they corrected it on the Internet very quickly.

**Senator FAULKNER**—So the cost of the chapel work was \$1,200.

**Mr Bonsey**—Yes.

**Senator FAULKNER**—What did that involve?

**Mr Bonsey**—The chapel cost was the replacement of some tapestry panels with some plain wood panels.

**Senator FAULKNER**—That was basically just picking up a room that was not used for very much at all?

**Mr Bonsey**—As I think we previously discussed, it was a private study for Mr Hayden and Sir William. All that was involved was removing some furniture from it and those changes to the panels.

**Senator FAULKNER**—Has the current Governor-General got a different place for his private study, or does he not have a private study?

**Mr Bonsey**—He uses the office or he works in his apartment. He sometimes uses the study downstairs that you would remember.

**Senator FAULKNER**—Is the chapel consecrated?

**Mr Bonsey**—No. I think that is technically why the Governor-General never refers to it as a chapel.

**Senator ROBERT RAY**—Does he call it a meditation room, or what does he call it?

**Mr Bonsey**—A prayer room or an oratory but not a chapel.

**Senator ROBERT RAY**—Is Government House wired up for cable TV or not?

**Mr Bonsey**—No, it is not. We have very dated telecommunications connections out there, which we are addressing because it is a problem for us in terms of IT connections and so on.

**Senator ROBERT RAY**—His Excellency is welcome to watch the World Cup down here. You might pass that on to him.

**Senator JACINTA COLLINS**—Mr Bonsey, all of those costs you went through are related to fabric. Where is the cost of what was done with the fabric?

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

**Senator JACINTA COLLINS**—It is included in the 45?

**Mr Bonsey**—It is all included in there but whether there were separate bills for the provision of the fabric and the putting of fabric on chairs or whatever was involved I do not know.

**Senator JACINTA COLLINS**—Making curtains.

**Senator FAULKNER**—In relation to Yarralumla, the only major work that has been done is what we have just been talking about—the refurbishment of the lakeside suite?

**Mr Bonsey**—The figure of \$299,000 that I gave you, which is that of capital works, is a subfigure of the figure of \$516,574, which was the total spent in 2001-02.

**Senator FAULKNER**—There is that \$300,000. What are the other major elements of it? There was some new wiring from memory, wasn't there?

**Mr Bonsey**—I can run through those. We have rebuilt a set of garages in colourbond metal, which was \$18,918. In the last financial year, we paid \$2,756 for the erection of some new garages, which will be largely used for storage purposes. We have very complicated arrangements for our power supply depending on whether it is coming from Deakin, Curtin or from Yarralumla. We paid \$76,320 for the supply and installation of load shedding facilities, other work on main switches and to Northrup consultants. There was \$7,952 left over from some work done on the Bravery Garden plaques from a previous year. We spent \$15,342 on the possible redevelopment of the accommodation of the Honours Secretariat, which is only at the sort of schematic scoping stage. Admiralty House—

**Senator FAULKNER**—There is the sandstone paving, isn't there?

**Mr Bonsey**—There is the sandstone paving where we spent \$43,916. That is the steps around on the veranda.

**Senator FAULKNER**—What is the square meterage of that? I was wondering about that. It seemed a lot of money but it depends on how much sandstone paving you get for your trouble.

**Mr Bonsey**—Square meterage would be helpful for the front step that used to be a very badly drained area, which is now a flat sandstone sort of arrival area. I would guess that to be six or seven square metres. The steps are far harder to calculate in square metre terms because they fit onto each other. One of the sets of steps goes to an area—

**Senator FAULKNER**—So it is not paving; it is actually new steps as well.

**Mr Bonsey**—Mostly it is new steps, but there is a small area of paving outside the front door. We have spent \$8,089 on redoing an equipment store down at Admiralty House. There was another amount of \$225 which also went with that. We have also had quite a bit of architectural and engineering work done on the removal of the old offices at Government House. Part of the construction work that Bill Hayden did meant that the north-east corner of Government House just past the porte-cochere is now redundant. That part of the building is weatherboard and consideration is being given to the removal of that.

**Senator FAULKNER**—One thing that I think all senators would have been delighted to hear is that the Governor-General has given support to some Canberra bushfire victims. I am sure that would be acknowledged and supported by all. The costs involved in that, I assume, will be borne by the office?

**Mr Bonsey**—The office is bearing the costs of that. One family is actually in the cottage—they have use of a kitchen and they are able to bring in their own food and so on. But we are not charging them rent.

**Senator FAULKNER**—How many families have you been able to help?

**Mr Bonsey**—We have a family in the cottage and a couple of people in the house. We are expecting that there may be some more approaches shortly. The people in the house obviously do not have access to kitchen facilities, so we are giving them breakfast, a packed lunch and dinner.

**Senator FAULKNER**—Can I ask you about an article that was in the newspaper today—no doubt you would have seen it.

**Mr Bonsey**—Is this Greg Roberts's article in the *Sydney Morning Herald*?

**Senator FAULKNER**—Yes, I believe that is correct. I thought I might ask you about the background to that. Was the Governor-General asked to appear before that inquiry into complaints of child sex abuse in the Brisbane diocese of the Anglican Church? I am sure you are aware of the article.

**Mr Bonsey**—I am aware of the background. I suppose I want to preface any remarks with a considerable note of caution. The inquiry is being run by the Anglican Church and I think Dr Hollingworth has indicated publicly that he is prepared to cooperate fully with it. As to how the inquiry is conducting itself and the processes of the inquiry, while I am obviously broadly aware of what is going on, it is not something that I have any involvement in, really, in my official capacity. It is being handled very much by Dr Hollingworth in his private capacity. So I am even a bit hesitant about answering questions on whether he has been asked to appear. The answer to that question is no, the inquiry is proceeding on the basis of extensive exchange of written material. Dr Hollingworth has indicated his full preparedness to cooperate in whatever way the inquiry wishes. The conduct of an inquiry is very much up to the inquirers to determine for themselves.

**Senator FAULKNER**—That is the key point, Mr Bonsey. I ask whether you are able to give this committee an assurance that no public moneys would be spent on any matter relating to the inquiry. I think that effectively is what you are saying—that the office of the Governor-General has no involvement at all.

**Mr Bonsey**—The office has no involvement, although clearly to the extent that telephone calls are received, that papers come through and faxes and letters have to be typed, there is that contribution, but it is not as though there is any greater contribution than that.

**Senator MURRAY**—So no travel or legal costs?

**Mr Bonsey**—I do not think there are any travel costs associated with the inquiry and there are no legal costs incurred by the office relating to the inquiry.

**Senator FAULKNER**—Can I ask about the comments that the Governor-General made with the predeployment of defence personnel on HMAS *Kanimbla*. You would be aware, Mr Bonsey, that there was controversy about those particular comments. According to reports, the Governor-General said, ‘Look, it’s something that’s got to be done and you have our prayers, our backing, our support. I think it’s a matter of putting pressure on this dictator.’ Are you able to confirm whether the Governor-General did say that at the time the *Kanimbla* was waved off?

**Mr Bonsey**—I was there, Senator. I did not specifically hear them, although my understanding is that these were live extracts from Channel 7 and Channel 9 sources. I do not have any reason for doubting the accuracy of the quotes.

**Senator FAULKNER**—You are aware of the media coverage those comments received.

**Mr Bonsey**—That is right.

**Senator FAULKNER**—Is it normal for a governor-general to state an opinion about such a matter?

**Mr Bonsey**—I think what the Governor-General was doing in both those remarks was expressing his support for the troops and sailors as they were departing. You can get into textual analysis of particular remarks, but I was very interested to hear the reaction of one of my quite junior staff, a former sailor, who, on hearing the Channel 7 report saying that this was something that had to be done, said that basically saying that to a sailor who has their orders to travel is no more than a statement of the obvious. I also think that the further remark—

**Senator FAULKNER**—‘I think it is a matter of putting pressure on this dictator’?

**Mr Bonsey**—Yes. In the context of being supportive to troops, I think that that remark can well be interpreted as, ‘I think it’—the government’s decision—‘is a matter of putting pressure on Hussein.’

**Senator BRANDIS**—That description was the very mission on which the troops were embarking.

**Mr Bonsey**—That was precisely what they were doing. I hope you are also aware that I put out a statement, very shortly after some of the media coverage and after Senator Bob Brown expressed his concerns. I will read it briefly:

Reference has been made in the media to remarks made by the Governor-General at yesterday’s farewell of HMAS *Kanimbla*. These remarks have been interpreted by some commentators as indicating support for the Government’s decision to deploy members of the Australian Defence Force on a contingent basis to the Persian Gulf.

The Governor-General, as Commander in Chief, was present at Garden Island to support the members of the ADF being deployed, together with their families and loved ones, as they carry out the decisions of the Government. The Governor-General, of course, expresses no view about the partisan political issue of whether the deployment should or should not take place at this time.

**Senator FAULKNER**—Did that statement get much coverage, Mr Bonsey?

**Mr Bonsey**—A bit.

**Senator FAULKNER**—Nothing like the original, I suppose.

**Mr Bonsey**—No.

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**Senator FAULKNER**—Has the office of the Governor-General been involved—we have discussed this at a previous estimates hearing and I do not want to go back over old ground—in getting any advice, apart from your internal advice, for the Governor-General? Have you sought any further advice on media operations in the broad?

**Mr Bonsey**—The Governor-General consults and speaks to a lot of people in the ordinary course of daily life; no doubt he receives all manner of advice. I think the bottom line of the question you are asking is whether any taxpayer funds have been spent on any such advice, and the answer is no.

**Senator FAULKNER**—So who is he receiving advice from? All manner of people!

**Mr Bonsey**—There would be friends and acquaintances who would offer him advice.

**Senator FAULKNER**—That is different from expert advice, though, isn't it?

**Mr Bonsey**—Friends may have expert advice.

**Senator FAULKNER**—There is not a lot of evidence of it.

**Mr Bonsey**—Thank you, Senator.

**Senator FAULKNER**—It is a serious point. How many currently are in the media operations or in public relations at Government House?

**Mr Bonsey**—What do you mean by 'operations'?

**Senator FAULKNER**—That is a very good question you ask, Mr Bonsey. What staff are involved in managing the Governor-General's relations with the press?

**Mr Bonsey**—As of today it is Mr Davidson here and I, in that another staff member has recently taken up an offer of employment.

**Senator FAULKNER**—Mr Davidson, what is your major responsibility?

**Mr Davidson**—On a day-to-day basis I am the branch manager of the executive branch, which looks after everything from the forward program of events and household operations here and in Sydney to the rest of the administrative staff, invitations officers and PAs at Government House.

**Senator FAULKNER**—I think I had that general understanding. Do you have any particular expertise or experience in handling the media?

**Mr Davidson**—On a formal basis, no. Any advice that I would provide would be practical advice from a layman's point of view.

**Senator FAULKNER**—What about you, Mr Bonsey? What is your experience or expertise or qualifications in handling the media?

**Mr Bonsey**—No more and no less than the experience one gains in 28 or 29 years of working as a public servant in some organisations that have had a certain amount of dealing with the media. I noted recently the sad death of Bruce Juddery; his is a name I remembered from very early days in the Public Service world when he was first developing the newspaper interest in public administration matters.

**Senator FAULKNER**—In other words, the two people responsible now for handling media and public relations for the Governor-General have no experience in, with or for the media.

**Mr Bonsey**—Until Friday we did. We now have a vacancy and we will be filling that appropriately.

**Senator FAULKNER**—Are you able to say how embarrassed the Governor-General was with the publicity surrounding the events?

**Senator BRANDIS**—With respect, Mr Chairman, I do not think that is a proper question. How can this man fairly be asked to comment on how embarrassed the Governor-General was about something. It is objectionable on two bases: first of all, because it is not relevant to the consideration of budget estimates; secondly, because this man cannot speak to that issue anyway.

**CHAIR**—I think you are going a bit far, Senator Faulkner.

**Senator FAULKNER**—Let me rephrase the question then, Mr Chair. Mr Bonsey, has the Governor-General asked your office to take any action as a result of the publicity that surrounded his comments at the time of the deployment of the *Kanimbla*?

**Mr Bonsey**—I do not know that—

**Senator FAULKNER**—Apart from your statement—that was authorised by the Governor-General, I assume.

**Mr Bonsey**—A statement was issued by me in consultation with the Governor-General.

**Senator FAULKNER**—So who wrote the statement?

**Mr Bonsey**—I wrote the statement.

**Senator FAULKNER**—You wrote it and you showed it to him?

**Mr Bonsey**—I read it to him.

**Senator FAULKNER**—Whose idea was it to write the statement—yours?

**Mr Bonsey**—Mine.

**Senator FAULKNER**—So you decided that you would write a statement, you wrote a statement and you read it to the Governor-General?

**Mr Bonsey**—Yes.

**Senator FAULKNER**—Did he make any changes?

**Mr Bonsey**—I cannot recall.

**Senator FAULKNER**—Well, put your thinking cap on, Mr Bonsey, and just tell us. Did he make any changes—or not—to your draft statement?

**CHAIR**—Senator Faulkner, I think this is also a little bit beyond—the internal workings of a press memorandum are—

**Senator FAULKNER**—Look, I would not have gone down this track, but of course Senator Brandis took a point of order so I have had to come at this a different way. We would be well past it except for Senator Brandis's intervention. I keep saying to you and Senator Brandis, 'Just take it cool.' I am now asking a question whether the Governor-General changed any words in the draft statement. I ask it seriously and I expect an answer. It is totally proper to ask such a question. And if you do not want me to ask those sorts of questions, Senator Brandis should not be interrupting.

**CHAIR**—Senator Faulkner, we do not usually go down those lines in this committee.

**Senator FAULKNER**—Yes, we do.

**CHAIR**—The internal workings—

**Senator FAULKNER**—Yes, we do, with respect to you.



**CHAIR**—Well, not in this committee, not for the last couple of years while I have been here.

**Senator FAULKNER**—Well, I think we do, and we certainly are now. So, Mr Bonsey, my question is: were any changes made to the draft that you took the initiative to write and read to the Governor-General?

**Mr Bonsey**—Mr Chair, I take the approach on this that would be the approach taken by the head of any department or any senior public servant if they were asked whether some drafting that had been done for their minister had been accepted or changed by the minister. I think it is a longstanding understanding that that level of advice is not the subject of public disclosure.

**Senator FAULKNER**—I will let that pass, Mr Bonsey. Anyway, what we know is that you took the initiative to write the statement—you have told us that.

**Mr Bonsey**—Yes.

**Senator FAULKNER**—Why did you take that initiative?

**Mr Bonsey**—Because I thought that there was misunderstanding and misinterpretation developing in the media. I think people were taking the Governor-General's views as something which they were not.

**Senator FAULKNER**—When did you take that initiative, Mr Bonsey?

**Mr Bonsey**—The statement went out on the 24th, which was the day after the farewell of the *Kanimbla*.

**Senator FAULKNER**—Yes, but why did you decide to do this? Was it as a result of the publicity?

**Mr Bonsey**—It was as a result of it becoming a public concern. I think there was a press conference at which Glenn Milne put remarks to Senator Brown. So as soon as I heard of that I thought it sensible to clarify.

**Senator BRANDIS**—Mr Bonsey, there will be occasions, no doubt, when remarks by the Governor-General are reported in the press which are either misattributed or in your judgment mischaracterised. When that happens, is it commonplace for you or your predecessors in your position to issue statements of that kind to clarify or set out accurately the position?

**Mr Bonsey**—I do not know that I would describe it as commonplace, but it would certainly happen from time to time.

**Senator FAULKNER**—So could you give us another example, please.

**Mr Bonsey**—I am not sure that I can right off the top of my head.

**Senator FAULKNER**—You cannot give us another example even though it is commonplace?

**Mr Bonsey**—As I said, I am not sure that it is commonplace but I think it happens from time to time.

**Senator FAULKNER**—Surely you would know, in your own experience of your time as the secretary of the office of the Governor-General, whether you have ever taken the initiative to draft a media statement. Have you ever done it before?

**Mr Bonsey**—I have certainly drafted a number of media statements. They would normally be about particular events, or expressing—

**Senator FAULKNER**—Have you done it on your own initiative, without having a conversation with the Governor-General, about a matter of public notoriety involving the Governor-General? You would surely be able to tell us whether you have ever done that.

**Mr Bonsey**—Sorry, I do not understand your reference to ‘without a conversation with the Governor-General’.

**Senator FAULKNER**—You informed the committee that you took the initiative to draft a statement.

**Mr Bonsey**—Yes.

**Senator FAULKNER**—At a later stage, with a drafted statement, you read that statement to the Governor-General. That is correct, isn’t it? That is what you told us.

**Mr Bonsey**—That is correct. I am not saying that I did not also have a conversation with him, either as I was drafting it or even before I was drafting it, to say, ‘I think it might be a good idea for me to put out a statement making sure that these misinterpretations are dealt with.’

**Senator FAULKNER**—Senator Brandis raises the point about whether this is commonplace or not.

**Mr Bonsey**—It is not commonplace in terms of—

**Senator FAULKNER**—In fact it is unprecedented, isn’t it?

**Mr Bonsey**—No, I do not know that it would be unprecedented.

**Senator FAULKNER**—Is there a precedent?

**Mr Bonsey**—I am sure there would be, but I would need to—

**Senator FAULKNER**—I am not sure of that at all.

**Mr Bonsey**—The more common situation in which that would apply would be in a conversation directly with the media where there was some misunderstanding developing and one would correct it.

**Senator FAULKNER**—It is a very good point that Senator Brandis raised, and I am glad he did, so that we have established whether there is any precedent for such a statement. Apart from your conversation with the Governor-General, did you seek counsel with anyone else, or receive counsel, on the advisability or otherwise of putting out such a statement?

**Mr Bonsey**—No.

**CHAIR**—As there are no further general questions or specific questions relating to output 1.1 or output 1.2, I thank you very much, Mr Bonsey and officers, for your assistance this afternoon.

**Proceedings suspended from 12.38 p.m. to 1.44 p.m.**

**Department of the Prime Minister and Cabinet**

**CHAIR**—I call the committee to order and call the witnesses from the Department of the Prime Minister and Cabinet. I warmly welcome Senator Hill, the Minister for Defence, Mr Metcalfe and officers from the department. Senator Hill, do you wish to make an opening statement?

**Senator Hill**—No, Mr Chairman.

**CHAIR**—We will start with general questions from Senator Faulkner.

**Senator FAULKNER**—I have a question or two arising from an answer to a question on notice about a Department of Foreign Affairs and Trade cable in relation to the SIEVX—that is, F&PA No. 134, to identify the question number for the benefit of Mr Metcalfe. Where in the Department of the Prime Minister and Cabinet was that particular cable received, Mr Metcalfe? I note that the former secretary to the department, Mr Moore-Wilton, was one of the list of recipients and that the Prime Minister is a listed recipient. Mr Moore-Wilton is listed with the word ‘action’. I do not know if that is different from a range of others. Mr Metcalfe, can you help us, please?

**Mr Metcalfe**—My understanding is that all cables to the department are received within the International Division of the department, which has the necessary communications contacts with the Department of Foreign Affairs and Trade. In this case, a copy would have gone to the then secretary, and a copy would have gone to the relevant area of the department responsible for dealing with the issues associated with illegal immigration.

**Senator FAULKNER**—Do we know when the cable we are referring to was received? We know when it was sent.

**Mr Metcalfe**—I imagine it was received soon thereafter. We would have to check as to precisely when it was received in the department and when it was passed on—along with many other cables, I suspect—to the action area, which was in the Social Policy Division.

**Senator FAULKNER**—The People Smuggling Task Force is not specifically identified in relation to the action or recipients of this particular cable, or at least I was not able to identify it. Is someone able to tell me whether the task force would have received a copy of this?

**Mr Metcalfe**—I can speak as a former member of the task force in my previous department. To my knowledge, the task force was never identified as a particular entity for the receipt of cables; rather, the constituent members of the task force would have received relevant cables in their normal course of action. For example, there is probably a copy here that would have gone to the Department of Immigration and Multicultural and Indigenous Affairs, and I would have seen that copy. The copy that came into the Prime Minister’s department would have been dealt with by the people involved with the task force in that department.

**Senator FAULKNER**—The cable’s classification is ‘restricted’, which is basically the lowest classification.

**Mr Metcalfe**—That is correct.

**Senator FAULKNER**—So we can say that it did not go to the People Smuggling Task Force. We can also say that it may have come across the desk of individuals who may have been members of or who were attending task force meetings. Is that the status?

**Mr Metcalfe**—That is correct. There was no address as far as cable distributions to the task force as an entity, but the key people on the task force would have received the cable, as you can see from the distribution list. At the back I think we have the department of foreign affairs version of the cable, and the personal names that appear there are essentially the senior officers within the Department of Foreign Affairs and Trade. The cable would have gone to other departments and agencies such as Coastwatch, Immigration and so on.

**Senator FAULKNER**—If you look at the second sentence of the cable, at the start of the summary, it says:

The SIEV is believed to have foundered in rough seas to the south of Sunda St within the Indonesian maritime search and rescue area of responsibility.

From your knowledge, would you agree that that area is in international waters?

**Mr Metcalfe**—I do not think that sentence allows you to draw a conclusion as to exactly whose territorial waters it was or whether it was international waters; it simply says that it was south of the Sunda Strait—the key passage between Sumatra and Java. And it was certainly within the Indonesian maritime search and rescue area.

**Senator FAULKNER**—Let us go to a more specific reference in paragraph 6 of the cable, which reads:

The exact position of vessel at the time of sinking is unknown, but it is judged as no further south than 8 degrees south latitude on a direct line from Sunda St to Christmas Is.

Does that help?

**Mr Metcalfe**—Again, I do not have the information in front of me as to where Indonesian waters started or finished or what were international waters. The cable says that it was eight degrees south; I just do not know where that puts you on a map. I do know that other committees have extensively looked at the position and the location of the vessel, but this was a report contemporaneous with the initial reports of the rescue, I think, based on some debriefings from some of the other passengers. At that time, this was the information we have as to where it had occurred, but I suspect that the parliament has heard a lot more information and opinions as to exactly where the vessel was.

**Senator FAULKNER**—Yes, but now we have a copy of the cable as a result of the answer to a question on notice that has only effectively just been received that lends further evidence to the fact that this vessel sank not in Indonesian waters but in international waters and that this information was passed to the Department of the Prime Minister and Cabinet. That is why I am interested in understanding what happened to the cable once it got there. You say that it would have gone to the appropriate area. Is it possible to track down which PM&C officers would have had responsibility for dealing with this cable?

**Mr Metcalfe**—Certainly we can undertake to try to find out precisely who saw it and when. A restricted level cable of this nature would be logged as to where it was sent to, precisely who saw it and precisely the time they saw it. I will just have to check back and see whether there is information that goes to that degree of specificity.

**Senator FAULKNER**—What about Mr Moore-Wilton's copy of the cable? What would happen there? Would it go directly to him, would it go to an executive assistant or what?

**Mr Metcalfe**—It would go to his executive assistant, who would then forward the cables on to him. Just because his name is mentioned does not mean that automatically he would see the cable. As you can imagine, there are hundreds of cables every day about many different subjects. So we would have to check specifically as to whether this particular cable was seen by him. Ms Halton was the relevant executive coordinator and chair of the task force at the time. Similarly, her executive assistant would have received a copy, and I imagine that she would have seen it. The officers within the Social Policy Division who were supporting the task force I imagine would have seen it. To the extent we can, we can try to track down who saw it and when they saw it.

**Senator FAULKNER**—So what are we to make of the fact that all of these cables have Mr Moore-Wilton noted as an action officer—that he does not see them at all?

**Mr Metcalfe**—I am not saying that; I am just saying that we would have to check, because there are many cables and only a small number would require the personal attention of the secretary. Just because someone in the classification area within Foreign Affairs decides that

something needs to be actioned by the secretary does not mean that it necessarily needs to be actioned by the secretary. That decision is taken within PM&C.

**Senator FAULKNER**—But you surely would accept that this is an issue that became very prominent during a highly sensitive period of the political cycle—namely, during an election campaign—about a matter that received a lot of comment and more than a little notoriety.

**Mr Metcalfe**—It certainly was a very significant issue when it happened. I do not want to get into a discussion about whether something did or did not happen, because I was not there at the time and I cannot answer directly. But I can certainly check as to who saw it. It is very likely that Mr Moore-Wilton would have seen the copy—he was certainly closely interested in these issues—but I would need to take that on notice.

**Senator FAULKNER**—We do know of course that during the campaign the Prime Minister said on Radio 6PR with Paul Murray on 23 October 2001 that the vessel sank in Indonesian waters. We know he said the same thing on 23 October in the announcement of the government's border protection policy at Observation City, Scarborough. We know the date of this cable. Even if those two comments about the vessel sinking in Indonesian waters predate the receipt of the cable, the Prime Minister's repeating that the boat sank in Indonesian waters to Liam Bartlett on Radio 6WF on 24 October, on the *Today Show* on Channel 9 on 29 October 2001 and in his address to the National Press Club during the question and answer period just a couple of days before the election, on 8 November 2001, certainly do not. On each of those occasions, Mr Howard said again and again that the sinking of this boat occurred in Indonesian waters, when there was a cable that went to him—to the Prime Minister's office—and to the Secretary of the Department of the Prime Minister and Cabinet saying that was not the case.

**Mr Metcalfe**—It certainly says that the vessel sank in the Indonesian search and rescue zone.

**Senator FAULKNER**—We know the difference between Indonesian waters and the Indonesian search and rescue zone.

**Mr Metcalfe**—I am just making the observation that the cable is quite clear. I do not know what other information was available to people at the time, but I understand the information in this cable was provided following a debriefing of some of the survivors. I do not know if they knew precisely where they were, but the cable says they were eight degrees south, in the Indonesian search and rescue zone. So I do not know where that really leaves us, Senator, apart from the fact that it was in the Indonesian search and rescue zone.

**Senator FAULKNER**—It leaves us is with a cable that contradicts what the Prime Minister said throughout the election campaign, and that was certainly received by the Department of the Prime Minister and Cabinet and the Prime Minister's office. That is where it leaves us. That is why I would like to know—and I appreciate and accept you do not have that information to hand—who actually received this cable; when it was received by the department and, if possible, by the Prime Minister's office; and then what happened in terms of this cable being brought to the attention of senior officials in PM&C and also the Prime Minister's office. I am sorry to have to ask you that information on notice, Mr Metcalfe. I know that you were working in another department during this period, but I suspect there is no other officer here who can assist us. If there is, by all means—we would love to hear from them.

**Mr Metcalfe**—No. I think the relevant people, those involved in the issue, have now moved on elsewhere.

**Senator FAULKNER**—Yes, I know. That is nearly everyone, isn't it? Everyone has moved on elsewhere.

**Mr Metcalfe**—It is the nature of careers that people move on.

**Senator FAULKNER**—Not on this occasion.

**Senator ROBERT RAY**—It is a conspiracy, Mr Metcalfe!

**Senator FAULKNER**—No, it is not a conspiracy—

**Senator ROBERT RAY**—It is a reward for effort.

**Senator FAULKNER**—Yes, it is a deliberate tactic.

**Senator BRANDIS**—Maybe your answers have not moved on!

**Senator FAULKNER**—It is just a deliberate tactic—and fair enough. That is the advantage of incumbents. Even Mr Moore-Wilton has moved on. He was the last card in the deck, and now he has gone. Everyone has gone to greener pastures—everyone who was involved in this lie and deceit during the last election campaign.

**Mr Metcalfe**—I can simply repeat two things. Firstly, to the extent that I can assist the committee by taking on notice the detailed handling of the document, I will. Secondly, I know that extensive evidence has been given to other committees about the location of the vessel, but this cable quite clearly indicates that this vessel was in the Indonesian search and rescue zone of responsibility.

**Senator FAULKNER**—But why did it take the department so long to cough this cable up? That is something I hope you can help me with, Mr Metcalfe.

**Mr Metcalfe**—Ms Belcher might be able to assist me on this. My understanding is that it was originally asked about halfway through last year and that Ms Halton undertook, or possibly undertook, to provide the cable during one of her appearances before the certain maritime incident inquiry. We had this cable with us when we were here at estimates back in November and were prepared to table it at that stage. But, I think in a brief conversation we had, you said, 'No, I am happy to take it on notice.' So that is what we did and we have provided it on notice. Ms Belcher can advise as to why it was provided at this particular stage.

**Ms Belcher**—There was in fact an administrative oversight initially. It had been taken on notice by Ms Halton and it had not been brought to attention at the right moment to ensure that you received it before the committee's reporting date. It was identified just as we were coming into the November hearings and we brought it with us then. There was an issue that caused a slight delay after that. On looking at the cable, in my case for the first time, I wondered why particular material was being proposed for deletion and I questioned that and the material was released. There were some minor delays, but at no stage was there, as far as I am aware, any intention to cause a deliberate delay.

**Senator FAULKNER**—So you are satisfied, Ms Belcher, that the deletions from the cable are appropriate.

**Ms Belcher**—I do not know what is in the blacked-out bits. I have been given reasons from the Department of Foreign Affairs and Trade that I have accepted at face value. Other officers in PM&C have seen those parts. The only way to explain it is to be absolutely explicit: the list of addressees was initially deleted and I questioned that.

**Senator FAULKNER**—The list of addressees was initially deleted?

**Mr Metcalfe**—Someone originally proposed that in providing this cable to the committee not only should there be deletions of the areas within the body of the cable where there is a deletion made but also that the address list at the back—which I think probably mentions a lot of names of officers in Foreign Affairs—be deleted. Ms Belcher queried this and, upon reflection, the advice was that there was no need for that to be deleted. It is not an issue that goes to the content and there was an administrative process to make sure the committee got the fullest possible version of the cable, which you now have.

**Senator FAULKNER**—But isn't the embarrassment with the addressees that it includes Mr Moore-Wilton and the Prime Minister? It contains in a cabled dated 23 October 2001 a clear indication—regardless of what you say about the Indonesian search and rescue zone, because everybody knows that the Indonesian search and rescue zone goes further south than Christmas Island; that has got nothing to do with where the boat sank or whether it was in Indonesian or international waters and the Prime Minister consistently misled on that issue right through the election campaign—

**CHAIR**—Senator Faulkner, that is not for you to question.

**Senator FAULKNER**—I beg your pardon.

**CHAIR**—That is not a question; that is the statement.

**Senator FAULKNER**—Thank for your intervention, Mr Chairman.

**Senator BRANDIS**—It is not only a statement but in breach of the standing orders about casting reflections on members of other parliaments.

**CHAIR**—Senator Faulkner understands that.

**Senator FAULKNER**—Nonsense.

**Senator BRANDIS**—No, it is not nonsense, Senator Faulkner. You know the standing orders as well as I do.

**Senator ROBERT RAY**—You said 'mislead not deliberately'. Why don't you catch up on Senate practice?

**CHAIR**—Order, Senator Ray! Senator Faulkner, you have the call.

**Senator FAULKNER**—Can you rule on that point of order and then we will move on?

**CHAIR**—That is out of order.

**Senator FAULKNER**—Exactly. Thank you.

**Mr Metcalfe**—Can I respond to Senator Faulkner's question. From what I understand, this initial view about deletions of names was a view within the Department of Foreign Affairs and Trade where the cable had come from. You would be hard pressed to ascribe any motivation there to delete the former secretary's name or the Prime Minister's officer's name or whatever because, frankly, cables are available to senior people. I suspect it was probably just a pro forma type thing, 'Let's just blank out the names on the back of all of those DFAT officers who were mentioned.' It was because Ms Belcher very properly undertook her role in assisting the committee as fulsomely as possible that allowed the committee to see those names. So there was no conspiracy. I suspect it was somebody in Foreign Affairs doing what they think was right and we overruled them.

**Senator FAULKNER**—The point remains, Mr Metcalfe, that somebody proposed a deletion for the recipients of the cable, including the Secretary of Prime Minister and Cabinet, for action—that is, Mr Moore-Wilton—and the Prime Minister. That is a fact of life. This

cable is very important in correcting the misinformation that was provided by the Prime Minister in relation to the vessel SIEVX sinking in Indonesian waters, a statement that he repeatedly made during the election campaign. That is why it is significant.

**Senator BRANDIS**—That is not a question; it is the rearticulation of an assertion that has been disputed by the witness.

**Senator Hill**—And it is not the only evidence; it is another piece of material.

**Senator FAULKNER**—So you know why that names—

**Senator Hill**—No, of course I do not, but I also recall the relevant times being advised that it was understood that the boat had sunk in Indonesian waters. Subsequent to that, I can remember that there were confusing accounts, and here is another little piece of evidence.

**Senator JACINTA COLLINS**—It is not in the least bit confusing.

**Senator Hill**—It depends whether you have already made up your mind.

**Senator FAULKNER**—You cannot help us with this, thank you.

**CHAIR**—Hold on, Senator.

**Senator FAULKNER**—He was not asked a question. He is now just editorialising, saying he cannot help us and doing it at some length.

**Senator Hill**—I was musing in the same way that Senator Faulkner was musing.

**Senator ROBERT RAY**—Musing but not amusing.

**Senator FAULKNER**—Ms Belcher, what was the administrative oversight you were referring to?

**Ms Belcher**—Simply that Ms Halton had taken a number of questions on notice and this one was overlooked when we were trying to tidy up that part of the questions taken on notice.

**Senator FAULKNER**—Have you drawn Ms Halton's error to her attention?

**Ms Belcher**—It was not Ms Halton's—

**Senator FAULKNER**—No, of course not! Whose was it?

**Ms Belcher**—She was no longer in the department.

**Senator ROBERT RAY**—Anastasia had moved on.

**Ms Belcher**—When she took questions on notice, it was up to PM&C to follow up those questions, not Ms Halton.

**Senator JACINTA COLLINS**—Ms Belcher, before you go further, I think you have a misunderstanding of what occurred in PM&C, and if you were not involved at that particular period that might be understandable, but a look at the committee's records at this stage will show us that the committee sought, through Ms Halton at the last hearing she attended, a copy of the 23 October DFAT cable and that we received an answer from PM&C, 'I understand PM&C is considering this request in conjunction with DFAT.' That was the answer we received to the question asked of Ms Halton halfway through last year. The concern we have is why the request for that was not responded to further than this answer on notice—that we were in dialogue with DFAT—until Senator Faulkner raised it again in estimates, and finally last Monday we get this document.

**Mr Metcalfe**—I am sorry to interrupt, but that was precisely what we pointed out before, that Ms Halton had taken it on notice, it had been handled by the department—



**Senator JACINTA COLLINS**—And responded.

**Mr Metcalfe**—It was responded to in the sense that we are thinking about it, but what then did not happen and what Ms Belcher has identified is that we did not go from thinking about it to saying, ‘This has got to come back to the committee.’

**Senator JACINTA COLLINS**—So that is the administrative oversight?

**Mr Metcalfe**—Precisely. As I said earlier, we in fact had identified that by the time of the previous estimates and when it was raised—I forget exactly whether Senator Faulkner raised it or whether we raised it, or when it was raised—Senator Faulkner said, ‘I’m happy for you to take it on notice.’

**Senator JACINTA COLLINS**—This was at the estimates time?

**Mr Metcalfe**—That is right, in November, and that has brought us to today. The only thing that has changed between November and now is that there is this issue about the deletion of the names. Even if you subscribe to conspiracy theories, which I do not, if we had provided you with a copy of the cable with addressees deleted, I think I know what the first question would have been—‘Who did it go to and when?’ I do not see that that was really going to get us anywhere and it was precisely, I suspect, because Foreign Affairs were routinely looking at the issue, whereas Ms Belcher, who understood the importance of the matter, overrode that and made sure that the committee got the fullest possible version of the cable.

**Senator ROBERT RAY**—Let us get the time lines right. In relation to the oversight following Ms Halton’s evidence which was picked up in an estimates committee in November, what was the cut-off date then for taking that question on notice and providing it?

**Ms Belcher**—I think it was 3 January.

**Mr Metcalfe**—It was 17 January.

**Ms Belcher**—I am sorry, 17 January.

**Senator ROBERT RAY**—When was the answer provided?

**Ms Belcher**—3 February.

**Senator ROBERT RAY**—You may have partly answered this, but what was the reason for the gap between 17 January and 3 February?

**Ms Belcher**—Only that there were people on leave who were not able to clear the bulk of the answers coming to the committee, and that was part of the bulk of the answers.

**Senator ROBERT RAY**—We had a discussion with the Clerk of the Senate this morning about this. I am trying to establish whether the delay was caused at a departmental level or a ministerial/prime ministerial office level. We would like to know this because sometimes we blame departments, and then we find the questions sitting in a minister’s office for weeks or months at a time. Other times we like to blame departments—‘blame’ is the wrong word, but we like to upbraid departments occasionally for this. This is why I want an answer in this case.

**Ms Belcher**—There are always some dangers in being specific about particular questions, but in this case, once the people clearing the answers returned from leave, it was cleared very promptly; it was not delayed.

**Senator ROBERT RAY**—Correct me if I am wrong, but don’t people normally take leave over Christmas? Didn’t you factor that into your 17 January deadline?

**Mr Metcalfe**—Yes; and, indeed, a lot of questions taken on notice were answered on 3 January because some of us did not have leave over Christmas. Essentially, as information becomes available, it is sent up for clearance, and it was cleared quite quickly as it was sent up.

**Senator ROBERT RAY**—Maybe it would be easier if we shifted the estimates dates to fit in with you. In this case it is not that massive, but often all these answers to questions on notice flood in during the first sitting week when senators, who have just come back, are diverted with a whole range of other activities. We are expected to reabsorb, analyse and get questions ready for the first day of estimates.

**Mr Metcalfe**—We are very sensitive to that. Certainly the majority of answers to questions we took on notice were provided well within the return date. Some were provided after it and a small number were provided on Friday. We will always try to do better.

**Senator ROBERT RAY**—I would rather you be insensitive and deliver the answers than sensitive and not. It would be a better result from our point of view.

**Senator JACINTA COLLINS**—Ms Belcher, going back to the oversight that you identified following Ms Halton's evidence to the CMI committee, were there other oversights that PM&C identified?

**Ms Belcher**—Not that I am aware of. I do not work in the area that was looking after the inquiry or has any responsibility for it, but I do not believe there were any other outstanding issues.

**Senator JACINTA COLLINS**—How was it that you were aware of this particular one before the November estimates?

**Ms Belcher**—An officer of the Social Policy Division drew it to my attention on the afternoon that we were to appear at estimates.

**Senator JACINTA COLLINS**—This was the only one that was raised with you on that occasion?

**Ms Belcher**—Yes, that is right.

**Senator JACINTA COLLINS**—Who was the officer?

**Mr Metcalfe**—Mr Jamie Fox.

**Senator JACINTA COLLINS**—Mr Fox, was PM&C aware of any other oversights following Ms Halton's appearance before the CMI committee?

**Mr Fox**—As the head of the National Security Commission Taskforce, I am currently off-line but at the time you are talking about I was the Assistant Secretary, Education and Immigration Branch. The answer is no. We were not made aware of any other oversights. You also asked how Ms Belcher became aware of it. I drew the oversight to her attention, because we had had a call from the committee secretariat earlier that day advising us.

**Senator JACINTA COLLINS**—That they wanted a copy of that?

**Mr Fox**—They pointed out that we had not provided the answer to that question at that time.

**Senator JACINTA COLLINS**—And that was the only matter raised by the secretariat?

**Mr Fox**—Yes, as far as I am aware.

**Senator JACINTA COLLINS**—That is your understanding?

**Mr Fox**—Yes. I did not take the call, one of my staff did; but that was the only one that was drawn to my attention.

**Senator JACINTA COLLINS**—Can you explain why the email logs that were provided to A Certain Maritime Incident Committee did not detect this cable? You may or may not recall, Mr Metcalfe, that some of the copious amounts of material that the committee sought were the PM&C email logs.

**Mr Metcalfe**—The logs.

**Senator JACINTA COLLINS**—Yes. I am asking if there is an explanation for why those email logs would not have identified this cable.

**Mr Metcalfe**—A cable is not an email; it is a cable.

**Senator JACINTA COLLINS**—So it would not have been emailed to any recipient within PM&C?

**Mr Metcalfe**—The email is an unclassified system or there are some security features about it. Foreign Affairs cables are treated differently. As I said at the outset in response to Senator Faulkner, the cables essentially come through the international division of the department from Foreign Affairs. They are on a quite discrete system to the email documents.

**Senator JACINTA COLLINS**—So you would be confident there would not have been a declassified version emailed within PM&C?

**Mr Metcalfe**—To be confident, I would want to check, but there is nothing that I have that would indicate that this cable document would have somehow transformed itself into an email and been sent around other than through the cable network, which is quite different to the email system.

**Mr Fox**—That is certainly my recollection, but we will confirm that.

**Senator JACINTA COLLINS**—One other outstanding matter from Ms Halton's evidence was a question by Senator Faulkner, asking to be provided with a copy of the advice provided to the Prime Minister on 24 October. The committee at no stage has received an answer to that question. Ms Halton answered a slightly different question—I do not have the exact reference number because it is not included in this compilation of all of the answers to questions on notice—which was:

Which agencies provided the information that SIEVX sank in Indonesian waters?

The answer was:

As I indicated in providing evidence on 30 July 2002, this information can only be provided by the author of the brief, who is currently overseas on long-term leave. PM&C has attempted unsuccessfully to contact the officer who prepared the brief and, therefore, I am unable to provide any further information.

Is PM&C now able to provide some further information?

**Mr Metcalfe**—Not here at the table today but, if you are asking us to take that on notice, we could take that on notice.

**Senator JACINTA COLLINS**—I am asking a bit more than whether you will take it on notice. I am asking what work has been done within PM&C to provide a more satisfactory answer to that question than simply 'the author is overseas on long-term leave'.

**Mr Fox**—Senator, we had not interpreted that answer as requiring further work; therefore, we have not done any work since that time, but we can certainly do so. I can explain what steps were taken that led to that answer, but we have—

**Senator JACINTA COLLINS**—Yes, I would appreciate that for starters.

**Mr Fox**—We attempted to contact the officer who is overseas.

**Senator JACINTA COLLINS**—Who was that officer?

**Mr Fox**—The officer was Margaret Wildermuth. We attempted to contact her at that time—we were unable to do so; she had recently left the country—and we have not attempted to do so since then.

**Senator JACINTA COLLINS**—So there has been no further follow-up on this issue since that time?

**Mr Fox**—That is correct.

**Senator JACINTA COLLINS**—So are you aware that a question on notice of Senator Faulkner's to 'please provide a copy of that brief' has not been responded to?

**Mr Fox**—No. As I indicated, we regarded that question as being finalised. Certainly as far as I am aware, as I said earlier, when the committee secretariat contacted us just before the last estimates, the only matter that was drawn to our attention was the one that we had discussed as an oversight.

**Senator JACINTA COLLINS**—This is obviously a further oversight, not necessarily identified by the secretariat at the time, now being identified by us, which is that there is this outstanding question of Senator Faulkner's to 'please provide a copy of that brief'. As I understand the situation, PM&C would have themselves identified all of the questions. It was not a secretariat role; it was a departmental role. And it seems, for one reason or another, that Senator Faulkner's request for that brief has been overlooked.

**Mr Metcalfe**—It may be semantics, Senator, but it sounds to me on the face of what you have read—and this is the first time I have heard it—that a person could reasonably say that that has been answered. It may not have been to the satisfaction of the committee, but that has been answered. If this committee is now saying that it would like that matter pursued further—

**Senator JACINTA COLLINS**—Yes.

**Mr Metcalfe**—then we will take that on notice.

**Senator JACINTA COLLINS**—With respect, a different question was answered. I will read you the question again:

Which agencies provided the information that SIEVX sank in Indonesian waters?

It is a very different question to, 'Please provide us with a copy of the brief that was prepared and given to the Prime Minister on 24 October.' That is the outstanding question, and that is the one that we want an answer to. We want an explanation for why it was overlooked.

**Mr Metcalfe**—I have already said I will take that on notice.

**Senator JACINTA COLLINS**—Thank you.

**Senator ROBERT RAY**—Could I just ask about the blanked-out areas in the cable that was sent. You are not going to tell me what they are, but who made the decision to blank them out? I may have missed this before I came in.

**Mr Metcalfe**—I think Ms Belcher indicated that they were made within the Department of Foreign Affairs and Trade.

**Ms Belcher**—Yes, I think Foreign Affairs advised us that the reasons for removing some of the material were that disclosure could reasonably be expected to cause damage to national security, defence or international relations, that it could disclose the existence or identity of a confidential source of information or confidential methods of operation of law enforcement agencies, and that it may prejudice the enforcement of the law. On that basis, they blacked out those sections.

**Senator ROBERT RAY**—They are obviously not grounds that I will dispute, but I am wondering if there is any methodology available in government to have someone apart from the person that recommended that it be blacked out—such as the Inspector-General of Intelligence and Security—review those decisions. We do not want to do it, obviously, but we are also aware that from time to time in government—not necessarily recently—things have been blacked out for motives other than the ones that you have said, Ms Belcher. I am not doubting the motives, but is there any methodology anywhere within government that would mean that, when documents requested by a Senate committee have deleted areas, for whatever reason, someone else, who is regarded as an independent person, is around to verify that?

**Ms Belcher**—I am not aware of the inspector-general's having been asked to perform that role.

**Senator ROBERT RAY**—I am not saying they have.

**Ms Belcher**—I can see no reason, if an independent review were required, for him to be asked to do it. When documents were being looked at for presentation to the Senate select committee, we ensured that there was some consistency in approach so that PM&C looked at the documents not just from the viewpoint of the content of the material, but Government Division assisted with the broad categories of correct exemptions, if you like. We gave advice where there was doubt about whether this could really be said to be prejudicial in some way. In the end, it really has to be the people who can make a judgment about the extent of damage—so people in Foreign Affairs who say this really would prejudice our relations with another country are more able to do so than, say, Government Division.

**Senator ROBERT RAY**—I accept that.

**Senator JACINTA COLLINS**—Ms Belcher, can I go back to the document you were aware of in November, just to clarify in my mind what deletions we are talking about. Had we received a copy of the document then in its less fulsome sense, what further deletions would have been on it?

**Ms Belcher**—You would not have received the names of the addressees.

**Senator JACINTA COLLINS**—Any of them?

**Ms Belcher**—Any of them.

**Senator JACINTA COLLINS**—So it was not just an issue of the DFAT addressees, it was all addressees.

**Ms Belcher**—Yes, the names of all addressees had been deleted.

**Senator JACINTA COLLINS**—Was that the only issue of deletion that concerned you at that time?

**Ms Belcher**—Yes, because, as I said, I had not actually seen the content of the other material that had been blacked out. I had left it to our policy officers, in consultation with DFAT, to judge whether those should come out. I did not ask to review those.

**Senator JACINTA COLLINS**—Was there any dialogue post November about those additional deletions?

**Ms Belcher**—Yes. I did not undertake those discussions myself; they were undertaken by the relevant division with Foreign. I do not think Foreign particularly wanted the addressees revealed, but I could see no basis on which they should be deleted. I have listed reasons that I have been given that I found acceptable, in the sense that they were substantive issues. No reasons were given for deleting the names of addressees, and I could not think of any valid reason.

**Senator JACINTA COLLINS**—I am sorry, you moved on in your answer there away from the other areas of deletion—you yourself are not familiar with that dialogue?

**Ms Belcher**—No, I am not.

**Senator JACINTA COLLINS**—Is there another officer present who was?

**Mr Fox**—I have seen the original cable.

**Senator JACINTA COLLINS**—Can you tell us why the other deletions were maintained?

**Mr Fox**—I think Ms Belcher gave you the list of the reasons for those deletions.

**Senator JACINTA COLLINS**—No, she gave us a list of the reasons for the deletions of the addressees, didn't she?

**Ms Belcher**—No.

**Mr Metcalfe**—No, it was the substantive paragraphs.

**Ms Belcher**—The ones that went to national security.

**Senator JACINTA COLLINS**—Sorry, I think I was distracted at the time. Could you go over those again for me, please.

**Ms Belcher**—Okay. The reasons are: 'disclosure could reasonably be expected to cause damage to national security defence or international relations'; 'release of the material may disclose the existence or identity of a confidential source of information or confidential methods of operation of law enforcement agencies'; and, lastly, 'disclosure may prejudice the enforcement of the law.'

**Senator JACINTA COLLINS**—Are those respective reasons for the different blackouts or do they all apply to all of them?

**Ms Belcher**—I really would have to go back and ask about that; I do not know.

**Senator JACINTA COLLINS**—Do you know, Mr Fox?

**Mr Fox**—I cannot tell you that. I do not have the original in front of me. I would have to check that.

**Mr Metcalfe**—At the risk of speculation, I suspect the first deletion on page 1, paragraph 1, would probably have indicated where the information came from. So the information about risking sources and that sort of thing would be pertinent to that. I suspect the information on the back after paragraph 12 is some commentary from the post which may go to the issue of the nature of the source and so on and so forth. So it would be sensitive law enforcement cooperation. Beyond that I would not be able to comment without re-reading the original cable.

**Senator JACINTA COLLINS**—Why were those deletions the subject of further dialogue as well? I can understand the addressees, and we have heard from Ms Belcher about why she

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felt that it was appropriate that the addressees be included, but I am not clear from the PM&C end as to why the other deletions were revisited.

**Ms Belcher**—They were not. It was only the addressees part that was revisited.

**Senator JACINTA COLLINS**—Okay. I think we misunderstood each other earlier there.

**Mr Metcalfe**—Essentially, we saw that the content of the cable proper, which is an issue that goes to law enforcement and international relations, was in the purview of the originating department. This was a Foreign Affairs cable given to us by Foreign Affairs and they are the competent authority to ascertain whether the deletions should be required. The issue of the action list was something on which Ms Belcher exercised some commonsense.

**Senator FAULKNER**—On another matter, we have just heard from you, Mr Fox, that you are now offline—I think that was your terminology, whatever that means—in the National Security Campaign Taskforce.

**Mr Fox**—Perhaps ‘seconded’ would be a better phrase, Senator.

**Senator FAULKNER**—I was just interested to know, in the broad, Mr Metcalfe and Mr Fox, what sorts of departmental resources were going to the National Security Campaign Taskforce.

**Mr Metcalfe**—I can provide an outline and Mr Fox may be able to provide more detail. The Department of the Prime Minister and Cabinet has had the task force established within the department. Essentially, Mr Fox has been seconded to work on that matter over the last couple of months. His full-time task has now pretty well come to an end because the campaign is well advanced. Within the department the assistance we provided to the task force was through the provision of some accommodation, some computers and similar office equipment and the assistance of our resource management and other staff involved in the issue, but that was done as part of their normal job. The task force also consisted of a small number—four or five—of seconded officers from other agencies who joined us through late November, December and January and who are now returning to their home departments. The Government Communications Unit, which is involved with overall Commonwealth government advertising, has played an important role in assisting, and considerable resources were involved there.

**Senator FAULKNER**—So the National Security Campaign Taskforce is a task force involved with the national security hotline, the *Let's look out for Australia* mail-out and all that sort of thing, is it?

**Mr Metcalfe**—Particularly with the campaign to inform the public—the development of the television, radio, print ads and the booklet and accompanying materials—the actual establishment of the hotline has been within the Attorney-General's Department, attached to the Protective Services Coordination Centre. Attorney-General's is actually managing that issue.

**Senator FAULKNER**—So questions about that should be directed to the A-G's Department?

**Mr Metcalfe**—That is correct.

**Senator FAULKNER**—The Prime Minister made a public statement on 24 October last year in the aftermath of the Bali bombings. In the broad, the statement was about a counter-terrorism review and indicated that the Department of the Prime Minister and Cabinet would have a lead role in counter-terrorism policy coordination. Does that have any interface with the National Security Campaign Taskforce?

**Mr Metcalfe**—To an extent. Part of my job is to take over all leadership within the department on counter-terrorism and law enforcement related issues, amongst a number of other things. I have a branch that works in my area that deals with domestic security issues; it comprises a small group of people. Essentially, the Prime Minister's announcement on 24 October has meant that PM&C will take more of a policy coordination role in relation to those issues but leave the operational coordination of specific responses to specific things within the Attorney-General's Department. We are now in the process of taking on some additional staff to give us the capability to provide that coordination.

**Senator FAULKNER**—So these are just the early stages at the moment, are they?

**Mr Metcalfe**—Yes, I would say that we are probably about mid-stage. Essentially, that policy coordination involves ensuring that, across the Commonwealth government, agencies are working together as well as possible on these issues. It also plays an important role in supporting the new National Counter-Terrorism Committee, which I chair, in developing policy arrangements between the Commonwealth, states and territories. Its linkage to the national security campaign—which I think was your original question—is that that particular task force, under Mr Fox's leadership, was established late last year. Obviously it has worked closely with the domestic security unit, which provided substantial policy assistance, but they are two discrete elements within my area.

**Senator FAULKNER**—So what staff resources do you have working on the counter-terrorism policy role within PM&C?

**Mr Metcalfe**—At this stage, apart from myself—and focusing on the domestic issues—there is a small branch consisting of an acting assistant secretary supported by three other staff. They have responsibility for counter-terrorism policy coordination as well as border security and law enforcement matters. That is the group that will grow, probably to double that size, over the next couple of months as we take on those responsibilities that Attorney-General's previously had. I stress that this is policy coordination as opposed to operational coordination.

**Senator FAULKNER**—How many were involved in policy in PM&C in this area before the changes? You have mentioned that there are now about four staff, apart from yourself, and that this will double to, let us say, eight people.

**Mr Metcalfe**—It is probably about double. Previously, the key responsibility for this issue was within the International Division. About halfway through last year, I think, the previous secretary thought that the issue needed greater resourcing within PM&C. At about the time of my arrival, it was decided to create a separate branch. Previously it would have involved some of the time of an assistant secretary and a first assistant secretary in International Division, together with one officer who was working full-time on the issue. She has now come across to the new unit and we have a couple of other people who have joined us on this task.

**Senator FAULKNER**—What output do you find yourself in, Mr Fox?

**Mr Fox**—I am under the campaign task force. I am reporting through the Government Division, which is under output 4.

**Senator FAULKNER**—I want to ask the questions in the right place, Mr Metcalfe. It would be terrible to get the outputs wrong.

**Mr Metcalfe**—We appreciate that, Senator.



**Senator FAULKNER**—I am glad Mr Fox has been able to check and that everyone has been able to establish what output it is. I am pleased you guys know as much about that as I do, so that is good. I will ask a few questions about it later on.

**Mr Metcalfe**—Output 4 is the correct one, and probably when we come to any questions you may have on the GCU it would be the appropriate time to raise those questions.

**Senator ROBERT RAY**—Ms Belcher, do you have a list here of the number of DLOs; you usually anticipate me?

**Ms Belcher**—Yes. There are currently 70 DLOs.

**Senator ROBERT RAY**—That is two down.

**Ms Belcher**—That is two down from May last year, from what you might say was the high point.

**Senator ROBERT RAY**—Yes, from the high point in the history. Do you have the list separated per office and would you hand them over at some stage?

**Ms Belcher**—Yes, I can do that.

**Senator ROBERT RAY**—Ms Belcher, you may be the best person to answer this question. I recall that, during the great repossession incident associated with Dr Wooldridge where various fax machines and other things were recaptured, mention was made of a cabinet document, but I could not quite understand the context. Would someone explain to me what that was about?

**Ms Belcher**—I think Mr Hamburger might have the details.

**Mr Hamburger**—What was the question in relation to Dr Wooldridge?

**Senator ROBERT RAY**—I wondered what information you could give me, not in relation to the overall repossession incident but in relation to the mention of a cabinet document. I never really got back to taws on what that was about. Would you explain that?

**Mr Hamburger**—Yes. There were a number of cabinet documents.

**Senator ROBERT RAY**—I am sorry; did you say there were a number?

**Mr Hamburger**—Yes.

**Senator ROBERT RAY**—I thought it was one. How many were there?

**Mr Hamburger**—I do not have the number with me; there was a significant number of documents. In discussing with Dr Wooldridge what Commonwealth property he held, the health department ascertained that he had some records. In the process of looking at the records, it transpired that he had taken a number of cabinet records with his other office records. So they informed us and we got in touch with Dr Wooldridge and got them back.

**Senator ROBERT RAY**—But do you know approximately how many?

**Mr Hamburger**—It would have been some hundreds, I think.

**Senator ROBERT RAY**—Hundreds?

**Mr Hamburger**—Yes.

**Senator ROBERT RAY**—What sort of debriefing is done? I do not recall any debriefing that is done with ministers when they leave office; it happens to every minister sooner or later. When they leave office what information is given as to what they are entitled to take with them and not in terms of records? Not many of us try to pinch the fax and a few other things so I will leave that aside.

**Senator FAULKNER**—But it is not unknown.

**Senator ROBERT RAY**—It is not unknown on either side of politics I would suspect.

**Senator FAULKNER**—There is only one case that I can think of, but I am not going to mention Dr Wooldridge's name.

**Mr Hamburger**—I think ministers receive a package of advice on what to do when they close their offices. We contribute to that a letter about their cabinet records which essentially says that the records should be destroyed and the destruction recorded, with the exception that if there are records that are heavily marked the Australian Archives may be interested in them. Subsequent to that, the Cabinet Secretariat liaises with the minister's staff as the office is closed down. In this case we had understood that all the records had been destroyed, but it transpired that not all of them had been.

**Senator ROBERT RAY**—Was there any paper trail on this, such as assertions that 'yes, we have destroyed the records', when they were not, or otherwise. Or was it just oral?

**Mr Hamburger**—With the introduction of CabNet as the electronic system, the destruction of each document is recorded in CabNet. There was no certificate from Dr Wooldridge or his office saying that he had destroyed everything. We had understood that he had but, when we found that he had papers and checked CabNet, we found that there were some not marked as 'destroyed'.

**Senator ROBERT RAY**—But you were able to do that only because of other issues related to equipment. How can you be sure that other ministers, of any political persuasion, have not retained cabinet documents that may not be properly protected in a secure place or otherwise?

**Mr Hamburger**—We cannot be absolutely sure. Prior to CabNet, we did obtain certificates from ministers or their chiefs of staff that documents had been destroyed. It was one of the oversights in developing the CabNet system that we did not have a certification system like that but, even with the certification system, we were relying in the end on a certificate.

**Senator ROBERT RAY**—Given the sensitivity of people walking out of a ministry one minute and walking into a well paid consultancy directly in their area, is that something that you specifically concentrate on? For instance, has Mr Reith asserted that he has destroyed all Defence documents and cabinet documents that he had relating to defence now that he is a defence consultant?

**Mr Hamburger**—We followed the same process with Mr Reith as with Dr Wooldridge which was that we—

**Senator ROBERT RAY**—He has given you his word, has he?

**Mr Hamburger**—No, we have the CabNet record showing what was destroyed, which in his case—I would need to check—is close to complete, if not complete.

**Senator ROBERT RAY**—So as far as you know—you would know in those cases. What about in older cases? I suppose the documents have less relevance as they get older.

**Mr Hamburger**—That is probably true. In pre-CabNet cases, we have a certificate from someone, usually an officer of the minister rather than the minister himself, saying that everything has been destroyed, but we have nothing to go behind that to say whether or not it has been. The sensitivity of cabinet documents obviously varies, usually according to their content.

**Senator ROBERT RAY**—How long does it normally take, because ministers having left the portfolio are entitled to access their records to refresh their memory and not ascribe or publish them. How long does it normally take to respond out of PM&C on that? You are the lead portfolio on that, are you not?

**Ms Belcher**—It is usually done within the space of a few weeks. What happens is that the secretary of the department writes to the Leader of the Opposition, if it is a request from a former member of cabinet. Once that approval comes in, usually it does not take very long to line up Archives to have the papers ready.

**Senator ROBERT RAY**—I have a slight personal interest here. I recently sought to refresh my memory on a certain matter. I wrote directly to the department's secretary. Should I have written directly to PM&C?

**Ms Belcher**—Yes, and your case was, unfortunately, a much longer one than any other I have known.

**Senator ROBERT RAY**—No, it is more unfortunate than that. I wrote directly to the secretary who gave me access within a week, cleared the whole matter up, then I got a letter from PM&C six months later saying, 'It's all hunky-dory, you can look at those records.' The issue was finished. What I am really asking is—and this will be guidance to me and one day to Senator Hill—should we write to PM&C rather than to the department secretary?

**Ms Belcher**—If it is about cabinet documents.

**Senator ROBERT RAY**—I see, and sometimes there is an overlap between department and cabinet?

**Ms Belcher**—That is right. I think the secretary of Defence wrote to us about the cabinet aspect of it.

**Senator ROBERT RAY**—I see. Do not expect a letter back—it is all closed.

**Mr Metcalfe**—Part of the process Ms Belcher described is that the convention has it that the department consults with the leader of the party to which that former minister belonged. So in your case, that would be Mr Crean or in the case of a former Liberal minister it would be the Prime Minister. That consultation process takes place before we have been able to provide access to the material.

**Senator ROBERT RAY**—This is a total waste of breath, but you are new, Mr Metcalfe: we are still trying to find out how the two documents relating to Senator Colston that left the Attorney-General's Department, certified as all being there, never arrived at the opposition from the Prime Minister's office, two critical ones that happened to clear Senator Evans and Mr Beazley. I suppose that trail is too cold for you, even with someone with your ability to find this.

**Mr Metcalfe**—Senator, I am always happy to apply my energies to report matters if you want me to look at that, but I suspect the trail is cold from what you have said.

**Senator FAULKNER**—Ice-cold.

**Senator ROBERT RAY**—I suspect it will be ice-cold. I do not think that trickle will ever be repeated. I am not sure if this is the appropriate time, but I had a look at the document that talked about the employment of ministerial consultants, and Dr Graeme Starr came up. He particularly came up at estimates last time, but we had already considered PM&C. I notice that Dr Graeme Starr's employment as ministerial consultant ended on 29 or 30 November. I have never quite found out, other than a generality, why he was employed as consultant and what his tasks were.

**Ms Belcher**—My record shows that he was a consultant from 3 September to 31 December 2001.

**Senator ROBERT RAY**—That is Dr Graeme Starr?

**Ms Belcher**—Yes. These dates might look a little odd. The tasks that I have him as having undertaken are high-level research and writing tasks for the Prime Minister and other tasks as specified from time to time. I have nothing more specific than that.

**Senator ROBERT RAY**—Let us check those dates again. They do not ring true with the information I got from the Department of Finance and Administration. Certainly the rationale for him working there does, but the dates do not seem right.

**Ms Belcher**—I am sorry. The dates are from 16 October to 29 November 2002.

**Senator ROBERT RAY**—Minister, there is no coincidence, is there, that they were the Victorian state election broad dates?

**Senator Hill**—It sounds as if it is a coincidence.

**Senator ROBERT RAY**—Were his writing skills used for this document here called *Strategic leadership for Australia*? Do we know?

**Ms Belcher**—I do not know.

**Senator ROBERT RAY**—Maybe I should go back to basics. Who in the department assisted in the writing of this document? I know it says that it was written and authorised by the Prime Minister, but I am sure he did not write the lot; I hope not anyway.

**Mr Metcalfe**—Some assistance, relevant to their areas of responsibility, was provided by a number of policy areas within the department. A coordination process was undertaken by the Corporate Services Branch.

**Senator ROBERT RAY**—Do we know what the cost of the production of this was—that is, the hours spent on it in the department and the printing costs?

**Mr Metcalfe**—I do not have an aggregate available.

**Senator ROBERT RAY**—Do we know whether Dr Starr was involved in this?

**Mr Metcalfe**—I personally do not know.

**Senator ROBERT RAY**—Do you know, Minister?

**Senator Hill**—No.

**Senator FAULKNER**—Dr Starr had two separate consultancies, didn't he, Ms Belcher?

**Ms Belcher**—Yes; I was confusing the two.

**Senator FAULKNER**—Isn't that the problem with the dates?

**Ms Belcher**—Yes. I was giving you the dates of the earlier one.

**Senator FAULKNER**—Can we have the dates of both so we are clear on this?

**Ms Belcher**—The more recent one was a six-week contract from 16 October to 29 November 2002.

**Senator FAULKNER**—And the earlier one?

**Ms Belcher**—The earlier one was from 3 September to 31 December 2001.

**Senator ROBERT RAY**—For that first one, was he on leave from the university? I know he was for the second one.

**Ms Belcher**—I am sorry, but I cannot help you on that.

**Senator FAULKNER**—Is the job description the same for both?

**Ms Belcher**—It is.

**Senator FAULKNER**—So these writing tasks only come up irregularly during election campaigns?

**Senator ROBERT RAY**—That is a rhetorical question.

**Senator FAULKNER**—It was a bit cynical; I should not have asked that.

**Senator ROBERT RAY**—But you are right. Minister, is it the same Dr Graeme Starr who was the New South Wales state director of the Liberal Party?

**Senator Hill**—I assume so.

**Senator ROBERT RAY**—There is nothing wrong with that. It is an honourable task.

**Senator FAULKNER**—I think we had established that he had actually retired from the university before the first consultancy?

**Senator ROBERT RAY**—The first or the second?

**Senator FAULKNER**—I thought it was before the first. What about Mr Cousins' consultancy? How is that going? Can you give us a status report on that, please, Ms Belcher?

**Ms Belcher**—Mr Cousins is engaged on a fixed term contract until 31 December 2003.

**Senator FAULKNER**—What is his job description currently—apart from giving Senator Kemp media advice?

**Ms Belcher**—To advise and assist the Prime Minister in relation to the formulation of communications strategies and to promote the government's policies.

**Senator FAULKNER**—Are you able to indicate to us whether or not this is a Canberra based consultancy?

**Ms Belcher**—No. It is a part-time one—

**Senator FAULKNER**—Very part time.

**Ms Belcher**—but I do not know whether he is Canberra based.

**Senator ROBERT RAY**—Is there a phone that goes with this consultancy?

**Ms Belcher**—A phone?

**Senator ROBERT RAY**—Yes, an office with a phone.

**Ms Belcher**—I do not know whether he just works out of the Prime Minister's office or whether he has any other office that he uses from time to time. I could check on that.

**Senator FAULKNER**—Could you establish that for us, Ms Belcher?

**Ms Belcher**—Yes.

**Senator FAULKNER**—Could you indicate to us where the consultancy is based? I do not want a specific address, but could you tell us which capital city it is based in? I assume that Mr Cousins is here when parliament is sitting. With a consultancy like that, I suppose he would be in Canberra then and perhaps not here when parliament is not sitting. Mr Metcalfe, could you tell us the right output under which we should consider the issue of \$16,613.25 of replacement crockery?

**Senator ROBERT RAY**—It sounds like you have had a Greek wedding.

**Senator FAULKNER**—Yes.

**Mr Metcalfe**—Do you know the location of this crockery?

**Senator FAULKNER**—It could be the Corporate Support Branch, but I am not sure whether or not they are just handling the contract.

**Mr Metcalfe**—Output 4 is the appropriate place to discuss that.

**Senator FAULKNER**—Well, they know we are going to ask about that.

**Senator ROBERT RAY**—Can I just go back to this document here. I apologise, Senator Hill, for not reading it closely before. I notice that you have a 10-day rule in cabinet now. When was that instituted?

**Mr Metcalfe**—I think you are talking about—

**Senator ROBERT RAY**—A 10-day process.

**Mr Metcalfe**—Are you talking about the process whereby some submissions can be essentially on the table for 10 days? Those changes were introduced the best part of a year ago, I think. Mr Hamburger could tell us more about it if you are interested.

**Senator ROBERT RAY**—About a year ago?

**Mr Metcalfe**—Yes. Perhaps March, April last year.

**Senator ROBERT RAY**—Sit down, Mr Hamburger.

**Senator FAULKNER**—Are you sure that this crockery comes under output 4, because it is Wedgwood crockery; that sounds more like the executive. Are you sure that is not up there with the—

**Mr Metcalfe**—I have not sighted any yet, but I will make inquiries. It comes under output 4.4.

**Senator FAULKNER**—It is a hell of a lot—\$16,000 worth—of crockery, but we will get to the bottom of it.

**Mr Metcalfe**—Absolutely. Output 4.4 is the place to go.

**Senator FAULKNER**—I can hardly wait. What about the Phillip Street refurbishment of, I suppose, the Prime Minister's office? What output would that come under? There has been a bit of refurbishment of the office down there in Phillip Street in Sydney, hasn't there?

**Mr Metcalfe**—There has been.

**Senator FAULKNER**—Kirribilli has been done, the Lodge has been done, the Parliament House office has been done, and I was wondering where we would go next. We have gone down to Phillip Street. Under which output can we deal with that?

**Mr Metcalfe**—You should go to output 4 for that as well.

**Senator FAULKNER**—God, we will be there all day. Ms Belcher, I am very interested in any mobile phone costs in relation to Mr Cousins' consultancy. Senator Ray may have placed that on notice; I am not sure.

**Senator ROBERT RAY**—No.

**Senator FAULKNER**—Could you take it on notice—I do not expect you to know this now—to outline for us any mobile phone costs, IT support or other office resources, travel costs or any other administrative support in relation to Mr Cousins' consultancy? That may be included in the consultancy figure, but if there is anything else you might let us know.

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**Senator ROBERT RAY**—I have a general question about the relocation of CHOGM—we had some discussion on that before—from Canberra to Brisbane. Is there anyone here who might be able to deal with that? There is only one aspect of it that I want to pursue.

**Mr Metcalfe**—Mr Crane can assist on that, Senator.

**Senator ROBERT RAY**—Mr Crane, we had a discussion about the relocation of CHOGM from Canberra to Brisbane. One of the things I did not cover then but have subsequently been told is that there was some discussion at that time about assistance—recompense, if you like—being given to the local ACT government for the Convention Centre. Is that right?

**Mr Crane**—I cannot answer that question. My involvement in CHOGM was as a participant in the task force—one of the few remaining in the department. I have information on the financial aspects of CHOGM, but I cannot answer that question.

**Senator ROBERT RAY**—So are you basically saying that there is no-one left now in PM&C who can answer this question? There is no-one who has been moved somewhere else within PM&C?

**Mr Crane**—There would be no-one within PM&C who would have been involved in any discussions of that nature.

**Senator ROBERT RAY**—Could you take that on notice?

**Mr Metcalfe**—We can take that on notice, if you would like, Senator.

**Senator ROBERT RAY**—Yes, take it on notice and prepare yourselves for late May-early June. My understanding was that, if not commitments, indications were given that when that Soviet mausoleum up the road closes there would be some assistance in developing a new one.

**Mr Metcalfe**—This is in the context of the decision to relocate CHOGM from Canberra to Brisbane?

**Senator ROBERT RAY**—To ease the pain, it was suggested there might be some Commonwealth assistance for the National Convention Centre, which this government deemed unsuitable for CHOGM—and, having spent two days there at a special conference recently, I endorse the government's decision.

**Senator Hill**—There was also an accommodation issue.

**Senator ROBERT RAY**—There was an accommodation issue. There were a number of issues, Senator Hill, at least proffered, and I think we accepted them, as to why CHOGM was moved to Brisbane. But I think some promise was made—'Look, you're not being duded here but, having promised it here and then taking it away, there will be some assistance.' You might search your records, and we will pursue it in May-June.

**Mr Metcalfe**—We will certainly look into it. I am not sure whether or not any of those issues rest with the department of the territories as well, Senator.

**Senator ROBERT RAY**—Sure. That would be good. I have a question for Senator Hill, something coming out of the estimates for the Senate this morning. It may obliquely involve the Prime Minister. We now have the great sign in the PM's corridor saying access is restricted to 'Authorised personnel only', which in the definition turns out to be about 3,000 people anyway. The only people who cannot go down there now are tour groups. My experience of all three Prime Ministers since we have been here is that they love saying hello to tour groups as they are flitting between things. Security was put up as a reason. It then emerged that someone, not on the PM's staff but on the PM's security, probably suggested it

be closed down. Could you make inquiries about whether the Prime Minister is happy about that? Because it causes a fair bit of annoyance. It looks like an elitist sign, even though it may be well based. You might take that on notice and get back to us.

**Senator Hill**—I am sure it would not have been his initiative because, as you say, he rather likes greeting tour groups.

**Senator ROBERT RAY**—It just means that we now all divert to walk deliberately through there when we once didn't. We do not want to have to do it!

**Senator FAULKNER**—The only people who are banned from going down that corridor are the only ones who want to go down there! Mr Metcalfe, I saw an article in a newspaper a little earlier this month about the Prime Minister's home ownership task force. It may be a party task force, but that was a little unclear to me. I want to establish whether there was any PM&C role in that task force. It may be a Liberal Party thing, and that is fair enough if it is, but I wondered if there was any departmental involvement.

**Mr Metcalfe**—I have just received advice that it is a party matter and the department has nothing to do with it.

**Senator FAULKNER**—Thank you.

**Senator MURRAY**—Minister, the Prime Minister has been involved in international discussions on the Zimbabwean cricket tour, and that matter has been discussed in cabinet. I do not want to know the content of any advice given—I do but I am not going to get it—but my understanding is that the Minister for Foreign Affairs and the Prime Minister have quite clearly said that not only do they think it is wrong for the Australian Cricket Board to play these matches in the World Cup in Zimbabwe but they do so in a situation of some danger because of the security situation there. The government of Australia having given such a warning, was the Prime Minister's office given any advice as to potential liability which will now therefore rest with the ACB? For instance, if any cricketer or anybody associated with the cricketers or any citizens of Zimbabwe were hurt or even killed as a result of their playing a cricket match there, I would assume the ACB is liable under the law for ignoring the advice of the government. Was such advice offered you?

**Senator Hill**—I think the last step in your summary is arguable. I do not know that it is appropriate for us to speculate as to whether the Cricket Board would in any way be liable.

**Senator MURRAY**—My question is solely about whether any advice was given to the government with regard to that matter.

**Senator Hill**—I doubt it, but we can check on that. There are two subject matters here and I think that to some extent they have become blurred. As I recall it, the Prime Minister and the Minister for Foreign Affairs were principally saying that they believed that it would be better if the games in Zimbabwe were not played because of the interpretation that might be attached to that as to some form of endorsement of the legitimacy of Mugabe. So it was principally a moral issue. Then there was the separate issue of safety and security. On that, the government has been asked for advice by the ACB, and the relevant Foreign Affairs specialists have been giving the ACB advice. What I have seen said by the Cricket Board spokespeople is that there has not been reason in that advice to cancel the games. Whether officials advised government on questions of any liability that might flow to government out of that advice, I do not know, but I would think there was even less likely to have been advice to government as to whether any liability might flow to the Cricket Board. Somebody else might know more about it than I do.

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**Ms Bird**—As the minister says, there have been a number of exchanges with the Australian Cricket Board. Those have basically been to brief them on the situation in Zimbabwe. Our high commissioner in Harare has been active in that, but the specific issue you raise is not one that I am aware of.

**Senator MURRAY**—I accept absolutely that these matters are always arguable, but quite clearly, if a government knows that citizens could be at risk in going to another country and fails to advise Australians, there is a question of a duty of care. That is why governments are generally careful in these matters and do issue warnings. My question was merely whether that issue had been raised in any advice given to the government and if it also included the liability being transferred to the ACB if they ignored the government's view.

**Senator Hill**—The latest advisory is that Australians in Zimbabwe should maintain a high level of personal security awareness. It is not advice that they should not travel. I suspect it is on that basis that the ACB has said, 'Well, if the advice of government is that Australians travelling should keep a high level of personal security awareness, that is the same standard that we will apply to the cricketers.'

**Senator FAULKNER**—It is true, isn't it, Senator Hill, that the Australian government has not made a request to the ICC through the Australian Cricket Board for a change of venue for the two matches at either Bulawayo or Harare? Unless I have missed something here, no request has been made, has it, formally by the Prime Minister? If it has, that is fine. I had not heard that that had occurred.

**Senator Hill**—I do not think so.

**Ms Bird**—The position is that we have made clear that we do not think the Australian game should go ahead in Zimbabwe, nor do we think any of the games should be played there. This is really a decision for the cricket authorities, but we have continued to press those cricket authorities to that effect.

**Senator FAULKNER**—So have the Prime Minister or the government formally requested of the ICC, either directly or through the ACB, a change of venue?

**Ms Bird**—As I said, we have made clear that we do not think the game should go ahead.

**Senator ROBERT RAY**—Answer the question.

**Senator Hill**—The Prime Minister has publicly said it should not take place; but, as I recall it, he said that it is ultimately a decision for the Cricket Board. Ms Bird might know, but I do not know of any direct approach by the Prime Minister to the ICC saying that they should change.

**Senator FAULKNER**—I did not say 'direct'. I said either directly or perhaps more appropriately—I am not suggesting it is necessarily proper to go direct to the ICC—through the ACB to the ICC for a change of venue for the match at Bulawayo and the match at Harare.

**Senator MURRAY**—If I can explain the context in which I raise this—

**Senator FAULKNER**—Senator Murray, just a moment. Isn't it reasonable to ask for an answer to that? By all means—

**Senator MURRAY**—Yes, there is. To assist with the context, the other day on television I saw an interview—I forget which channel it was—with Gibson Sibanda, who is a senior member of the Movement for Democratic Change. I think he is the mayor of Bulawayo, but he is certainly a senior person there. He made the specific statement that the cricketers might well be safe within the ground while Zimbabwe citizens were likely to be killed—he used the word 'killed', making a point—in the streets outside. That is not somebody on the street just

passing an opinion but somebody on the spot who holds a senior position within the opposition party there and who is attuned to the climate in Bulawayo. In that circumstance, it seems to me the government's position has even more importance not only on the moral and political side, on which I am in agreement with the government, but on the security and liability side.

**Senator Hill**—I am advised that the foreign minister has written to the cricket authorities. It suggests to me that the Prime Minister has also been in contact with them. This is over and above the public concern. So I think we should seek further detail.

**Senator FAULKNER**—I chose my words carefully, Senator Hill. I asked whether there has been a formal request to the ICC, either directly or through the Australian Cricket Board, about a change of venue. Does that mean there has been?

**Senator Hill**—No, that means that I need to find out further information. I need to find out exactly what the Prime Minister has put to them.

**Senator FAULKNER**—I do not know what Senator Murray thinks about this, but it might be useful to establish that and then come back to this when we deal with the International Division, because I certainly was going—

**Senator Hill**—It shouldn't take long to establish.

**Senator FAULKNER**—I appreciate that. That is what I am saying. It might be useful to find that out, and then I was going to deal with this under output 3 anyway. Through you, Mr Chair, is Senator Murray comfortable with that? It seems to me that we ought to deal with it with that information available to us.

**CHAIR**—Are there any further general questions?

**Ms Belcher**—Mr Chair, I have some information in relation to Mr Cousins that goes part way to answering the questions that were put to me. Mr Cousins is based in Sydney. When he is in Sydney he is able to use the facilities of the Prime Minister's office in Phillip Street. He has not been issued with a mobile phone or a laptop. I accept that that does not answer your entire question, but it goes part way.

**Senator FAULKNER**—Are you able to tell us, let us say over the last six months or 12 months of this consultancy, on how many days Mr Cousins might have visited the office in Phillip Street? Could you take that on notice for us?

**Ms Belcher**—Yes.

[3.12 p.m.]

**CHAIR**—If there are no further general questions, the committee will now examine questions in relation to output 1, economic policy advice and coordination. Are there any questions relating to output 1? There being no questions, the committee will now examine output 2, social policy advice and coordination. Are there any questions in relation to output 2?

**Senator FAULKNER**—I do have some, but the first thing I would like to check relates to some consultancies for a public relations campaign in conjunction with the corporate alliance to end partner violence—so domestic violence consultancies. The reason I wanted to check this with you, Mr Metcalfe, is that these may be more properly dealt with under OSW. I assumed that but I wanted to be sure before we moved beyond social policy.

**Mr Metcalfe**—That certainly sounds correct, Senator, and my understanding is that I was to come back after other agencies this afternoon or this evening.

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**Senator FAULKNER**—I know that a number of senators who are interested in OSW are expecting you to be on a little later. I just wanted to check that that was the case. I thought it might be. I can deal with it then.

**Mr Metcalfe**—The relevant officers are here, but if you want to do OSW as a complete group then this evening might be better with Senator Crossin or whoever is going to be sitting there.

**Senator FAULKNER**—Yes. A matter which I think is directly in the output 2 area—it could be output 1—is the management advisory subcommittee on organisational renewal phase 2. It is a fantastic name. Only PM&C could have come up with it.

**Ms Davidson**—It is not output 2. It is not in my output, but I am not sure where it belongs.

**Ms Belcher**—I think it probably belongs in output 4. It is the management advisory committee chaired by the Secretary of PM&C. It is currently preparing a paper on organisational renewal. I am aware that it is soon to issue a paper. I am not sure that I will be able to give you a great deal more detail than that. It is something I could certainly get information on or it is possible that the Public Service Commissioner might have more information on that.

**Senator FAULKNER**—Which output is that under, Ms Belcher?

**Ms Belcher**—I think it would have to be output 4.

**Senator FAULKNER**—I just assumed it had to be output 2. I will give you a bit of a heads up on that; we can come back to it a little later.

**CHAIR**—Are there any further questions on output 2?

**Senator MURRAY**—I have a question on that. Again, I am a little confused as to whether it is under output 1 or 2; it may end up being under neither. I was interested by Minister Abbott's foray into the area of welfare, employment, tax credits and so on and his opinions that he wrote up in January. I do not know if that was a kind of January attention-getter or if it is a situation of genuine policy development. Clearly what is apparent there is an intersection between welfare policy, tax policy and employment policy. Is there any PM&C coordinated group examining the specific issues that Minister Abbott raised? That of course also relates to the McClure report and other reports the government have had over time.

**Ms Davidson**—There is a welfare reform consultative forum that Minister Abbott and Minister Vanstone co-chair. That forum has recently—I think it was just before Christmas—put out a paper called 'Building a simpler system to help jobless families and individuals'. There was some mention of issues around the welfare tax interface in that paper, and there are going to be consultations until the end of June on that issues paper. I believe that that was the context in which Minister Abbott was making his remarks about tax credits.

**Senator MURRAY**—It was not raised as a means of promoting a position for the upcoming budget; it is not part of the budget review process?

**Ms Davidson**—I do not think it would be appropriate for me to comment on that. As I recollect, he was making his comments in relation to this paper.

**Senator MURRAY**—Is the consultation you are conducting in this area fairly broad across the community?

**Ms Davidson**—I should make it clear that the Family and Community Services portfolio and the Department of Employment and Workplace Relations are responsible for conducting the consultations.

**Senator MURRAY**—That is not PM&C directed?

**Ms Davidson**—No, our department provides secretariat support for that consultative forum, but the development of that paper was undertaken by those other departments. They will be undertaking the consultations.

**Senator MURRAY**—So, if people wanted to have input, they should direct it to either of those ministries?

**Ms Davidson**—What sort of input?

**Senator MURRAY**—People are interested by the ideas raised both in that discussion paper and by Minister Abbott, and other people have raised similar interests. They want to be able to provide input to the government in terms of ideas in that direction. Where would they go through: you or the—

**Ms Davidson**—To the Department of Family and Community Services. They have called for public submissions, and the closing date for those is 20 June. I think they also intend to do some other focus group discussions as well.

**Senator MURRAY**—Thank you very much.

**CHAIR**—The committee will have a break now and will resume with output 3.

**Proceedings suspended from 3.19 p.m. to 3.44 p.m.**

**CHAIR**—We are up to output 3, International policy advice and coordination.

**Senator ALLISON**—Is the officer likely to appear shortly?

**Mr Metcalfe**—My understanding is that Senator Allison has a question on a particular issue which is probably handled under output 1. If that is the case, the relevant officer has already left. We are checking now to see whether that officer can be brought back to the committee and indeed whether he is the right person. I should have that advice fairly soon.

**CHAIR**—In the meantime, I might kick off with output 3.

**Senator FAULKNER**—Have we got the answer to that Zimbabwe question yet?

**Mr Metcalfe**—I will ask Ms Bird to come forward.

**Ms Bird**—I have a bit more information on the Zimbabwe issue. Perhaps it would help if I just went through a bit of what the government has been doing on this score. We have certainly been actively lobbying the ICC member states to try to make a collective approach to the ICC to have the games moved from Zimbabwe. We have been active on that score since the end of last year, as I said, getting our posts to go in and talk to ICC member governments and have them talk to their cricket bodies. Very much our approach has been to have an all-in or all-out approach to the games in Zimbabwe. You asked about formal approaches. There can be no doubt about the government's position, from the many statements have been made and also from the contacts the government has had. There was indeed a formal letter from Mr Downer to the President of the ICC, Malcolm Gray, setting out clearly the government's views on this issue. That was sent last Friday, 7 February.

**Senator FAULKNER**—Have the Prime Minister or the Minister for Foreign Affairs contacted the ACB?

**Ms Bird**—I am aware that there have been discussions with the ACB. I could not go into the details of those, but there certainly have been plenty of discussions.

**Senator FAULKNER**—What did Mr Downer's letter ask for?

**Ms Bird**—It would be preferable for you to talk to the Foreign Affairs and Trade portfolio about Mr Downer's letter, but I can say that the letter set out very clearly the government's position. Malcolm Gray, the President of the ICC, has in the media described this as a formal approach from the government.

**Senator FAULKNER**—I understood that the Prime Minister, who has had a lot to say about this, had not received any written requests until 6 February, and then from the England and Wales Cricket Board, to relocate matches out of Zimbabwe; but you are saying now that the Australian government wrote last Friday to the ICC.

**Ms Bird**—That is correct.

**Senator FAULKNER**—I wonder whether there is an inconsistency here with the sort of approach that the Prime Minister has taken in his role as the chair of the Commonwealth leaders troika on Zimbabwe in relation to the introduction of sanctions against the Mugabe regime. It seems to me that there has been a very different approach on that issue to what we have seen in relation to the Cricket World Cup. Do you think that is fair?

**Ms Bird**—The government's approach on the issue of Zimbabwe has the one goal: we want to work to try to resolve the dire situation in Zimbabwe. That is what we are working on through the Commonwealth troika process. We do not want those cricket matches in Zimbabwe to be misused by the Mugabe regime.

**Senator FAULKNER**—But it was not until 11 February that a formal approach was made to the ICC.

**Ms Bird**—That letter was sent on 7 February. But, as I said, it very much put down what the government had been making clear in constant contacts with other ICC member governments and also in its dealings with the ICC and the ACB.

**Senator FAULKNER**—Currently, where are we at on the issue of the safety of Australian cricketers, supporters, media and so forth attending Cricket World Cup matches in Zimbabwe? Are you able to say to the committee what the situation is in relation to players, officials, supporters, media and other Australian visitors?

**Ms Bird**—Yes—and, again, you may wish to get some more detail from the Foreign Affairs and Trade portfolio—the general approach to this issue is set out very clearly in the latest travel advice for Zimbabwe. The relevant bit says:

Political protests are expected in connection with the Cricket World Cup in February, with a risk of violent clashes with police, and Australians should take particular precautions to avoid any such protests or other political activity.

**Senator FAULKNER**—Has any internal departmental assessment been made about how having the Australian cricket team play matches in Zimbabwe fits with the smart sanctions regime which, I think, was announced late last year?

**Ms Bird**—The smart sanctions regime stands and is clear. The cricket match we have been approaching very much on the basis that there is a concern that there could be heavy-handed action by the security forces there. There is also the issue of the games being misused by the Mugabe regime. We do not see that as inconsistent.

**Senator MURRAY**—I might say, in intercession, that I know the city of Bulawayo and, without being alarmist, if there was a riot or a fray, you cannot quarantine the stadium from anywhere else. You have to get to and from the stadium either by walking or using transport. You cannot quarantine the hotels. So it is not the case that you can advise people to avoid those things, because it will happen right where they are.

**Ms Bird**—That was the concern that led to the upgrading of the travel advisory.

**Senator FAULKNER**—Does Mr Downer's letter go to a request for a change of venue?

**Ms Bird**—As I said, I think on the detail of Mr Downer's letter it would be preferable to talk to the Foreign Affairs and Trade portfolio.

**Senator FAULKNER**—The whole point of my original question was to ask whether the Prime Minister has formally requested the ICC, either directly or indirectly through the ACB, to change the venue for Australia's two world cup cricket matches in Zimbabwe: one in Bulawayo and the other in Harare. That was the whole point of my original question. I would just like to come back to that so that we can be clear. Has that request been made by the Prime Minister or by anybody else on behalf of the government?

**Ms Bird**—Senator, you would appreciate that it is a letter from another minister. We could check with Mr Downer's office how he would like that letter treated and get back to you on that.

**Senator FAULKNER**—With respect, I thought that is what we were checking; that was my original question.

**Senator Hill**—No, in the first instance we had to find out whether there were letters. We have found that there is a letter from Mr Downer. Technically, what Ms Bird says is about the appropriate committee and so forth but, from a practical point of view, it seems to me that the matter might as well be dealt with here.

**Senator ROBERT RAY**—Rather than you have to deal with it later in the week.

**Senator Hill**—Yes, it is me again. But, as a courtesy to Mr Downer, I think we should ask him if there is any reason why the letter should not be made public at this time. We should be able to do that pretty quickly.

**Ms Bird**—Yes, we can do that. It has certainly been referred to by Malcolm Gray, who has described it as a formal approach.

**Senator ROBERT RAY**—So you will be happy to keep some officers available, when we have done that checking today, to revisit the issue.

**Senator Hill**—Yes.

**Senator FAULKNER**—So you are checking specifically, Minister, whether this letter goes to a formal request about a change of venue? But, more importantly, what I gather you are now checking is whether that letter can be released to the committee? Is that what you are saying?

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

**Senator FAULKNER**—Why don't we establish those two things and then come back to it. I am not sure how much progress we have made there.

**Mr Metcalfe**—Mr Chair, just a progress report: the relevant officer who deals with industry matters, which is pertinent to Senator Allison's area of interest, has been contacted and is on his way back up here. He should be with us, depending on car parking, fairly shortly.

**CHAIR**—Senator Faulkner, if we move on to further matters in relation to output 3, you will be interrupted.

**Senator ROBERT RAY**—We do not mind.

**CHAIR**—I would hate to break your flow.

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**Senator FAULKNER**—You would love to, but it is generous of you to describe it as a flow.

**Senator ROBERT RAY**—Outflow?

**Senator MURRAY**—I am not sure we want to go there, do we?

**CHAIR**—We will continue then with output 3.

**Senator FAULKNER**—Mr Metcalfe, could we please get an update about the London war memorial at Hyde Park Corner? I have read the press articles about this. I know that at this stage there is a plan for it to be opened on 11 November, but it might be useful for the committee to get a status report of where things are up to.

**Mr Metcalfe**—I have just been advised that, as you are possibly aware, PM&C does not have primary responsibility for this matter. No-one here has immediate knowledge as to precisely where things are. Again, I can check if you would like and see if we can provide you with something once we have contacted the relevant people. But I think the information that we would have would be something that we had learned from another department. I suspect it is the Department of Veterans' Affairs who have primary responsibility for this.

**Senator FAULKNER**—I thought there was a role that international division had played in this. Is that not correct?

**Mr Metcalfe**—There has been a change of personnel in international division, so there may have been some recollection that now resides in the Australian High Commission in Port Moresby with Mr Potts. We can check and come back to you if there is anything sensible we can say, but it has not been an issue that has occupied either Ms Bird's time or my time over the last few months.

**Senator FAULKNER**—We will put that one on hold along with Zimbabwe then, Mr Chairman. It is all we can do.

**Senator Hill**—There were public statements put out recently in relation to it.

**Senator FAULKNER**—No, there have been press articles about the memorial, which you are probably aware of. I am wondering what, if any, the involvement of the Department of the Prime Minister and Cabinet has been. If I am told, after checking, that there is no involvement, that is fine—I will ask questions elsewhere.

**Mr Metcalfe**—I understand that an officer may have been advised of something. We will check on that, but it has not been a primary area of our—

**Senator FAULKNER**—I am not suggesting it is a primary area, but—

**Senator ROBERT RAY**—It is not secondary either; it is much lower than that. Isn't that what you are saying?

**Mr Metcalfe**—Given the other things we have been dealing with, it is not something that has been in the front run of issues in the last few weeks, but we can check. There may be officers who are not here with us who have had some direct dealings with it. As soon as we have that information, I am happy to come back to the committee.

**Senator FAULKNER**—You can check and let us know. I suppose Iraq has been the top order issue, has it?

**Mr Metcalfe**—I think that is a fair statement.

**Senator FAULKNER**—Why don't I ask a few questions about that?

**Senator Hill**—I do not know what you want to know about the involvement of the officers, but the design matters have all now been resolved, the contract is resolved, the council approval has been given, the building is progressing and the opening date has been set.

**Senator FAULKNER**—I am interested in analysing some of those issues in more detail, Senator Hill. Thank you very much for letting me know that everything is going extremely well, but let us get behind that a little and have a look at how all that developed. It sounds like you are quite expert in it.

**Senator Hill**—I announced the fact that all of these disputes had been resolved when I was the Acting Minister for Veterans' Affairs over the Christmas period.

**Senator FAULKNER**—I would like to know more about the disputes. No doubt you have played a very positive role.

**Senator Hill**—No. I put out a press release.

**Senator ROBERT RAY**—That is more than the existing minister manages.

**Senator FAULKNER**—You will be in a very strong position to support the evidence that Mr Metcalfe will be providing at a later stage this evening, Senator Hill. We look forward to it. Obviously there are a lot of agencies involved in the Iraq issue; I am interested in understanding what the PM&C role is, particularly in ensuring that there is a whole of government approach across departments and agencies.

**Ms Bird**—As you would expect, there is a range of interdepartmental consultations going on at the moment on Iraq. The main departmental group dealing with Iraq is located in DFAT and is called the Iraq Task Force. That task force is chaired by DFAT but it has representation from a range of departments and agencies, including the Department of the Prime Minister and Cabinet.

**Senator FAULKNER**—Who is the lead agency on the Iraq Task Force?

**Ms Bird**—The chair of that task force is the Department of Foreign Affairs and Trade.

**Senator FAULKNER**—So DFAT is the lead agency.

**Ms Bird**—On that interdepartmental group, yes.

**Senator FAULKNER**—Are there other groups?

**Ms Bird**—There is a range of consultations going on between departments on this issue, but the main one is the Iraq Task Force chaired by DFAT.

**Senator FAULKNER**—Could you say what the other ones are please?

**Ms Bird**—There are some groups out of Defence that are meeting on a number of issues to do more with the military side of things, but Defence chairs that.

**Senator FAULKNER**—Is PM&C involved in that?

**Ms Bird**—Yes. PM&C goes along to meetings in Defence as well.

**Senator FAULKNER**—What is that called?

**Ms Bird**—I am not sure; I would need to check with Defence on what they call it.

**Senator FAULKNER**—We are in the very advantageous position of having Senator Hill with us, who is an expert not only on the Hyde Park Corner Memorial but also on this issue; he would be right across this. You would know, wouldn't you, Senator Hill?



**Ms Bird**—I should add that it may not have a formal title. It is just a process of departments and agencies getting together to discuss issues to do with Iraq. The main body dealing with the bulk of issues is the Iraq Task Force that DFAT chairs.

**Senator FAULKNER**—But I am interested in the number of entities that PM&C is involved in and represented on. So there is a nameless one in Defence, unless you can help us, Senator Hill. I do not think you can. I am trying not to embarrass you, so I think we should quickly skate through that because you do not know the name of it and I do not want to labour that point. So there is the nameless one in Defence and there is the Iraq Task Force; is there anything else?

**Ms Bird**—I should also add that there is a standing group called the Strategic Policy Coordination Group, the SPCG. That is a body comprised of senior officials from PM&C, DFAT and Defence. They get together once a fortnight to look at the broad range of security issues, but Iraq obviously features in those discussions as well.

**Senator FAULKNER**—What level of representation does PM&C provide on the SPCG?

**Ms Bird**—The SPCG is a first assistant secretary and deputy secretary level committee. I represent the department at meetings of that group.

**Senator FAULKNER**—Does PM&C have an internal group or task force working on Iraq or Iraq related issues? I appreciate the information provided in the broad by Mr Metcalfe about other issues such as counter-terrorism and so forth, but I am not going there.

**Mr Metcalfe**—I think it is fair to say that a couple of officers in Ms Bird's division are working pretty well full time on Iraq matters at the moment, supporting both her and, indeed, the Prime Minister on those matters. We are continuing to review our arrangements, as any developments may mean that we need to put even further resources into it. But, at the moment, we have about two staff.

**Senator FAULKNER**—But it is not a task force or a working group or anything like that—that is just the level of staff resources involved in it?

**Mr Metcalfe**—They are staff within the Defence, Security and Intelligence Branch of the International Division. But, as I said, whether we need to do anything further is something that I and Ms Bird will discuss with the new secretary of the department. Obviously, the way that events develop over coming days and weeks may determine that.

**Senator FAULKNER**—What level of representation does the department have on DFAT's Iraq Task Force?

**Ms Bird**—That varies. It is a daily meeting, so sometimes it is the assistant secretary and sometimes it is at director level.

**Senator ROBERT RAY**—Are proper minutes being kept for these meetings? When we went through the inquiry into a certain maritime incident we found that the record-keeping was pretty second rate. I know that you are trying to move events on, but I am just wondering if proper records are being kept.

**Ms Bird**—I imagine that they are.

**Senator ROBERT RAY**—Is anyone in a position to tell us that?

**Ms Bird**—DFAT chairs them, so you would probably do best to ask them what their practices are.

**Senator FAULKNER**—Do you not get a copy of the records of decisions?

**Ms Bird**—I have not been to that particular task force. I can take that on notice and check.

**Senator FAULKNER**—This is a task force that meets on a daily basis, so you would have been along, wouldn't you, Mr Metcalfe?

**Mr Metcalfe**—No—as Ms Bird indicated, it is attended by either the branch head or section head within PM&C.

**Ms Bird**—I can add that the group that I go to, the SPCG, does in fact have minutes of each of its meetings.

**Senator FAULKNER**—Is there any PMO involvement in these respective groups?

**Mr Metcalfe**—No. They are at official or departmental level.

**Senator FAULKNER**—But you would have a major responsibility, wouldn't you, in keeping the Prime Minister and the Prime Minister's office informed of outcomes and developments and the like?

**Mr Metcalfe**—We would both say yes.

**Ms Bird**—Yes.

**Senator FAULKNER**—So how are you doing that—just through daily briefings or something?

**Mr Metcalfe**—Through the normal routine of the business of government. Briefings are prepared, there are various reports from agencies and there is cable traffic on this issue. So there is no one document—a series of pieces of material are used to update on developments.

**Senator FAULKNER**—Is there any travel to the US at all by PM&C officials in relation to this issue?

**Mr Metcalfe**—On this specific issue, no.

**Senator FAULKNER**—That would obviously normally be a responsibility of DFAT?

**Mr Metcalfe**—Yes, DFAT and Defence.

**Senator FAULKNER**—Has there been any international travel at all on the Iraq issue involving departmental officers?

**Mr Metcalfe**—The only thing that I suppose you could link to the issue is the fact that two officers from the Ceremonial and Hospitality Unit of the department are engaged in travel associated with the Prime Minister's current visit as they are involved in the arrangements for the visit. One is on her way or has possibly arrived in London and the other is going to Jakarta. We did not send anyone to the United States, because the embassy there was able to cover the arrangements for us. But, on the policy side, the answer is no.

**Senator FAULKNER**—Has the issue of any commitments sought by the United States of America administration been reported, Ms Bird, at any of the discussions you have been present at?

**Ms Bird**—The government has made clear that it has not made any commitments.

**Senator FAULKNER**—No, I am asking whether any commitments sought by the US administration have been reported at any meeting you have been present at. I am not talking about what commitments the government may have made; I am asking what commitments might have been sought. That is a different thing.

**Senator Hill**—No commitments have been sought by the United States. I do not quite understand what the question is referring to—communications between the Prime Minister and President Bush?

**Senator FAULKNER**—Senator Hill, it is quite simple. I am asking whether at any of the officials level meetings there have been reports of commitments from Australia sought by the US administration, whether they have been reported at any of the officials level task forces that PM&C is represented on. You would not be aware of that, I assume, because you have not attended them.

**Senator Hill**—But they would not have occurred because there have not been requests.

**Senator FAULKNER**—If that is the case, the answer to the question is no. I was just asking Ms Bird what the answer to the question was.

**Senator Hill**—It is no secret that there has been contingency planning taking place for some considerable time, primarily by the military. That might be reported to meetings, but I do not think that that is what Senator Faulkner is talking about.

**Senator FAULKNER**—I think the question I am asking is quite clear and that the officials are in a strong position to be able to answer it.

**Ms Bird**—I am not aware of any US request of that sort. Ministers would know about it rather than officials.

**Senator FAULKNER**—That is what I am asking—whether any requests for any commitments had been reported at the official level meetings that you and other departmental officers have been attending.

**Ms Bird**—As the minister mentioned, there have been contingency discussions basically between the military that have led to the various deployments that have taken place, but there has been no formal request, no.

**Senator FAULKNER**—Is the International Division aware of any offer by the Australian government for the use of Australian military forces to the United States for potential military action in Iraq?

**Senator Hill**—We have not offered forces. We have been at pains to communicate to the United States that the government has not made a decision beyond predeployment, for the reasons we have publicly stated.

**Senator FAULKNER**—When did officials become aware of the decision to predeploy military forces, including the *Kanimbla*, to the Middle East?

**Ms Bird**—The decision to predeploy was made by the National Security Committee of cabinet and announced that day by the Prime Minister.

**Senator Hill**—That is not quite correct. The decision that was announced by the Prime Minister was that Australia might predeploy. The decision to predeploy was made subsequent to that.

**Senator FAULKNER**—My question is: when did the officials of the Department of the Prime Minister and Cabinet who are on the three task forces that have been reported become aware of that predeployment?

**Senator Hill**—I would need to check the dates, but the date was about 13 January. So they could not have been aware of it before then because the decision had not been made.

**Senator FAULKNER**—Are you saying that they could not have been aware of it before that date?

**Senator Hill**—You said ‘aware of that decision’. I am telling you that a decision was not made until I think it was 13 January, but I would like to check the date. It was a few days after the Prime Minister indicated that Australia might deploy forces and the nature of the forces that might be predeployed.

**Senator FAULKNER**—All I am asking is when the officials on the three task forces that have been mentioned became aware of it. It might have been after the ship was waved off.

**Senator Hill**—They could well have been aware that the government was considering these issues; I would expect them to be aware of that. But they could not have been aware of a decision being made before the decision was made.

**Senator FAULKNER**—So my question is not when the decision was made but when were they were aware of it.

**Mr Metcalfe**—We will have to take on notice the question going to the precise timing.

**Senator FAULKNER**—If you could, in relation to the PM&C representatives on the three task forces that you have mentioned, that would be helpful.

**Senator ROBERT RAY**—Has there been a major increase in the volume of correspondence to the Prime Minister, and then passed on to his department to prepare responses, since the Iraq issue went to centre stage in the last three months?

**Mr Metcalfe**—I do not have the information here as to whether there has been an increase in volume, or if there has been an increase whether it is related to a seasonal factor. I understand that a significant amount of correspondence coming to the Prime Minister at the moment does touch on the Iraq issue.

Without wanting to break into anyone’s flow, the officer who might be able to assist Senator Allison is now here. I do not know whether you want to return to outcome 1; we are in your hands on that.

[4.18 p.m.]

**CHAIR**—Senator Faulkner, if that is all right, perhaps Senator Allison could take over and ask her questions on outcome 1—Economic policy advice and coordination.

**Senator ALLISON**—Could an explanation be provided as to why the Prime Minister made the decision about the Albury-Wodonga freeway and the second river crossing? Was it an external or internal decision? Can some account be given as to why that was made?

**Dr Horne**—The government certainly took a decision in early December 2002, and that decision was announced by the Minister for Transport and Regional Services. A press release of 6 December outlined some of the reasons for the government’s decision.

**Senator ALLISON**—Are you saying that the decision was not made by PM&C?

**Dr Horne**—It was certainly not made by PM&C?

**Senator ALLISON**—It wasn’t?

**Dr Horne**—No. Ministers clearly make those sorts of decisions.

**Mr Metcalfe**—What we are saying is that the primary carriage of this issue is within the transport portfolio, and Mr Anderson, the Deputy Prime Minister and Minister for Transport and Regional Services, is the person who announced the decision on 6 December.

**Senator ALLISON**—Mr Anderson announced the decision earlier last year that it would be an external freeway, that the external option would be adopted.

**Dr Horne**—In early 2001, the Minister for Transport and Regional Services certainly announced that the external freeway would be going ahead. And late last year the government announced that, in response to the Deputy Prime Minister's press release, a range of local representations led to a change in the government's position on the choice of route. This freeway, for those of you that do not know, has been under consideration since the mid-1990s.

**Senator ALLISON**—In fact, the Minister for Transport and Regional Services did not make this announcement. As I understand it, it was the MPs for the two electorates concerned, Susan Ley and Ms Sophie Panopoulos, wasn't it?

**Dr Horne**—On 6 December 2002, the Deputy Prime Minister issued a press release which was titled 'Albury Wodonga National Highway upgrade', in which he set out some of the issues. We can certainly get you a copy of that press release, Senator.

**Senator ALLISON**—Could you also check the press releases of the two Liberal MPs in adjoining electorates in the area.

**Dr Horne**—Sure.

**Senator ALLISON**—The Prime Minister was said to be approaching the New South Wales state government for the additional \$40 million for a second river crossing, as I understand it—correct me if I am wrong. The failure of New South Wales to provide that funding was said to be the reason for the decision for the internal river crossing. Can you confirm that? Can you indicate what approach was made by the Prime Minister to the New South Wales state government?

**Dr Horne**—I cannot confirm that. That is an issue which normally would be handled by the Transport portfolio.

**Senator ALLISON**—It is my understanding that the Prime Minister was to make this approach. Senator Hill, can you help us with that?

**Senator Hill**—The Albury-Wodonga freeway—no, I do not know the intricacies of that particular matter.

**Dr Horne**—What period of time were you thinking of that he might have made such an approach? At what time? When would this have been?

**Senator ALLISON**—I do not know.

**Mr Metcalfe**—I think it is probably best if we take that aspect on notice. It certainly seems to me that the vast majority of knowledge on this issue will be with the department of transport.

**Senator ALLISON**—Mr Metcalfe, I understand that the decision was taken out of the hands of the department of transport—I would not be here asking this question otherwise—and that the Prime Minister took on this decision making. I assume that PM&C was involved in that process.

**Dr Horne**—We certainly provided the Prime Minister with some briefing on these issues, as we do on a whole range of issues.

**Senator ALLISON**—Perhaps you can outline the process for PM&C developing a briefing, and perhaps provide it; that could possibly be helpful to us.

**Dr Horne**—I was not involved in the briefing at the time as I was overseas. It would have been a standard briefing providing information to the Prime Minister. For example, there may have been something from the Deputy Prime Minister. I am not aware of the details of that.

**Mr Metcalfe**—I think Dr Horne has made it clear. It sounds like he was overseas at the time that this was happening.

**Senator ROBERT RAY**—With due respect, it is no use in saying, ‘I haven’t read the brief but it may or may or may or may’. That is not treating Senator Allison’s question with proper respect, I am afraid.

**Mr Metcalfe**—Senator, as I say, we really do need to take this on notice. I suspect that the majority of the information is held within the Transport portfolio. To the extent that the PM&C has had a role inconsistent with the normal protocols about not revealing issues that go to the nature of policy advice, I think that is where Dr Horne had got us to. He was saying, ‘Look, if we had been asked for advice, this is the sort of thing we do. We provide advice which might set out some options.’

**Senator ALLISON**—Dr Horne, you did say that local representation was involved in this reversal of a decision. Perhaps you can expand on that.

**Dr Horne**—As I understand it, local representations were made. I think in fact the Deputy Prime Minister’s press release suggests that quite explicitly. Let me just read parts from it:

“The two local Federal members, the Member for Farrer, Sussan Ley, and the Member for Indi, Sophie Panopoulos, have made strong representations to the Government supporting a change in the previous external bypass decision” ...

Then it goes on to say:

The Government also noted the strong support of the State Member for Albury, Ian Glachan—

**Senator ALLISON**—Who is also a Liberal—not a National Party but a Liberal Party member.

**Dr Horne**—The press release goes on to say:

and local Councillors lead by Mayor Patricia Gould of Albury and Mayor Lisa Mahood of Wodonga, for the Internal Freeway.

The state member for Benambra is also a supporter, so there is clearly federal, state and local support.

**Senator ALLISON**—So, as I understand it, this change of heart, this changed decision, was based on representation, not on the review which Minister Anderson had announced? It was not based on cost, not based on health or safety, not based on good commonsense; it was based on representation. Is that correct?

**Mr Metcalfe**—Unfortunately, we just do not have the detail on that. Dr Horne is simply quoting from Mr Anderson’s press release. But, in terms of what sits behind that, to the extent that we can assist we will have to take that on notice.

**Senator ALLISON**—I think you said in the release that representation included that of the mayors of the two councils. Is that correct?

**Dr Horne**—Yes.

**Senator ALLISON**—Is it not the case that those two councils both have a policy of the external freeway option?

**Dr Horne**—I am not aware of the detail, Senator.

**Senator ALLISON**—I will pursue this with the department of transport and perhaps—

**Mr Metcalfe**—We have taken certain matters on notice and we will come back to you.

**Senator ALLISON**—Yes, thank you.

**Mr Metcalfe**—Mr Chair, can I just clarify that that is all there was on output 1. Can we release Dr Horne?

**CHAIR**—I think that is right. We have finished with output 1, output 2—

**Mr Metcalfe**—And we are still on output 3.

**CHAIR**—Yes, just for the moment, I think.

**Senator FAULKNER**—We will come back to it. If you can just hold back a couple of officials who are dealing with the Zimbabwean issue under output 3, I think we should move to output 4 and come back to output 3 at the appropriate time. It will take a bit of time to get those clearances; I appreciate that. I think that will save time.

**CHAIR**—Other than in relation to Zimbabwe, are there any further questions on output 3?

**Senator FAULKNER**—I have a significant number in relation to Iraq, but I suspect, Mr Chair, it is going to be easier to ask them at another committee; otherwise we will be here until the cows come home.

[4.28 p.m.]

**CHAIR**—Sure. Other than questions relating to Zimbabwe and the cricketers, as there are no further questions on output 3, the committee will now examine output 4, Support services for government operations.

**Senator FAULKNER**—I wanted to ask some questions about the Centenary Medal, if I could. No doubt Mr O'Neill is briefed to tell us how well things are going. So I thought we ought to start, Mr O'Neill, by giving you an opportunity to tell us precisely that. Where is the fiasco up to?

**Mr O'Neill**—I am pleased to tell you that presentations or investitures have been undertaken in Tasmania. The Governor of Tasmania has presented the medals to recipients in Tasmania. The plan is, as senators and members were advised last year, that the medals will be presented in April 2003 and presentation arrangements will be undertaken in April.

**Senator FAULKNER**—So is Tasmania the only state or territory where medals have been presented?

**Mr O'Neill**—To date. In Queensland the medals will be presented by Government House; the Northern Territory; the ACT, of course.

**Senator FAULKNER**—But only in Tasmania have they been presented?

**Mr O'Neill**—To date, yes.

**Mr Metcalfe**—In terms of who has them physically, centenarians, people who were 100 years old or older on 1 January 2001, received their medals last year. Tasmanian awardees have been presented with their medals by the governor. As Mr O'Neill said, in Queensland, the Northern Territory and the ACT the medals will be mailed to awardees, who will be invited to vice-regal ceremonies and that mail-out will occur in April. In New South Wales, Victoria, South Australia and Western Australia the state governments have declined to agree to hold vice-regal affirmation ceremonies, and federal members will be invited to present medals to persons in their electorates. That is a process that will soon commence as well.

**Senator FAULKNER**—I have seen the dramatic press release about the Centenary Medal recipients for Tasmania. You would have a copy of that in front of you, would you not, Mr O'Neill?

**Mr O'Neill**—I do not have one here, Senator.

**Senator FAULKNER**—How are the recipients listed? There was an attachment to the dramatic press release. Nearly two years after the event, the Centenary Medal recipients have got the medal.

**Mr O'Neill**—They are listed on our web site. Their names were provided to the media with the media release.

**Senator FAULKNER**—In what order are they listed?

**Mr O'Neill**—From A to Z.

**Senator FAULKNER**—Who is first?

**Mr O'Neill**—Whoever starts with 'A'.

**Senator FAULKNER**—And who is that?

**Mr O'Neill**—You might tell me, Senator.

**Senator FAULKNER**—I thought you said you had the list there.

**Mr Metcalfe**—No, I said I did not have the list.

**Senator ROBERT RAY**—Who is first?

**Senator FAULKNER**—Senator Eric Abetz is the first recipient in Australia.

**Senator ROBERT RAY**—That has devalued it a bit!

**Senator FAULKNER**—That is what I thought. How many recipients were there in Tasmania?

**Mr O'Neill**—There are about 500 recipients all told.

**Senator FAULKNER**—In Tasmania?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—How did they get the medal?

**Mr Metcalfe**—The centenarians received it in the mail at the time it was awarded last year. The recipients were invested by the Governor of Tasmania.

**Senator FAULKNER**—So did all the recipients go to the investiture?

**Mr O'Neill**—All of those who were invited to the January investiture went. There is another investiture in February.

**Senator FAULKNER**—When was that?

**Mr O'Neill**—It is about the 15th.

**Senator FAULKNER**—So everyone has them now? You said 15 February? That has not happened yet, has it?

**Mr Metcalfe**—It is taking place later this week.

**Senator FAULKNER**—So they will be invested on 15 February?

**Mr O'Neill**—On the 15th, yes. I did not say past tense.

**Senator FAULKNER**—No. Is that the end of the investitures for Tasmania?

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**Mr O'Neill**—That will be the end of the investitures for Tasmania, yes.

**Senator FAULKNER**—So there are just two.

**Mr O'Neill**—There may be a handful that the governor will do as he travels around Tasmania. That is up to him. He has been provided with the list of all the recipients. All the medals are down there and it is now a matter for Government House.

**Senator FAULKNER**—So the centenarians Australia wide received medals by post?

**Mr O'Neill**—They received their medals by post, yes. There were some presented at Kirribilli House in the beginning, for publicity purposes. We had a very strong publicity campaign among the families of the centenarians, to make them aware of it. We held a small function at Kirribilli House early last year.

**Senator FAULKNER**—Who presented the medals?

**Mr O'Neill**—The Governor-General.

**Senator FAULKNER**—At Kirribilli House?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—How many centenarians have been sent medals?

**Mr O'Neill**—Approximately 1,700.

**Senator FAULKNER**—The May edition of *It's an Honour*—which is your newsletter, isn't it—

**Mr O'Neill**—Yes.

**Senator FAULKNER**—said:

Where, sadly, a centenarian has died since 1 January 2001, the person's family may apply for the award of the Medal to carry forward the memories of their centenarians.

Have many families applied?

**Mr O'Neill**—I do not have the detail of that, but certainly they have applied. They have been very keen to receive the medal on behalf of the centenarian, yes.

**Mr Metcalfe**—We can take that on notice, Senator, if you are interested.

**Senator FORSHAW**—Can I ask why you do not have that detail. I raised issues similar to this back in May last year. You took questions on notice then about how you were going to identify who was eligible—the centenarians; those who were aged 100 or more—and what would happen in the event that they unfortunately passed away before they received the medal. I am now hearing the same type of response: 'approximately 1,700'.

**Mr O'Neill**—Quite extensive privacy rules apply in Australia.

**Senator FORSHAW**—You told me that last year too.

**Mr O'Neill**—Yes.

**Senator FORSHAW**—Have they all been given out now?

**Mr O'Neill**—All of those that have been applied for, yes.

**Senator FAULKNER**—Issue No. 6 of your publication *It's an Honour*, May 2002, says:

About 3,000 Centenary Medals are to be awarded to the centenarians—those Australians who attained the age of 100 by 1 January 2001 or would have attained the age of 100 by 31 December 2001 and who were alive on 1 January 2001.

There seems to be quite a significant discrepancy between these figures, because it says here in your own publication ‘about 3,000 Centenary Medals’.

**Mr O’Neill**—That figure was based on estimates provided by the Australian Bureau of Statistics. What we have relied on is quite an extensive publicity campaign throughout every nursing home, every aged care facility, through the media for the aged. The fact is that the children of the centenarians are probably in their 70s as well. It was quite an extensive media campaign over some time. As a result of that, we got 1,700 applications, and they have received them. The same applies in respect of service medals or campaign medals. Frequently, the entitlement is not taken up. It lasts forever; if the family in the future wish to apply for it it will be presented.

**Senator FAULKNER**—But do not forget that the date of this document is a year after the Centenary of Federation was celebrated in Melbourne.

**Mr O’Neill**—It was shortly after the Prime Minister announced the Centenary Medal. It was gazetted on 2 January 2002; the Queen established it and it was gazetted. Shortly after that, after the announcement by the Prime Minister and after its gazettal, we then started our campaign.

**Senator FAULKNER**—Is it true that on 22 February 2000 a range of individuals had been advised that the Queen had approved the Centenary Medal?

**Mr O’Neill**—That is true.

**Senator FAULKNER**—What was the kick-off date for the Centenary Medal? It was obviously before 22 February 2000.

**Mr O’Neill**—The kick-off date was when the Prime Minister announced it at the end of 2001, but the—

**Senator FAULKNER**—No, the medal was approved by the Queen prior to 22 February 2000.

**Mr O’Neill**—As I was going to go on and say: but there is quite a lot of preparation and consultation with the states. There was contact with the premiers of the states and contact with officials over quite some time in the lead-up to it. The Prime Minister announced it. That was the start. The gazettal was early in 2002. That is the commencement of it.

**Senator FAULKNER**—When did you start working on it, Mr O’Neill?

**Mr O’Neill**—There are a lot of processes involved in these things: consultation with the states—

**Senator FAULKNER**—Yes, I know these things take time. I am just trying to find out how much time it has taken. When did it start? When did you start working on the Centenary Medal? Apart from being awarded to some Tasmanians and centenarians, it still has not been awarded to anyone else in Australia, and it is now 2003.

**Mr O’Neill**—They will be presented in April 2003.

**Senator ROBERT RAY**—Answer the question, come on. When did you start working on this?

**Mr O’Neill**—Prior to that date that you referred to, because we had not—

**Senator FAULKNER**—When was that?

**Mr O’Neill**—That would have been in 1999-2000.

**Senator FAULKNER**—No, it would not have been in 2000, would it? We know the Queen approved the medal on 22 February 2000, because in answer to a question on notice the Clerk of the Senate was able to give us a timetable for the Centenary Medal as it relates to the nominees recommended by the Presiding Officers of this parliament, and the Prime Minister advised the Presiding Officers of the Commonwealth of Australia Parliament on 22 February 2000 that the Queen had approved the medal. I do not believe for one second that this thing was kicked off in the year 2000. I simply do not believe it.

**Senator Hill**—He said 1999-2000.

**Mr Metcalfe**—I think he said 1999-2000, which is a financial year.

**Senator FAULKNER**—When?

**Senator ROBERT RAY**—He did not mean the financial year—but nevertheless.

**Senator FAULKNER**—Surely someone has to ask the Queen to approve it. She was not sitting over there in Buckingham Palace, thinking, ‘I’ll just do this.’

**Mr Metcalfe**—Employing first principle, Senator, it was long before I was involved with the issue.

**Senator FAULKNER**—That, Mr Metcalfe, we know, so you are home free. You are not guilty; you are okay. Everyone, jot that down.

**Mr Metcalfe**—Just to assist my colleague, it does sound like it was a process that would have been occurring late in 1999. If you want a precise date—if there is such a thing—we can come back to you.

**Senator FAULKNER**—I am surprised it was not occurring before then, but I would like a precise indication of when the process started.

**Mr O’Neill**—The government first decided on the Centenary Medal in about 1998.

**Senator FAULKNER**—Yes, thank you—about 1998.

**Mr O’Neill**—That was the government decision, yes. So obviously there was preparation work after that; obviously there were things to be done.

**Senator FAULKNER**—Five years later, apart from some Tasmanians and centenarians who have been sent the medal in the post, no other recipient in any other state or territory of Australia has received it.

**Mr O’Neill**—They have all been notified.

**Senator FAULKNER**—They have been notified for years. The Presiding Officers of the Commonwealth of Australia Parliament put forward their nominees on 7 May 2002, and the Clerk of the Senate told us this morning that they have heard nothing more about it. The President of the Senate has heard nothing more about it. It has been a complete shambles, hasn’t it? Did the department establish the Centenary Medal hotline?

**Mr O’Neill**—It is not a hotline; it is a line to enable people to ring up to make inquiries.

**Senator FAULKNER**—Why is it called the Centenary Medal hotline in your own publication *It’s an Honour* if it is not a hotline?

**Mr O’Neill**—It is a description. The reason for it is that people ring up to get information. People are keen to talk about it.

**Senator FAULKNER**—For heaven’s sake, either it is a hotline or it is not a hotline. It is in this document—your own publication. This publication says:

You can also ring the *Centenary Medal* hotline on 1800 1901 01.

And then you tell me it is not a hotline!

**Mr O'Neill**—That was the line that was set up so people could ring up and inquire about the medal.

**Senator FAULKNER**—How many people rang?

**Mr O'Neill**—Quite a few; people were keen to talk about it.

**Senator FAULKNER**—Yes, how many?

**Mr O'Neill**—I can get you the details.

**Senator FAULKNER**—You cannot tell me it is not a hotline when in your own material you call this thing the Centenary Medal hotline. It is just preposterous.

**Mr Metcalfe**—I think we have now agreed that there is a hotline—or was a hotline, Senator.

**Senator FAULKNER**—You agree. Do you agree now, Mr O'Neill, that there is a hotline?

**Mr O'Neill**—I am purely—

**Senator FAULKNER**—Excuse me, Mr Metcalfe, you agree that there is a hotline. What about Mr O'Neill?

**Mr Metcalfe**—From what you have told me, Senator—

**Senator FAULKNER**—I am happy to pass you up a copy. I just want to know if Mr O'Neill agrees.

**Mr O'Neill**—That was the name of the thing, so yes.

**Senator FAULKNER**—So there is a hotline. How many calls were made to the hotline?

**Mr O'Neill**—I can take that on notice.

**Senator FAULKNER**—When was the hotline established?

**Mr O'Neill**—I will take the question of the exact time on notice as well.

**Senator FAULKNER**—Do you have a year.

**Mr O'Neill**—It would have been in 2002.

**Senator FAULKNER**—So it was established after the year of the Centenary. That is a joke.

**Mr O'Neill**—It was established after the Prime Minister announced the establishment of the Centenary Medal.

**Senator FAULKNER**—I don't believe this.

**Senator ROBERT RAY**—Mr O'Neill, you are in a vein of taking questions on notice. Can we have the cost of setting up the hotline, while you are getting the other answers?

**Senator FAULKNER**—How many people staff the hotline.

**Mr O'Neill**—It is part of the ongoing function; it comes through on one of the telephone lines.

**Senator FAULKNER**—And you are saying to the committee that the Centenary Medal hotline was established in the year after the centenary.

**Mr O'Neill**—It was established after the Prime Minister announced the establishment of the Centenary Medal.

**Senator ROBERT RAY**—Which was a year after the centenary.

**Mr Metcalfe**—I think we have established that.

**Senator FORSHAW**—So H-O-T does not stand for 'honours on time'.

**Senator ROBERT RAY**—Senator Hill, do you have a Centenary Medal?

**Senator Hill**—I think all parliamentarians get one, don't they? I do not know that I have yet got it. It has not come in the post yet.

**Senator ROBERT RAY**—But you will get one?

**Senator Hill**—I think all ministers get one.

**Senator FORSHAW**—Ring up the hotline and find out.

**Senator ROBERT RAY**—But we cannot find out who may have nominated you.

**Senator Hill**—I do not have to be nominated. I do not think anyone would nominate me.

**Senator FAULKNER**—The Queen has just appointed you because you are such a good fellow.

**Senator ROBERT RAY**—Go back to your work, Senator Hill.

**Senator FAULKNER**—Yes, that is right—don't concentrate on this, it is too embarrassing. Mr O'Neill, when did the letters offering the award of the medal go out?

**Mr O'Neill**—The sounding letters, which went to all or proposed recipients, went out after the Council for the Centenary Medal completed its work last year. So the letters would have gone out in the September-October-November period.

**Senator FAULKNER**—How many meetings did the Council for the Centenary Medal have?

**Mr O'Neill**—My best recollection would be four or five meetings.

**Senator FAULKNER**—How many individuals were offered a Centenary Medal?

**Mr O'Neill**—In the general list the number was about 15,000.

**Senator FAULKNER**—Did any refuse?

**Mr O'Neill**—There have been some refusals.

**Senator FAULKNER**—How many?

**Mr O'Neill**—Fewer than a hundred. It is about 0.6 per cent, which I think is probably better than any other medal in Australia in terms of take-up rate.

**Senator FAULKNER**—So there were 15,000 letters and fewer than a hundred refusals. Does that mean 14,900-plus acceptances?

**Mr O'Neill**—We are still waiting on some replies, and they have been chased up. There is an ongoing process: one of the features of sounding is that it takes a while to get people to respond.

**Senator FAULKNER**—How many responses to the 15,000 soundings have you had? We know that you have had fewer than 100 refusals.

**Mr O'Neill**—Yes. Of the 15,000 that went out, we are still waiting on replies from about 1,250.

**Senator ROBERT RAY**—Mr O’Neill, I am not following you there. There were 15,000 letters that went out.

**Mr O’Neill**—Yes, 15,000 letters went out and we are waiting on replies from about 1,200. People do not always respond as quickly as they normally would, so I have just chased them again recently.

**Senator FAULKNER**—How many medals do you think will end up actually being awarded?

**Mr O’Neill**—I would have thought about 16,000.

**Mr Metcalfe**—I have some precise statistics here that may assist. From what I understand, 16,433 individuals were nominated to receive the medal. Of those, as at the date of the preparation of this briefing, 5 February, 15,075, which is 91.8 per cent, have accepted; 1,252, or 7.6 per cent, have yet to reply; and 106, or 0.6 per cent, have declined. So when Mr O’Neill talked about 15,000 I think he was really talking about 16,000 or 16½ thousand and that the actual take-up rate at this stage is around 15,000. but we would expect a substantial number more who have yet to reply to us.

**Senator FAULKNER**—Mr O’Neill, as I understand it, members of parliament at the time of the Centenary of Federation are eligible.

**Mr O’Neill**—Eligible for what, Senator?

**Senator FAULKNER**—For a Centenary Medal.

**Mr O’Neill**—I do not think that is true, unless you have received a letter.

**Senator ROBERT RAY**—No, he is asking whether they are eligible, not whether it is automatic. I think that is your first question.

**Mr O’Neill**—I am not quite sure—eligible for what?

**Senator ROBERT RAY**—To be nominated for a Centenary Medal.

**Mr O’Neill**—Anyone was eligible to be nominated.

**Senator ROBERT RAY**—But it is not automatic for parliamentarians.

**Senator FAULKNER**—But it is automatic for certain categories of parliamentarians, isn’t it?

**Mr O’Neill**—Yes.

**Senator FAULKNER**—Cabinet ministers, for example.

**Mr O’Neill**—Yes.

**Senator FAULKNER**—Presiding officers, for example.

**Mr O’Neill**—Yes.

**Senator FAULKNER**—Non-cabinet ministers.

**Mr O’Neill**—If nominated.

**Senator FAULKNER**—So Senator Abetz must have been nominated by someone to get on the list?

**Mr O’Neill**—There was a proscribed list which does not include—

**Senator FAULKNER**—Did you say proscribed or prescribed?

**Mr O'Neill**—Prescribed. It included former prime ministers, former leaders of the opposition, but it did not include other serving parliamentarians.

**Senator ROBERT RAY**—Can we go back to the methodology here. There was an allocation of medals to state governments and to the federal government—I am putting it crudely—but, when it comes to the actual awarding and posting out, do all Tasmanians get one? Whether they have been nominated at federal or state level, do they all get their medals at the one time?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—So did the President of the Senate, Senator Calvert, get a medal?

**Mr O'Neill**—He should have, if his address was shown as Tasmania. If it was shown as Canberra, he will come into Canberra.

**Senator FAULKNER**—But of course he was not the President of the Senate at the time of the centenary.

**Mr Metcalfe**—No, I think Senator Reid was.

**Senator FAULKNER**—Do not forget we are dealing with a time lapse of a couple of years, Mr O'Neill. So I have no doubt Senator Reid, who was President, will get one. But Senator Calvert came in far too late because there is a lag time of a couple of years.

**Mr Metcalfe**—We can provide you with details, as we probably have in the past, but my understanding is that there were certain categories of persons, including the parliamentary presiding officers who in the centenary year were in that position and their predecessors. Is that right, Mr O'Neill?

**Mr O'Neill**—Yes.

**Mr Metcalfe**—So Senator Calvert would not be eligible, having become President subsequently, but Senator Reid would have received a medal.

**Senator FAULKNER**—This is the problem with the time delay, isn't it, Mr Metcalfe?

**Mr Metcalfe**—These things naturally take time, but you could make that observation the day after Senator Calvert became President, if that is the point you are making.

**Senator ROBERT RAY**—There are 12 Tasmanian senators. I am just trying to find out how many of them may have got the Centenary Medal, now we have established that for services the Special Minister of State, one particular Tasmanian senator, has. But that was not automatic; that had to be by way of nomination?

**Mr O'Neill**—Yes.

**Senator FAULKNER**—It could not have been his friends who nominated him.

**Senator ROBERT RAY**—Which one? Senator Harradine is not here. Senator Watson is not. They are long-serving people.

**Senator FAULKNER**—I am sure it is the quality of contribution that counts. Could you please explain, Mr O'Neill, to the committee which serving federal parliamentarians at the time of the centenary—so you have to take your mind back a couple of years but just the categories will do, not the individuals—automatically will receive a medal. I want to make sure that Senator Hill is going to get one.

**Mr O'Neill**—Automaticity relates solely to the prescribed list, which was the Prime Minister, the Leader of the Opposition and the parliamentary presiding officers.

**Senator FAULKNER**—That is it. Not members of cabinet?

**Mr O'Neill**—They have to be nominated.

**Senator FAULKNER**—Therefore, not members of cabinet.

**Mr Metcalfe**—Sorry, Senator, you are interested in the prescribed list, are you, of people who automatically because of virtue of their positions—

**Senator FAULKNER**—Who by virtue of holding an office automatically are going to be awarded, when the Commonwealth gets around to it, a Centenary Medal.

**Mr O'Neill**—That is correct, the ones I have mentioned, yes.

**Senator FAULKNER**—Only those ones.

**Mr Metcalfe**—The Prime Minister, the Leader of the Opposition and the presiding officers.

**Senator FAULKNER**—Let us take Senator Hill as a good example. Senator Hill has a certain number of medals he can award. That is right, isn't it?

**Mr O'Neill**—That is correct.

**Senator FAULKNER**—Have all cabinet and non-cabinet ministers taken up the offer of awarding their slab of medals?

**Mr O'Neill**—I need to take that on notice.

**Senator FAULKNER**—I would appreciate knowing that. Who else is given a quantity of medals to award—the presiding officers?

**Mr O'Neill**—As I have informed this committee before, the Governor-General has a quota, the Prime Minister has a quota, the Deputy Prime Minister has a quota, there is a quota for military persons, the veterans, the Leader of the Opposition has a quota, the President of the Senate, the Speaker of the House of Representatives, members of parliament have a quota and the National Council for the Centenary of Federation has a quota.

**Senator FORSHAW**—Who were holding office during the year or does that include persons who have succeeded them such as the Governor-General or senators in the Senate?

**Mr O'Neill**—Those at the time. If there were two office holders in the same year, it is a matter of working it through. If a person did not take up their quota, the incoming person will take over the quota. If the person used up the quota, the person who is incoming during 2001 would not have a quota.

**Senator FORSHAW**—If the person did not take up their quota and has since left the position but after the end of the centenary year, does the current holder of the position such as the current Governor-General have the right to make nominations?

**Mr O'Neill**—If he wishes to, yes.

**Senator ROBERT RAY**—On previous occasions we have looked at this, you informed us there would be a databank of everyone but that we are not entitled to know who nominated people. Is that still extant?

**Mr O'Neill**—That is correct.

**Senator ROBERT RAY**—So we do not know who nominated Senator Eric Abetz.

**Mr O'Neill**—No. He was nominated—that is all I can say—to receive the Centenary Medal.



**Senator ROBERT RAY**—As far as I can tell, he is the only federal member out of 17 from Tasmania to be recognised. Do you know that?

**Mr O'Neill**—I do not have the list in front of me, Senator. I can check anything you want me to.

**Senator ROBERT RAY**—I have the list, but having checked it I cannot absolutely guarantee it.

**Mr O'Neill**—Unless they were nominated, they would not be a recipient.

**Senator FORSHAW**—Is there a cut-off date for nomination?

**Mr O'Neill**—We did ask, particularly senators, for nominations to be in on time, but that was not always the case. I reminded senators at different times. If a senator wanted to bring in nominations, of course we looked at that very sympathetically.

**Senator FAULKNER**—Taking Senator Abetz's nomination as an example, can a senator nominate themselves?

**CHAIR**—Senator Faulkner, we do not know that Senator Abetz—

**Senator FAULKNER**—No.

**Senator ROBERT RAY**—We are not alleging anything of the sort.

**Senator FAULKNER**—I could not imagine anyone else nominating him, but I am not suggesting that he nominated himself.

**Senator ROBERT RAY**—Let us ask the question more broadly: can anyone nominate themselves? Let us not pick on Senator Abetz yet.

**Senator FAULKNER**—You are right.

**Mr O'Neill**—It is like the Order of Australia; it is possible to nominate oneself.

**Senator FAULKNER**—No, we are talking about the Centenary Medal. Surely Senator Abetz has not nominated himself.

**Senator Hill**—I am advised that Senator Abetz did not nominate himself.

**CHAIR**—Thank you, Senator Hill.

**Mr O'Neill**—That is true, but it does imply that the person recommending a recipient—in all things it may be possible to construe it the way you have said, but I am not aware of any self-nominations—

**Senator FAULKNER**—What cost to the Commonwealth has there been with the fiasco surrounding the award of this medal?

**Mr O'Neill**—I am not sure what the costs of delay would be.

**Senator FAULKNER**—For example, on the *Gazette* publishing system, I have noticed 'Contract ID 979889, contract value \$12,925, enhancements to the Centenary Medal database; contract ID 979917, enhancements to the Centenary Medal database; contract ID 979916, enhancements to the Centenary Medal database'. I wonder whether any of this was as a result of the delays in the presentation of the medal.

**Mr O'Neill**—I would not attribute it to being a delay. It may have been that, because we had the available time, enhancements were made. I need to check that. If you wish, I can take that on notice.

**Senator FAULKNER**—I cannot believe that someone does not know this. There are three contracts; there may well be more. I do not have enough time to obsessively go through the gazette publishing system because I am a very busy person, but if I can discover three with all the calls on my time then I am sure that you ought to be able to tell us why these enhancements to the Centenary of Federation medal database—at some significant cost to the Commonwealth—have been needed.

**Mr Metcalfe**—You phrase your question in the context of: was the delay responsible? I suspect there was probably a job of work to be done—whether it was done within a certain time frame or a longer time frame—and those enhancements may well have been required in any event. We can provide further advice on that.

**Senator FAULKNER**—Surely Mr O’Neill can tell us what the enhancements were. These are quite recent. All the contract dates are from September last year.

**Mr O’Neill**—They are described as enhancements. They relate to the sounding of recipients and to flexibility in relation to processing medals through on a state by state basis rather than on a national A to Z basis—mainly to give greater flexibility in the processing of the medals.

**Senator FAULKNER**—So if the medals had gone out on time, there would have been no need for the enhancements?

**Mr Metcalfe**—No, I think what we are saying is that the enhancements probably would have been required whenever the medals went out because of the particular features of the medal. We can provide you with a bit more information as to exactly what that bit of programming was designed to achieve.

**Senator FAULKNER**—Could I respectfully suggest that if the medals had gone out on time there would be no need for the enhancements to the Centenary Medal database and there would probably now be no need for the Centenary Medal secretariat and a range of other costs. Has anyone thought to try to quantify the huge impost that the delay in the awarding of this medal has had on the Commonwealth? This is not only an administrative fiasco and a joke but also it has cost a lot of money.

**Mr Metcalfe**—It was always going to cost money. The work has largely been done within the Awards and National Symbols Branch as part of their ongoing activities. Therefore I suspect that much of the work was going to have a cost associated with it. If it had been accelerated in time, Mr O’Neill probably would have had to take on some extra staff and pay them more. The way it has been done is that it has been absorbed within the branch. I do not know that you can provide a specific cost associated with the delay, which I think is where you are coming from.

**Senator FAULKNER**—I am full of admiration, Mr Metcalfe! You are now mounting a case—an admirable case—for the advantages of this two-year delay in the provision of this award. That is terrific! I do not think anyone is going to believe it.

**Senator ROBERT RAY**—This is called the amortising the costs argument.

**Senator FORSHAW**—Back in 2001-02, you spent about \$37,500 on Interim Technology Solutions developing and implementing the database to manage the Centenary Medal. Can you give us a bit more detail about what this additional cost for enhancements involved and why it was not able to be covered in the original consultancy in the development of the database?

**Mr O'Neill**—The original consultancy was for a database to record the nominations. It was done on the basis of nominations coming in from the states and going back to the states for state presentations. The states then decided not to make the presentations so there was a need for a variation to be made to the database for the handling of those. It was decided, at an earlier stage, that members of parliament would be kept informed of centenarians; so that needed enhancement some time back.

There was a sounding process in our consultations with Government House as to how we handle that. It is quite a lengthy process. We decided that we would try to automate it as much as possible, rather than having a manual process, so that we did not have so many labour inputs. That required some enhancements. There was also our additional correspondence going out to people; things like having bulk signatures. All of those required enhancements in some form or other to make the processing of the medal more effective.

**Senator FORSHAW**—It sounds to me like they did not do a very good job in the first place.

**Mr Metcalfe**—There has been some inconvenience associated with the fact that the original understanding was that the medals would be presented during vice-regal ceremonies. For whatever reason, a number of the state governments have declined to proceed on that basis.

**Senator ROBERT RAY**—Because it was two years late.

**Senator FAULKNER**—Because it was a Centenary Medal, Mr Metcalfe, and it is now 2003.

**CHAIR**—Let Mr Metcalfe finish, Gentlemen.

**Mr Metcalfe**—There were some clear understandings—certainly on our part—as to the way we would go about it. Those states, not all but a few, decided not to proceed in that way—not citing delay, I must say, but, rather, having a view that logistically it would be difficult for them to bring some people together. We have had to move down this path in more recent times of suggesting that federal members might like to have an opportunity to—

**Senator FORSHAW**—The point I was making a moment ago is that this is expenditure that occurred after the end of the centenary year—certainly a good proportion of it, if not all of it. That goes back to the May estimates last year—

**Mr Metcalfe**—We had the discussion that essentially the thing did not really kick off administratively until after—

**Senator FORSHAW**—I am saying that you are talking about enhancing something that was done after the year had finished anyway.

**Senator ROBERT RAY**—When you are talking about ‘federal members’, are you talking about House of Reps members, senators or both?

**Mr Metcalfe**—House of Reps members.

**Senator ROBERT RAY**—House of Reps only? The Senate does not exist for you?

**Mr Metcalfe**—Otherwise, we would have to send you and each of your colleagues in Victoria 3,000 or 4,000—

**Senator ROBERT RAY**—No, just a letter that we could have politely refused would have been appreciated. We are part of the Australian parliament. I know you do not think so. Getting back to the matter of confidentiality of nominating, if I put a question on notice

asking who nominated—say, Senator Abetz, because he is the first on the list—you are going to refuse to answer that on privacy grounds?

**Mr O'Neill**—Yes.

**Senator ROBERT RAY**—And if I put in a FOI request it would be your expectation, because you do not make the decision, that it would be knocked back on privacy grounds?

**Mr Metcalfe**—In that case, we would probably look at section 41 of the FOI Act, which does talk about consent processes—

**Senator ROBERT RAY**—Yes, third-party consent.

**Mr Metcalfe**—and we would apply the FOI Act quite properly.

**Senator ROBERT RAY**—And if I put in a return to order seeking that information, you would provide it, because you do not need third-party consultation there, do you?

**Mr Metcalfe**—According to the rules of the Senate, we would do what we had to do.

**Senator ROBERT RAY**—That is the course I will take then.

**Senator Hill**—We have to interpret those rules.

**Mr Metcalfe**—I would defer to Senator Hill.

**Senator ROBERT RAY**—Exactly. Weasel rule No. 1: you have to interpret it, Senator Hill. It is outrageous that ministers—or leaders of the opposition—can have the discretion to award 200 medals and not be found accountable for who they award them to. For everyone who is awarded a medal, it is gazetted, it is on a list and the reasons for their award are given. Why you have to keep secret who nominated them is beyond me. Senator Hill, I know that you would not have done this, but I do not know that one of your colleagues has not paid off 200 preselectors with a Centenary Medal; no-one knows.

**Senator Hill**—How many do they get? A dozen? I am advised that they get 14, so they cannot pay off 200.

**Senator ROBERT RAY**—Senator Hill, how many did you get? You did not get 14. How many did you get—200?

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

**Mr Metcalfe**—We can check, but I think ministers could nominate 20.

**Senator ROBERT RAY**—You should be able to check right now.

**Mr O'Neill**—Each minister received a quota of 20 on top of their backbench entitlement.

**Senator ROBERT RAY**—Twenty?

**Mr O'Neill**—There was a separate entitlement for military, which was for—

**Senator ROBERT RAY**—That is acceptable. We understood that military and veterans would probably at least get double. So you can only marginally influence your preselection.

**Senator FAULKNER**—Mr O'Neill, how many medals were minted?

**Mr O'Neill**—I would need to check that. There were figures for the tender process and the orders, but I would estimate that it was in the order of 18,000.

**Mr Metcalfe**—I think Senator Faulkner asked how many medals there were for members.

**Senator FAULKNER**—No, I asked how many medals were minted.

**Mr Metcalfe**—I am sorry.

**Mr O'Neill**—I think it would be in the order of 18,000. That was the maximum quota, but I am not sure in detail whether 18,000 were ordered.

**Senator ROBERT RAY**—What was the cost per medal?

**Mr O'Neill**—It worked out at about \$16 a medal, including the box, the miniature, the lapel pin and the ribbon.

**Senator ROBERT RAY**—So it was about \$270,000 all-up?

**Mr O'Neill**—That is very close. In fact it might have been \$268,000.

**Senator ROBERT RAY**—I knew it was about that. They are cheaper than military medals anyway.

**Mr O'Neill**—The firm that makes them sets the price according to what your criteria are and just moves up and down the scale.

**Senator ROBERT RAY**—Is there only one firm in Australia that makes them? You are captive to that, are you?

**Mr O'Neill**—T and S Signcraft is the firm that makes them. They use **Balarinji designs**, so the medals are quite striking.

**Senator FORSHAW**—When a person is nominating somebody for this medal—and I think this applies for other awards—they have to provide personal details about the person being nominated, including date of birth and so on. That is correct, isn't it?

**Mr O'Neill**—Yes.

**Senator FORSHAW**—If you do not include that information, is the nomination accepted?

**Mr O'Neill**—It was bounced back, in the case of the state, to the Premier, and the Premier—or the people—then went through and got the details and came back.

**Senator FORSHAW**—What if the person cannot obtain the information because of privacy considerations? If the person doing the nominating does not want to alert the potential recipient that they have been nominated—one good reason for that being that they might not receive the award and then there would be embarrassment all round—how do you get around that?

**Mr O'Neill**—It works out in the end. I wrote to every person who was nominated, gave them the details that I had been provided with and asked them to verify them. Where there was a gap, they were asked to complete it, and they did.

**Senator ROBERT RAY**—You gave an answer to me on how many medals were allocated to ministers. It may well have been correct, but can you check the evidence that you gave 18 months ago? I am sure you gave me a higher figure then. You may have changed it in the meantime. You may have marked them down, but I thought the figure was a lot higher than 20 per minister.

**Mr O'Neill**—There was some suggestion that it was perhaps not appropriate for the government to be the sole quota holder, or the predominant quota holder, for the Commonwealth and there was pressure that members of parliament, including senators, should have the capacity. Ministers gave up their quota so that members could get it.

**Senator ROBERT RAY**—Thank you for that. I was worried about my memory. I do not often get those things wrong and I thought I had calculated—

**Senator Hill**—I think it went from 200 to 20.

**Senator ROBERT RAY**—That is probably right.

**Mr O'Neill**—And for members it went from zero to 14.

**CHAIR**—Mr O'Neill, did you say that it was 20 for ministers plus their backbencher entitlement?

**Mr O'Neill**—Yes, so a minister of the parliament would have 34, the expectation being that they are for portfolio and electorate interests.

**Senator FAULKNER**—Do you know the number of members of parliament who have not nominated any—

**Mr O'Neill**—I did, since I wrote to every one of them asking them to remember that they had not nominated, but I do not have the details now.

**Senator ROBERT RAY**—If a person does not want to nominate, do you require a response?

**Mr O'Neill**—Silence is a response.

**Senator ROBERT RAY**—I hope my silence was eloquent enough.

**Mr O'Neill**—I wrote to everybody to remind them, and after a couple of shots I took the message.

**Senator FAULKNER**—I did not treat the letter you sent as serious.

**Mr O'Neill**—That is your prerogative.

**Senator ROBERT RAY**—But there was a serious question. I took it that silence was enough but, if you are telling us that administratively it is going to hurt you to not get a formal response, I would send one.

**Mr O'Neill**—No, silence is sufficient. It is just that I wanted to make sure that no senator or member felt disadvantaged by the process.

**Senator FAULKNER**—Mr O'Neill, are you planning, after the event—it is well after the centenary, but after the medals have all been awarded—to make public some detail, apart from the names of the awardees, about those in the particular categories that have decided to take up the offer and make recommendations and nominations and so forth? Have you given any consideration to that?

**Mr O'Neill**—The approved arrangements provide that the names, citations and addresses of all recipients will be published on our web site.

**Senator FAULKNER**—No, I am talking about, for example, the category for members of parliament. Are you going to make public details about those members of parliament who are nominated?

**Mr O'Neill**—No.

**Senator FAULKNER**—But you could if you were asked; there is certainly no privacy issue involved in that, is there?

**Mr O'Neill**—There has certainly been no intention of doing that. I suppose it would depend on who asked.

**Senator FAULKNER**—The main thing is to get the medals out before too many more years elapse, I think. That is all that matters.

**CHAIR**—Are there any further questions on output 4?

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**Senator FAULKNER**—Yes.

**Senator ROBERT RAY**—I have a question about the Prime Minister's staff. Every time we get the figures from DOFA—and they have been pretty good about supplying them—from when we originally got them five or six years ago to now, the cabinet policy unit is always separately listed. I thought the Prime Minister or his delegate signed the contracts for the unit's staff under the Ministers of State Act—or is it under the MOPS Act, the Members of Parliament (Staff) Act?

**Ms Belcher**—Yes, I think the Prime Minister does, but the policy unit has always been shown separately.

**Senator ROBERT RAY**—It is very important. Is that a separate unit of government as opposed to just working for the Prime Minister?

**Ms Belcher**—Yes, it is certainly seen as a separate unit. Its functions are somewhat different from the MOP staff working in the Prime Minister's office. The head of the policy unit also has the role of Secretary to Cabinet. So, yes, it is seen as separate.

**Senator ROBERT RAY**—So there is no reason why—maybe the minister will want to answer this—the head of the cabinet policy unit should not appear before estimates if he is part of unit separate from prime ministerial staff?

**Senator Hill**—We have had this debate over the years and we have sought to distinguish between the tasks of such individuals, in particular whether they have a capacity to make policy decisions. I probably should reflect on it.

**Senator ROBERT RAY**—You might reflect on it. You were very happy to get the National Media Liaison Service in front of you when you were Leader of the Opposition in the Senate, even though they were all employed under the MOPS Act.

**Senator Hill**—I was recollecting that and trying to draw the distinction.

**Senator ROBERT RAY**—Yes. You have changed your position 180 degrees yet again. Are there five employees now, or has the number gone up by one? I saw they advertised in the paper.

**Ms Belcher**—There are five.

**Senator ROBERT RAY**—You would have a slightly stronger case if you put these five employees under prime ministerial staff. The reason you do not do that is that you want to artificially deflate the Prime Minister's staff to make it look like he has 38.1 instead of 43.1 staff. We understand that, but that has consequences. If you argue this is a unit like the National Media Liaison Service, we should be entitled to have them appear before estimates. I hasten to add I have no intention of really wanting them here at the moment anyway. There is a much stronger case for the government backbench support section, which has been hidden away from estimates scrutiny by being shoved in the Chief Government Whip's office. The only answers we get are on its resourcing, not on its activities, and that is not satisfactory.

**Senator FAULKNER**—On another matter, Mr Metcalfe, you indicated to us that output 4 is where the questions are best directed in relation to the National Security Campaign Taskforce.

**Mr Metcalfe**—Yes, Senator.

**Senator FAULKNER**—Could we start off with a brief outline of the work of the National Security Campaign Taskforce.

**Mr Metcalfe**—Essentially the work of the task force was to manage the implementation of the campaign. You will recall that the issue arose in particular following the general alert that was issued by Senator Ellison on behalf of the government on 19 November last year following receipt of some information of great concern and the decision that because people did not quite know what to do as a result of the new environment that we face that some public information could very easily be provided to the public. Essentially, the task force was assembled to work with the Government Communications Unit in developing and managing the campaign and because we are now at the stage where the principal elements of the campaign are well on the way to being completed, we can wind back the task force to a role essentially played by Mr Fox and others in a part-time capacity while they undertake other work.

**Senator FAULKNER**—What was the interface of Mr Fox's task force with the MCGC?

**Mr Williams**—The interface was essentially one of the task force being in a sense the entity responsible for developing the campaign and GCU played its normal role which is to facilitate the campaign through the MCGC processes. In a sense, Mr Fox, as head of the task force, appeared before the MCGC much the same as another element in the Department of PM&C or another element in another department would.

**Senator FAULKNER**—When was the terrorism campaign first raised or discussed at the MCGC?

**Mr Williams**—The first meeting of the MCGC that considered it was on 25 November 2002.

**Senator ROBERT RAY**—For our assistance, could you tell us who is on that committee? We know that whoever is proposing it will be on it for that one issue, but who are the permanent members?

**Mr Williams**—It is chaired by the Special Minister of State, Senator Abetz, and the permanent members are Mr Petro Georgiou, member for Kooyong, Mr Tony Smith, member for Casey, and Mr Tony Nutt, Principal Private Secretary to the Prime Minister.

**Senator ROBERT RAY**—That is, two backbenchers, a minister and a chief operative from the Prime Minister's office.

**Mr Williams**—They are the permanent members, yes.

**Senator FAULKNER**—And the additional member for this particular campaign?

**Mr Williams**—Ms Simone Burford, who is the chief of staff to the Attorney-General.

**Senator FAULKNER**—I see: first raised on 25 November?

**Mr Williams**—Correct.

**Senator FAULKNER**—Are you able to outline the context?

**Mr Williams**—That was a briefing of the committee. The Prime Minister announced that a campaign would be undertaken. It set in train the processes for engaging consultants in the form of an advertising agency, a market research company and a non-English speaking background adviser to undertake the campaign.

**Senator FAULKNER**—First of all, can you give us the timetable for the tendering process?

**Mr Williams**—This was in the nature of an urgent campaign. The MCGC has various protocols for dealing with campaigns that are relatively urgent. In this case, three advertising



agencies, three market research companies and three non-English speaking background communications consultants were identified as being capable of undertaking the assignment.

**Senator ROBERT RAY**—This is work done by the GCU?

**Mr Williams**—Yes, the GCU identified these companies. The committee agreed with our recommendations.

**Senator FAULKNER**—That is with your short-listing?

**Mr Williams**—Yes. The companies were briefed on the nature of the campaign, each company presented to the MCGC and the MCGC made a selection.

**Senator ROBERT RAY**—When?

**Mr Williams**—Those presentations were done on 28 November.

**Senator ROBERT RAY**—Three days later?

**Mr Williams**—Yes, that is correct. Each of the nine companies presented to the committee, and an advertising agency, a market research company and a NESB consultant were selected.

**Senator ROBERT RAY**—And who were those three?

**Mr Williams**—The advertising agency was Brown, Melhuish and Fishlock.

**Senator ROBERT RAY**—And where are they located?

**Mr Williams**—They are a Sydney based agency.

**Senator ROBERT RAY**—And have they been used in any other large government campaign?

**Mr Williams**—They have been a very successful agency in terms of the antitobacco campaign over a number of years.

**Senator ROBERT RAY**—This is funded by the federal government?

**Mr Williams**—Yes. It is their major campaign.

**Senator ROBERT RAY**—That is for the department of health, is it?

**Mr Williams**—Yes. The market research company was a company called Worthington Di Marzio.

**Senator ROBERT RAY**—What big campaign were they in? I have some memory of that.

**Mr Williams**—They have done a number of campaigns for the Commonwealth.

**Senator ROBERT RAY**—Just list a few so you trigger the memory.

**Mr Williams**—They are currently working for the Department of Defence in recruiting. They were involved as one of the market research companies on the new tax system campaign.

**Senator ROBERT RAY**—Aha! That is them.

**Mr Williams**—And they have done work on New Apprenticeships.

**Senator ROBERT RAY**—Who are the principals in that company? Do you know any of them?

**Mr Williams**—Yes, they are Peter Worthington and Kim Di Marzio.

**Senator ROBERT RAY**—And what do they normally specialise in? I am sorry, I should make that more specific. Over the years have they had a balance towards quantitative polling or qualitative polling or have they done both?

**Mr Williams**—Peter Worthington is the principal in the company that tends to focus on qual research and Kim Di Marzio is stronger on quant. So they do both qual and quant.

**Senator ROBERT RAY**—We will come back to those. What about the third one, the NESB specialists?

**Mr Williams**—That was Cultural Partners.

**Senator ROBERT RAY**—Where are they based?

**Mr Williams**—They are Sydney based.

**Senator ROBERT RAY**—Where are Worthington Di Marzio based?

**Mr Williams**—They are based in Melbourne.

**Senator ROBERT RAY**—Were Brown, Melhuish and Fishlock given an indicative budget for what they would be required to do?

**Mr Williams**—I might stand corrected on this, but an amount of around \$15 million was announced for the overall campaign, with probably a projected media spend of about \$8 million. That is just an indication.

**Senator ROBERT RAY**—That is the \$8 million that they have to place.

**Mr Williams**—They do not place that; that is placed through a master placement agency.

**Senator ROBERT RAY**—But they arrange for the master placement agency.

**Mr Williams**—No.

**Senator ROBERT RAY**—I am trying to get what they quoted or charged as their creative fee, rather than their media buy through someone else.

**Mr Williams**—I will defer to Mr Fox on the BMF costs.

**Mr Fox**—The initial presentation did not give them a specific budget for their creative fee, and the bills for that creative fee are still coming in. But it is a part of the \$15 million estimate that Mr Williams referred to.

**Senator ROBERT RAY**—That it is part of the \$15 million is helpful, but let us narrow it down a little further. We know that \$8 million went on the media buy and we know that some money will have gone to market research and to NESB. Let us get a bit specific here: approximately how much was for their creative efforts? Even though all the bills are still coming in, you must have some idea because you would not give them a blank cheque.

**Mr Fox**—We are looking at up to \$2 million for creative as well as for the development of the television commercials.

**Senator ROBERT RAY**—You must have bills in for the market research by now. How much did you spend there?

**Mr Fox**—The bills are still coming in, but I understand we have gazetted the amount of \$436,000, and a few extra dollars on that.

**Senator ROBERT RAY**—Do you have any breakdown of that expenditure in terms of what Mr Williams was saying about qualitative and quantitative research?

**Mr Fox**—I do not have that with me, but I can take the question on notice.

**Senator ROBERT RAY**—Even if we cannot break it down into dollars, what sort of research did you get done?

**Mr Fox**—We had several waves of qualitative testing of concepts for the campaign. We also had some quantitative testing to give us the benchmark prelaunch for the campaign, and we are doing quantitative testing on an ongoing basis now.

**Senator ROBERT RAY**—Is this testing, first of all, people's knowledge of these issues and, secondly, their reaction to campaign themes?

**Mr Fox**—Yes, it is a combination of those things.

**Senator ROBERT RAY**—Was that material made available to your section plus the advertiser?

**Mr Fox**—Yes.

**Senator ROBERT RAY**—Is it confidential material?

**Mr Williams**—Generally the decision on whether to release research material that occurs during a campaign is taken at the conclusion of the campaign.

**Senator ROBERT RAY**—How close are we to the end of this campaign?

**Mr Metcalfe**—It could be going for some time because, obviously, the booklet is now being delivered around Australia. I suspect there will be a maintenance phase of the campaign, so we do not have a finite close date. We certainly believe we have undertaken a substantial amount of work, but there could be some more work to be done.

**Senator ROBERT RAY**—I would have thought that this was a different type of research for the community. Will you be making that research available at some stage?

**Mr Metcalfe**—I think Mr Williams has indicated how that normally works. That will be considered towards the end of the campaign.

**Senator ROBERT RAY**—So there is no consideration at this stage.

**Mr Metcalfe**—No.

**Mr Williams**—It is normally an issue that is considered at the end of a campaign.

**Senator ROBERT RAY**—I am asking—and I think you have answered it—what other consideration has been given at this stage.

**Mr Williams**—I have not been clear: no decision has been taken at this stage. It is a decision that is normally made at the end of a campaign.

**Senator ROBERT RAY**—To where exactly did that research go? Who in government has access to that research? Was it sent to the Attorney-General's office?

**Mr Metcalfe**—The Attorney-General's chief of staff is a member of the MCGC, and it was provided to the members of the MCGC.

**Senator ROBERT RAY**—So the actual research goes to Mr Georgiou?

**Mr Williams**—The research results go to the members of the committee, which is a standard practice when developing campaigns. It goes obviously to the area commissioning a campaign, and in this case it was the task force. And it normally passes through the hands of the GCU. It is standard practice for campaigns to go through the MCGC.

**Senator ROBERT RAY**—Where else does the research go? We know it goes to the MCGC, but where else does it go?

**Mr Williams**—I have just indicated that, to my knowledge, it goes to MCGC members, to members of the task force and to the GCU.

**Senator ROBERT RAY**—Nowhere else?

**Mr Williams**—No other place that I am aware of.

**Senator ROBERT RAY**—I am asking what you are aware of and what you might be able to find out if that is wrong.

**Mr Williams**—In this case the research came to the National Security Taskforce, and it was the GCU's responsibility to ensure that it was disseminated to members of the committee. The GCU discharged that obligation and, to my knowledge, that is where it ended.

**Senator ROBERT RAY**—Have you done any tracking research to check the effectiveness of the ads?

**Mr Fox**—Yes. We have been doing some tracking research.

**Senator ROBERT RAY**—And, again, that cannot be made available or a decision made on that until the end of the campaign?

**Mr Fox**—That is correct.

**Senator ROBERT RAY**—Why is that?

**Mr Fox**—The same principle as before.

**Senator ROBERT RAY**—You said that was policy, but I am wondering why.

**Mr Williams**—The concern is that the research should be released in the context of the overall campaign. Research done during the campaign needs to be contextualised in the totality of the whole campaign, and that is traditionally what has happened.

**Senator FAULKNER**—Does the total budget for the campaign remain the same?

**Mr Metcalfe**—We think it will be somewhat more than \$15 million. The Attorney indicated the other day that it might range up to \$20 million, but to a certain extent that depends on whether there are more phases for the campaign, as well.

**Senator ROBERT RAY**—In relation to the quantitative research, can you provide the committee with the questions asked? We cannot see the results. I understand that; that is not policy. Can we have a copy of the questions asked?

**Mr Williams**—That is considered as part of the research material, and as such it is part of the decision-making process.

**Senator ROBERT RAY**—That is the rationale that you mentioned before as to why it cannot be released at this stage. So we do not know what questions are asked. There is no probity check here at all. Put it in context: we saw the GST research afterwards and we got an apology from Treasury because of the absolutely blatant political questioning that occurred there. Party affiliation and all these things were there. They apologised afterwards. I am pretty certain that it would not have happened in this case, but we need to know. At least by seeing the questions we have a fair idea, even if we cannot see the answers. This is our problem. We are trying to provide scrutiny of government.

**Mr Metcalfe**—We are acting in accordance with longstanding practice. There is nothing unique about what is being done here, but I will undertake to take that on notice and we will see whether there is something that can be done.

**Senator MURRAY**—Can I interrupt.

**Senator ROBERT RAY**—Yes, please do.

**Senator MURRAY**—There is a second issue. If a business advertises, generally speaking they can measure it in sales. When the public sector advertises, they can measure it only from what people say about it and how they react to it. For us as a committee to identify whether the money has been well spent, we need to know what people say—was it effective and how does that compare with normal things? If you have a very long-running campaign, there need to be points during that campaign when we can ask questions; otherwise we are only able to ask questions in two years time or whenever it finishes.

**Senator FAULKNER**—Are the costs of the presenters who appear in advertisements of this sort included in the costs borne by the advertising agency or are they borne separately by the Commonwealth? I think the answer is that they are borne separately by the Commonwealth, at least in some of the cases which I am aware of such as, for example, the ‘Unchain my heart’ campaign.

**Mr Metcalfe**—I am not aware of previous cases, but in this case the Commonwealth is directly paying what we regard as a very modest fee to the identity who was the main presenter.

**Senator FAULKNER**—In this case it was Mr Steve Liebmann, was it not?

**Mr Metcalfe**—That is correct.

**Senator FAULKNER**—So that is some separate contractual arrangement with Mr Liebmann?

**Mr Metcalfe**—That is correct. It is an arrangement between the department and Mr Liebmann’s agent effectively.

**Senator FAULKNER**—And what would that sum of money be?

**Mr Metcalfe**—The amount is \$50,000.

**Senator FAULKNER**—And how did the department determine the contract with Mr Liebmann? I am not suggesting that he is not an appropriate person to front an advertisement of this sort, but what were you looking for and why did you decide to contract with him?

**Mr Williams**—The creative proposed by the appointed agency envisaged a presenter of some sort, and I guess it was an iterative process over a couple of meetings as to the style of person that might have the best credibility, as it were, with the target audience—which is, in a sense, the general population. Mr Liebmann’s name tested fairly well. It needed to be someone with some credibility.

**Senator FAULKNER**—So market research was conducted on whether Mr Liebmann would be a good person to use. Were other names included?

**Mr Williams**—I think there were a few names bandied around as part of an iterative discussion at the meeting. Mr Liebmann had the virtue of having credibility from his television program, he was seen as apolitical and, more importantly, he was available and he tested quite well.

**Senator FAULKNER**—Are you able to share with us the other names which were tested?

**Mr Williams**—I do not recall them. I do know that politicians were ruled out by market research fairly early for this particular campaign.

**Senator ROBERT RAY**—We would like to see that one.

**Mr Williams**—In a sense, I guess that proves that market research works. It was clearly an important campaign for the community.

**Senator FAULKNER**—And you said that Mr Liebmann was paid \$50,000. That seems a lot to me.

**Mr Metcalfe**—From what I am told, it is quite a modest fee.

**Senator FAULKNER**—That is what I was going to ask next. Were you able to check if that is a reasonable contractual amount in the circumstances?

**Mr Williams**—Based on GCU experience and the advice of advertising agencies to get someone with a national presence—someone who was well known in the media and respected—\$50,000 was a fairly modest amount.

**Senator FAULKNER**—So what is your GCU experience in this regard? What other examples are there? I do not think the Joe Cocker analogy is a good one obviously, but I talked about that in terms of methodology—or is it a good one? I do not know.

**Mr Williams**—That was full song rights, but we have used Mr Burke from *Burke's Backyard* to assist on a greenhouse campaign. I cannot recall what the fee was.

**Senator Hill**—I do not think he charged a fee.

**Senator FAULKNER**—I thought we had evidence at a committee that Mr Burke provided his services without charge to the Commonwealth.

**Mr Williams**—That may be the case.

**Senator FAULKNER**—There is a lot of difference between without charge and \$50,000, I would have thought.

**Senator Hill**—It is a little different in that he was committed to that particular cause.

**Senator FAULKNER**—All I am asking is what experience the GCU has in this regard. So far we have had Mr Cocker, who does not appear to be a good example, and Mr Burke, who appears to be not a good example either.

**Senator Hill**—What did Mr Hunter charge?

**Senator FAULKNER**—So who is a good example?

**Mr Williams**—Mr Hunter—that is going back a long time. We are talking about a quarter of a million dollars back in those days. Most campaigns do not use a paid presenter. We are guided in this case by the advice from our advertising agency that has experience in these matters.

**Senator FAULKNER**—You said GCU experience. From your GCU experience, can you provide a similar example?

**Mr Williams**—I am just trying to think of similar examples. I lucked out with Mr Burke. The only other one in recent times was Steve Irwin for the quarantine campaign, and I do not know what his fee was.

**Senator FAULKNER**—Who is that?

**Mr Williams**—The crocodile man for the quarantine matters campaign. That is a recent campaign, but I would have to take on notice the fee that was paid there.

**Senator FAULKNER**—How many days work is involved in that sort of thing?

**Mr Williams**—In what?

**Senator FAULKNER**—In this case, doing advertisements on the antiterrorism campaign.

**Mr Williams**—There are days involved in the shoot.

**Senator FAULKNER**—How many days work is involved?

**Mr Williams**—Unless Mr Fox can help you out with the details, I would have to take that on notice.

**Mr Fox**—The fee is negotiated on the basis of, firstly, the shoot time, which is a relatively small amount of time.

**Senator FAULKNER**—So what was the shoot time?

**Mr Fox**—My recollection—I can confirm this on notice—is that there were four shooting days involved in the production of the two television commercials. Each of those started about six in the morning and went the full day. But the fee is negotiated both on the basis of that time but, more importantly, on the use of the image of the presenter in a nationwide campaign on television, radio, in newspapers and on the Internet.

**Mr Metcalfe**—There were some quite tight timetables and Mr Liebmann was readily available and most cooperative in the whole process. We think we got a very good deal there.

**Senator ROBERT RAY**—You did not have to bring in an advertising coordinator this time, did you, like you did with the GST?

**Mr Williams**—No, we used BMF as the advertising agency.

**Senator ROBERT RAY**—You did not have to rent out space or anything else this time?

**Mr Williams**—No, it did not occur on this campaign.

**Senator ROBERT RAY**—That is good.

**Senator FAULKNER**—So the budget could be \$20 million?

**Mr Metcalfe**—It could be. It certainly will be higher than \$15 million. We do not have all the bills in at this stage, but it could head in that direction.

**Senator FAULKNER**—That obviously does not include the mail-out, does it?

**Mr Metcalfe**—No, that includes the mail-out.

**Senator FAULKNER**—It does include the mail-out. So what element of the budget is the mail-out?

**Mr Metcalfe**—Mr Fox can give us a bit more detail. The budget for the TV advertisements and placements and print and radio advertisements was in the nature of \$8 million. The booklet and the package that went with the booklet, including the fridge magnet, took up in excess of \$5 million. That is where the final bills have to come in.

**Senator ROBERT RAY**—You did not try to direct mail it this time, did you?

**Mr Metcalfe**—No. We discussed it with Australia Post and we have arranged for it to go to every household in Australia.

**Senator ROBERT RAY**—Household delivery. A lot cheaper, isn't it, and legal?

**Mr Metcalfe**—We are quite happy with the deal we got from Australia Post.

**Senator FAULKNER**—Would you describe the current situation, budget-wise, with the counter-terrorism campaign as a 33 per cent blow-out, because it sounds like that to me? It was a \$15 million campaign. We are now told it is \$20 million. That sounds like a 33 per cent blow-out to me.

**Mr Metcalfe**—I would not describe it as that. I would say it was a campaign that was developed quite quickly with an indicative budget. But, as the campaign developed, it was quite clear that the information provided in the booklet would be crucial. A lot of people were looking for information as to what they should do in certain circumstances, or how they could help, and so we did put a lot of work into the booklet. A lot of people were indicating to us that an ongoing reminder and access to the relevant telephone numbers would be very useful, and so the fridge magnet became an important component as well. The initial budget was indicative and the final bills will be somewhat greater than that. I would not regard that as a blow-out.

**Senator FAULKNER**—How long is the campaign going to appear on television?

**Mr Fox**—The advertisement running right now, the 45-second announcement of the booklet, will run until today. There will be another advertisement commencing probably this weekend, and that will run for approximately a week.

**Senator FAULKNER**—What is that one going to do?

**Mr Metcalfe**—The current ad is the one saying, ‘The booklet is coming, keep an eye out for it.’ The one that will commence on Saturday says, ‘If the booklet has not come, ring this number if you want one.’ That will go for a short period of time, just as a reminder.

**Senator FAULKNER**—Is that the last ad in the series?

**Mr Metcalfe**—That is all that is planned at this stage but we will obviously continue to monitor the campaign as a whole as to whether anything more is needed.

**Senator FAULKNER**—You have tested the need to have such a strong reinforcer on television when everyone is getting it through the letterbox anyway?

**Mr Metcalfe**—It is a belt and braces approach in case anyone was missed.

**Senator FAULKNER**—What about the next steps as to tracking research?

**Mr Fox**—We will have ongoing tracking research. We have not fixed a time when that will conclude; but, as Mr Metcalfe indicated, there will perhaps be a maintenance phase now and then a reminder message later in the year.

**Senator ROBERT RAY**—And when will you do an evaluation?

**Mr Fox**—We are doing the ongoing tracking research—

**Senator ROBERT RAY**—No, no. When will you do an evaluation of the overall success of the campaign?

**Mr Metcalfe**—We have not set a time for that yet.

**Senator ROBERT RAY**—You will be doing it?

**Mr Williams**—It is normal practice to do it, something we encourage departments to do, so I would expect we will be doing it.

**Mr Metcalfe**—We aim to be best practice, so I am sure that if it is the thing to do we will do it.

**Senator ROBERT RAY**—It is a lot of money, that’s all. We like to know you spent it well.

**Senator MURRAY**—What is best practice? Do you have general criteria that you can give us—awareness levels or reach levels, for instance? What are the criteria by which you are going to measure the success of this?



**Mr Williams**—As the campaign is being developed, the message and the mode of delivery is informed generally by qualitative research looking at the creative aspect to see that it is connecting with the target audience and that it is delivering the message effectively.

**Senator MURRAY**—But you must have criteria. When you do tracking research, when you do qualitative assessment of whether your spend is effective, you have to have benchmarks and measures.

**Mr Williams**—As I think Mr Fox mentioned, we did a benchmark survey before the campaign went to air, and we do tracking as the campaign unfolds.

**Senator MURRAY**—Can you give this committee your benchmark, so that we know what you mean by a successful campaign and why?

**Mr Williams**—The aim of the campaign is to improve knowledge of the issue.

**Senator MURRAY**—But how are you going to measure that? What is your criteria for measurement?

**Mr Williams**—You measure that through your tracking research.

**Senator MURRAY**—But tell us what your measurement is. If you are aiming at 100 people out there, what is a success—reaching 20 of them, reaching 50 of them, reaching 60 of them? How are you going to advise us that you have spent the money effectively and well—against what criteria, what are your guidelines, what is your benchmark, what is your qualitative means of assessment?

**Mr Williams**—The benchmark will obviously depend on the outcome of the initial benchmarking research as to the degree of awareness amongst the target audience of the issue that you are wishing to communicate with them. Then you will measure changes to that benchmark. Clearly, if the knowledge is below your benchmark after your first and subsequent rounds of tracking then you have a campaign that is in trouble.

**Senator MURRAY**—We do not know what your benchmark is. That is what I want to know. Tell us what your measure of success is going to be. This is an accountability committee. I want to know when you spend \$20 million on this program that your means of measurement is against set criteria. Those set criteria have to be known, in terms of advertising precedent of public sector goods. People who are in that business know what they are doing, but we as a committee do not know.

**Mr Williams**—The outcome of the campaign will be improved knowledge amongst the community about the issue being communicated to them and improved knowledge of the sorts of things they can do to—

**Senator MURRAY**—How are you going to measure that? That is what I want to know. What is your measurement device? Is it that one person in 100 is more informed than they were? Don't you understand the question?

**Mr Williams**—Yes, I understand the questioning. What I am saying is that we will have a level of awareness and we will measure improvements on that. What I think you are after is what we see as the optimum outcome—

**Senator FAULKNER**—How many of these fridge magnets are going up on fridges? Is that the sort of thing you are going to test? In fact, you could do quite a clear, quantitative measure of that, couldn't you?

**Senator MURRAY**—That is what I want to know—how you are going to measure the success of the spend. I think we as a committee are entitled to know that.

**Senator ROBERT RAY**—Has the chairman put his fridge magnet up yet?

**CHAIR**—I look at it every morning.

**Senator ROBERT RAY**—Have you got your fridge magnet up?

**Mr Metcalfe**—I have three fridges and three fridge magnets.

**Senator ROBERT RAY**—So you have three of these?

**Mr Metcalfe**—I do claim to have a special connection.

**Senator FAULKNER**—Senator Hill, have you got your fridge magnet on the fridge?

**Senator Hill**—I would hope so.

**Senator FAULKNER**—That is a very qualified answer. Fat chance, Senator Hill, obviously!

**Senator MURRAY**—Chair, I am getting a bit frustrated about this, because I am being stonewalled by Mr Williams. He is not giving me an answer. He will not give me the information I have asked for.

**Senator Hill**—I will see if I can help. What is the specific question? I will whack Mr Williams around a bit!

**Mr Williams**—Thank you, Minister!

**Senator ROBERT RAY**—It will be the lightest fight you have ever been in.

**Mr Williams**—As I understand it, Senator Murray wants to know what outcomes we are looking for from the campaign.

**Senator MURRAY**—No, I want to know what are the means by which you will measure your outcome. I simply want to know: if you are spending \$20 million, what is your method of measurement? Is it, as Senator Faulkner says, the number of magnets on fridges per 100 people; is it a certain level of awareness versus the level of awareness that was there before? What is your benchmark and your measurement? If you need to come back with that answer on notice, I am more than happy for you to do that, but I want to know how you are going to measure it.

**Mr Williams**—I have told you how we will measure it. What you are asking for—as I understand it—is what numbers we might put at the start of the campaign; for example, whether 75 per cent of the population acknowledge the receipt of the booklet and whether a percentage believe that the information in the booklet is useful.

**Senator MURRAY**—What would you regard as a satisfactory basis? Research agencies and people that advertise public goods understand that there is a floor level above which they have to get to reach success. Let me give you an example: if somebody is doing something economically and by spending \$1 they do not get back more than \$1, they are creating a loss, and they have a benchmark effect. Retail advertisers know how many people are supposed to come into the doors as a result of advertising. People who do public goods advertising have the same knowledge. That is what I want to know. I want to know what is your benchmark, what are your criteria and what are your guidelines above which you know that the expenditure has been a success?

**Senator Hill**—The original brief for the agency presumably sets out the goals of the campaign. Is that the case, Mr Williams?

**Mr Williams**—The brief is to have a campaign which informs the public on a particular issue, and in this case it is the issue of terrorism. It might have a call to action. In this case, the

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call to action might be to call the hotline and to be prepared. The booklet will assist people in doing that. What we have done at the start is to measure, to the best extent possible, a range of benchmarks; this sets the floor. I think you mentioned a floor a moment ago.

**Senator MURRAY**—That is right.

**Mr Williams**—Then, as the campaign unfolds, we will measure where community knowledge or community reaction has moved following the running of the campaign, the mailing of the booklet and the provision of other material. An assessment of how successful the campaign has been in moving from the benchmark point to the point at the end of the campaign will be undertaken at the end.

**Senator Hill**—If you have not done it already, Mr Williams, can you tell the committee what the benchmarks are? Do they relate to knowledge of the issues? Do they relate to people's levels of confidence in being able to deal with the issue? Or what are they?

**Mr Williams**—They are of that nature.

**Senator Hill**—But are they specified?

**Mr Williams**—The benchmark quantitative questionnaire sets out a series of questions to determine the level of knowledge and the level of unmet demand in the community for advice and assistance. The questionnaire is related to the campaign, so, from that benchmark position, you measure during the campaign whether those levels have changed.

**Senator Hill**—But it is relatively imprecise, isn't it?

**Mr Williams**—It is.

**Senator Hill**—We had environmental campaigns that were designed to empower people to make a contribution and always—surprise, surprise!—when we first researched we found that people had a very low awareness, and at the end of the campaign we were told they had a better awareness. It is very difficult to calculate that mathematically.

**Mr Williams**—It is very difficult to have a predictor. I think what you are after, Senator Murray, is a quantum, if you like; so, for instance, at the end of the campaign, we would expect the level of knowledge to be 30 per cent higher than it was at the start, otherwise the campaign is a relative failure.

**Senator MURRAY**—Let me give you an example. Assume that a normal level for this kind of advertising would be an awareness level of, say, 15 out of 100. If your floor right now were, say, five, if you reached 15 you would regard it as successful, if that is the general experience. That is all I search for: at what level do you regard it as a success? Obviously, if 80 per cent of people are in touch, it is an obvious success. But, presumably, you must have a level above which you will make the decision you need either to continue advertising—which is part of the point I am making—or to switch the sort of advertising you do and do more effective advertising. The point Mr Metcalfe made was that, as you go along, you have to decide at what point you carry on advertising to have the effect you want to have. I am trying to establish when that happens and why. I would say that, if you got 80 or 90 per cent awareness, you have done a wonderful job.

**Senator Hill**—I would suspect that with this type of campaign, whilst you can test it on a qualitative basis—and you are very reliant on the marketing company's capacity to give you good a steer on that—to do it on a quantitative basis would be very difficult unless you reduced it to very simple criteria. For example, you could quantitatively test what percentage of the community knew what telephone number to call in an emergency situation and you could retest that. Whether that will tell you if the campaign is a success or not, I have my

doubts because, as I see this campaign, it is largely to empower people, to help them feel more confident that together with the rest of the community as a whole they can better address this particular issue. I do not know. Am I putting words in your mouth?

**Senator MURRAY**—I can shortcut it and simply ask Mr Metcalfe—he has heard the tenor of the argument; I am sure he understands—to think about it and perhaps come back to the committee with some sort of encapsulation of an answer to the question I put to you.

**Senator Hill**—I think he should consider whether he can provide you with the explicit benchmarks.

**Senator MURRAY**—That would be wonderful.

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

**Senator FAULKNER**—Could you indicate to us, Mr Williams, whether there are any other campaigns, independent of this \$20 million campaign, planned around these issues by the Attorney-General, the Minister for Justice and Customs or other government ministers?

**Mr Williams**—Around this particular campaign?

**Senator FAULKNER**—No, around this issue in the broad.

**Mr Williams**—You are talking about terrorism or counter-terrorism?

**Senator FAULKNER**—Yes, terrorism or counter-terrorism in the broad.

**Mr Williams**—Not that I am aware of at this stage.

**Senator FAULKNER**—There is nothing else in the Attorney-General's portfolio?

**Mr Metcalfe**—If you were to draw a very long bow, the only link that I think you might establish would be a reference in the terrorism information booklet to a pamphlet provided by Emergency Management Australia, called *Preparing for the Unexpected*, which is being released around now. Essentially, on the page of the booklet where it talks about how to prepare or what to do, it refers to that pamphlet. I think quite a few people have been ringing up EMA and saying, 'We'd like a copy of your pamphlet.' It is not only relevant to terrorism preparedness, though; it is any sort of possible emergency, whether it is a cyclone, a bushfire, a gas plant explosion or terrorism. But that is part of the ongoing information provided by EMA. I do not think there is any sort of advertising campaign associated with it. So there is information about that.

The only other possible link is that I think Mr Downer may have announced that he is considering providing some information about travel advisories for people travelling overseas. Again, in the booklet under discussion here today there is a page about people travelling overseas and the travel advice system. Mr Downer, I think, has indicated that he may wish to provide more information to the public about that as well.

**Senator FAULKNER**—Have you had a look at the reports on talkback radio and the like, Mr Williams, about the reactions to the fridge magnet and the package that has gone out to people?

**Mr Williams**—We in the GCU have not, no.

**Mr Metcalfe**—I have seen one element of information on talkback radio which was pretty strongly supportive, but I do not know if anyone has seen anything more.

**Mr Fox**—Someone mentioned to me during the lunchbreak that there had been some discussion of it on the John Laws program this morning, but we have not kept a comprehensive listing.

**Senator FAULKNER**—You would not normally do that, would you?

**Mr Fox**—No, not in a comprehensive sense. We monitor what is going on of course.

**Senator FAULKNER**—Are you getting Rehame reports and the like?

**Mr Fox**—No, we are not.

**Senator FAULKNER**—So it is just whatever you might hear on the grapevine.

**Mr Metcalfe**—It is a bit more scientific than that.

**Senator FAULKNER**—How scientific is it?

**Mr Metcalfe**—We are obviously interested in what is being said. There has been a fair bit of talk about the issue and certain public figures have decided to say things. I saw someone talking about it on television the other morning and I am aware that a number of people rang in with a different point of view. So we are certainly taking an interest.

**Senator FAULKNER**—But it is too early to make any assessments. Will you try to make your assessments as objective as possible in terms of being measured by market research companies?

**Mr Metcalfe**—I think we have had a discussion about tracking research, but certainly the anecdotal information that has come to me personally when I move about the place is that people find it pretty useful.

**Senator FAULKNER**—I thought you would probably get an indication of positive, negative and agnostic sorts of calls, which is pretty common these days when organisations like Rehame monitor what occurs on talkback radio and the like. Are you not getting that?

**Mr Fox**—No. We have not sought that information from Rehame.

**Senator FAULKNER**—Mr Metcalfe, does PM&C get that?

**Mr Metcalfe**—We get some news clipping services, and I think we have an electronic service that we now access.

**Senator FAULKNER**—So if it is going over like a lead balloon, you are going to get a terrible shock when your market research comes in.

**Mr Metcalfe**—I would be very surprised if it is going over like a lead balloon.

**Senator FAULKNER**—Why?

**Mr Metcalfe**—I have just mentioned the talkback radio calls that I have heard while in the car, and there are the calls we have had to Emergency Management Australia and to the National Security Hotline. There have been some pretty positive people.

**Senator FAULKNER**—Are you getting reports from the National Security Hotline?

**Mr Metcalfe**—We get the statistical reports as to the calls they receive, which provide some information on the subject matter. But the comment I have just made about positive feedback was from a comment made to me by one of the officers concerned in administering that area in the Attorney-General's Department. They said there had been some quite good feedback, with people ringing in to say, 'Yes, we like it.'

**Senator FAULKNER**—What do the statistical reports show?

**Mr Metcalfe**—You would have to talk to Attorney-General's about that.

**Senator FAULKNER**—I will have no need to if you get the report from them.

**Mr Metcalfe**—I do not have it with me so I am not prepared on it. When the hotline was first established and the first advertisements appeared on television there was a significant contact rate, as you would expect. I think that has dropped back now. I have yet to see any information as to whether the booklet has had any impact in relation to the hotline.

**Senator FAULKNER**—Have we nabbed any terrorists yet?

**Mr Metcalfe**—There are a number of matters being followed up by the police. As has been made clear all the way through, if the kit prevents one thing from happening that is probably a very good measure of success. There are some leads being pursued by the police, as I understand it.

**Senator FAULKNER**—You said that you had a statistical response; do you also get statistics about hoax calls and the like?

**Mr Metcalfe**—I think the A-G's hotline does cover hoax and abusive calls and those sorts of things, of which there are a number, unfortunately. I think there have been a couple of hoax calls, where there has been some public reporting of that. Indeed, I think one young man in Western Australia was charged with an offence as a result.

**Senator FAULKNER**—So you do get information.

**Mr Metcalfe**—Yes. Unfortunately, all these numbers get hoax calls. Triple 0 gets hoax calls. You start from the principle of treating things seriously, but some people feel constrained to misuse the facility. It is a fact of life.

**Senator FAULKNER**—Has there been any pattern of racist or racially motivated calls or that sort of thing?

**Mr Metcalfe**—Not that I have heard. You would have to ask the Attorney-General's Department. I would have thought that I would have heard about it if there had been.

**Senator FAULKNER**—One of the problems is that they are dealing with these issues as we speak.

**Mr Metcalfe**—Yes. As I said, it has not been drawn to my attention and I would have thought that that is because it has not happened.

**Mr Fox**—We have also had feedback from the Cultural Partners group that we mentioned earlier. They have been monitoring ethnic communities to give us advice on whether there has been any reported increase in racism from that source and they have reported that there has not been any increase in racism as a result of the campaign.

**Mr Williams**—If I can just correct something I may have said to you earlier, I think your question was whether I was aware of any campaigns in the Attorney-General's portfolio relating to terrorism or counter-terrorism and I said no. That answer is correct, but we have had preliminary discussions with the Department of Foreign Affairs and Trade on a travel advisory campaign. That is not within the A-G's portfolio.

**Senator FAULKNER**—Fair enough. What sort of budget is that going to have?

**Mr Williams**—At this stage it is very early days. It has been announced and we are in discussion with the department.

**Senator FAULKNER**—I think Mr Metcalfe mentioned that earlier.

**Mr Metcalfe**—Yes, that is the one I mentioned earlier. I think Mr Downer had something to say about that a couple of weeks ago.

**Senator FAULKNER**—It has been suggested to me, courtesy of your web site, that the contract value in relation to Mr Liebmann is not \$50,000 but \$55,000. Would that be right?

**Mr Fox**—That amount is GST inclusive. The net amount is \$50,000.

**Senator FAULKNER**—This is a very important issue. It seems that it is now the habit of the Department of the Prime Minister and Cabinet to give figures to the committee that do not include GST. Should I add 10 per cent to every figure I hear?

**Mr Metcalfe**—I admit that that is my mistake. I knew that Mr Liebmann was getting paid \$50,000, but I did not inquire as to whether GST was being added or not. So I plead guilty to that. I am very pleased that our web site is that up to date.

**Senator FAULKNER**—The issue, I suppose, is that we have consistency in these figures you have provided.

**Senator Hill**—I am very impressed that you have been monitoring it, Senator.

**Senator FAULKNER**—Don't be too impressed, Senator Hill. It would be more accurate to say that it is being monitored on my behalf. We have always taken a close interest in it.

**Mr Metcalfe**—Thank you for pointing out my error. I do apologise.

**Senator FAULKNER**—I have nothing further on that particular issue, Mr Chair.

**CHAIR**—Are there any further questions on output 4?

**Mr Fox**—Can I just make one minor correction to the record. Senator Collins asked me a question earlier about the officer involved from PM&C and I inadvertently used an incorrect first name. I think I said her name was Margaret Wildermuth, but the correct person is in fact Catherine Wildermuth. Margaret Wildermuth is her mother, who used to work for me a long time ago.

**CHAIR**—Thank you, Mr Fox.

**Senator FAULKNER**—Mr Chair, what are your plans for the progress of the hearing so that committee members can be clear?

**CHAIR**—The Auditor-General has gone, so I am not sure about the capacity of the committee to now return to the issue of Zimbabwe and the World Cup cricket.

**Senator FAULKNER**—There are obviously a range of other issues which I am trying to cover.

**Mr Metcalfe**—Mr Chair, can I make a suggestion. The officer dealing with Zimbabwe is able to assist the committee as far as she can and is available now. If the committee dealt with her before dinner, then she might be able to go back and see her family. We are completely in your hands on that matter.

**Senator FAULKNER**—We are always happy to assist, Mr Chair, as you know.

**Senator MURRAY**—We are a family-friendly committee.

**CHAIR**—If that is the case, then perhaps that officer could come to the table.

**Senator FAULKNER**—This is the committee which first exposed and then supported messages for public servants in the Department of Finance and Administration, do not forget, Mr Metcalfe. So we are a family-friendly committee, very much so. We have a strong record in that regard.

**Mr Metcalfe**—I will tell my wife about that when I go home tonight.

**Senator FAULKNER**—I would not push it too far, if I were you.

**CHAIR**—Committee members have no objection in delaying their evening repast and so we will recommence with questions on Zimbabwe and the World Cup cricket now.

**Senator Hill**—Mr Downer, cooperative as usual, has agreed that his letter could be tabled.

**Senator FAULKNER**—I beg your pardon?

**Senator Hill**—Mr Downer, cooperative as usual, has agreed that his letter could be tabled.

**Senator FAULKNER**—I was amazed by the qualification ‘cooperative as usual’.

**Senator Hill**—I was not sure why you wanted me to repeat it.

**Senator FAULKNER**—Yes, I know. You should not have said it with a smirk, Senator Hill; otherwise, I would have for a moment taken you seriously, but I realise you were saying that tongue in cheek. Could we have a look at the letter and that might produce some further questions.

**CHAIR**—Is it the wish of the committee that the letter be tabled? Thank you.

**Mr Metcalfe**—Chair, Ms Bird can deal with the issue of Zimbabwe and also with the issue of the War Memorial that was raised earlier, to the extent that PM&C was involved, and then when the committee breaks for dinner can I suggest that Ms Bird proceed elsewhere.

**CHAIR**—Yes. Thank you, Mr Metcalfe.

**Ms Bird**—I have some information on the Australian War Memorial project from the Department of Veterans’ Affairs. I should add that the Minister for Veterans’ Affairs has responsibility for the oversight of that project, but the Prime Minister has been briefed on occasion on the progress of the design and construction. I have some factual information, if the committee wishes, concerning the stage at which the project is now.

**Senator FAULKNER**—I think my interest is whether there has been any PM&C involvement in this, Ms Bird. I appreciate the point you make about the Prime Minister being briefed by the Minister for Veterans’ Affairs—that is fair enough. I am just interested to understand—obviously we can progress this with the relevant department—whether there has been any involvement at the officer level in PM&C.

**Ms Bird**—As far as I am aware, Senator, only insofar as facilitating contact between the Department of Veterans’ Affairs and the Prime Minister on this issue.

**Senator FAULKNER**—So minimal?

**Ms Bird**—Minimal, yes.

**Senator FAULKNER**—In that circumstance, Chair, it is best left for another department and another committee.

**Senator MURRAY**—While we are waiting for that letter, perhaps I should return to my question on Zimbabwe. Ms Bird, I asked whether advice had been provided to the Prime Minister, the Minister for Foreign Affairs and I presume the cabinet concerning a moral and political issue with respect to Zimbabwe and the cricket being played there and, secondly, whether any advice had been provided relative to the issue of security and any potential liability arising from the prospect that people could be harmed or, indeed, killed.

**Ms Bird**—I am not aware of any advice on the latter aspect of liability. There certainly has been briefing provided on the security situation in Zimbabwe and that information has been shared with the Australian Cricket Board as well.

**CHAIR**—Are there any further questions relating to Zimbabwe and World Cup cricket?

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**Senator FAULKNER**—No. My question went to whether the Australian government has formally contacted the ICC requesting or suggesting that the scheduled World Cup matches in Zimbabwe have a changed venue and, as I read this letter, it makes clear that the government's position is that no World Cup matches should be played in Zimbabwe. Would it be fair to say, Mr Metcalfe, that that is the general thrust of the letter? That clearly indicates that those involved in the Australian cricket team ought not to play there and an alternative venue should be sought?

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

**Senator FAULKNER**—That was the purpose of my question.

**Senator Hill**—Except that it does say that the government's view is that the ICC should address it on a 'one out all out' basis.

**Mr Metcalfe**—That is very consistent with what the Prime Minister has been saying publicly over the last several weeks.

**Senator MURRAY**—In that letter, Minister, there is a paragraph—I think it is paragraph 5—which says:

However, we are also deeply concerned about the closely related issue of security—not just the immediate security of the players themselves, but also the safety of spectators and the general public.

Further on, on page 2, the letter says:

The report raised a number of disturbing issues—in particular, the concern that a disproportionate police response to demonstrations planned to coincide with World Cup matches in Zimbabwe would inflame the situation and give rise to violence.

It is my opinion, Minister—and I would be grateful if you could confirm that it is right—that what the government has said is clearly that playing cricket or going to watch those matches is at Australians' own risk. The players and those who accompany them have been warned by this letter and, in my view, that relieves you of the duty you have to advise people of danger you know about. Would you regard that as a reasonable conclusion?

**Senator Hill**—The ICC has had the security issues as seen by the Australian government drawn to its attention. In particular, the detailed report of the Australian High Commissioner, according to this letter, was sent to the ICC on 3 February. The Australian Cricket Board has received advice on the subject from the Australian government, and I think I heard the other night that they have received briefings from the Australian High Commissioner to Zimbabwe, Jonathan Brown. Also, the general public has the warnings that have been issued in the general advisory of the Department of Foreign Affairs and Trade.

**Senator MURRAY**—But I would read this in a second way as well. I would say that the risk now is transferred to the ACB and the ICC. If they have said to the players concerned, 'We will hold you to your contracts; if you breach your contracts we will put financial penalties on you and apply pressure or duress on you to play,' when those bodies know of the risks, because this is an official government letter, I think they expose themselves to liability. I accept your earlier judgment that that is arguable but, frankly, I think they put themselves in difficulties both with Zimbabwean citizens who might experience consequences of the cricket tour and also with Australians, because you warned them.

**Senator Hill**—They have certainly had drawn to their attention the fact that the Australian government is 'deeply concerned' about the issue of security.

**Senator MURRAY**—That is all I wish to explore.

**Mr Metcalfe**—I am not sure if there are any more questions on that issue, but I would be grateful for the committee's advice as to whether senators have finished with output 4.3, government communications in its totality, in which case I might ask those officers to go onto other matters. We dealt with the national security campaign. The question is whether there are any other questions under the broader topic of 4.3.

**Senator FAULKNER**—We still have some other questions, Mr Metcalfe.

**CHAIR**—Are there any further questions on the World Cup cricket?

**Senator FAULKNER**—I do not have any further questions. That letter has now been tabled.

**CHAIR**—I understand that. Mr Metcalfe, we have finished with outputs 1 and 2 and I think output 3. If there are no further questions, we will resume again at eight o'clock.

**Senator FAULKNER**—I think we have 4.2, 4.3 and 4.4 the way I work the outputs.

**CHAIR**—We are still going with output 4—

**Senator FAULKNER**—What is 4.1?

**Mr Metcalfe**—Cabinet secretariat.

**Senator FAULKNER**—I have not got anything for them, if that is any help.

**Mr Metcalfe**—So 4.1 is machinery of government. We have done 4.3, which is government communication.

**Senator FAULKNER**—No, we have not. That is the point. We have not finished with that. We still have 4.2, 4.3 and 4.4 and the issue that we pushed off. I do not where that fits in. It was the issue in relation to that extraordinarily named superannuation task force. We have pushed that off from 4.2 to 4.4. I call it a superannuation inquiry, but it had another name. You do not know what I am talking about, do you? The management advisory subcommittee on organisational renewal phase 2.

**Mr Metcalfe**—Output 4.2 is the appropriate place for that.

**Senator MURRAY**—So 4.1 is written off, as I understand it.

**CHAIR**—We have finished with 4.1.

**Senator FAULKNER**—That is 4.1, is it?

**Mr Metcalfe**—No, 4.2, machinery of government.

**Senator FAULKNER**—I just was not sure where that fitted in. It will only take a minute.

**Proceedings suspended from 6.31 p.m. to 8.18 p.m.**

**CHAIR**—I call the committee to order. The committee will resume its examination of output 4, Support services for government operations.

**Senator FAULKNER**—Minister, when was the Department of the Prime Minister and Cabinet tasked to investigate the issue of a possible conflict of interest between Senator Coonan's ministerial responsibilities and the activities of the private company Endispute?

**Senator Hill**—I do not know that they were tasked specifically in those terms. I will ask the officers whether we can help the committee on this matter. As I understand it, the reports are that the Prime Minister had taken some advice.

**Senator FAULKNER**—Yes.

**Senator Hill**—But I do not know whether anyone was tasked.

**Ms Belcher**—The government division of PM&C was provided with some papers to look at in late November, and the division provided some advice to the then secretary. That advice was, I understand, passed to the Prime Minister. It was on that basis that the Prime Minister said in the House that, on the basis of public information, the department had said there was no breach of the Prime Minister's guide.

**Senator FAULKNER**—Are you able to say who provided you with these papers?

**Ms Belcher**—The then secretary passed them to me.

**Senator FAULKNER**—That was Mr Moore-Wilton who provided them to you?

**Ms Belcher**—Yes.

**Senator FAULKNER**—Are you able to say what they were?

**Ms Belcher**—I cannot describe them in detail. They included documents showing Senator Coonan's divestment of her interest in Endispute. I do not have a complete list. There was not a large number of papers, but I do not have a complete list with me.

**Senator FAULKNER**—Did you have written or verbal instructions from Mr Moore-Wilton?

**Ms Belcher**—No. He had just written 'for advice' at the top of these papers. There was certainly no suggestion of an investigation, nothing that went beyond the papers that had been handed to me.

**Senator FAULKNER**—'For advice'—those two words. And you provided advice?

**Ms Belcher**—On the basis of those papers, I provided advice to the secretary.

**Senator FAULKNER**—You are not able to recall what papers you were provided with and where they came from?

**Ms Belcher**—I can tell you where they came from.

**Senator ROBERT RAY**—I think he means via Mr Max Moore-Wilton—prior to that, I think was the question. I think we understood what you said.

**Ms Belcher**—Senator Coonan provided those papers to Mr Moore-Wilton.

**Senator FAULKNER**—Beyond being asked for advice, did you have a conversation with Mr Moore-Wilton?

**Ms Belcher**—Only one where I indicated that I had not yet reached that task because of other issues that were around that week, and he indicated that it was not a matter on which he had undertaken to get back to Senator Coonan. That was the only discussion we had. He did not give me any directions, if that is what you mean.

**Senator FAULKNER**—Senator Coonan provided papers to Mr Moore-Wilton and he passed those papers on to you, marked 'for advice', but there was no request or tasking as to what the nature of the advice would be and the reasons it was being sought, and the like?

**Ms Belcher**—No. I think my interpretation was correct, and that was that I was to consider them against the Prime Minister's guide. There was no reason for me to think then, or now, that he was looking for anything beyond looking at those papers against the rules, if you like.

**Senator FAULKNER**—But that is what you did? You assessed these papers against the Prime Minister's guide on ministerial responsibility.

**Ms Belcher**—That is right.

**Senator FAULKNER**—Did you assess it against anything else?

**Ms Belcher**—No.

**Senator FAULKNER**—How long did your assessment take?

**Ms Belcher**—Not very long. There was not a large pile of papers to look through. I had one of my colleagues look through them briefly. It would not have gone to more than an hour or two of work.

**Senator FAULKNER**—You then gave a written advice to Mr Moore-Wilton?

**Ms Belcher**—I wrote just a one-page minute back to Mr Moore-Wilton.

**Senator FAULKNER**—Are you able to say what the general thrust of that was?

**Ms Belcher**—It was as indicated by the Prime Minister in the House: on the basis of those papers I could not see that there had been a breach.

**Senator FAULKNER**—But the Prime Minister's words in the parliament on Tuesday, 3 December were:

I have been advised by my department, and it is, on the information available publicly, manifestly the case, that as Endispute was not involved in the area of Senator Coonan's ministerial responsibilities ...

Were you examining publicly available information or were you examining private papers, information that was not publicly available?

**Ms Belcher**—I do not know whether any of the papers were not public; I think that probably some of them would fall into the category of not having been published.

**Senator FAULKNER**—Would you describe it as a formal investigation?

**Ms Belcher**—No, not an investigation in the sense of going beyond what I had been given. It was not a case of my being asked to look beyond that.

**Senator FAULKNER**—Would you say that it had procedural integrity?

**Ms Belcher**—The procedure I followed?

**Senator FAULKNER**—Yes.

**Ms Belcher**—Against those papers, yes; I had no problems with the way papers were looked at.

**Senator ROBERT RAY**—On the basis of the Prime Minister's statement, I assumed the papers must have listed—without trying to go to the advice—what commercial activities Endispute had been involved in.

**Senator Hill**—I do not know if it is fair to ask the official to try to recall all the detail. The important thing is that she was asked to do a particular job and that she reported back in the terms of the task she had been given.

**Senator ROBERT RAY**—I think I understand that it went something like this: the official was asked by the head of PM&C to make an assessment on the basis of the papers. And I am sure that was all done above board. We then have the Prime Minister claiming that the advice back came to a particular conclusion. I wonder whether the input allowed that conclusion to be made about Endispute. The claim is that Endispute did not in fact operate within the area of Senator Coonan's responsibility, part of which is for the insurance industry. That is the part that we focus on, Minister. That information may never have been given to Ms Belcher, and therefore I would not want the Prime Minister to be relying on that advice if all the information was not provided. That would be an inadvertent misleading of parliament, wouldn't it?

**Senator Hill**—Yes, I know. We have said that the advice was given on the basis of the documents provided to the official, and she was not asked to go beyond that. She was not asked to carry out an investigation; she was asked to look at some documents.

**Senator ROBERT RAY**—But on the basis of that advice the Prime Minister has made claims. That is where I am going to, and that does not really concern the official.

**Senator Hill**—Yes. I think we obviously have to interpret the Prime Minister's conclusion on the basis of the source material. So it was on the basis of the advice he was given, and the advice he was given we know was limited to documentation provided by Senator Coonan.

**Senator ROBERT RAY**—But the Prime Minister did not qualify his answer that way, did he?

**Senator Hill**—He probably did not realise the limitations.

**Senator FAULKNER**—He did not say that these were papers provided by Senator Coonan. Ms Belcher, I am sure your advice would have made that clear.

**Ms Belcher**—Given that I was providing the note back to Mr Moore-Wilton with the papers that he had given to me attached, then, yes, it was self-evident that this note was about the papers I had been given.

**Senator FAULKNER**—Did the thought cross your mind that there may have been a need for other documents to be requested?

**Ms Belcher**—It would be very unusual for the department to instigate a broader inquiry or investigation into a minister's activities without being asked. I suppose if you are asking did I see anything that made me concerned to the point where I had to say, 'Look, there are huge gaps here,' no, there was not anything that caused me that concern.

**Senator ROBERT RAY**—You may not choose to answer this question, but did those documents make mention of the work that Endispute did for the NRMA in New South Wales?

**Senator Hill**—Ms Belcher, you should not answer unless you are confident of the answer. I do not know whether it was a large pile of documents, a small pile or what.

**Ms Belcher**—I am confident that it did not make mention of that.

**Senator FAULKNER**—I would not be so cynical as to say this, but couldn't a cynic suggest that it would be possible that only documents that Senator Coonan thought might be helpful to her cause would be provided to Mr Moore-Wilton in the first place?

**Senator Hill**—You cannot ask the official that.

**Senator FAULKNER**—I will ask you if I cannot ask Ms Belcher.

**Senator Hill**—The point is that Ms Belcher was asked to give advice on the basis of material provided to her. It may well be that Mr Max Moore-Wilton had exhaustively addressed the issue—I do not know. But Mr Max Moore-Wilton had provided some documents to an official and asked for advice on the basis of those documents.

**Senator FAULKNER**—Yes, but the problem here, Senator Hill, is that we have a request to a public servant, Ms Belcher—who properly has great standing in these matters relating to the Government Division; I accept that—and Ms Belcher looks over what may well be a limited set of documents and gives a clearance, perhaps without any knowledge that the Prime Minister would use her judgment to clear a minister in the government. It is not an unreasonable conclusion to come to. Ms Belcher, were you aware that the Prime Minister was likely to draw on your advice in the parliament?

**Senator Hill**—Before you answer that, Ms Belcher—if you look at what the Prime Minister said, he did say he had been advised by his department, but it was on the information that was available publicly. The Prime Minister did not suggest there had been a broader investigation.

**Senator FAULKNER**—You are now misrepresenting what the Prime Minister said, Senator Hill. As I understood it—correct me if I am wrong—he said:

I have been advised by my department, and it is, on the information available publicly, manifestly the case ...

He was advised by his department and said that on the information publicly available it was ‘manifestly the case’. That is why I asked Ms Belcher earlier on whether this information was in fact on the public record. You heard her response.

**Senator Hill**—That is another interpretation of what he said.

**Senator FAULKNER**—Yes. So here we have a statement for which there are at least two interpretations, as you yourself have just admitted. And yet the future of a minister hangs in the balance, so we had better sort it out, hadn’t we?

**Senator Hill**—If you want to argue that the Prime Minister did not cause a sufficiently in-depth investigation, you can, but we do not know what investigation Mr Max Moore-Wilton conducted. We know that he is the secretary to the department, he had clearly been in contact with Senator Coonan on the issue, he had sought advice from Ms Belcher on the basis of certain documents and he had received that advice. The Prime Minister said that on the basis of that advice there was no conflict of interest.

**Senator FAULKNER**—Yes, now we know that, but it was never said at the time that this clearance, this advice from the department, was done on the basis of documents handed by Senator Coonan to Mr Moore-Wilton and then passed on to Ms Belcher. It is not as though we have any suggestion now of a thorough and comprehensive examination of the issue or the available evidence. All Ms Belcher had was information from Senator Coonan handed on by Mr Moore-Wilton, for heaven’s sake. And then the Prime Minister goes into the parliament and says he has been advised by his department and everything is hunky-dory—you have got to be joking.

**Senator Hill**—The Prime Minister did not detail the extent of the investigation, that is true, but he said—

**Senator FAULKNER**—He did not say that the papers came from Senator Coonan.

**Senator Hill**—even on your interpretation—that the result of the investigation was consistent with the information that was publicly available.

**Senator FAULKNER**—Ms Belcher, you did not seek any further documents from Senator Coonan or anyone else, did you?

**Ms Belcher**—No.

**Senator FAULKNER**—No. You only dealt with the documents that Senator Coonan had sent through via Mr Moore-Wilton—that is right, isn’t it?

**Ms Belcher**—Yes.

**Senator FAULKNER**—That is the point, Senator Hill. It is not as if there was any wide-ranging investigation. I asked before: did Ms Belcher feel that this—I do not like using the word ‘investigation’, because it was not that—advice on documents provided by Senator Coonan had adequate or full procedural integrity? I am not suggesting that Ms Belcher’s role

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in this was anything other than proper. But it is an extraordinarily limited amount of information on which to provide advice that is trumpeted in the House of Representatives by the Prime Minister to clear Senator Coonan. That is a joke.

**Senator Hill**—I do not think so. To start off with, we do not know what Mr Max Moore-Wilton said to the Prime Minister. He was reporting to the Prime Minister, presumably. He asked Ms Belcher to go through various documents and see if they were consistent with the ministerial guidelines. She did that—she provided that advice to Mr Max Moore-Wilton. And the Prime Minister said in the parliament that, on the basis of the advice that he had, there was no conflict of interest—and that is consistent with everything that is on the public record.

**Senator FAULKNER**—This is what I am asking. I am trying to find out what role the Department of the Prime Minister and Cabinet played. You are suggesting to me now that it is quite possible that Ms Belcher's assessment of those documents provided by Senator Coonan via Mr Moore-Wilton was not the only assessment that occurred—something else might have happened.

**Senator Hill**—I do not know.

**Senator FAULKNER**—If you don't know, why don't we try and find out?

**Senator Hill**—We could.

**Senator FAULKNER**—I find that incredible.

**Senator Hill**—We have not been asked until now.

**Senator FAULKNER**—I am asking you now. If you are seriously suggesting that there was some other form of departmental assessment, inquiry, investigation or analysis, let us hear it. Let us hear it from Mr Metcalfe or Ms Belcher if they believe it occurred—fine. I do not believe that for a nanosecond.

**Senator Hill**—What we do not know is the communication between Senator Coonan and Mr Max Moore-Wilton—the extent to which he went through the issues with her, which led to the documents that he gave to Ms Belcher.

**Senator FAULKNER**—This is quite fraudulent. A suggestion is being made that somewhere in the Department of the Prime Minister and Cabinet a proper assessment was made of these issues. That is effectively what the Prime Minister said in the parliament. Now we find that advice was provided by Ms Belcher, which I accept completely in good faith and I would not argue it. But it is on the basis of documents provided by Senator Coonan to Mr Moore-Wilton to Ms Belcher. Then the advice on that extraordinarily limited set of documents goes back from Ms Belcher to Mr Moore-Wilton and, one assumes, to the Prime Minister, who trumpets this in the House of Representatives as if we had some thorough assessment of the situation. That is preposterous.

**Senator Hill**—If Mr Moore-Wilton is happy that the documents he has provided to Ms Belcher are the relevant documents to be considered, then what is the problem?

**Senator FAULKNER**—Do we know whether Mr Moore-Wilton is happy? Did Mr Moore-Wilton indicate that to you, Ms Belcher?

**Senator Hill**—We know that he provided these documents to Ms Belcher.

**Senator FAULKNER**—From Senator Coonan.

**Senator Hill**—Yes, but we do not know the extent to which he explored the issues with her.

**Senator FAULKNER**—That is the whole point I am making.

**Senator Hill**—But you are saying we do not know and, therefore, we determine it in the negative; we are found guilty on that basis.

**Senator FAULKNER**—You accept that Ms Belcher's advice, given the nature of the Prime Minister's comments, has obvious weaknesses. Tell me if there was some other assessment made by anyone else, in any form, at any time, on any matters in relation to Senator Coonan and the suggestion of conflict of interest. Just tell me if it happened.

**Senator Hill**—We know that Ms Belcher gave advice to Mr Moore-Wilton, but we do not know the next step.

**Senator FAULKNER**—Mr Metcalfe, do you know whether there was any other assessment? Ms Belcher, do you know whether there were any other assessments or investigations or inquiries made within the Department of the Prime Minister and Cabinet?

**Mr Metcalfe**—I have no knowledge of anything else being done. I think the minister has indicated that, regarding conversations or advice which may have passed from the former secretary to the Prime Minister, we do not know what may have occurred.

**Senator FAULKNER**—And we are seriously expected to believe that that is a process that has some thoroughness and integrity? This matter has quite a high level of political sensitivity, doesn't it? It is an extremely limited assessment on a task with very high political sensitivity. All the Department of the Prime Minister and Cabinet looked at was some documents that Senator Coonan provided to the secretary, who provided them to Ms Belcher.

**Senator Hill**—As far as the breach of the ministerial guidelines is concerned, as we have said in other instances, that is a determination for the Prime Minister to make. They are his guidelines; he sets those rules.

**Senator FAULKNER**—He sets them and he breaks them, Senator Hill.

**Senator Hill**—No, he does not. In this instance, he has been assisted by advice from Ms Belcher on the basis of documents provided to her by the secretary of his department.

**Senator FAULKNER**—On 'only' the basis of documents provided to Ms Belcher by Senator Coonan, via Mr Moore-Wilton.

**Senator Hill**—But if Mr Moore-Wilton has formed the opinion that they are the relevant documents—

**Senator FAULKNER**—How do you know he formed that opinion?

**Senator Hill**—I am saying, if he has.

**Senator FAULKNER**—Did he tell Ms Belcher that? Of course he didn't! He just said, 'for advice'.

**Senator Hill**—He has given Ms Belcher the documents obviously that he believes need to be considered in terms of whether there has been a breach of the guidelines. He has made that preliminary determination.

**Senator FAULKNER**—Nonsense. Ms Belcher, did you have the capacity, if you wanted to, to go and seek other documents? Did you consider that?

**Ms Belcher**—I would have needed authority to do that.

**Senator FAULKNER**—You thought you only had to provide advice on the documents that had been provided to you.



**Senator Hill**—She did not say that, a few minutes ago. She said that if there was an obvious gap, she could have pursued the gap.

**Senator ROBERT RAY**—Getting back to the point, the problem here is when the Prime Minister says, ‘I have referred it to the department,’ he uses all the authority and independence of the department to say, ‘It has been cleared.’

**Senator Hill**—He did not say that.

**Senator ROBERT RAY**—Didn’t he?

**Senator Hill**—He did not say that about the authority and independence of the department.

**Senator ROBERT RAY**—No; I am sorry. I am saying that that is the effect of it; if you want to dispute that you can. We are entitled to raise the question: were all the facts put to the department for advice? The key factor in this element of the conflict of interest in problems is whether Endispute, a private company that her spouse heads up and of which Senator Coonan was a partner for a while, dealt with those areas of ministerial responsibility? Isn’t this where the potential conflict exists? Does it start there? Isn’t that the major focus? It is not who is living where, what land tax is paid or whether there were false or improper enrolments. Let us move all those issues to one side.

**Senator Hill**—We are not talking about a breach of the law. We are not talking about a police investigation. We are talking about whether the Prime Minister is satisfied that his minister is acting within the guidelines that he has set. To assist him in that regard, he has asked that question of the secretary of his department. Obviously the secretary of his department had some communication with Senator Coonan, as a result of which a series of documents have been produced. They have been provided to the official to analyse and report back on. It has got back to the Prime Minister that, on the basis of the work that has been done, there is not an apparent breach of these guidelines.

**Senator ROBERT RAY**—Senator Coonan initially said that Endispute was not a trading company, but she had to modify that. What I am trying to get at is whether even Senator Coonan would have had access to the commercial activities of Endispute and whether all the commercial activities of Endispute—and I do not think they would amount to an enormous amount, but several—were put in document form to Mr Max Moore-Wilton and then on to Ms Belcher. That is what we are trying to establish. As you know, if you put stupidity in, you get stupidity out. It is what you put in. My understanding is that, at least in one instance, the second biggest insurer in New South Wales, Endispute, had some connection; I am not sure how directly.

**Senator Hill**—I can understand that potential criticism if Ms Belcher was being asked to investigate the matter—and you could then ask how fully—but she is assisting the secretary of the department by considering the contents of a series of documents that he had provided to her. She forms an opinion on the basis of those documents and reports that back to her boss.

**Senator FAULKNER**—But the point is that Mr Howard did not go into the House of Representatives and say, ‘I have been advised by my department (on the basis of documents provided to them by Senator Coonan) that Endispute was not involved in the area of Senator Coonan’s ministerial responsibilities.’ That is preposterous.

**Senator Hill**—He said, ‘I have been advised by my department,’ and, on your interpretation, it is consistent with all the information available publicly that there is not a breach of the guidelines.

**Senator FAULKNER**—But this is not necessarily information available publicly; I do not know. The point is that the Prime Minister at no point made the qualification that the departmental advice on which he proclaimed that Senator Coonan did not have a conflict of interest was information provided directly from Senator Coonan. What sort of thoroughness is involved in that? What sort of integrity of process is involved in that? None at all.

**Senator Hill**—He did not detail the form or the depth of the investigation that had taken place by his department; that is true. As a matter of interest also, he was not asked it. He was in the middle of a series of questions from Senator Crean, the Leader of the Opposition—

**Senator FAULKNER**—Mr Crean; don't promote him to a senator.

**Senator Hill**—Mr Crean; I elevated him. If the form or the depth of the investigation was regarded as relevant, one would have thought that the immediate next question from Mr Crean would have been—

**Senator FAULKNER**—I do not know whether or not he was asked it by Mr Crean. I am asking it now. I have no idea whether or not Mr Crean asked it.

**Senator Hill**—It was Latham and Crean.

**Senator FAULKNER**—I do not know whether Mr Latham asked it either, and I could not care less.

**Senator Hill**—They seem to be working as a tag team.

**Senator FAULKNER**—I am asking it now. They may work as a tag team—I would not know. But I am asking the question now, whether or not they asked it before. How long did your consideration of these documents take, Ms Belcher?

**Ms Belcher**—I doubt it would have exceeded a couple of hours.

**Senator FAULKNER**—And do you know approximately how many documents or sets of documents there were? How many pages are we talking about?

**Ms Belcher**—I think it would have been in the vicinity of 20 pages.

**Senator FAULKNER**—It was 20 pages and it took a couple of hours. So there were limited documents which were given two hours of consideration. The point here is that that is hardly an in-depth consideration of a very sensitive political issue.

**Senator Hill**—He did not say that it was an in-depth investigation.

**Senator FAULKNER**—Thank you. It clearly is not, is it?

**Senator Hill**—He did not say it was. He did not claim it was.

**Senator FAULKNER**—He did not say that it was; he just said that he had been advised by the department—

**Senator Hill**—That is correct.

**Senator FAULKNER**—not in some cursory, couple of hours examination of documents that Senator Coonan herself had provided. That is the whole point, Senator Hill. You must get it, surely.

**Senator Hill**—No. I can see the point that you are wanting to make, but I think you are labouring at it. All he said was, 'I have been advised by my department.' He said, 'The advice is consistent with the publicly available information and this is the terms of the advice.'

**Senator FAULKNER**—No documents or information was sought from anyone else apart from those by the department; that is right, is it not, Ms Belcher?

**Ms Belcher**—Yes.

**Senator FAULKNER**—All you had were the documents provided—

**Senator Hill**—Well, not by Ms Belcher; but you do not know by Mr Max Moore-Wilton—

**Senator FAULKNER**—Senator Hill, stop putting forward some furphy that Mr Moore-Wilton would be sitting there making some objective analysis of this. You are kidding, aren't you? Are you suggesting that Mr Moore-Wilton conducted his own examination while passing these documents on to Ms Belcher. You have to be kidding!

**Senator Hill**—I think he would have satisfied himself as to the relevant documents.

**Senator FAULKNER**—Well, I do not. I have total confidence that he would not do that. And, if he did do it, I would not take any notice of it. So no documents were sought from Senator Coonan, were they?

**Senator Hill**—By Ms Belcher, no.

**Senator FAULKNER**—Yes, by Ms Belcher.

**Senator Hill**—No. She was asked to analyse documents provided by Mr Max Moore-Wilton.

**Senator FAULKNER**—And we do not know what documentation or information was considered by Ms Belcher. Fair enough; we know that it amounted to approximately 20 pages, but we do not know what the 20 pages consisted of, do we?

**Ms Belcher**—I do not have a list of those documents with me.

**Senator FAULKNER**—Are you able to say when Senator Coonan divested herself of her interest in Endispute? I am asking when, not to whom.

**Ms Belcher**—I would need to remind myself, but I understand that it was about January 2001.

**Senator FAULKNER**—Minister, could we have Ms Belcher's one-page report tabled at the committee, please?

**Senator Hill**—I will have to take advice on that.

**Ms Belcher**—Sorry, could I correct that; January 2002 is what I meant to say.

**Senator Hill**—You were being harassed; don't worry about it.

**Senator ROBERT RAY**—Yes, I think we understand that it was about then.

**Senator FAULKNER**—Do you know the time line of your advice, Ms Belcher? Could you say precisely when you were asked to provide the advice and when the advice was transmitted to Mr Moore-Wilton? I appreciate that the assessment only took two hours.

**Ms Belcher**—I provided him with the minute on 2 December. He had received the papers on 26 November. As I indicated to you earlier, I mentioned to the secretary in the course of the week that, because of other work, I had not yet been able to address them.

**Senator FAULKNER**—He received them on 26 November. When did they go to you?

**Ms Belcher**—They probably went the next day. I am not absolutely sure.

**Senator FAULKNER**—And when did you put in that couple of hours of assessment? Was it on any one day in particular?

**Ms Belcher**—I think I did some on the Friday and some on Monday, the 2nd.

**Senator FAULKNER**—One issue that is associated but a little different is Senator Coonan's admission that she had used letterhead—I am not sure what its nature was, but there is some suggestion that she had used letterhead in pursuing a matter that did not concern her public duties. Was that matter something that the department was asked to investigate?

**Ms Belcher**—No.

**Senator FAULKNER**—In relation to the advice that Ms Belcher received, Minister, have you taken on notice whether that can be made available?

**Senator Hill**—Yes.

**Senator ROBERT RAY**—I want to raise a matter of potential conflict of interest now. Was any advice sought—because I cannot ask whether it was proffered—in terms of senior public servants, such as Mr Max Moore-Wilton, who leave their position and move into another, in terms of overlap with government responsibilities? I did not follow the issue much, but I thought at some stage there was some advice proffered somewhere—it may not have even been by your department—as to whether there was any conflict of interest about Mr Max Moore-Wilton going from secretary of PM&C to Sydney Airports Corporation.

**Ms Belcher**—Yes, I was asked to—

**Senator ROBERT RAY**—Oh, you were? So I am right.

**Ms Belcher**—I was asked to look at issues that Mr Moore-Wilton dealt with as secretary that could in any way make it improper for him to be accepting the position with Sydney Airports Corporation. That was before any formal offer had been made and it was before any public announcement could be made, but I did an investigation of cabinet files and asked Mr Moore-Wilton a number of questions before I provided advice to the Prime Minister.

**Senator ROBERT RAY**—So who commissioned that advice—the Prime Minister directly to you or via someone?

**Ms Belcher**—It was the Prime Minister's chief of staff.

**Senator ROBERT RAY**—It obviously cannot go through the secretary. It does not go through anyone else, but goes directly to you?

**Ms Belcher**—Yes.

**Senator ROBERT RAY**—I suppose, because it is Government Division, that that would be the process. Did that include you not only looking at cabinet documents but also having the capacity to put oral or written questions to Mr Max Moore-Wilton?

**Ms Belcher**—I put a series of oral questions to him.

**Senator FAULKNER**—Have the documents that Senator Coonan provided to Mr Moore-Wilton been kept on file in the department?

**Ms Belcher**—Yes, they are on file in the department.

**Senator ROBERT RAY**—What these days is the maximum value of a gift to a minister above which they have to return it?

**Ms Belcher**—I am going to have to remind myself of that. I do not know off the top of my head.

**Senator ROBERT RAY**—I know there were suggestions coming out of the senators' interests committee and others, but none of those have been adopted. It is pretty much on the old rules, I think.

**Ms Belcher**—It is \$500 from a government or official source and \$200 from a private source.

**Senator ROBERT RAY**—That is a complex one—\$500 from a government and \$200 from a private source. What happens if the source of the gift is 51 per cent government owned and 49 per cent owned in the private sector?

**Ms Belcher**—I do not know which way we would go—probably the government way.

**Senator ROBERT RAY**—There is no precedent, is there?

**Ms Belcher**—I have never been asked that question.

**Senator ROBERT RAY**—If Senator Hill was given a gift with a rental value of \$200 a month, the value of that over three months would not only be declarable; you would have to return it, wouldn't you? You cannot keep it.

**Senator Hill**—I am just seeking clarification because I thought there were different levels at which you had to return and one level at which you have to pay the difference.

**Ms Belcher**—I do not know the point of declaration as distinct from the point of having to hand back. If you are asking about the overall value, if it is something that can be valued and a minister wants to keep the gift, they pay the difference over \$500.

**Senator ROBERT RAY**—I think I understand how it works: in certain circumstances, a gift under \$500 from a government you can keep—that is okay—and from a private sort of company, it is \$200. I do not think we can resolve today whether it is \$500 or \$200 when there is a mixture of ownership, so we will leave that aside. This is goods in kind that I am asking about. But, if you are given a service or a hospitality or whatever it is, is it \$200 a month for every month you have it? At what point do you have to declare that as a gift over \$500? After three months?

**Ms Belcher**—I have always drawn a distinction between a gift and hospitality. You are talking about a service.

**Senator ROBERT RAY**—I am talking about neither hospitality nor a gift. Let us use an example: someone gives me a Cray computer for my use, it is well over \$500 and I am a minister. Do I have to declare that?

**Ms Belcher**—If you are given a computer, yes.

**Senator ROBERT RAY**—No, if I am given the use of a computer as opposed to being given one; in other words, they park it in my house. Well, I would have to have a pretty big house for a Cray, wouldn't I? Maybe that is not a good example, so the next model down. I put it in my spare room and I use it. The normal rental for that is \$200 a month. I have to declare that, don't I, as a minister?

**Senator Hill**—I think the answer is that it is not specifically addressed. Some might argue that you should try and work out the capitalised value of that.

**Senator ROBERT RAY**—If the capitalised value of it is \$10,000, over how many years do you amortise that?

**Senator Hill**—Over three months.

**Ms Belcher**—The sorts of considerations I would take into account, if I were asked for advice, would include whether it was quite short term, whether there was a purpose in accepting the service for a while or it was going to be on a continuous basis for quite some

time and there was going to be a clear personal benefit. When there is a clear personal benefit, it is best to declare it.

**Senator ROBERT RAY**—Did Senator Alston write to the Prime Minister about his being given a plasma television so he could watch sports and find out what it is like? Did he write to the Prime Minister for permission?

**Ms Belcher**—That would not necessarily come to the department. I am not aware of such a letter.

**Senator ROBERT RAY**—I ask the minister.

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

**Senator ROBERT RAY**—The AAP story reads:

A spokesman for Senator Alston said the television was a short term loan so the minister could personally experience the technology.

The loan was approved by the prime minister ...

Do you have any further information on the Prime Minister's approval of a freebie?

**Senator Hill**—I do not know. If it is being provided on a short-term basis to demonstrate a technology, I am not sure whether it amounts to a gift anyway. I do not know what the term of it was.

**Ms Belcher**—I do not know, and that is certainly something I would take into account. I will check that it was not raised with the department. Just at the moment I cannot recall it. But certainly one of the considerations would be if it was just in the short term and there was some stated purpose in the minister having access to this technology.

**Senator ROBERT RAY**—Just for the cricket season it would be all right, would it?

**Senator Hill**—Obviously the longer it goes on the more it develops the trappings of a benefit, but I do not know what the details of this particular matter are.

**Senator ROBERT RAY**—The details are that Telstra has provided a plasma TV.

**Senator Hill**—But for how long?

**Senator ROBERT RAY**—The minister could not even seem to remember today for how long he had had it for. But if, as his office claims, he did declare it in September on his pecuniary interests form, that means he has probably had it for about 5½ months.

**Senator Hill**—So he has declared it on his pecuniary interests form?

**Senator ROBERT RAY**—No, his office has claimed that. We have not seen a publication of it, but that can be checked for tomorrow. There seems to be some doubt amongst the press and in stories and other things. You might have been there, Senator Conroy—how long do you think he said he had had it for?

**Senator CONROY**—Three to four months was the minimum, I think, and up to 14 months was some people's interpretation of his comments. I may have asked him the question about how long he was planning on keeping it for, and he did not seem to know how long it was going to be there.

**Senator ROBERT RAY**—The Prime Minister has not been loaned a plasma television by Telstra, has he?

**Senator Hill**—Not that I know of.

**Senator ROBERT RAY**—Senator Alston is the one that is keen to refer other people to ICAC, isn't he?

**Senator Hill**—It would depend on the terms of the loan. I do not know the circumstances of that particular loan. Certainly, Alston is having to face up to the issue of these various technologies.

**Senator ROBERT RAY**—He is about the only person in Australia that has a high-definition TV after his policy, isn't he?

**Senator Hill**—Somebody is trying to convince him of the benefit of it!

**Senator CONROY**—That is what took us to the plasma TV, actually. That is exactly where we started.

**Senator ROBERT RAY**—I see. If Victoria sets up its own ICAC, I will refer it.

**Senator FAULKNER**—I want to come back, as you knew I would, to the Waterford Wedgwood crockery, all \$16,613.25 worth. You said to come back to it in output 4, so here we are.

**Mr Metcalfe**—Yes, output 4.4, Senator.

**Senator FAULKNER**—What can you tell me about it?

**Mr Metcalfe**—I will ask Mr Crane to provide some advice.

**Mr Crane**—It is a replacement dinner service for the Lodge.

**Senator FAULKNER**—For the Lodge?

**Mr Crane**—That is correct.

**Senator FAULKNER**—What is it replacing?

**Senator Hill**—Don't sound so surprised!

**Senator FAULKNER**—Mr Howard is hardly ever there. He would not need one, would he?

**Senator Hill**—We have spent most of this estimates committee talking about the Lodge.

**Senator FAULKNER**—I do not think that is actually true, Senator Hill. I knew you were not concentrating.

**Senator Hill**—When do we get to the cellar?

**Senator ROBERT RAY**—I think that has been drunk dry! No point!

**Senator FAULKNER**—What is this Waterford Wedgwood crockery replacing?

**Mr Crane**—It is replacing the previous Royal Worcester service, which was originally purchased in 1927.

**Senator FAULKNER**—Is it an antique?

**Mr Crane**—It was the original service.

**Senator FAULKNER**—What have they done with that?

**Mr Metcalfe**—What is left of it.

**Senator FAULKNER**—Of course, what is left of it. What have you done with what is left of it?

**Mr Crane**—It is probably best if I give you the history of it.

**Senator FAULKNER**—Yes, please do.

**Mr Crane**—The original set was purchased in 1927. Some additional pieces were purchased in 1978 to cover breakages. As a result of breakages, it is now unable to be used for functions with more than five guests; so there are only five complete sets. For larger formal dinners we have been using a lesser quality service that we originally obtained for outdoor functions. In 1997 we commenced discussions with Waterford Wedgwood and Royal Doulton in relation to acquiring a replacement dinner service. Originally, we placed an order with Royal Doulton; however, they were unable to deliver the service. So in 2001 we recommenced negotiations with both organisations. Subsequently, we decided upon the Wedgwood service, which we have now purchased. It is a 36-place setting. We have purchased an additional 12 settings above the current dining room table capacity of 24, to cover future breakages which will occur. The price, as you stated, was \$16,613.25.

**CHAIR**—I was just thinking, Senator Faulkner, that surely you ate off the Royal Worcester more than I did.

**Senator FAULKNER**—I do not think I have ever eaten off Royal Worcester. I was once invited to the Lodge by Mr Howard, but I can assure you that I was never invited back—and I do not blame him!

**Senator Hill**—Why? Because of the quality of the crockery?

**Senator FAULKNER**—No. I do not think he has ever wanted me to go back again, to be honest. I cannot imagine why. I think I am very good company! But, anyway, there it goes. What is happening to the old set, the 1927 antique set?

**Mr Crane**—That will be retained at the Lodge. But, as I said, it cannot be used for any dinners with more than five guests.

**Senator FAULKNER**—How many settings did it have?

**Mr Crane**—I am not aware of the total number of the original service. I do not want to give you incorrect information, so I will not offer any.

**Senator FAULKNER**—What do you get in this service? Do you get 36 plates?

**Mr Crane**—No. The 36-piece setting involves 108 plates, because nowadays the same sized plates are used for entree, main course and dessert. So that gives us a capacity for 36.

**Senator FAULKNER**—I am out of my depth!

**Mr Crane**—Also in the set are 48 teacups, 36 saucers, 36 smaller 15-centimetre plates, 36 soup bowls, eight sugar bowls and eight milk jugs.

**Senator FAULKNER**—It sounds very nice. What colour is it?

**Mr Crane**—It is predominantly white. It has some gold leaf on it.

**Mr Metcalfe**—It is a replica of the 1927 setting.

**Mr Crane**—It is as close as we could possibly get to the original setting.

**Senator FAULKNER**—Is it interchangeable with the 1927 one?

**Mr Metcalfe**—When I studied this issue earlier this evening, my advice was that, indeed, some of the original parts of the dinner service—not actually place settings but salad bowls and those sorts of additional things—remain unbroken after the wear of the years. So there are some parts of the original service that remain serviceable, and the new one will maintain that historical link with the original dinner setting.



**Senator FAULKNER**—Is this dinner service only used for formal occasions?

**Mr Metcalfe**—It is not being used at all now because there are only five sets. The question is: how will it be used in the future?

**Senator FAULKNER**—When is the new dinner service going to be taken out of the cartons? When is it going to become operational?

**Mr Crane**—It was delivered in October last year, so I think it would already be in use.

**Senator FAULKNER**—So it is already being used?

**Mr Metcalfe**—It is for sit-down functions in the dining room. I imagine they would be described as formal occasions, Senator.

**Senator FAULKNER**—But it is only gold leaf, is it? I thought for that price it would be covered in gold.

**Mr Crane**—No. That price is a very good price in significant—

**Senator FAULKNER**—I knew you were going to tell me that, Mr Crane.

**Mr Metcalfe**—It is very good value for money.

**Senator FAULKNER**—You are getting very predictable on these things.

**Mr Crane**—It was significantly less than the original quote. My recollection—

**Senator FAULKNER**—What—it was more expensive in 1927?

**Mr Crane**—No, you will recall that we originally sought quotes in 1997. The cheapest quote at that time was several thousand dollars more than the price that we ended up getting it for. My recollection is that to replace the setting, again with Royal Worcester in the same design, would cost many thousands of dollars more.

**Senator FAULKNER**—So you think they will be rejoicing in the streets that this \$20,000 dinner service could have cost us a lot more?

**Mr Metcalfe**—The answer is yes, Senator.

**Senator FAULKNER**—I do not think they will be, Mr Metcalfe. I can assure you that—

**Mr Metcalfe**—The answer is that it could have cost us a great deal more. These are expensive things. Anyone who goes to buy a gift for a wedding finds out pretty quickly that a decent dinner service is quite expensive.

**Senator FAULKNER**—I am really going to have a slash outside the off stump here now. What is the name of the design of this dinner service? I am sure it has got a name.

**Mr Metcalfe**—I do not have that.

**Senator FAULKNER**—I bet you it is not IKEA.

**Mr Metcalfe**—I think, as Mr Crane said, it was originally a Royal Worcester service, but it sounds like—and we can check this—it was originally commissioned for the Lodge. So whether it is a one-off—

**Senator FAULKNER**—So it is a special design made for the Lodge, is it? Has it got a special name?

**Mr Crane**—No. It has a name. Within the Wedgwood range, there are a number of names—

**Senator FAULKNER**—What is that name?

**Mr Crane**—I do not have the style but that represents the shape of the plate.

**Senator ROBERT RAY**—Who asked for this new crockery?

**Mr Crane**—We had some discussions very early on with Mrs Howard, and we also spoke with the Official Establishments Trust.

**Senator ROBERT RAY**—We have been through all this a few times before, so I will ask the question again: who actually initiated the discussions? Do not talk about iterations. It has to start somewhere. Who started the discussions off on this?

**Mr Crane**—I might check on that, because it was back in 1997.

**Senator ROBERT RAY**—I am getting a sense of *deja vu* from previous estimates, where it took us a long while to get there when we could have moved straight on.

**Mr Crane**—I understand that Mrs Howard initiated the purchase.

**Senator ROBERT RAY**—The same person.

**Senator FAULKNER**—Is there anything else apart from the \$20,000 on the new dinner service? Is there any other expenditure on furniture at the Lodge?

**Mr Crane**—The purchase price for the crockery was actually \$16,000.

**Senator FAULKNER**—Really. Is there anything other than the \$16,000 on the new dinner service? Is there any other expenditure down there at the Lodge?

**Mr Crane**—Yes, we are undertaking some refurbishment work on the ground floor reception rooms, which are the morning and drawing rooms.

**Senator FAULKNER**—Yes. So what is happening there? They would not be used very much, would they?

**Mr Crane**—Yes, they are. Just as background, the rooms were last refurbished in 1986 and the finishes have deteriorated to an unacceptable extent. To give you an example, after vacuuming the carpet, the staff at the Lodge regularly have to get down on their hands and knees and trim the edges with scissors.

**Senator FAULKNER**—Trim the edges of what?

**Mr Crane**—The carpet.

**Senator FAULKNER**—Are you seriously suggesting that the staff are trimming the edges of the carpet at the Lodge with scissors?

**Mr Metcalfe**—I think what Mr Crane is saying is that the carpet was simply falling apart.

**Mr Crane**—It was coming away from the backing.

**Senator ROBERT RAY**—It sounds like it needs the heavy roller on it.

**Senator FAULKNER**—That is right.

**Mr Crane**—So the works included some repainting, some rejuvenation work to the timber in the rooms, the removal of a built-in bookcase that was not original and the installation of new curtains and new carpet.

**Senator FAULKNER**—What will all that cost, Mr Crane?

**Mr Crane**—The expenditure to date is \$65,534.

**Senator FAULKNER**—Is anything else happening at the Lodge?

**Senator ROBERT RAY**—Is any cutlery being bought now to match?

**Senator FAULKNER**—I hope you can assure me that whatever you do will blend with the new plates and everything else that you have.

**Mr Crane**—That is all the work that has been undertaken at the Lodge at the moment.

**Senator FAULKNER**—There is a fair bit happening down at Phillip Street, isn't there?

**Mr Crane**—Yes. There has been some work done at Phillip Street recently.

**Senator CONROY**—Yes, heaps—it is very nice.

**Senator FAULKNER**—In what area has that work been carried out? Is it in part in the Prime Minister's office?

**Mr Crane**—Yes, some work has been carried out in the Prime Minister's office.

**Senator FAULKNER**—What other areas in Phillip Street have work being done on them?

**Mr Crane**—There is some work being done in the cabinet anteroom and in a number of other areas such as the reception area and the cabinet room, and the carpet has been replaced as well.

**Senator FAULKNER**—What is the cost of the work being carried out there? This is all generally part of the Prime Minister's suite in Phillip Street, isn't it?

**Mr Crane**—It is the Prime Minister's suite and there is also departmental accommodation for the Cabinet Secretariat within the tenancy as well.

**Senator FAULKNER**—Are you able to disaggregate this figure into the broad costs for the Prime Minister's suite and the Cabinet Secretariat at Phillip Street?

**Mr Crane**—We would not be able to break it down to that extent, because it went to tender as a parcel of work.

**Senator FAULKNER**—What are the costings, then, for the Prime Minister's office at Phillip Street, Sydney?

**Mr Crane**—We do not have the final costing yet. The work was completed late in January and we are still awaiting a number of invoices?

**Senator FAULKNER**—What invoices are you waiting for?

**Mr Crane**—I do not have a list of what is outstanding but I can tell you that the anticipated cost for the work is \$314,000.

**Mr Metcalfe**—From what Mr Crane tells me, the department's lease on this property goes back to 1986 and really nothing has been done in the 17 years since that time.

**Senator ROBERT RAY**—It just shows that the renovations I did back in 1987 lasted a long while.

**Senator FAULKNER**—There is no need to make those defensive comments.

**Mr Metcalfe**—It was just a clarification, Senator.

**Senator ROBERT RAY**—You only clarify butter, actually.

**Senator FAULKNER**—All I know is that there was a lot of work done at Kirribilli House and now extra work is being carried out at the Lodge. We all know about the Parliament House office and the chesterfields, the curtains and everything. Now we have moved our attention to Phillip Street, Sydney. That is the fourth cab off the rank. I think it is the last cab off the rank, isn't it? There is the Prime Minister's office in Canberra and now in Sydney and

his two residences in Canberra and Sydney. So this is basically the last area to be done, isn't it? Once this is completed there should not be anything else.

**Mr Crane**—There is ongoing maintenance, Senator, as you know.

**Senator FAULKNER**—So the budget is \$314,000.

**Mr Crane**—That is correct.

**Senator FAULKNER**—Are you confident that this work will come in within budget?

**Mr Crane**—Yes, I am.

**Senator FAULKNER**—That includes removal costs?

**Mr Crane**—Yes.

**Senator FAULKNER**—What is the basis of the removal costs?

**Mr Crane**—We had to do the refurbishment in two stages—laying the carpet in two stages—which involved moving all the furniture to one side of the office, redoing the carpet, undertaking the work and moving the furniture back to the other side.

**Senator FAULKNER**—Can you explain that again?

**Mr Crane**—We were not in a position to remove all the furniture from the tenancy. The new carpet had to be laid in two stages.

**Senator FAULKNER**—You had to move the furniture from one side of the room to the other?

**Mr Crane**—That is correct.

**Senator FAULKNER**—That could not have cost \$19,692?

**Mr Crane**—I do not have a figure for that.

**Senator FAULKNER**—Try contract no. 1050757 on the department's gazette publishing system—Chess Handley Removals Pty Ltd—for the cost of \$19,692.20 for the Phillip Street refurbishment. Is that the contract we are talking about?

**Mr Crane**—I can only assume that is the one.

**Senator FAULKNER**—Are you saying to me that that is \$19,692.20 to move furniture from one side of the room so that you can put down the carpet, then move it back again so that you can put down the other half of the carpet, and then move it back into the middle of the room? As I keep saying to Senator Hill, we are in the wrong game.

**Senator Hill**—I am sure it is more complicated than that.

**Senator FAULKNER**—Not as Mr Crane explained it. He seemed to explain it very simply.

**Senator Hill**—What is the extent of the labour involved?

**Mr Crane**—I do not know the extent of the work involved.

**Senator FAULKNER**—This will be a bit of a waste of time, won't it, Senator Hill, if Mr Howard is replaced by a Melburnian in the near future?

**Senator Hill**—The Sydney offices still have to be of a reasonable standard.

**Senator FAULKNER**—Certainly, but what if, hypothetically, Mr Howard were replaced by someone from Melbourne? That is just a hypothetical question, of course.

**Senator Hill**—We have spent a lot of Federation Fund money doing up the Melbourne offices.

**Senator FAULKNER**—Let us not go into what you have spent the Federation Fund money on, or we will be here all night.

**Senator Hill**—We have spent it on enhancing Australia's heritage.

**Senator FAULKNER**—Yes, sure. It's a good life. How much has been spent on carpets, Mr Crane?

**Mr Crane**—The arrangement with the carpet was that we negotiated with the building owner to replace the carpet. They agreed to meet a substantial proportion of the cost of the carpet. The cost to the Commonwealth of the carpet was \$67,000.

**Senator FAULKNER**—What does the contract for Phillip Street refurbishment from the supplier, Mister Carpet, represent? I found that on the gazette publishing system, too.

**Mr Crane**—That would be the replacement of the carpet.

**Senator FAULKNER**—How much did you say that was?

**Mr Crane**—The figure I have for the department's contribution was in the order of \$67,000, and there was a contribution from the building owner of \$59,500.

**Senator FAULKNER**—So the contract value is \$136,939 but you are only bearing a little more than half of that?

**Mr Crane**—That is correct.

**Senator FAULKNER**—That would not be included in your overall budget of \$314,000?

**Mr Crane**—No. That budget only contains the department's contribution to the recarpeting. It does not include the money provided by the building owner.

**Senator FAULKNER**—There are no monies provided by other Commonwealth departments? For example, there are no monies provided by the Department of Finance and Administration or borne by PM&C?

**Mr Crane**—No, that is correct.

**Senator FAULKNER**—What about curtains? Does the building owner share that too?

**Mr Crane**—No.

**Senator FAULKNER**—You have to pay for that?

**Mr Crane**—That is correct.

**Senator FAULKNER**—So how much are the curtains costing up there in Phillip Street?

**Mr Crane**—The figure I have in the budget is \$10,000.

**Senator FAULKNER**—And what were PERT Consultants, who were paid \$47,850, employed to do?

**Mr Crane**—They are the project managers.

**Senator FAULKNER**—And is there new furniture going in down there?

**Mr Crane**—Yes, there is some new furniture.

**Senator FAULKNER**—Is there new furniture in the Prime Minister's office?

**Mr Crane**—Yes, there is.

**Senator FAULKNER**—Well, let us have that detailed for us, please. What will the Prime Minister have in the office at Phillip Street?

**Mr Crane**—I do not have a precise list of what items are being provided?

**Senator FAULKNER**—Surely someone does. Has the furniture been chosen?

**Mr Crane**—Yes.

**Senator FAULKNER**—Is it chesterfields again?

**Mr Crane**—No, it is not.

**Senator FAULKNER**—What is it? Do we know?

**Mr Crane**—Whilst I have overall responsibility for the project, I have not physically been on-site while the project has been taking place and have not been involved in the actual ordering of the furniture.

**Senator FAULKNER**—But hang on. This is furniture purchased by the Department of the Prime Minister and Cabinet; am I right?

**Mr Crane**—That is correct.

**Senator FAULKNER**—It is for the Prime Minister's office in Sydney?

**Mr Crane**—Yes.

**Senator FAULKNER**—Then surely someone can tell us what the department has bought?

**Mr Crane**—I could take it on notice and provide you with a response.

**Senator FAULKNER**—I would prefer that to be provided tonight, if it could be, Mr Metcalfe. I think that is reasonable, isn't it?

**Mr Metcalfe**—Certainly, we will endeavour to assist. It being 9.30 p.m. there is no-one from that area in the department remaining. Perhaps during the break—if we have a break—Mr Crane could see whether the officer who has particular knowledge of the issue can be contacted.

**Senator FAULKNER**—We can have a break, if it is needed.

**Senator Hill**—So what do you want? Do you want to know the type of furniture?

**Senator FAULKNER**—I want to know what is going in. Are those curtains in the Prime Minister's office, for example?

**Mr Crane**—No, they are not.

**Senator FAULKNER**—I just want to know about the furnishing in the Prime Minister's office. I have an obsessive interest in the Prime Minister's furnishings.

**Mr Metcalfe**—We will certainly endeavour to assist you this evening, if possible.

**Senator FAULKNER**—Minister, you encouraged me, a number of years ago, to ask detailed questions about the Prime Minister's furniture, and I took you up on that task. Every now and again I am reminded of it. I want to make you suffer for that suggestion that you made to me.

**Senator Hill**—I doubt if it is a Thai teak table.

**Senator FAULKNER**—I do not know whether it is or not. You doubt it, but you do not know. This is, frankly, not good enough. Do we know what the budget for furniture in the Prime Minister's office is?

**Mr Crane**—Yes, I have a figure here of \$33,000.

**Senator FAULKNER**—Thirty-three thousand dollars! How big is the office?

**Mr Crane**—It is quite a large office.

**Senator FAULKNER**—It would want to be with \$33,000 worth of furniture in it.

**Senator Hill**—It is a major public office, isn't it? If you want furniture of the standard you would expect in the leader of government's office when he is receiving international guests and so forth—

**Senator FAULKNER**—Yeah, sure, roll out the usual excuses.

**Senator Hill**—it does not strike me as an extraordinary large sum of money.

**Senator FAULKNER**—Yes, sure. Thirty-three thousand dollars is an awful lot of money to spend on refurbishing anybody's office. I accept what you say about the Prime Minister requiring appropriate furniture. Believe it or not, Senator Hill, I actually accept that. What I do not accept is that \$33,000 sounds like a reasonable sum of money. It sounds to me as if it is far too much given the costs we know about that have been borne by the taxpayer in dealing with Mr Howard's office here in Parliament House. Can we disaggregate the \$33,000?

**Senator Hill**—That is right; you need to know what you are getting for the \$33,000.

**Senator FAULKNER**—I asked that, Senator Hill, and you do not know.

**Senator Hill**—But you have reached a conclusion without knowing the facts.

**Senator FAULKNER**—I do not care—

**Senator Hill**—That is right; that does not surprise me at all.

**Senator FAULKNER**—what it is; I think \$33,000 for a single office is too much. I do not care what it is. It would have to come from the Louvre for it to be worth that much.

**CHAIR**—We are due for a break. Would this be an opportune moment for that?

**Senator FAULKNER**—Yes. Mr Crane may be able to assist us over the break. I am happy to have a break at this point. Mr Crane, can we disaggregate specifically that figure of \$33,000—this may not be able to be done; I will be disappointed if it cannot be done—in relation to furnishings in the Prime Minister's office? I would also appreciate, if it were possible, having a disaggregation of the \$314,000 that the total refurbishment at Phillip Street is costing. I just mention that before we break; no doubt in a quarter of an hour Mr Crane will be able to provide us with some more information.

**Proceedings suspended from 9.36 p.m. to 10.05 p.m.**

**Australian National Audit Office**

**CHAIR**—I call the committee to order and welcome the officers from the Australian National Audit Office. I apologise for the reordering tonight and thank you for your patience.

**Senator CONROY**—I want to talk about GFS and AAS31. The budget papers currently present two sets of financial information prepared according to GFS and AAS31 accounting standards. Is that correct?

**Mr Barrett**—Correct.

**Senator CONROY**—Page 1-3 of Budget Paper No. 1 of 2002-03 presents the underlying cash and fiscal balances. Under which accounting standard were these numbers prepared?

**Mr Barrett**—If it is the fiscal balance, it would be under the government financial statistics. It would not be under the financial reporting. You are probably well aware that we have just recently put out Audit activity report No. 29, which has a section on the consolidated financial statements and the final budget outcome. We do traverse some of the issues associated with the harmonisation of the Commonwealth financial statement and the government financial statistics framework. It is not in great detail, but it goes into some of the major issues associated with those two statements. The issue of harmonisation, as you would be aware, is something that we and the departments are very interested in, in coming to some kind of accommodation. The aim is to have one single reporting framework and basically, as we say in the Audit activity report—

**Senator CONROY**—Just to clarify, did you say report No. 29?

**Mr Barrett**—Report No. 29 of 2002-03. We said:

The ANAO supports harmonisation towards a single reporting framework as a means of overcoming user concerns. The development of such a framework through an industry specific accounting standard is primarily a matter for the AASB's due process for promulgating accounting standards.

At the end of the day, that is the body that we see as important to get its endorsement to having a set of standards which we all report against.

**Senator CONROY**—Are you represented on that committee, Mr Barrett?

**Mr Barrett**—No, we are not.

**Senator CONROY**—Do you participate informally? I know often people attend in an informal capacity.

**Mr Barrett**—No; we have not at all. As with other major interested bodies, we get asked by the chairman of that board to put in comments on draft documents, draft standards and the like. The chairman has made the comment to auditors-general around Australia that he would be grateful if they would get together with the relevant finance and Treasury departments to try to assist him in coming up with a common financial statement framework.

**Senator CONROY**—Could I just clarify something? Are the comments that are made in report No. 29—the one you have there—similar to the comments in your report No. 25?

**Mr Barrett**—Yes, they are. They are just in more of a summary form. You are talking about our annual report?

**Senator CONROY**—Yes. Page 10-12 of Budget Paper No. 1, 2002-03, notes that the difference between GFS and AAS31:

... relates predominantly to the definitions of revenues and expenses under the two frameworks.

Can you briefly elaborate?

**Mr Barrett**—You are talking about the budget outcome and the financial statement, not the difference in treatment of standards on the financial statement here—just the final budget outcome and the revenue expenses?

**Senator CONROY**—As I said, I am quoting from page 10-12, which is talking about a general discussion. It says:

... AAS31 is designed as a standard for general purpose financial reporting. The different objectives of the two systems lead to some variation in the treatment of certain items. This differing treatment relates predominantly to the definitions of revenues and expenses under the two frameworks.

So I am talking about AAS31 and GFS, I think.



**Mr Barrett**—The reason I raise that question is because, in part, it reflects one of the qualifications on the whole of government statements. Under the AAS framework, the revenues are:

Inflows or other enhancements, or savings in outflows, of future economic benefits in the form of increases in assets or reductions in liabilities of the entity, other than those relating to contributions by owners, that result in an increase in equity during the reporting period.

I know that is a mouthful, but that is the full AAS framework. The GFS framework, simply put, is:

All transactions that increase the net worth of the general government sector.

Consequently, there is a relatively substantial difference between the two concepts. In essence, if you are looking for the figures difference, I think that the comments that we make on the taxation revenue are a good illustration of that, because we have put numbers against the two figures to indicate the difference in final results.

**Senator CONROY**—On page 10-13 of Budget Paper No. 1, 2002-03, it sets out selected differences between GFS and AAS31 and it shows that asset write-downs, losses on assets, swap and other derivative interest outflows and debt repurchase premiums are all recorded as expenses under AAS31 and therefore they all impact on the bottom line. Is that correct?

**Mr Barrett**—That is correct. Just for your information, there has been a study done by the Department of Finance and Administration, and my people have spoken to them about that. From memory, there are about 12 technical differences between GFS and consolidated financial statements, and there are about 11 issues that need to be resolved. So it is not a small exercise. I think Finance has made the point, and we certainly have made the point, that it reflects the differences of the two documents, one basically being economically oriented and the other one basically being accounting oriented. I simply say to you: we do not think it is impossible to come to an accommodation, but we do think a lot of work is needed to be done to get these reports on a common basis. It is important to get this on the public record.

The complication to this is that we, at federal government level—as indeed most of the state governments as well—have been converging with the private sector in the standards arena. The federal government has now committed us to harmonising with international accounting standards from 1 January 2005. Quite clearly, the movement internationally is very much reflective of what is happening and of the concerns in the various corporate sectors. We lost the Public Sector Accounting Standards Board and now public sector accounting standards are supposed to be looked at by the Accounting Standards Board. The pressure has been to accommodate the public sector in the private sector standards.

I think most auditors-general around Australia have been concerned that there are real differences in the public sector that need to be taken into account. It does not matter so much if we are talking about general principles or principles based standards, because we believe that, as indeed for specific industries, the public sector could be shown to be separate in terms of a paragraph that goes under the principles, where the principle is applied to the public sector. However, the decision to move to harmonise with international accounting standards on 1 January 2005, in practice means 1 July 2004.

In the public sector, we are going to be flat out meeting the changed requirements as a result of the harmonisation exercise. In one sense, we have to be able to influence those international accounting standards to say that they should take account of public sector requirements and, at the same time, we have to be prepared to implement them from 1 July 2004. There is an accepted view in the standards arena by auditors-general, heads of Treasury

and finance departments that we have to get some practical outcome on this. All I can say to you is that we will be trying, but the time frame is not an easy one.

**Senator CONROY**—Thank you for that, Mr Barrett. You mentioned a document that you were negotiating with Finance. Is a copy of that available?

**Mr Barrett**—Finance has put out a document that shows the differences between the two. We would have to check with Finance, but this is something that was done from the heads of Treasury committee. We did a small briefing note. I have no problems, if you would like to see it. The briefing talks about the differences between the GFS and the Australian accounting standards. I am happy to make this available to the committee, if that is the committee's wish.

**Senator CONROY**—That would be very useful to us. Some reading for you, Senator Brandis, to broaden your mind.

**Senator MURRAY**—Are you staying on the accounting standards?

**Senator CONROY**—Yes.

**Senator MURRAY**—I wanted to ask a question about resources, but if you are not going down that route—

**Senator CONROY**—I do get there but not immediately. If you want to jump in now on that, go for it.

**Senator MURRAY**—Just briefly, whilst we are in that discussion, you are quite right about the time frame, Mr Barrett. What resources are the auditors-general and particularly the Commonwealth Auditor-General able to devote almost exclusively to this area of endeavour?

**Mr Barrett**—We have very limited resources in this area. In fact, we have a very small research section that is responsible for the work that we do on standards. For that reason, we recently had a meeting with the other auditors-general around Australia. There was an agreement that there would be a discussion by a small group to see what resources could be available from the combined resources of auditors-general. It is not a question of numbers of people or even dollars—

**Senator MURRAY**—It is expertise.

**Mr Barrett**—It is really expertise. We have a small number of people who have that expertise. For us the trade is clearly between—as it always is—the development of standards and the ongoing advice to all our auditors on the application of those standards in every audit period. For instance, my people at the moment are spending a lot of time on the changes to the finance minister's orders that are necessary for the application of the financial reporting in this coming year. That is taking up a lot of resources of both the finance department and our office.

**Senator MURRAY**—This is the new system?

**Mr Barrett**—It is part of that, but it is the conceptual basis of the appropriations system and the relevant changes to accentuate the more cash based environment.

**Senator MURRAY**—Behind my question—if I can interrupt, Mr Barrett—is this: you are outpunched, frankly, by big corporate and auditing companies in this area, and yet your responsibility is so great to get the balance that is necessary in the debate about the accounting standards outcome. I really want to know whether it is your intention to put a proposition in the budgetary process for increased resources in this area either in terms of expertise, which might include contracting out, or in terms of additional dollars so that you can devote people to the problem.

**Mr Barrett**—At this stage my view is that the scarce commodity is people, and that is not something that you can contract out. I do not believe that there is a great deal of expertise out in the private sector with sufficient background and knowledge of the public sector to be able to do the sort of harmonisation work that I think needs to be done. That is the reason that, as I said, only last week we had a meeting with all other auditors-general—except the South Australian Auditor-General. A decision was made that we needed to do something as a matter of urgency and that a small group would get together to see what resources could be made available. In essence, it will be people in our offices. It will not be a question of money and it will not be a question of contracting. In my opinion, it will be a question of priorities to make those few skill resources available to do that task.

**Senator MURRAY**—Thank you for letting me jump in. But isn't it also a question of relieving people within your organisation from tasks they presently do and substituting them with people who can do those tasks?

**Mr Barrett**—We have been trying to develop some of our people internally, and we are hoping that the day-to-day work which I indicated to you is necessary as part of the auditing framework will be able to be done by a group of people within the office. This kind of development work, which is far more specialised, can be done by the small group of very competent people that we have got. So we are sacrificing something to do this, but I believe it is important at this stage for us to do everything we can to work on this harmonisation exercise to ensure that as far as possible we can facilitate a single reporting framework and also ensure that there is proper harmonisation of the public and private sectors.

In my opinion, if the public sector's requirements are not fully met within the private sector standards there will be tensions which governments may have to address. Governments in fact are not bound by the standards environment. Governments can literally do what governments want to. For instance, when the issue came up of scrapping AAS31, which is whole-of-government reporting—or 29, but 31 for us—the Australasian Council of Auditors-General put a strong plea to the standards board for the continuation of that standard for at least the next five years while we worked out what would be necessary to replace it, at the same time as there was a very strong move from heads of Treasury and Finance to scrap AAS31. We believed that at least the need for governments to report on a whole-of-government basis as a standards requirement was an important discipline on all of us and that, for want of our making sure that those elements of AAS31 that were still applicable were put in a way that people recognised that, and while other elements of 31 that might be taken up in other standards that have been developed might be accommodated by those standards. As far as we were concerned, it would not be seen as throwing out the baby with the bath water.

**Senator BRANDIS**—Mr Barrett, I thought I might get an update on the Centenary House lease. What is the rental at the moment? Could you tell me the rental per square metre per annum and the amount of rent that the ANAO will pay for Centenary House in the current financial year?

**Mr Barrett**—We are currently paying \$799.15 per square metre of floor space. The budget required for the full year 2002-03, including car parking, is \$5,217,444.

**Senator BRANDIS**—Is that rent and outgoings or just rent?

**Mr Barrett**—That is just rent. The amount for outgoings is lower this year. I think it was \$170,000-odd. Mr Coleman will probably dig out that figure, but it is under \$200,000.

**Senator BRANDIS**—While he is looking for it, just to save time, I will ask: is the top floor of the building still subleased?

**Mr Barrett**—It is subleased now.

**Senator BRANDIS**—What is the name of the tenant?

**Mr Coleman**—Their trading name is KBR.

**Senator BRANDIS**—Is that a private company?

**Mr Coleman**—Yes, it is a private engineering and construction company.

**Senator BRANDIS**—What is the floor area of its sublease?

**Mr Coleman**—Approximately 1,600 square metres?

**Senator BRANDIS**—When was the sublease negotiated?

**Mr Coleman**—The lease was signed on 1 December 2002, I think.

**Senator BRANDIS**—Before the sublease was signed, was there a valuation done by the ANAO or did the ANAO consult on a valuation?

**Mr Barrett**—We sought advice from L.J. Hooker, who finally was the real estate agent for us.

**Senator BRANDIS**—Did you receive that advice in writing?

**Mr Coleman**—Just to clarify, what do you mean by a valuation?

**Senator BRANDIS**—Either a valuation or an assessment of the market value of the sublease.

**Mr Barrett**—Yes, the rents that were indicated in light of the market in the area in which we are indicated rents between \$260 and \$340 per square metre.

**Senator BRANDIS**—Was that in writing or just verbally?

**Mr Coleman**—We got the information in writing.

**Senator BRANDIS**—May we have a copy of the document, please?

**Mr Barrett**—Yes, we can make sure you get a copy.

**Senator BRANDIS**—What is the term of the sublease?

**Mr Barrett**—It is for the remainder of the lease.

**Senator BRANDIS**—Of your head lease?

**Mr Barrett**—Yes.

**Mr Coleman**—Till September 2008.

**Senator BRANDIS**—Another six years, is it not?

**Mr Coleman**—Approximately six years.

**Senator BRANDIS**—Have there been any approaches to the Labor Party or its entity, which is the landlord, to renegotiate the head lease?

**Mr Barrett**—Yes. As was indicated by yourself and others—not that we needed to have any indication, I might say, with due respect, Senator—we have sought that a number of times. In terms of the latest advice we had when we went back to the owner, which I think from memory was in September, the letter simply says:

I confirm that the directors have considered your request and that they cannot responsibly assist you at this time.

**Senator BRANDIS**—Would you be good enough to produce a copy of your letter to the owner and the owner's response?

**Mr Barrett**—Yes.

**Senator CONROY**—We were talking earlier, at a general level, about the differences between GFS and AAS31. If a foreign exchange loss were sustained, this would be treated as an expense under AAS31 and have a negative impact on the bottom line, but under GFS it would be treated as a revaluation and have no impact on the budget bottom line; is that correct?

**Mr Watson**—I believe that is correct.

**Senator CONROY**—How would such a foreign exchange loss be treated in the private sector?

**Mr Watson**—Pursuant to the Australian accounting standards, all foreign exchange losses, be they realised or unrealised, have to be expensed in the particular profit and loss of the corporation.

**Senator CONROY**—So a loss would be treated as an expense and therefore have a negative impact on the bottom line.

**Mr Watson**—Yes.

**Mr Barrett**—My experts will tell me if I have overstepped the mark here, but my own observation is that, for the most part, we are now very close to the private sector treatment of most assets, liabilities, revenues et cetera. Clearly, the more commercial the operation—for example, Telstra—the closer we have gotten to the private sector models. The problem which you are pointing to is the difference in the treatment on a whole-of-government basis between the budget outcome and the financial statements.

**Senator CONROY**—I want to slightly change the focus now. I understand that the Financial Reporting Council makes appointments to the Australian Accounting Standards Board, other than the chair who is appointed by the Treasurer. Is that the way that it is run?

**Mr Barrett**—Yes.

**Senator CONROY**—I also understand that the FRC is a statutory body under the Australian Securities and Investments Commission Act.

**Mr Barrett**—That is correct.

**Senator CONROY**—I also understand that the Treasurer appoints members to the FRC.

**Mr Barrett**—That is correct.

**Senator CONROY**—According to the Treasury web site, the role of the FRC is to provide 'broad strategic direction for public sector accounting'. What do you think is meant by 'broad strategic direction'?

**Mr Barrett**—I think you are probably asking the wrong person, if you do not mind my saying.

**Senator CONROY**—Who should I ask?

**Mr Barrett**—Clearly Finance is the department I would be asking, because they have the responsibility. But my understanding is just that it is the ordinary meaning of the term: from a strategic point of view and at a fairly high level what is the direction we wish to go in relation to standards? It could be as broad as saying, 'Should we harmonise with international accounting standards? Should we have one set of standards for the public and private sectors? If we have separate standards how do we apply them in practice? Do we have principles based

standards or do we have process based standards? Do we have black letter law and grey letter law?' These are the strategic issues on which I think guidance would be given by the FRC to the standards board. Of course, like any other bodies, there would be interrelationships between the two and I have no doubt that Keith Alfredson, the chair, and his board would be making recommendations to the FRC, which would in turn review those and decide on what is a proper strategic direction to take in relation to standards setting in this country.

**Senator CONROY**—I understand from the FRC web site, which states:

The Act—

Senator Murray and I are particularly familiar with this one. From recollection, I think we debated it at some length in 1998—

expressly limits the FRC's ability to become involved in the technical deliberations of the AASB. It provides that the FRC does not have power to direct the AASB in relation to the development, or making, of a particular standard, or to veto a standard formulated or recommended by the AASB. This provision is designed to ensure the independence of the standard setter.

**Mr Barrett**—That is all very familiar.

**Senator CONROY**—Does that sound familiar?

**Mr Barrett**—Yes.

**Senator CONROY**—I wonder if the FRC members have read it. That is something for me to take up with them in the near future. Are you aware of the bulletin of the Financial Reporting Council, published on 18 December, which stated:

The strategic direction agreed by the FRC involves including within Australian GAAP applicable to the public sector, the key features of the GFS framework.

Does that ring a bell?

**Mr Watson**—No.

**Senator CONROY**—It was issued on 18 December last year. I will repeat the quote. It stated:

The strategic direction agreed by the FRC involves including within Australian GAAP applicable to the public sector, the key features of the GFS framework.

Do you think that is a broad direction, or is it a standard setting? To me, that is directing content; what do you think it is directing?

**Mr Barrett**—Let me answer that indirectly by saying that one interpretation of that is a reflection of the view that there should be harmonisation—and that is clearly what the government has asked to occur—between the GFS framework and the Australian GAAP. As I said earlier, in principle I do not think any of us disagrees with that. The question goes to how that occurs. One suggestion was simply, 'Why don't you adopt GFS and that would be the end of the matter?' Quite frankly, the basis of the GFS, as we have already said, reflects more or less the economic transactions rather than the basic accounting transactions. So the Australian National Audit Office would not regard that as a desirable way to go. IF the FRC had said that, then, yes, I agree that your implicit criticism would be correct. But I simply read that as saying there is a need to harmonise, and I do not think anyone is seriously objecting to that. In fact most of them support it.

**Senator CONROY**—I am on the public record, probably like you, Mr Barrett, supporting the desire for harmonised standards. This is the bulletin. They have deliberated upon this and

they cutely use the words ‘strategic direction’ to hide the content of accounting standards. They say:

The strategic direction agreed by the FRC involves including within Australian GAAP—that is, general Australian accounting principals—applicable to the public sector, the key features of the GFS framework.

You have identified that GFS has a few anomalies that you would not necessarily be comfortable with—

**Mr Barrett**—That is right.

**Senator CONROY**—That is AAS31. Do you think there any many accountants on the FRC to make a decision like that? Do you think they would understand what GFS was?

**Mr Barrett**—I think it would be invidious of me to make any comments, if you do not mind, Senator.

**Senator CONROY**—Perhaps I am asking you in an incorrect way, because I am not trying to draw you into criticising any individuals.

**Mr Barrett**—The fact of the matter, as you quite rightly said, is that the council itself is setting the broad strategic direction, and that is according to its charter. The standards body are the technical experts and at the end of the day they have to ensure that they meet the broad strategy that has been set by the FRC. But the way it is done is very much the responsibility of the chair and his committee.

**Senator CONROY**—I am a strong supporter of Mr Alfredson.

**Mr Barrett**—The fact of the matter is that they go out and they seek public input into draft standards or, in this case, they ask, ‘What are your comments? What do we need to do in order to achieve harmonisation?’ Bearing on Senator Murray’s question, I am sure Keith Alfredson would dearly like to have a couple of full-time permanent public sector people who are working on these issues on his committee, as part of his team.

**Senator CONROY**—I am with Senator Murray. I am just concerned that the FRC seem to be directing the technical content of what should be contained in the standard, but I promise you that I will take it up with the FRC later in the week, and hopefully Senator Murray will be able to join me in the frolic.

**Senator MURRAY**—If I may say so, I think what you are pointing to is a natural bias. I do not mean a prejudiced bias but a bias which arises from where people come from, and that natural bias I do not think works in favour of a public sector understanding at the FRC level and to some extent—

**Senator CONROY**—I would probably say you are right—they are mainly private sector people on the FRC—that, if they were saying, ‘Look, the government should just adopt AAS31,’ that may show an unintended consequence. However, I think they are actually going in the opposite direction, which means they must have given it some thought. Hopefully, if you are with me when we talk about it with the FRC, we will take them through at some length how they came up with this. So we do not need to postulate how they got there because we are going to find out.

I think you are aware of Mr Alfredson’s letter from the Accounting Standards Board to the FRC, also dated 18 December, quoted in the *Accountant*, which states:

I have significant concerns about a recent decision of the FRC to direct the AASB to write an accounting standard that allows government financial reporting to adopt GFS principles. In my view,

the FRC decision was unduly influenced by the views of government without having the views of a broad cross-section of users and without adequate regard to the more general public interest. In fact, the AASB has already deliberated on this issue publicly and notified its views in the negative. I therefore strongly believe the action of the FRC to effectively direct the AASB to endorse different accounting treatments for identical transactions merely because they occur in different sectors of the economy is appropriate.

That is about as strong a statement as you can get from the chair of the Accounting Standards Board, saying, 'We've already looked at this and we're not satisfied with GFS and we believe it should be AAS31,' yet the FRC, a group that is not a trained set of accountants, auditors or public sector accounting experts, have on the basis of almost no deliberation—and we will come to that when we deal with them—directed the experts on how they should write a standard. Is that an unfair interpretation, Mr Barrett? Mr Watson is nodding.

**Mr Watson**—I think you have given a fair summation of what has unfolded.

**Senator CONROY**—Do you think it is appropriate for the Australian accounting standards to have different accounting treatments for identical transactions merely because they occur in the government rather than in the private sector?

**Mr Barrett**—As I said earlier, I think there is general agreement, including in conversations with Keith Alfredson, that there should be a single reporting standard. The issue clearly is one of how to get to that situation in a way that satisfies the requirements. As I said, I do not want it to sound insurmountable, by any stretch of the imagination, but it is clear that we are signatories to United Nations conventions in terms of the GFS, which has come out of the International Monetary Fund, for reporting on overall government budget outcomes—that is, to get consistency across countries so that the IMF can put together publications where like should be with like. We do know that there are differences by the way, but in essence that is the broad aim.

At the same time, we have got accounting conventions which are well known and embedded in standards. Admittedly, now we have got the development of international accounting standards which I think—and I am looking to my colleague Mr Watson—are probably more principles based than process based. When Sir David Tweedie was out here in Australia he spoke of the merit of that. The question then becomes one of the practical issue, as I said earlier, of how you ensure that the differences in the sectors are then reflected in the standards environment. One way is to have the public sector virtually as an industry and therefore saying under the general principle that for this particular industry—read: public sector—the principle will be applied in this way. Hopefully, then we can get agreement with treasuries and finance departments about the way in which that principle is applied so that we do have a common reporting framework.

I know we have got 100 per cent support from Keith Alfredson for that. As I said, that issue that you have alluded to between the FRC and the chairman of the Australian Accounting Standards Board is not one that we are privy to and not one we have been involved in or wish to be involved in. We are simply trying to help the chairman in the best way we can to get some progress in this area. As I said, the auditors-general around Australia are now getting together to try and see how we can bring some resources and thinking to bear and get a closer liaison with heads of treasury and finance to try to get to that single, common reporting standard.

**Senator CONROY**—Just so I can really get a focus on this, because it is critically important to understand the motivation behind some of this debate, and I have asked you about this: if a foreign exchange loss is sustained, under AAS31 it is treated as an expense and

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therefore it has a negative impact on the bottom line but under GFS it is able to be treated as a revaluation and have no impact on the bottom line. So, if you have between \$4 billion and \$5 billion in foreign exchange losses and you have got a system where you do not have to book it up so that everybody knows you have made the loss or a system where you absolutely have to book it up because that is what the system says, you have got to expect people to be wanting to not show a \$4 billion to \$5 billion loss. The integrity of the system is at stake here if the government is able to direct—using the FRC to bully—the Accounting Standards Board, which has given extensive consideration to this and said, ‘No, we don’t believe it is appropriate.’ It is critically important; it is not just theoretical but an absolute real-world example of a \$4 billion to \$5 billion foreign exchange loss. That is the light in which this debate should be understood.

**Mr Barrett**—I do not think we can really comment on that, to be quite frank with you. You can understand my position on that. I would simply observe that our Australian Bureau of Statistics has been intimately involved with the development of accruals based GFS since its inception and has been a major player in that area. It would be interesting to ask the Australian Bureau of Statistics for the background of some of the issues that obviously are of concern to you. I am not trying to make an association of the kind that you have done. I simply observe that the development that has taken place has been by statistical agencies basically for the purpose of getting accrual based statistics on a common basis. I suspect that the accounting conventions have given way to economic conventions in terms of cash flows more than with any other kind of imperatives that may have needed to have been met. But we are not the experts in this area and I can only suggest that you raise that with the Australian Bureau of Statistics.

**Senator CONROY**—I am just very conscious that Mr Alfredson and the Accounting Standards Board are being bullied by the FRC, and I am trying to make sure they know they do have a few friends out there.

**Mr Barrett**—I understand where you are coming from, but you can understand why I do not want comment on that.

**Senator CONROY**—I did not mean you. I am not trying to draw you into it. I am trying to put myself on the record and I suspect at the end of the day Senator Murray.

**Senator MURRAY**—The point you are making, in summary, is that politics should not interfere with a process which has to be resolved around the issues of how you accord values and the movement of expenses and income.

**Senator CONROY**—I would like to move now to your audit report No. 25, *Audits of the financial statements of Commonwealth entities for the period ended 30 June 2002*. I understand that the report noted, ‘While the CFS are audited, the FBO Report is not currently subject to audit.’ Can I confirm that that means the consolidated financial statements produced according to AAS31 of the accounting standards are audited and that the final budget outcome prepared according to the GFS accounting standards is not audited?

**Mr Barrett**—That is correct. We have been asked, of course, by the Joint Committee of Public Accounts and Audit whether we would be willing to audit the final budget outcome. Of course we said yes, but subject to a couple of provisos.

**Senator CONROY**—I might come back to that. You must have seen my notes in advance, Mr Barrett, because you are guessing my questions before I get to them. It is very unfair of you because it really throws me off if I am out of sequence. When the government announces

a budget surplus or deficit in any given year, is the ANAO required to verify that the number was calculated in accordance with the accounting standards?

**Mr Barrett**—No, we are not. But, as I am certain you would be aware, there is a reconciliation table.

**Senator CONROY**—Yes, hidden away. We do scour the papers looking for it. When the government announced an underlying cash deficit of \$1.3 billion in the final budget outcome for 2001-02 did the Audit Office verify that the number was calculated in accordance with the accounting standards?

**Mr Barrett**—No, we did not.

**Senator CONROY**—I understand, as you have indicated, Mr Barrett, that the JCPAA recommended in its report 388, *Review of accrual budget documentation*, that the Australian National Audit Office should audit the final budget outcome. Is that the recommendation from your recollection?

**Mr Barrett**—Yes.

**Senator CONROY**—I understand that the JCPAA recommendation that the Australian National Audit Office should audit the final budget outcome was unanimous. Does that ring a bell?

**Mr Barrett**—Yes.

**Senator MURRAY**—It does with me; I was there.

**Senator CONROY**—Excellent, we have got double verification. I understand that on page 19 of audit report No. 25 the ANAO confirmed its willingness—and you have again tonight—to audit the FBO report if requested to do so but that this was a matter for government and parliament to decide. Is that correct?

**Mr Barrett**—Correct.

**Senator CONROY**—I understand that, when the new financial framework was introduced under the Financial Management Act, the Audit Act 1901 was repealed. Is that correct?

**Mr Barrett**—That is correct.

**Senator CONROY**—There was a letter from Mr McPhee to Mr Bowen of DOFA—Mr McPhee is not with us tonight; is he well?

**Mr Barrett**—Mr McPhee is now with the Department of Finance and Administration as deputy.

**Senator CONROY**—Oh, he has defected. He's gone over to the dark side!

**Mr Barrett**—No, he is helping create a greater partnership.

**Senator CONROY**—I look forward to seeing Mr McPhee tomorrow. Hopefully he will do a better job of defending the department than some of his predecessors. Congratulations to Mr McPhee—I will give him my congratulations tomorrow.

**Mr Barrett**—Thank you.

**Senator CONROY**—So Mr McPhee wrote almost to himself then when he wrote to Mr Bowen of DOFA on 7 January 2003 confirming that, pursuant to section 50A of the Audit Act, the Auditor-General had a statutory responsibility to audit the aggregate financial statements. Is that correct?

**Mr Barrett**—Correct, yes.

**Senator CONROY**—I understand that the AFS included the budget outcome and that, according to Mr McPhee's letter to Mr Bowen, the budget outcome information included in the AFS was subject to audit by the ANAO—attachment 10. Is that correct?

**Mr Watson**—Yes.

**Mr Barrett**—In the totals.

**Senator CONROY**—So, until the Audit Act was repealed, the budget outcome as reported in the aggregate financial statement was audited?

**Mr Barrett**—Yes.

**Senator CONROY**—I understand from an answer from DOFA to a question on notice that prior to 1994-95 the budget was brought down in August, that is, after the end of the financial year, and hence the outcome was included in the budget.

**Mr Watson**—Yes.

**Senator CONROY**—I understand from DOFA's answer that from 1994-95 the budget was brought down in May, that is, before the end of the financial year, hence the government released a new document called the final budget outcome. Is that correct?

**Mr Watson**—That is correct.

**Senator CONROY**—I understand that this new final budget outcome document was not audited.

**Mr Watson**—Correct.

**Senator CONROY**—However, I understand that the budget outcome contained in the aggregate financial statements continued to be audited until the Audit Act was repealed in 1997.

**Mr Watson**—That is correct.

**Senator CONROY**—So, apart from the timing, was there any difference between the final budget outcome and the budget outcome as contained within the aggregate financial statements?

**Mr Watson**—I do not think so. The title is now different.

**Senator CONROY**—The title is different; I accept that.

**Mr Watson**—The title is now the final budget outcome as distinct from then being called the budget outcome.

**Senator CONROY**—Were they prepared according to the same accounting standards?

**Mr Watson**—I think so.

**Senator CONROY**—Both were prepared to GFS? I think that is correct.

**Mr Watson**—I think so. One was cash and one was accrual. The final budget outcome—the current language—is accrual whereas the budget outcome is an extract from the CRF loan fund and trust funds; it is cash.

**Senator CONROY**—But it is still prepared according to the same accounting standard, even through they are different?

**Mr Watson**—The final budget outcome is tied up with the GFS, which involves accrual principles that are slightly different from the accrual principles that you are referring to under AAS31. Also, the accrual construct did not come into the reporting construct until 1999.

**Senator CONROY**—Yes, in 1999, when it was actually introduced.

**Mr Watson**—Yes.

**Senator CONROY**—In those early days, because there was no accrual, they were the same. They were both cash prior to then, so they were absolutely identical right through until 1999, when the new system of accrual was introduced. It was not accrual until 1999-2000.

**Mr Watson**—Yes.

**Senator BRANDIS**—Mr Coleman, you were looking for something while I was talking with Mr Barrett, and I finished before I came back to you.

**Mr Barrett**—You were looking for the figure for the outgoings.

**Senator BRANDIS**—Yes. Did you get that?

**Mr Coleman**—I have a year-to-date figure, but I have not got a budget figure for the full year.

**Senator BRANDIS**—Could you take that on notice?

**Mr Coleman**—I will.

**Senator BRANDIS**—What is the rent being paid by the new subtenant per square metre per annum?

**Mr Barrett**—From memory it is \$314 per square metre over the lease term.

**Senator BRANDIS**—Is there a ratchet clause in the sublease?

**Mr Barrett**—No.

**Senator BRANDIS**—Could we have a copy of the sublease produced, as well, please?

**Mr Barrett**—Yes. With your indulgence, it might sound a bit defensive, Senator Brandis, but the outcome that we achieved by the sorts of standards that we were given in the marketplace was better than anyone could have expected. I just want to put that on the record.

**Senator BRANDIS**—I am not doubting that. And another way of putting that proposition would be to say that, by extracting \$314 per square metre per annum from your subtenant, you got better than you thought the market would have delivered, which puts the rent you are paying to the Labor Party at \$799.15 per square metre into even more stark relief.

**Mr Barrett**—I understand why you have made that statement. I am simply saying that we work very hard to get a maximised return to budget, rather than having unused space, which could easily happen.

**Senator BRANDIS**—Nobody is criticising you, Mr Barrett, or the ANAO. I am just eliciting the arithmetical facts of the disparity between what you are being charged by the Labor Party and the market value as determined by the value of the subtenancy let on 1 December last year.

**Mr Barrett**—I understand your point.

**Senator MURRAY**—Mr Barrett, in the May estimates Senator Conroy asked you a question in which I also have expressed an interest before, and that was whether the ANAO was in a position to provide the committee with a restatement of the Commonwealth revenue with GST properly included as a Commonwealth tax. In your answer, you indicated how you had qualified the audit opinion on the CFS, and that is a view that others share. The opposition do not support the GST; I do. But I also concur with your view that the GST is a Commonwealth tax and is merely distributed to the states. What is more, that is reinforced by

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the fact that the states do not actually get their full quota of GST, as you know. WA, Victoria and New South Wales all get less GST than they actually earn per capita, so that just reinforces the point.

My question to you is as follows. I think we ought to cease fooling about on this and we need the figures fairly rapidly. If the Senate were to pass a resolution requesting—and it would be a request—the Audit Office to give us this kind of summarised version—you might recall it—pretty soon after the budget comes down so that we could see it on a consolidated basis, would the Audit Office be equipped or able to consider that request favourably?

**Mr Barrett**—Again, I would raise the question we raised with the JCPAA. We would have to be careful about the basis of the opinion that we were going to give. There is an auditing term, which you would be familiar with, which is ‘negative assurance’. I think we would be happier with negative assurance in this area than to say, hand on heart, that every dollar was absolutely and utterly correct.

The second part of my answer to your question is that it would again depend on the basis of the estimates themselves—that is, whether it was actually on a GFS basis or a standards basis. Quite clearly, as a professional body we are bound by the professional standards. We are bound to report against professional standards in giving audit opinions. If those figures are not in accordance with the professional standards, of course we would then not be able to have an opinion on them in that respect, other than to give part of the negative assurance to illustrate the fact that the difference is in the two figures—between, say, a GFS basis and an AAS basis. So, in other words, I do not know the extent to which it would help the Senate to have a restatement of what we now state as an opinion on the consolidated financial statements. If we had one standard which was accepted, we could opine, even in a negative assurance, in a far more positive fashion, I would think.

**Senator MURRAY**—But the Senate, because it is not controlled by the government of the day, is constantly called upon to be an arbiter in terms of government policy to raise more money or spend money in different ways. One of the things you should have and know when that proposition is put to you is how the figures look overall and what the status of them is. That is why I hold the view I do despite being a very strong supporter of the new tax system.

So in my head the question really is: if the government will not give us the figures in a way in which we can assess them, would you feel it proper for the Senate to ask the Audit Office? If you want to consider that matter, that would be fine; if you were to say no, that would assist. But we are just not getting the figures in the way we want them.

**Mr Barrett**—If we were asked to provide the Senate with a set of figures as best we could, based on Australian accounting standards, we would do that.

**Senator MURRAY**—And would you be able to do that—and I am looking really at the summation—within a reasonable period of the budget papers being brought forward?

**Mr Barrett**—I do not think there is any reason to doubt that. We have got a very good handle on the government’s financial statements figures. There is a reconciliation statement, as I have already indicated, as part of the budget documentation. It seems to me that we should be able to provide within a reasonable time frame an opinion on a set of figures which we believe would reflect the budget outcome in terms of Australian accounting standards.

**Senator MURRAY**—Thank you, Mr Barrett; that gives me something to chew on. Moving briefly on to my next issue, is it correct to say that the Audit Office tries as hard as it can to advocate to agencies at audits that they use their best endeavours to use programs, methods

and means to minimise wasteful expenditure and to uncover corruption through fraud risk strategies and that sort of thing?

**Mr Barrett**—Absolutely.

**Senator MURRAY**—I am aware from my reading—and I forget the exact names of the acts—that in America not only is there whistleblower legislation but that whistleblower legislation provides a bounty for the bureaucracy. In other words, they reward people for uncovering fraud and that sort of thing. The benefits I am told run to billions of US dollars. In this country the Commonwealth has a very poor whistleblower provision—section 60 of the Public Service Act—and, as far as I am aware, whistleblowing does not have that same effect here as it does in America. Have you any commentary on that? I am an advocate for the Public Service to have a whistleblower act, and one of the side benefits is the reduction in wasteful expenditure and the exposure of fraud.

**Mr Barrett**—The short answer to your question is that this is really a matter of government policy, and particularly it is a matter for financial management policy, on which the government's major adviser is Finance and Administration. From an audit view point, we strongly support the confirmation that has taken place over successive governments and the high value that is put on the values and ethics statement in the Public Service Act, as a major incentive for and expectation of public servants to act honestly, openly and transparently and to detect and deal with any fraud and corruption as part of their Public Service responsibilities. We have advocated strong internal controls as part of good corporate governance and have reinforced the need for adequate risk management not just in planning but also in actual monitoring, reviewing, evaluating and reporting.

**Senator MURRAY**—The real point of my question is this: given the committees I am on and the reading I do, I am not aware of any instances that the Auditor-General has reported where whistleblowers in Australia have in fact resulted in the saving of a great of money or the exposure of fraud. It might mean we are running a perfect system, but I am afraid that I do not believe that. I am wondering if we are deficient in our armoury of risk avoidance, if you like.

**Mr Barrett**—It is a mixed feeling. As I said, it is not for me to comment on. That debate on incentives and disincentives, and whether you should actually reward people for reporting on fraud, corruption and the like, has been had in the finance and treasury departments for decades. I do not have any statistics to bear out persuasively, or to argue positively or negatively, against the conclusion you have come to, other than to say that, intuitively, I would have to agree that there does not seem to have been a significant exposure. The reason I say that is that, while I have had some reservations over the years about the extent of the figures on fraud and corruption that have been put forward by bodies such as the National Crime Authority, the Federal Police and the like, which have amounted to several billion dollars, I doubt very much whether even a respectable fraction of what we have established and where action has been taken could be attributed to whistleblowing activities.

That is not to say that in fact we do not support legislation in that respect; we do, and we try to ensure that any of the messages that come out of such legislation, including the Public Service Act, are brought to the attention of audit committees and chief executive officers. As to the expectation that auditors will be looking at those kinds of situations where they are doing audits, as I have said to you many times, audits are not there to detect fraud and corruption. However, all my auditors have got their eyes and ears open so that if there is any suggestion at all of fraud they are to report that to their audit manager and action will be taken either as part of the audit or latterly as a separate audit to follow that up. Then, of course, as

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you know, we do not have forensic capability so, if we found any evidence to support the suspicion that fraud and corruption were taking place, such evidence as we had under the act would be supplied to the Australian Federal Police. So the matter that I think I am hearing you talk about is out of our preserve. I am trying to say to you, though, that we do take a strong stand and we do try and reinforce applicable legislation in this area.

**Senator MURRAY**—But you do confirm that whistleblowing, in Australia at least, does not generate the exposure of large sums of fraud or otherwise. My last question refers to leave entitlements. In May 2002 I put a question to you concerning leave entitlements. In your answer you indicated that on your profile 25 per cent of your staff had leave balances in excess of 40 days. My question is this: is the Audit Office examining as a broad intent excessive leave balances on a whole-of-government basis to establish the scale of moneys—contingent liabilities that therefore are attached—as well as the downside, which is the effects on health and safety and productivity if people are not taking their proper leave entitlements?

**Mr Barrett**—We have not done any across-the-board study. But one of the essential issues as part of every audit is that those leave balances are properly accounted for. So it would not be a difficult exercise to go across certainly the major agencies to make an assessment of outstanding leave balances.

**Senator MURRAY**—I ask you to consider whether, if you are already verifying leave balances, attention could be drawn to that. I suspect that large numbers of people in the public sector are not taking sufficient leave and there are deleterious effects because of that.

**Mr Barrett**—You would be well aware that there are a number of certified agreements now where staff are actually being encouraged to cash in their excess leave.

**Senator MURRAY**—Yes. I asked some questions on that this morning, and the answers I got were that they are kind of obliging people to take core leave, if I understood them correctly, but in terms of anything over that they are paying them out. I think we need a whole-of-government understanding of it, which we do not have.

**Mr Barrett**—There are the twin issues of occupational health and safety, so that people actually take leave and are equipped to actually do the jobs they are paid to do, and the liabilities associated with standing leave that has been accumulated.

**Senator MURRAY**—As a money man I am interested in both.

**CHAIR**—Minister, Mr Barrett and officers, many thanks for your assistance.

**Committee adjourned at 11.19 p.m.**