



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

ECONOMICS LEGISLATION COMMITTEE

Estimates

(Public)

THURSDAY, 7 NOVEMBER 2024

CANBERRA

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ECONOMICS LEGISLATION COMMITTEE

Thursday, 7 November 2024

Members in attendance: Senators Bragg, Canavan, Colbeck, Cox, Ghosh, Hodgins-May, McKenzie, McDonald, McKim, O'Neill, Barbara Pocock, David Pocock, Rennick, Reynolds, Roberts, Dean Smith, Stewart and Walsh

TREASURY PORTFOLIO

In Attendance

Senator Ayres, Assistant Minister for a Future Made in Australia, Assistant Minister for Trade

Reserve Bank of Australia

Ms Michele Bullock, Governor

Dr Christopher Kent, Assistant Governor, Financial Markets

Australian Securities and Investments Commission

Mr Joseph Longo, Chair

Ms Sarah Court, Deputy Chair

Ms Kate O'Rourke, Commissioner

Mr Alan Kirkland, Commissioner

Ms Simone Constant, Commissioner

Mr Greg Yanco, Chief Executive Officer

Mr Chris Savundra, Executive Director, Enforcement and Compliance

Mr Peter Dunlop, Chief Financial Officer

Committee met at 09:01

CHAIR (Senator Walsh): I declare open this hearing of the Senate Economics Legislation Committee into the 2024-25 supplementary budget estimates. I begin by acknowledging the traditional custodians of the land on which we meet today and pay my respects to their elders, past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today. The committee has set 14 November 2024 as the date by which senators are to submit written questions on notice and 19 December 2024 as the date for the return of answers to questions taken on notice.

The committee's proceedings today will begin with the Reserve Bank of Australia. Under standing order 26, the committee must take all evidence in public session; this includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence.

The Senate has endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised. I now incorporate the public interest immunity statement into the *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which

the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: I remind all senators that, as we continue our work implementing the *Set the standard report*, as chair, I will ensure that proceedings are conducted in an orderly, respectful and courteous way.

Reserve Bank of Australia

[09:04]

CHAIR: The committee welcomes the Reserve Bank of Australia and its representatives, Governor Ms Michele Bullock and Assistant Governor Dr Christopher Kent. In welcoming the RBA, the committee recognises the central bank's independence under the Reserve Bank Act, particularly in regard to monetary policy settings. The committee is cognisant that, while the RBA does not receive annual appropriations, it does provide the parliament with opportunities to discuss its insight and performance, which the committee greatly welcomes. As such, no government minister will be in attendance with the committee while representatives of the RBA are present. Good morning, Governor Bullock; good morning, Dr Kent. Do you have any opening remarks that you'd like to make, or are you happy to proceed straight to questions?

Ms Bullock: We have no opening remarks; we're happy to proceed to questions.

CHAIR: We'll go to Senator Smith.

Senator DEAN SMITH: Good morning, Governor and Dr Kent; thank you very much for your participation this morning. Governor, can you share with the committee the RBA's perspective on some of the geopolitical risks and how they might impact the inflation outlook?

Ms Bullock: Inherently, they're very uncertain, clearly, but a number of them are in the wings. Obviously, there's the Russian invasion of Ukraine, which remains ongoing; it has potential impacts on commodity prices and commodity trade. There is the Middle East conflict as well; and, although at the moment oil prices and commodity prices have remained reasonably well insulated from that, if it spreads, there are potential issues there. Obviously, there are issues to do with elections, particularly the election in the United States. What happens there remains to be seen, so I think it's a bit early to judge what some of the implications of that might be. There are people talking about the potential implications of tariffs and those sorts of things, so there's some of that around as well. The potential implications for inflation, not just in Australia but around the world, are pretty hard to judge at this stage. We can't be setting policy on the basis of things that could happen or might not happen. I think it's

difficult. In terms of some of these events, we have to wait and see what actually does happen and respond as necessary. It's not just in Australia; there are potential worldwide implications from all of these geopolitical risks.

Senator DEAN SMITH: In your geopolitical snapshot, you didn't mention China. Does the bank have any observations about recent developments in China?

Ms Bullock: Not any geopolitical observations; I think we've made some observations about China in terms of its current growth. It's true that growth in China has slowed and, of course, it does have problems in its property market, which, for the last couple of years, has really slowed growth there. That has implications for consumer confidence and consumption, as well as production over there. The authorities are actually responding to that, so we have seen monetary policy in China respond. The central bank over there have actually lowered their relevant interest rates, and the government has recently announced some fiscal policy support for the economy as well. They are responding, and that's been positive. There is some detail that remains to be seen there, but that's a positive sign for China and positive for us, because the main way in which China's growth and economy affects ours is through our trade relationship. They're our biggest trading partner and they are very important for our commodity exports and the prices for those commodities that we receive.

Senator DEAN SMITH: Some have suggested that the developments in the United States over the last day or so present risks on the upside, meaning higher inflation and higher interest rates; do you agree with that?

Ms Bullock: It could. I might defer to Chris and ask him to make a few comments about how the markets are reacting, because the way that the markets are reacting goes to the point that you are asking about.

Dr Kent: The markets have been reacting ahead of the election, in making a prediction that Trump may win the election; and, overnight, with confirmation of that, they moved further in ways that you would anticipate. Higher US deficits through tax cuts in the US are in prospect. One of the things that means is probably higher long-term interest rates and higher inflation in the US and, quite possibly, higher growth for a time. Also, because the US is such an important source of funding and the demand by the US government for borrowing is substantial, that will have upward effects on global interest rates. It's also pushing the US dollars up and other currencies down. But I would note that other currencies have fallen by more than the Australian dollar in recent days; so, on a trade-weighted basis, we aren't much changed in terms of our exchange rate.

The other thing that's in prospect is tariffs; but, as the Governor has said, we just don't know how big they'll be and who they'll be applied to. By itself, they should push up the US dollar because US customers will be buying less goods from the rest of the world and they'll need less foreign exchange. But it means less demand by the US for global goods. That's a negative for growth elsewhere, and that's why European markets, for example, in terms of their equity prices, were down a little bit overnight, because US tariffs on European markets will be poor for their economy, at the margin.

Finally, the big concern is large tariffs on China, which may have an adverse effect on us. As I've said, our equity markets have moved up a little bit in response initially and the Aussie dollar is not much changed.

Senator DEAN SMITH: Is it right to characterise the RBA's position as of this morning as unclear, in terms of what the United States election outcome means for inflation outlooks?

Ms Bullock: At this stage, we would be sticking with our inflation outlook. Obviously, as time moves on and the new administration takes up and starts working on its policies, it will become clearer; then we can start to think about what that means for us. At the moment, it's as we released our forecasts this week.

Senator DEAN SMITH: I'm not aware of any comments that suggest that Australia will be immune from the new tariff regime.

Ms Bullock: I have no particular information on that.

Senator DEAN SMITH: I'm not aware of any. Governor, in recent days, you've expressed a note of caution to policymakers in regard to their spending appetites, as they come to end-of-financial-year statements and election periods. Can you elaborate for the committee on what some of those risks are, if policymakers don't exercise a prudent approach to government spending?

Ms Bullock: I find it interesting that you used the word that I've been 'cautioning' people. I don't believe that I've been 'cautioning'.

Senator DEAN SMITH: No. I said 'a note of caution'.

Ms Bullock: I don't believe that I've been cautioning anyone. What I've been observing is that the private sector in Australia at the moment is very weak and public sector demand has been filling that gap. What we have is an economy which is not growing very quickly and a private sector that is very weak, and the public sector is

providing some support. Our forecasts show that, with that sort of mix, we end up with inflation coming back down to target in the next couple of years, so that's our central forecast.

Senator DEAN SMITH: With the existing mix.

Ms Bullock: With the existing mix. It's true that total demand is what is driving inflation, in terms of total demand versus total supply, so that's a mix of public and private. I think the governments have been conscious of what they've been doing; certainly, when I talk to the Treasurer, he is very conscious that they need to be cautious about what they do in terms of the budget. He knows that—he's told me this—fiscal policy has to work with monetary policy on this; we know this. I've also said in the past that fiscal policy—this is not just the federal government but the state governments as well—has a lot of things that it has to achieve. We have one instrument, which is an interest rate, which we use. Governments have fiscal policy, but it has to fulfil a lot of different roles. They have to use it in a way that is for the economy as a whole and for the Australian people. So the policymakers are being very conscious of what they are doing with their spending. There are certain services that government has to provide. The government needs to provision for that, and they are doing so. So the attitude that I am hearing from the government at the moment is the right one. They are conscious that they have to have fiscal policy working for the Australian people, but they are also conscious that they have to use it in a way that doesn't exacerbate inflation. That is because the government knows, as we know and as the Australian population knows, that inflation is hurting everyone and that, if we don't get inflation under control, it is worse for everyone.

Senator DEAN SMITH: Are you able to identify what characteristics of government spending are a more prudent use of public money and what characteristics might be less prudent, or inflationary? Do any particular characteristics of government spending—for example, productivity gains, et cetera—help you or casual observers to understand what might be a prudent use of public money and what might be a less than prudent use of it?

Ms Bullock: No, our role is not to do that. Our forecasts don't go into that sort of detail. Our forecasts are based on the overall envelope of public spending. We don't go into—and I wouldn't want to go into—suggesting what is and what is not appropriate spending. That is not our role.

Senator DEAN SMITH: But surely some spending has characteristics which are less inflationary and which might bring productivity gains? Rather than saying, 'This particular policy is good' or 'This particular policy is bad', would there not be some policies that have less inflationary characteristics, or attributes?

Ms Bullock: Again, we don't go into those sorts of details. In our forecasting processes we take the overall envelope of public spending, and that goes into aggregate demand and spending. The cost-of-living relief has been bringing down headline inflation. At the margin that probably helps a bit on the inflation side. People see that the inflation they are facing is lower. That's good for them; it gets it into their heads that inflation is a bit lower. It is also helpful at the margin in terms of indexation, to the extent that things are indexed to the CPI. It may be marginally helpful in the context of people thinking about wage rises and those sorts of things. As for the cost-of-living relief adding to spending, it is giving people more money in their pockets, but there is a sense in which, at the margin, it is also helping on the inflation story. But other than that, in our forecasting we are not looking at specific characteristics of specific decisions on spending.

Senator DEAN SMITH: At yesterday's hearing, the Secretary to the Treasury shared with the committee that the Treasury had done some analysis on its observations about certain policy developments in the United States following the election. Has the Treasury shared its analysis with the bank?

Ms Bullock: I haven't seen it, but that doesn't mean that the team haven't seen it; I wouldn't be surprised if they have seen it. We have done a bit, but not a lot. Everything we have done we talked about in our statement on monetary policy, but I haven't personally seen what Treasury has done.

Senator DEAN SMITH: 'Not a lot' because it is the bank's preferred position to make judgements based on what is known, as opposed to what is speculated?

Ms Bullock: Yes. When we do our forecasts, we base them on what we know, not on what we think might happen. Forecasts are not about forecasting what we think might happen. If there are particular events that may or may not happen, you can't take them into account. You have to have a reasonable certainty that an event will occur.

Senator DEAN SMITH: Governor, you often mention that the bank has one tool available to it, and that is setting the cash rate. But the bank really has two tools available to it; the second is the psychological element. As the governor, you stand up and make a speech; many Australians think about it, and financial advisers might comment or reflect on it. Have you been conscious of the extra tool that is available to you: the power of your words in making a psychological case to Australians around being prudent with expenditure and careful about

rises in interest rates? When you make your contributions, are you conscious that there is perhaps a wider audience than those who are in the immediate ecosystem of the bank?

Ms Bullock: I am conscious of it, in the sense that what I want to do and what I am trying to do is to explain things to people in a way that they will understand. I am not sure that I would classify that as 'psychological', but I do think it is important that people understand, in simple language, not technical language, what the issues are and how we're trying to address them. If that helps them to respond in a way that is helpful for us, that's great. But my primary purpose is to try to help people to understand why we're in this situation with inflation, why it is not a good situation and why we need to address it.

Senator DEAN SMITH: Where are inflationary expectations at the moment?

Ms Bullock: We look at this in a number of ways. We have survey measures of people's expectations. At the moment we think they are about 2½ per cent, anchored at the middle of the target band, which is where we want them. We get those survey data from various organisations, but we get pretty much a real-time read from the markets. Chris will talk to market expectations.

Dr Kent: Various interest rate markets give us an indication of what's happening there. The broad story is that, after a period of those expectations being very low, including through the pandemic, they picked up strongly with the rebound in inflation, but nowhere near as much as actual inflation. Also, medium-term inflation expectations for some time now have been fairly consistent with the Reserve Bank's target of 2.57 per cent; between two and three per cent but aiming for a midpoint of 2.5. That is where markets have been, and that is true not just for us but also for other central banks. Market expectations are pretty consistent with central banks' inflation targets around the world. That's telling you that markets are placing a good amount of stock in what central banks are saying, which is a sign of a very high priority of returning inflation to target.

Senator DEAN SMITH: Is it a measure of trust; is it a measure that the market has confidence in the approach of central banks?

Dr Kent: I think it very much is.

Ms Bullock: They are putting their money where their mouth is, so I think it is.

Senator McKIM: Thanks to you both for coming in today. We have all woken up this morning with the sobering and, for some people terrifying, reality of a Donald Trump presidency in the US. He is an economic extremist and an unstable wrecking ball in perhaps the most influential position in the entire global economy. His policies are highly protectionist and highly expansionary, particularly in terms of tax cuts for people at the top end, who are already very wealthy. He is promising a 60 per cent tariff on goods produced in China, which is Australia's largest trading partner, plus tariffs on products from everywhere else around the world, including Australia. Surely you did some work before yesterday to advise the government on what the impacts of a Trump presidency would be on monetary policy in Australia and the exchange rate for the Australian dollar. Did you do that work?

Ms Bullock: As we said earlier, we have a broad understanding of the way some of these policies, if they are implemented, will work out, but we haven't done explicit scenario analysis on what they might mean for monetary policy, because things are going in all sorts of directions here. It might be inflationary in some ways but it might be deflationary in other ways if China ends up badly affected by this and that badly affects us. It is not easy to dissect what's going to happen with all of this—

Senator McKIM: I am not suggesting it is easy.

Ms Bullock: We don't know what's going to happen, Senator, with respect. He says that he's going to do certain things but he doesn't take up duties until next year. We'll wait and see what happens.

Senator McKIM: Ms Bullock, are you telling us today that the RBA didn't look at the policy announcements of someone who was at least a good chance of becoming the US president, one of the most influential positions in the entire global economy? His presidency is going to send shockwaves through the global economy. Are you saying that the RBA didn't look at his policies and consider what implications they might have for things that are in your remit, such as monetary policy and the exchange rate?

Ms Bullock: We did; we have looked at what it might mean. Our initial feeling is that, if he does some of what he has said he will do—his 10 per cent tariffs and his expansion in spending and so on—maybe it will not have a lot of implications for us. If he does some more extreme things, maybe it will. Again, people have this feeling that this is a very precise and mechanical process in that you take these inputs and put them into a model and it churns out: 'This is what you must do with monetary policy in these circumstances.' It doesn't work like that.

Senator McKIM: That's your job, isn't it, Ms Bullock?

Ms Bullock: That's not how it works with forecasting.

Senator McKIM: It is to take a whole bunch of complex realities and distil it down to the blunt instrument of interest rates; isn't that your job?

Dr Kent: Perhaps I can give an example here. You have focused a lot, and rightly so, on Trump's policies. Obviously, we are aware of those and thinking about how they'll work their way through the global economy and affect the Australian economy. Potentially, one of the big effects will be on China, but you can't imagine that the Chinese will do nothing. One of the things they'll do, and one of the things they've announced of late, is more fiscal stimulus. We don't know the size of that or where it is directed. People are observing that maybe they were holding off on announcing the elements of just how much and how because they knew there was a possibility that Trump would get elected, which has happened. So part of what matters for us is what the Chinese authorities might do in response, and we don't know what that might be. There can be the offsetting of things, and the net effect may be not so much for our economy as a whole. But we don't know, and the markets don't know, and they spend a lot of time looking at these things. That is why the Australian dollar trade-weighted index hasn't changed much of late; it has appreciated a bit over the past week, including overnight.

Senator McKIM: Ms Bullock, do you want to add anything?

Ms Bullock: No. Chris has set it out very nicely. It's not mechanical and it's not precise.

Senator McKIM: But isn't distilling complex, multifaceted scenarios into policy decisions why we pay you the big bucks? Isn't it your job to do that? You talk a lot about how you have this one tool, which is setting the cash rate. That's what you do, isn't it? You take a range of highly complicated, potentially different scenarios across potential private sector and government decisions and international supply chains—the whole lot—and then you distil it down. That is why we pay you very large salaries, isn't it? Instead of saying that this is complex and difficult, why can't you just distil down some of the potential scenarios from a Trump presidency that we've known about for months? We know that he is committed to putting in place a 60-per cent tariff on goods produced in China and that he's going to put Elon Musk, another dangerous and unstable individual, in charge of some government efficiency program. Why can't you give us a firmer view on or even a weighted risk assessment of whether, from a Trump presidency, you think there's more at risk on the upside compared to the downside on interest rates in Australia or more at risk on the upside compared to the downside on the Australian dollar; why can't you do that?

Senator CANAVAN: On a point of order, Chair, maybe it would be nice if the questions were framed with a little more respect and less as a personal counselling session for the senator over there.

Senator McKIM: Thanks.

Senator CANAVAN: I know that he's doing it tough this morning, but these officials come here, and I think they deserve to be treated with more respect.

Senator McKIM: I do appreciate that. I guess that I'm just asking why we can't get more clarity around these matters. We know that Treasury provided advice to government on the implications of a Trump win or a Harris win. Did you provide advice to government on the implications of a Trump win or a Harris win?

Ms Bullock: No, that's not our job.

Senator McKIM: You weren't asked to do that?

Ms Bullock: That's Treasury's job.

Senator McKIM: Did you consult with Treasury during their preparation of that advice?

Ms Bullock: I don't know. I personally did not consult with Treasury on what advice they provided to the government on that; that is their business. Our teams might have talked. In terms of scenarios, I would come back to the point that, yes, we thought about it. But Chris has already set out that there are so many unknowns here. You say, with absolute certainty, 'This is what is going to be done,' but we don't actually know that yet. He's said that he will do these things, but we don't know that he will. So, basically, we have to look at what that might imply. A first pass suggests that, if he does a few things, it might not imply a hell of a lot for us. It depends also on what happens with China and how it responds. All of these things we don't know. We have frameworks that we can consider them in. But setting out in a very precise manner that, if X-Y-Z happens and you plug it into a model and this is what happens, it's not that simple. We do need to make sure that we take into account the fact that some things might be reactions, as Chris has already pointed out. So, yes, we're looking at it and, yes, we are trying to understand the potential implications of it. But the way in which you are framing it as being such a very

precise way of thinking about it—inputs and outputs—it's not like that. Economics isn't like that, and we do have to exercise judgement.

Senator McKIM: Do you think that a Trump presidency increases the risk that the cash rate in Australia will need to be held higher for longer?

Ms Bullock: I don't have a view on that.

Senator McKIM: Your annual report shows another \$4.2 billion loss for the RBA. That takes the total accumulated losses from what I might just broadly call 'COVID stimulus' to \$51 billion. Also, you've asked the Treasurer not to draw down any dividends from the RBA for a decade, so that's obviously got an impact on future government revenue. Can you break down, even roughly, what the share of those losses are from the term funding facility and the excess reserves policy and tell us what proportion would go to any other measures? Are you able to provide that in broad terms?

Ms Bullock: We did some work on the losses associated with the term funding facility, so Chris can talk to that. I think that was about \$9 billion—

Dr Kent: About \$9 billion.

Ms Bullock: that we could attribute to the term funding facility.

Senator McKIM: Is that \$9 billion of the \$51 billion?

Dr Kent: Yes.

Ms Bullock: Yes.

Senator McKIM: What about for the excess reserves policy and any other—

Ms Bullock: What do you mean by 'the excess reserves policy'?

Senator McKIM: Isn't it the case that, under the prudential rules, there's a requirement for Exchange Settlement balances?

Ms Bullock: No.

Dr Kent: I think what you're referring to is that our policies, particularly of our bond purchases, led to higher reserves in the bank's accounts. We remunerated those at the ES balance rate, and we received the yields on those state government securities and so, when the interest rates rose, we were paying out more than the yields.

Senator McKIM: That's right.

Dr Kent: They would make up the vast bulk of the rest of that number, minus the \$9 billion from the TFF.

Senator McKIM: So, basically, that's a scenario where, because the RBA makes the decision to put up interest rates, it costs the RBA more money to pay the interest on those reserves.

Ms Bullock: Yes, that's right. There are two effects. We have the bonds on our balance sheet. As interest rates rise, the prices on those bonds decline, so we get unrealised loss that we carry forward; that's part of it. Then the other part of it is that, as interest rates rise, the Exchange Settlement Account balance interest rate rises, but the bonds that we're holding are only returning two per cent, so there's a profit loss. There are two impacts.

Senator McKIM: So those losses are going somewhere. Do you know whose balance sheets those losses are going onto; in the main, are they going onto the banks' balance sheets?

Ms Bullock: They're on our balance sheet; we've lost the money.

Senator McKIM: They are on your balance sheet as losses, but are the banks making a profit from those losses?

Ms Bullock: No.

Dr Kent: We actually talked about that in the recent review of the term funding facility. So, with respect to that \$9 billion loss on our balance sheet, we asked the question, 'Who on the other side is benefiting?' In the main, it was actually bank customers, because they passed through those very low rates that were provided by the term funding facility to home-loan borrowers, household borrowers, and to business borrowers.

Senator McKIM: So that's for the TFF.

Dr Kent: Yes.

Senator McKIM: Thank you, Dr Kent. As a subset then, you've said that, in the main, the beneficiaries from the TFF are customers. But the banks would take a margin out of that; is that right? That's how banking works, isn't it?

Dr Kent: Some, but their margins were actually compressed during that period at very low rates.

Senator McKIM: Do you know how much from that TFF went into the banks' bottom line as opposed to—

Dr Kent: As I've said, our estimates are that most of that \$9 billion was passed through to their borrowers, to customers.

Senator McKIM: I understand that, but do you have a quantum of how much of that stayed in the banks' bottom line?

Dr Kent: No, I don't.

Senator McKIM: What about for what I've called 'excess reserves'?

Dr Kent: That's the quantitative easing, for example, and the purchases under the yield target. That very much depends on the individual bank's approach to hedging their interest rates. From talking to them, we understand that many of them took those low rates and, in many cases, hedged it in a way that they would not have benefited as interest rates went up. But others, through the market, may have benefited, depending on who's on the other side of those hedging arrangements.

Senator McKIM: The RBA has lost \$51 billion due to COVID stimulus. Do you know what percentage of that has ended up in either the bottom line for the banks or the bottom line for other corporations in Australia; what percentage of that has gone to profits?

Dr Kent: No, I don't think you can trace that through.

Senator McKIM: You can't trace that?

Dr Kent: No, because it very much depends on the different strategies approached by people in the markets. The other thing that we noted, including in our review of the bond purchase program, was that—we haven't said it here—taxpayers benefited to the extent that governments, both federal and state, issued bonds during that period at lower rates than otherwise. The other beneficiary is taxpayers, generally, through a stronger economy than otherwise through that period, which would have benefited the bottom line.

Senator McKIM: So, just to be clear, you don't know how much of that \$51 billion ended up supporting profits from banking corporations in Australia.

Dr Kent: No, and I don't think you can trace that through. An individual bank may be able to make their own assumptions and look through that, but there are many moving pieces here.

Senator McKIM: Wouldn't it be in the public interest to do some work on that? The issue here is that those losses suffered by the RBA are going to impact on government revenue because you've asked the Treasurer not to take dividends for quite a time now so that, presumably, you can rebuild your balance sheet. That's going to impact on the capacity of the government to provide the services that you spoke about earlier, Ms Bullock. Wouldn't it be in the public interest for folks to understand whether this was actually a mass transfer of wealth out of the public sector into the profits of big corporations in Australia and, if so, what the amount was. That's a pretty fundamental question, isn't it?

Ms Bullock: I think the answer is that we don't think it was. As Chris said, what we observed was that, basically, the TFF was transferred to the customers; they got the benefits of that. Remember where we're coming from here. The reason for those bond purchases was to keep interest rates as low as possible so that businesses could invest and borrow, and so that consumers could borrow. As for all of those benefits, you can't just make an assumption and say, 'Well, this is all transferred.' It has been absorbed; it has been passed through into the pricing of companies, and they've had benefits from it as well. So you just can't take the costs on one side and not think about all the benefits that came from those low interest rates on the other hand. The other point is about looking at the totality of the government balance sheet. The Reserve Bank is just part of and gets rolled up into the total government balance sheet and, to Chris's point, the AOFM did very nicely during this period; they were able to borrow very cheaply, and that was positive for them. So there are offsetting forces here.

Senator McKIM: It is your view that, in the main, the benefit of the TFF measures—I'm not trying to misquote you here—went to customers. How do you actually know that? Is that what the banks are telling you, so that's just what you accept? Do you do any work to understand that, or do you just say, 'Oh, yeah, the banks have told us that, so that must be true'?

Dr Kent: No. Absolutely, through their profit results and their net interest margins, you can see the behaviour of their lending rates through that period. Many households particularly took out very low fixed-rate loans for two or three years in a way that was quite unprecedented compared to past behaviour, and those households would have benefited through that period as rates were rising because they weren't facing those extra interest-rate costs. The same is true of small businesses and larger businesses that benefited from lower interest rates.

Ms Bullock: But the answer to your question is that, no, we have data, and we use that data in order to do analysis. We don't just take someone's word for it; we follow the data.

Dr Kent: But the broader point is that, if you look at profits of the corporate sector through this time, you would not have seen the sorts of increases that you would expect if all of that money ended up on the bottom line of businesses in terms of their profits. So some of this went to their customers through keeping their prices down lower than otherwise. Much of it would have gone to the workers who kept their jobs in a way that they otherwise might not have done.

Senator McKIM: We're on track now for three degrees of global warming, and I'm sure that's of concern to everyone in the room. CSIRO has just reported that Australia has exceeded 1.5 degrees now. We need to rapidly decarbonise our economy; I'll just put that as my view, and I've no reason to think you wouldn't share that view. I'm keen to understand whether the RBA has thought about how the bank could assist to shift asset allocation from high-emission sectors through to sectors that will help with the radical decarbonisation of the economy. I'm aware that, in Europe, they've calculated the emissions impact of monetary transmission, and I'm not sure whether you're aware of that. For example, in their targeted longer term refinancing operations that are used to support business rather than investment into housing, 151 million tonnes of emissions were created in the Eurozone in 2019. So they're doing some work to understand the emissions impact of some of the decisions that are made by bodies that set monetary policy. I guess that my question is a slightly multifaceted one, but will the RBA dedicate any resources to looking at where your monetary transmission ends up in terms of its emissions impact? We've talked before about the section 36 powers in the Banking Act. They are currently still in place. As you both know, I very strongly hope that they remain in place into the future, which would allow the RBA to guide or at least put some parameters around which parts of the economy you want to stimulate and help grow. In my view, that's a really crucial power that the RBA has, and it can be used to help stop the climate from collapsing around us. I guess my question is: have you done any work on understanding the emissions impact of the decisions that you make? Would you consider allocating some internal resources to understanding the emissions impact of the decisions that you make and allocating internal resources to whether or not you'd take a more interventionist approach to guiding the allocation of credit?

Ms Bullock: I'll start, and Chris might have some reflections.

Senator McKIM: I know it's a big topic.

Ms Bullock: We do have internal resources devoted to a couple of things in this respect. One is thinking about climate change physical and transition risks and what they might mean for how we set monetary policy, what they might mean for the economy and how we might need to adjust monetary policy. One of the things that I think everyone recognises is that, if climate change proceeds as people expect it to, there will be a lot of physical risk. That's going to have supply shocks going through the economy, so that might have implications for monetary policy. There might be changes in the investment mix which might also change the economy, and that might have implications for monetary policy. The second thing is separate, which is looking at our own emissions and things like that. We're doing work on that as well, so, yes, we are engaged in that. I think we've got a reasonable group of people now that is working on this issue from the angle of the economy and the financial markets. One of the things—and Chris might speak to this—is that there is a role for financial markets in allocating resources to the transition. To answer your question about section 36 very directly: no, I do not envisage that we will be using section 36 to direct lending of the banks.

Senator McKIM: No. You've made that clear in the past, Ms Bullock. Just before Dr Kent comments, I thank you for that response. That's helpful. I guess the question was framed more around working to understand the emissions impact of what QE you engage in or might engage in in the future, or other kinds of high-level decisions. I have no dispute with your response, Ms Bullock. I think it's all entirely reasonable, and I'm glad to hear that you're thinking about those things, but it didn't quite address the question, which was: when you make a decision to engage in large-scale QE, for example, or money printing, do you do any work to understand the emissions impact of that? That is my question.

Dr Kent: I can try to give an answer to that by discussing what you're referring to with regard to the ECB and also the Bank of Japan. What they're talking about is purchases they made during the pandemic as part of their unconventional monetary policy. Theirs was of a different nature to ours. We focused solely on purchasing government bonds, state and federal. What some other central banks did, including the Bank of Japan and the ECB, was to also buy corporate bonds and support those markets. That's where there's a role to play in thinking about what sorts of bonds we would buy, in terms of what industrial sectors we may buy and support or choose not to buy and support, according to their emissions. Indeed, I believe that the Bank of Japan had an approach

whereby they said they would be more supportive of companies that had a greener approach in their activities and would support lending that way. We didn't ever purchase corporate bonds, so that was not an issue for us.

The other aspect that the governor referred to and you intimated was that we are working closely with others in Australia and internationally in setting up financial infrastructure to guide corporate disclosures of their activities in this area so that people who want to direct their funding towards companies that are doing more to, say, reduce their carbon footprint can do so properly, with full and accurate information. We're working with others in that area.

CHAIR: Senator Smith.

Senator DEAN SMITH: Governor, is it a correct characterisation of the RBA's forecast and current policy thinking to say that it is focused on headline inflation and not underlying inflation?

Ms Bullock: Let me clarify. The Reserve Bank's target is headline inflation, so our focus is to make sure that we get headline inflation back into the target band in a sustainable way. That's our focus.

Senator DEAN SMITH: Is it a correct characterisation of the RBA's forecast to say that you expect inflation to be under control by June next year?

Ms Bullock: There are a couple of things. Firstly, we've made a lot of progress on inflation; that's true. I don't believe that we've said any words quite like that. It's true that our forecasts have headline inflation falling to 2.5 per cent in June next year. It won't stay there. Our forecasts see it moving back up above three again. That's why I think that, when we talk about underlying, we're not targeting underlying but underlying is giving us a flavour of what is the underlying pulse of inflation. If you look at headline, our forecasts show that it comes down to 2.5, goes back up again and then starts to decline again, in line with underlying inflation. Through that period, underlying inflation continues its decline. So we're focusing on headline, but we're using underlying to give us an indication of where headline is heading.

Senator DEAN SMITH: The media release on the *Statement on monetary policy* that was issued on Tuesday stated:

The forecasts published in today's Statement on Monetary Policy (SMP) do not see inflation returning sustainably to the midpoint of the target until 2026.

Is that still a correct statement?

Ms Bullock: That's a correct statement, and the key word there is 'sustainably'.

Senator DEAN SMITH: In your comments on Tuesday, you also said that the Treasurer is aware of the inflationary impact of his policies. Is he also aware of that statement in the *Statement on monetary policy* that says that inflation will not return sustainably to the midpoint of the target until 2026?

Ms Bullock: If he's read our *Statement on monetary policy*, he would be aware of it.

Senator DEAN SMITH: Could I ask one question about cryptocurrencies.

Ms Bullock: I may not have an answer.

Senator DEAN SMITH: There's much talk about President-elect Trump and tariffs et cetera, but he has some strong views also with regard to cryptocurrencies. Has the bank thought about those policies and how it might need to respond to those in its own preparations around cryptocurrency or digital currency?

Ms Bullock: No, we've not given that any thought. We are doing work in the area of central bank digital currencies, but, to date, cryptocurrency really has been more a matter for ASIC, I would say, in terms of the consumer protection side of things. It hasn't really figured in either our monetary policy thinking or our thinking about the economy.

Senator DEAN SMITH: And there's nothing in President-elect Trump's policy speculation framework around digital currencies that may require the bank to expedite its work?

Ms Bullock: I don't believe so.

CHAIR: Senator Bragg.

Senator BRAGG: I want to come back to these inflation forecasts. Can you confirm that you do not see inflation coming down sustainably until December 2026?

Ms Bullock: The numbers are—I can read them out to you—that CPI headline inflation is forecast to be 2.6 in December 2024; 2.5 in June 2025; 3.7 in December 2025, as current legislative arrangements have cost-of-living coming off; and then 3.1 in June and 2.5 in December 2026.

Senator BRAGG: What is the impact of the energy price rebates?

Ms Bullock: It was quite substantial in the September quarter numbers, and we are expecting a bit more of that to come through in the December quarter numbers. It drags the quarterly numbers down and it keeps the year ended down below two for another year. That's the impact of the rebates. I should say that's the state government rebates as well.

Senator BRAGG: Are you saying this is like a V-shaped movement in headline inflation?

Ms Bullock: Yes. If you look at the *Statement on monetary policy*, in the forecast graph you'll see exactly that. It comes down, it goes up and then it starts to come back down again, as it basically reflects underlying inflation from there.

Senator BRAGG: How much of that is linked to the temporary subsidies, do you think?

Ms Bullock: I think we've said about 0.45 of the decline was the subsidies. Another 0.25 was petrol, I think, because there was a big petrol price decline in there as well. Of the percentage point decline in the annual rate, I think two-thirds, roughly, is subsidies and petrol prices. Petrol prices were another big negative in the quarter.

Senator BRAGG: On real wages and productivity, can you confirm that in your latest forecasts real wages fall over the year to December 2025?

Ms Bullock: For real wages to December 2025, my recollection is that they do fall over that period. No, maybe not, actually. I think real average earnings per hour—over the year to December 2025, did you say?

Senator BRAGG: Yes, the year to December 2025.

Ms Bullock: Over the year to December 2025, real average earnings per hour is pretty flat. The real wage price index falls over that year, but it had been having a positive year ended prior to that.

Dr Kent: That's the CPI picking up.

Ms Bullock: Yes.

Senator BRAGG: So it's pretty flat.

Ms Bullock: You'll recall that, in December 2025, the headline inflation number goes up.

Senator BRAGG: That goes up to 3.7?

Ms Bullock: That's the effect of that. In the previous quarters, real wages are rising.

Senator BRAGG: So real wages are falling next year.

Ms Bullock: Slightly, but, again, if you look at the level, they're coming up.

Senator BRAGG: What about productivity? Do you think that will fall over the next year to year and a half?

Ms Bullock: I have no idea about what productivity will ultimately do, but I want to caution against putting too much stock in what's happening to productivity in quarterly-quarterly movements. We know it hasn't risen in a level sense since 2016, or it's at the same level that it was in 2016. It's had massive swings through all of that period. Our forecasts have productivity gradually picking up to its pre-COVID trend of around one per cent over the medium term.

Senator BRAGG: Can I ask, then, if your medium-term assumption is one per cent productivity growth per annum?

Ms Bullock: That's the medium-term assumption.

Senator BRAGG: Treasury's medium-term assumption, I think, is 1.2 per cent. That might not seem like much, but it can be a significant difference. What do you put this discrepancy down to?

Ms Bullock: I don't know what the discrepancy can be put down to. Everyone has their different forecasts for productivity.

Senator BRAGG: Has it been discussed?

Ms Bullock: Currently, we're looking at whether that's still a reasonable forecast for productivity. There are good reasons to think that it will pick up, including the fact that we've got a lot of technological change. As we've come out of COVID, there's been a massive employment surge. As those people get better skilled up at the jobs that they're doing, there might be some productivity from there. The other positive thing is that there has been business investment, which you would also expect, ultimately, to lead to more productivity. So there are reasons to think it will pick up.

Senator BRAGG: Has this been a matter of internal discussion between the two organisations?

Ms Bullock: I'm guessing that, probably at the working level, they've had a bit of a discussion, but, again, we do separate forecasts.

Senator BRAGG: What risks do you see on the horizon on the productivity front?

Ms Bullock: There is a risk that it doesn't pick up as we would hope it would do. The reason productivity is important is that it grows the pie for everyone to share more of the pie, so we need productivity to pick up if we want to see real wages grow in a sustainable way. The risk that it doesn't pick up means that wages can't grow by as much as they could if productivity were growing; that's a fact.

Senator BRAGG: I want to go to the RBA Board matters. The *AFR* reported in October that you were considering asking board members to reveal their judgements on individual interest rate decisions and requiring members to give speeches; is that something that's happening?

Ms Bullock: No. As you know, the legislation to create the separate monetary policy board and the governance board has stalled in the Senate. That's a matter for the government. If that monetary policy board gets up, we will look at that issue of disclosing votes and things.

Senator BRAGG: It's linked to the legislation, so you're not going to move on it in the absence of the legislation passing?

Ms Bullock: We will wait and see what happens to the legislation before we make any decisions on what to do about that.

Senator BRAGG: Are you consulting with the current board members about this?

Ms Bullock: At the moment, the board members are focused on doing their job on monetary policy, and we will let the government sort out what it's doing with the legislation.

Senator BRAGG: That's helpful. Effectively, it's on hold until the parliament works it out.

Ms Bullock: We are not going to pre-empt anything to do with the legislation.

Senator BRAGG: Perhaps I could ask you about the RBA dividends. The *AFR* said, on 25 October, that the RBA has asked the government to put on hold RBA dividends for at least a decade to help repair the balance sheet. Have you received a government response to this request?

Ms Bullock: When we did our financial statements, we wrote to the government and asked them to not take a dividend this year, and we got the commitment from them that they wouldn't take a dividend this year; however, the government says, quite rightly, that this is an ongoing proposition and they will continue to consider it year to year, and that's quite right.

Senator BRAGG: So you have had a response.

Ms Bullock: Yes, we have had a response.

Senator BRAGG: The Treasury were here yesterday, and we were able to inquire about the debit card changes. An announcement was made by the Prime Minister about the debit card surcharging. I have to say that I thought it was unusual to see the Prime Minister of the country announce a change like that. Effectively, the Treasury said that they were consulting with you, working with you and trying to determine a way of giving effect to that change. Is this a change that the bank was thinking of making anyway?

Ms Bullock: Senator, you will know that we have recently put out a discussion paper, an issues paper, and it considers two things: interchange regulation and surcharging regulation. That issues paper and that issue was already on the agenda of the bank to consult on prior to all of this. Given that our current Payment Systems (Regulation) Act reforms are also stalled in the Senate, we decided that, instead of a big package of consultation, we would go to consultation on the two things that we knew we could consult on. The short answer to your question is that it was already on our radar well before this.

Senator BRAGG: I know that you know a lot about payments; the surcharging, though, was not dependent on the Senate, was it?

Ms Bullock: No; that's what I'm saying.

Senator BRAGG: You already have that power.

Ms Bullock: We already have that power with respect to certain parts of the payments system. I was making the point that we were going to do a large consultation which took in a much broader suite of the payments system. With the legislation stalled, we decided that we would just address the things that we had the power to currently address, and surcharging is one of those.

Senator BRAGG: Right now, there's a process to take submissions until December; is that right?

Ms Bullock: I think it's December.

Senator BRAGG: You will then do another paper next year; is that right?

Ms Bullock: The idea is that we would take the feedback from those submissions and decide whether there was a need to make some changes to the surcharging regime and the interchange regime; then we would put out another paper with a proposal for consultation on what we would do.

Senator BRAGG: It sounds as though it's still a long time away; could it be at least a year until there's a final judgement?

Ms Bullock: No, I wouldn't say that it would be a year. I'd say that we would get out some proposals in the first half of next year.

Senator BRAGG: The government is saying 18 months.

Ms Bullock: Again, we will go through our processes. We have a process that we have to go through in this. We have to consult and get feedback, and we will go through and make sure that we do it thoroughly because, as you would understand and I understand, there's a lot of public angst about this. It's actually not a simple topic; it's actually quite a complicated topic, and we need to do our consultation properly.

Senator BRAGG: But as it stands today, surcharging is not banned and, at the moment, there's no concrete proposal to give effect to any ban on surcharging, is there?

Ms Bullock: We are consulting at the moment through our issues paper on what people's views are on how we should be thinking about surcharging.

Senator BRAGG: If you were to progress this, as the Prime Minister has indicated he would like to see, you would make your own instrument under your existing powers.

Ms Bullock: Yes. At the moment, the way it works is that we say that payment schemes can't put on no-surcharge bans, so that's what it does at the moment. One way to address it is just to remove that instrument; don't put another one on but just remove it.

Senator BRAGG: Just to play this out, there will be a process to take in submissions until December this year. There will be another paper next year, which will be, I imagine, a firmer view or an option—

Ms Bullock: A proposal. It would put out a proposal to say, 'This is how we propose to address it; what do you think?'

Senator BRAGG: And that would be some time in the first half of the year, I imagine?

Ms Bullock: I would imagine it would be.

Senator BRAGG: You then intend to resolve that. What's the usual timetable for—

Ms Bullock: We'd usually give a couple of months for people to put in their submissions, again, on our concrete proposal; we would then make a decision and then we would implement it.

Senator BRAGG: So a year or 18 months, and surcharging—

Ms Bullock: It could be later next year that a final decision is made, and it depends on what decision is made. If it requires more regulation then we'll have to put in place that regulation. If it requires removing regulation, that might be a little bit easier. We'll wait and see.

Senator BRAGG: It doesn't sound like an immediate-term cost-of-living measure, but thank you very much.

CHAIR: We'll take that as a comment. Senator Rennick?

Senator RENNICK: I want to follow up on that bond issue throughout COVID. If Scott Morrison had gone to the Australian public and asked the public for \$300 billion to lend to the government, with no security, basically, to pay people to stay at home and get brainwashed by the premiers, do you think the people would have lent the government \$300 billion?

Ms Bullock: I don't have a comment on that.

Senator RENNICK: My point is that it's probably fair to say that the people wouldn't have lent the government \$300 billion, but the RBA did. That's a fair statement, isn't it?

Ms Bullock: We purchased, in the secondary market, government bonds, and that was designed to lower the interest rate structure in the economy.

Senator RENNICK: Yes, exactly. If you can do that and issue bonds that aren't secured against anything—unsecured bonds—wouldn't the RBA, as a form of dealing with inflation, go about issuing infrastructure bonds that were actually secured against the nation's infrastructure? By issuing infrastructure bonds, it builds infrastructure to increase supply, and you would actually be doing something productive rather than something speculative, because lowering interest rates isn't actually solving the underlying productivity issue, is it?

Ms Bullock: It's not our role to finance infrastructure; it's the government's role to decide what infrastructure it wants to build and how to finance that infrastructure. It is not the Reserve Bank's role.

Senator RENNICK: Isn't it your role, however, to deal with prices and inflation?

Ms Bullock: It is, and the way that we do that is through our primary tool, which is the interest rate.

Senator RENNICK: But you also have two other tools at your disposal, which is quantitative easing as well as macroprudential controls; is that not correct?

Ms Bullock: We don't have macroprudential controls. Macroprudential controls are more in the line of APRA's work and not ours. We do purchase bonds, but that was an extraordinary circumstance, which I personally hope we never find ourselves in again, and it was when we were at the lower bound of interest rates. We are not at the lower bound of interest rates now. Interest rates are higher than that, and the appropriate tool is the interest rate.

Senator RENNICK: I would disagree with that because, when you manipulate interest rates, you're manipulating the price of money; that is a speculative lever and not a productive lever. When you say that you don't do it, the fact is that other central banks do issue bonds—namely, the Federal Reserve, the European Central Bank and the Japanese central bank. The government can either go offshore and borrow that money that's been created out of thin air, or it can issue its own equity. I might say that if companies can issue their own equity in their own wealth—for example, BHP wanting to issue new shares for a coalmine; they do that all the time—why can't you issue infrastructure bonds, on behalf of government, to the state and federal government, rather than their going offshore and borrowing money from other central banks?

Ms Bullock: That's a matter for the government. If the government wants to task us with some different legislative responsibilities, then the government can do so.

Senator RENNICK: You have no capacity or authority at the moment to issue infrastructure bonds?

Ms Bullock: I don't believe that we have, but—

Dr Kent: I don't think we do. We have no need to.

Ms Bullock: Quite frankly, we don't even have the infrastructure internally to issue those sorts of things.

Senator RENNICK: Are you familiar with the 1937 banking royal commission? One of the findings of that said that, effectively, the central bank should control the volume of credit in the system. Have you read the 1937 banking royal commission report?

Ms Bullock: No, I haven't read it recently.

Senator RENNICK: You haven't?

Ms Bullock: No.

Senator RENNICK: That principle was overturned in 1985, when Paul Keating lifted all capital controls, and, subsequently, our domestic banks have gone offshore and borrowed money offshore without any regulations. They've inflated house prices without a corresponding increase in incomes. Of course, it was all great for the first couple of decades because people were living under the illusion of asset inflation or asset wealth. But it was an illusion, because now our children are coming through and they can't afford these houses based on their incomes. It is interesting that you say macroprudential controls are the responsibility of APRA, but those macroprudential controls were under the domain of the RBA once, weren't they?

Ms Bullock: I wouldn't say that they were macroprudential controls. Earlier, Senator McKim mentioned section 36, but the Reserve Bank did direct credit. We lived in a world where interest rates were fixed by the government and the central bank, the exchange rate was fixed and there were capital controls. We don't live in that world anymore. We live in a world where, as you highlight, there is free-flowing capital. Ultimately, that is of benefit for us because it allows good investment opportunities in Australia to be financed and capital to flow to the most productive uses. Ultimately, it is of benefit.

Senator RENNICK: A lot of younger people would disagree with you.

CHAIR: Senator Rennick, I want to make sure that the governor had finished her answer.

Senator RENNICK: A lot of young people would disagree with you because the percentage of homeownership now amongst younger people—actually, people up to 50—has declined over the last three decades. We have household debt as a percentage of income up to something like 120 per cent. We're running at record levels of household debt or close to record levels; it has been topped out for a while, but it's still very high. Also, we've sold a lot of our infrastructure offshore, or offshore foreign interests have bought our infrastructure. I

don't see how you can say that we're better off when younger people cannot buy a house. I think the median price of a house in Sydney now is \$1.6 million. How do you think that's being 'better off'?

Ms Bullock: The point about housing, which is a separate point, is that, like all things, supply and demand is the critical point here.

Senator RENNICK: I totally agree with that.

Ms Bullock: The demand for housing is higher than the supply of housing and, basically, that's what's driving housing prices. We've had this discussion before. It's also a key factor in the rental situation, with the supply of and demand for rentable accommodation. Basically, when you have a population growing, like you have in Australia, and you're not able to build enough houses, that's what happens: the price of housing goes up.

Senator RENNICK: That's the case in the last decade, but that wasn't the case between 1985 and 2008, when foreign debt in the four major banks went from \$8 billion to \$800 billion. Most of that was lent against housing. House inflation was the result of lax capital controls; they inflated house prices.

Ms Bullock: Earlier, prior to removing the restrictions on lending, a lot of people couldn't get a housing loan. The problem was that people were credit constrained. There were a lot of people in those days who really wanted to get a house but couldn't because the banks wouldn't lend them the money. Now they can, but the problem with the housing prices is the demand and supply issue.

Senator RENNICK: You said that one of the issues causing demand was the states investing in infrastructure. States have to build infrastructure as a result of the increasing population; I accept that is outside of your control. This is where I come back to the need for an infrastructure bank: to reduce the costs of building infrastructure. If the government is going to continue with a high immigration policy, we need to fund our own infrastructure rather than borrowing money, which then drives up the cost of borrowing and adds a greater cost to our economy. Is the fact that we don't fund our own infrastructure internally making it harder for states to build infrastructure?

Ms Bullock: Population growth means that we need to build infrastructure. I accept that this is the role of governments; they have to do this. At the moment, there is a problem because we have a strong, tight labour market and there is a shortage of people to work in construction more broadly across the economy. The difficulty of attracting people into that area means that you have to pay more. So more infrastructure is being built, and we need people to work in the infrastructure industry. That is driving some of those cost pressures.

Senator ROBERTS: Thank you for appearing again, Ms Bullock and Dr Kent. It is so pleasing to hear you say that supply and demand is paramount. The COVID-era Term Funding Facility was originally due to be repaid by 30 June this year. Have the banks repaid the entire facility?

Dr Kent: Yes.

Senator ROBERTS: How does the money that was repaid show on your balance sheet?

Ms Bullock: It doesn't. It changes the balance sheet because the exchange settlement account balances. So, as they repay it, they run down their exchange settlement account balances. The way the balance sheet reflects that is that on our asset side of the balance sheet the Term Funding Facility runs down, and then the exchange settlement accounts run down.

Senator ROBERTS: So they are wiped.

Ms Bullock: Yes.

Dr Kent: Yes.

Senator ROBERTS: So that means that you haven't got the money. The money has come back, but it is not sitting there, ready to be used.

Ms Bullock: No, it is just a straight set of balances run down.

Dr Kent: They gave us collateral, and we gave them exchange settlement funds, so the collateral was sitting on our balance sheet on one side. It is like a bank that has a loan; we had collateral, and then that was all reversed.

Ms Bullock: That is all reversed.

Senator ROBERTS: So it was created with an electronic journal entry, and now it is removed with an electronic journal entry.

Ms Bullock: Yes.

Dr Kent: Yes.

Senator ROBERTS: Okay. Let's move on to gold. Your most recent balance sheet shows gold and foreign exchange assets at \$105 billion. How much of that is in gold, and how much has our gold holding changed? Could you provide the tonnes of gold and the value?

Dr Kent: Our long-term gold holdings are still 80 tonnes, which is around 6,430 bars.

Senator ROBERTS: That's 6,430 bars.

Dr Kent: Yes. That has not changed since 1997. The value as at September was around \$9.7 billion.

Senator ROBERTS: Where is that gold physically located, and has the holding been audited since the 2022 audit?

Dr Kent: I don't believe it has. Another audit is coming due; I would have to take on notice exactly when. It is almost all held in the facility at the Bank of England.

Senator ROBERTS: Thank you very much; I like your precise answers. Saudi Arabia has just been detected as buying 160 tonnes of gold, and the People's Bank of China bought 1,600 tonnes of gold over the last three years. China now holds more than 2,000 tonnes. Russia now holds 2,300 tonnes. This is a large element of the demand inflation in the gold price. Are you concerned that BRICS is up to something that needs gold? Should we be increasing our holdings as a precaution?

Dr Kent: I have no intimate knowledge as to why they are purchasing that gold. I don't think it has implications for us.

Senator ROBERTS: So you're not concerned?

Dr Kent: No.

Senator ROBERTS: BRICS have the capacity to pull the rug out from underneath the dollar, and, in my opinion, Australia should mind that risk. What are our current holding of US Treasury notes and currency?

Dr Kent: I will have to get back to you with the precise figure, but it's an important part of our foreign exchange reserves.

Senator MCKIM: The *AFR* reported last week that the RBA have reprimanded at least three banks over the last two years for discussions at private meetings leaking to outsiders; is that correct?

Ms Bullock: Barrenjoey, RBC Capital Markets and Westpac were the three that were reprimanded.

Senator MCKIM: What information was leaked, and to whom?

Ms Bullock: Let me go back a step with this idea that somehow some private information was leaked. These are discussions that we have with a variety of market participants. Sometimes they are set up by banks, sometimes by law firms and sometimes by industry organisations. The idea is for us to give a bit of a flavour of how we see the economy and then to get feedback from others. They are important because they provide an opportunity for us to hear from businesses. We have a liaison program, but they also give us an opportunity to hear directly from the businesses about how they are seeing things. So, when we said that someone leaked, it meant that someone came away from each of those Chatham House rules discussions—with Chatham House rules, you can talk about what was discussed but you can't attribute views—and told someone else that the governor had said 'XYZ'. What the governor said wasn't secret. It was something the governor had said in the past and would say publicly, but that wasn't the point. In two cases it was me, and in one case it was Phil, I think. The word 'leak' conjures up all sorts of nefarious ideas; it's not. We told them it was Chatham House rules, and that wasn't obeyed. Therefore, they have been reprimanded.

Senator MCKIM: But it's true, isn't it, that RBC Capital Markets and Westpac were banned for 12 months from holding similar meetings as a result of that breach of Chatham House rules?

Ms Bullock: Correct. The way we approach it is that, if the Chatham House rules are broken, they get a 12-month suspension.

Senator MCKIM: And that is what happened to RBC—

Ms Bullock: Yes, to Barrenjoey, Westpac and RBC Capital Markets.

Senator MCKIM: So they were all sanctioned for 12 months and banned from attending those discussions.

Ms Bullock: Correct. They weren't allowed to attend another one of those functions for 12 months.

Senator MCKIM: Are those discussions one-on-one with the financial institution?

Ms Bullock: No. Chris goes to them, I go to them. Basically, it's a group and someone will organise it. Say it's Westpac; they organised a group. The one that was in dispute, the one they were suspended for, was women. They had assembled a big group of businesswomen from various parts of the economy. The idea was to get a bit

of a flavour of what was going on in various parts of the economy. Car dealers and fashion outlets were there; it was their customers, and they were participating in a discussion about what was going on in the economy.

Senator McKIM: You said that in two of the three cases it was something that you said, and in the other it was something that Dr Philip Lowe said.

Ms Bullock: I can't remember precisely what it was, but someone went out and said, 'I had lunch with'—and she said that inflation is coming down.' I don't know exactly what they said, but the point is that they broke the Chatham House rules.

Senator McKIM: Could I ask you, on notice, to come back with those details? What was discussed that either you, or Dr Lowe, said?

Ms Bullock: I'll take it on notice. I don't know whether we will be able to answer precisely what that person said because all we know is that someone came out and told someone else that they had lunch with the Governor of the Reserve Bank and that the governor talked about whatever. I don't know whether we'll know what that is.

Senator McKIM: No. But, Ms Bullock, I am going to guess that, if you are sanctioning an organisation by banning them for 12 months, there has to be a reason for that.

Ms Bullock: The reason is that they broke Chatham House rules.

Senator McKIM: Yes. But I am asking how they broke Chatham House rules. You have answered that in a general sense, and I appreciate that. I'm just asking, on notice, for you to come back with whatever details you have available so that the Senate can understand exactly what the breach was in detail. In the case of PricewaterhouseCoopers, confidential information was monetised. The Reserve Bank took a strong stance on that PwC breach. I am not alleging that anything like that happened, but I would like the Senate to be reassured by the provision on notice of whatever details of the breach—which was serious enough for a 12-month sanction to be applied—you are able to provide.

Ms Bullock: We'll take it on notice and do what we can. But, even if the breach was that someone told someone else that Michele Bullock said that the inflation rate forecast was for 2.5 per cent in June 2025, that's still a breach.

Senator McKIM: That's still a breach, even though it is on the public record; I understand that.

Ms Bullock: That's still a breach. So there is no sense in which we have made a judgement about the seriousness of the breach. The breach was that they attributed something to me.

Senator McKIM: When you come back to us with that on notice, could you also provide a time line of when the meetings happened, when the sanctions were applied and any details about the information that was leaked? I ask you to take that on notice and come back with whatever you are able to provide on those things.

Ms Bullock: Okay.

Senator McKIM: Thank you. We have talked about those three companies that breached Chatham House rules.

Dr Kent: Perhaps I can clarify. It may not have been the individuals who worked at those companies who breached; but somebody at the meeting. But we hold to account the company that organised the gathering.

Ms Bullock: The company, yes. That's a good point.

Senator McKIM: That's helpful, Dr Kent. Thank you.

Dr Kent: They may not have even said something about what we said, although they may have. They may have just said, 'I went to a lunch which so-and-so was at'—so that is automatically a breach—and/or, 'I heard something that somebody else said.' As much as anything, the protection is for anyone else in the room so that they can speak freely, which is the best way for us to gather useful information.

Senator McKIM: That's helpful context, Dr Kent. Thank you. If you are able to provide further details, you'd catch the details within that scope and that context you've just provided. We've just spoken about the three organisations, RBC Capital Markets, Barrenjoey and Westpac, that received the 12 months sanctions. Is that the entirety of the sanctions that you've applied in the last couple of years?

Ms Bullock: I think so, but I'd have to check.

Dr Kent: I recall an earlier one that was related to one of those meetings that I've had. It was more than a couple of years ago.

Senator McKIM: Do you recall which organisation that was?

Dr Kent: HSBC.

Senator McKIM: With all the caveats that you have just applied—on notice, if you are able, could you provide any details in relation to that as well. Do you require participants in those meetings to sign non-disclosure agreements or confidentiality agreements?

Ms Bullock: No.

Senator McKIM: Is it something you might consider, if there have been repeated breaches?

Ms Bullock: Again, it's a well-known and well-established precedent to say, 'This is Chatham House rules.' Chatham House rules, as I said, doesn't mean that you can't disclose that the general discussion was X; it just says that you can't attribute to people because, to Chris's point, people are less likely, perhaps, to participate openly in the discussion if they think someone is going to pin something on them. That's the context. No, we don't sign non-disclosure agreements. I would argue that Chatham House rules is a very well established concept.

Senator McKIM: It's certainly a longstanding convention, which is applied in a range of circumstances. You've had three breaches in the last little while, four over the last few years. It is a longstanding convention, but I'm asking whether you think it's enough to avert future breaches of confidentiality?

Ms Bullock: Can I make a comment? I couldn't see us doing non-disclosure agreements because I think that a non-disclosure agreement would give the idea that there is something special that people are getting out of this and they are not allowed to disclose it. I think it would go against the concept we are trying to create with these meetings, which is that it's an open discussion where we can have a two-way conversation. I think they would be detrimental to these sorts of things.

Senator McKIM: To be clear in terms of your evidence today, are you saying that in all of those cases, Barrenjoey, Westpac and RBC Capital Markets, the information that was discussed, contrary to Chatham House rules, was already on the public record?

Ms Bullock: Yes, it is—from us. We don't say anything in those meetings that is not already on the public record. It might be that we talk about the forecast we've released. We talk about the outlook for the economy. I give press conferences all the time now, so it's all out there. There is nothing secret. There is no inside information that people are getting from these things that isn't already out in the public domain.

Senator McKIM: You have these private meetings that I think you might have characterised, Ms Bullock, as being with market participants. Do you have similar meetings with community services organisations, charities or people with lived experience of unemployment and rental stress? Do you have similar meetings so that you can understand their views about the actions of the RBA?

Ms Bullock: Some of those groups have been at some of those meetings I have attended, to the extent that they bank with some of those organisations. I have actually met some of those people. More broadly, we do meet with those sorts of organisations. In fact I have a reasonably regular meeting with Lifeline. I've got one coming up. Our liaison team also includes all those sorts of community organisations, such as ACOSS. Yes, we're tapped into those sorts of organisations as well.

Senator McKIM: Can I ask about your policy for managing conflicts of interest for board members.

Ms Bullock: For board members, did you say?

Senator McKIM: Yes; for RBA board members. I presume that you keep a conflict-of-interest register or something for that. Is it a standing agenda item in your meetings to give people the opportunity to declare a conflict? As part of that, can I ask whether there is a publicly available list of the other board positions that RBA board members hold?

Ms Bullock: The board members are appointed by the Treasurer. Once a year the board members provide a piece of paper, basically setting out their interests.

Senator McKIM: Apologies for the interruption. Would that include other board positions that they hold?

Ms Bullock: Yes. Other board positions are reasonably public. If you look at it, the Reserve Bank website will have the members' various board positions.

Senator McKIM: In general terms, what is the nature of some of the other disclosures that they would make, and are those disclosures publicly available?

Ms Bullock: No, they are not. They are private. They would include, for example, investments and things like that—what sorts of investments they're holding. Their public board positions are on the website. The private disclosures would include things like investments.

Senator McKIM: With regard to your website, are you saying that all other board positions held by RBA board people are declared on your website?

Ms Bullock: I am looking at some of them. There are five and six for some of them. Could I be absolutely reassured that they've got them all on there, I would have to check.

Senator McKIM: Could I ask you to take on notice whether all board memberships of RBA board members are declared on your website. Secondly, in relation to those other potential conflicts, like investments that you've raised, you said that once a year they are required to disclose that. If you've got a particular investment, it's possible that investment may be materially impacted by a decision of the RBA board—for example, to put up or put down the cash rate. What are your probity processes around understanding whether in fact a particular investment would benefit or be disadvantaged by a particular decision that the RBA board might be considering? Do you have a requirement that that be explicitly declared by the relevant person or that that be managed in some other way through a probity process inside the bank, so that then, if there is a potential conflict, it is raised and at least discussed at board level and potentially action taken to ensure that there is no conflict—by recusal, for example.

Ms Bullock: The board members disclose their private information. I can see it. It is private, so others don't see it. We have policies that basically restrict trading. They are not allowed to trade in anything to do with interest rates or anything like that. There are blackout periods around when board members and staff can undertake financial transactions. There's a framework around that which says what you can do. That applies to the board as well. We don't tell the board that they can't have investments, but there are certain things that they are not supposed to invest in, and those include things like interest rate products and derivative products and those sorts of things, which you might think are associated with monetary policy.

CHAIR: Senator Smith.

Senator DEAN SMITH: The Financial Stability Review talked about some of the risks and shocks in the financial system. It identified superannuation as being an increasing risk. Can you expand on the bank's view in regard to that?

Ms Bullock: It's simply that it is a very big part. The super sector holds a lot of assets. It's not a risk in the sense the banking system is because it's not typically leveraged. Often where financial stability risks arise is where you've got a bank and it's borrowed a lot of money. You saw this in the United States with some of these banks. When people try to withdraw a lot of their money and the banks have borrowed against that, then they often run into trouble because they can't get enough assets to basically shovel it out the door after the people. It's not the same as the banks. They are such a big part of the financial markets and hold so many assets. There can be ructions in financial markets. We saw a little bit of this in the UK. It's a different system there. But if super funds, for example, have to sell some assets to meet margin requirements then that can exacerbate the ructions in the market. That might be a financial stability risk. It's less about their leverage and more about how they're managing calls on their liquidity and what the implications of those might be for markets. That's the way I describe it.

Senator DEAN SMITH: The report states:

Consequently, superannuation funds have the potential to amplify shocks in the financial system. This could occur if the investment actions of superannuation funds were to become more correlated or concentrated in times of generalised market stress—for example, in response to members' correlated reaction to a shock.

So many people are seeking to access their superannuation fund at one time. How would the financial system mitigate that? What should superannuation funds be doing specifically to try to mitigate that?

Ms Bullock: This really isn't in my wheelhouse; that is APRA. There are restrictions on withdrawal limits and those sorts of things. Because super does have a longevity to it and people are restricted from withdrawing, it isn't a major risk from that perspective. Again, what happened in the UK was a good example. What happened was that there were problems in the financial market—in the bond markets. Margin calls were made on the super funds because they had investments. Then they had to sell assets in order to meet those margin calls, and that was exacerbating the problems in the financial market. The fact that the assets and the liabilities of the super funds in Australia are reasonably stable, that they're long lived and that they're matched is actually positive for stability. It's just that because it is such a big part of the financial system now it's worth watching.

Senator DEAN SMITH: As Australian superannuation funds become very significant investors in ASX listed companies, is that the sort of risk you're talking about, or not?

Ms Bullock: Not really, no.

Senator DEAN SMITH: The IMF also talked about superannuation risks in the context of the illiquidity of funds and the significant risks that brings. How relevant is the IMF's work? Has the IMF's work been triggered by the United Kingdom experience?

Ms Bullock: I am not specifically sure what specific IFM work you're referring to.

Dr Kent: The recent article for reports, I think you are talking about.

Ms Bullock: What's relevant here is that there are limits on how much you can withdraw from your super. Super funds aren't subject to runs in the sense that banks are. My comparison earlier was with a bank with which you've got a deposit. There is nothing to prevent you from taking out as much money as you've got in that deposit. Super funds don't work that way. It's not quite the same risk.

Senator DEAN SMITH: Does a loosening of the arrangements or the regime by which people can access their superannuation fund, in the bank's view, give rise to increasing risk?

Ms Bullock: If there was much more ability for people to take their money out of super, then—

Senator DEAN SMITH: It starts to look more like a bank.

Ms Bullock: It is not leveraged like a bank, but it does mean that super funds would have to have much more liquidity.

Dr Kent: There are two aspects that people are focusing on. The governor has mentioned one already. One is that you can move money between accounts. You don't take it out of the system, but you can move from one fund to another in quick time. Each fund needs to have liquidity provision to meet that potential need. The other one is that funds might be investing in a range of financial instruments, including offshore. They may take out hedges to protect their investors, but sometimes those hedges require margins to be paid when there are large movements in markets. There's a potential, just because they are such big players, that those margin calls, for example, can cause some periods of instability. In the main, they're an instrument for stability in the system because they're such long-lived assets.

Senator DEAN SMITH: So the comment is really putting the matter on the radar. You don't envisage it necessary for a policy response in the near to medium term?

Ms Bullock: No. It is just putting it on the radar because it is such a large chunk.

Senator CANAVAN: Are super funds fractionally reserved? Do they only reserve a fraction of their liabilities?

Ms Bullock: What do you mean by 'a fraction'?

Senator CANAVAN: Like a bank, a fractional reserve banking system.

Ms Bullock: No. As I said, they don't have a lot of leverage. Their assets are matched by liabilities.

Senator CANAVAN: Aren't they completely different from the banking situation? I know on call and on demand is one issue with banks. A big issue is that they literally do not have your money. It's like the scene from *It's a Wonderful Life*. You know: 'Your money is not here. It's in Jim's home and Joe's home.' It's that Christmas movie.

Ms Bullock: Yes, the Jimmy Stewart one, the really old one.

Senator CANAVAN: Yes. That's the issue, isn't it? The banks don't have your cash available at any one time. If everyone tries to physically withdraw it—

Ms Bullock: No, because they've lent it out.

Senator CANAVAN: That's right. If they physically try to withdraw it, they can't deliver it, whereas a super fund is not quite in that situation. They do have liquidity risks, as you're saying, and those sort of things, but it is not the same as not having the funds.

Ms Bullock: They're not in that situation at all. They've basically got funds which are preserved and long lived. They invest them in long-lived assets. But they do need some liquidity, for the reasons Chris was talking about.

Senator CANAVAN: True, they have that liquidity. I accept that. It is very different from a banking situation.

Senator DEAN SMITH: Governor, the *Statement on Monetary Policy* reflects on the bank's liaison work. There's a very brief comment about the continuing stress that community service organisations are feeling as a result of cost-of-living pressures. It gets one line: 'Contacts expect this heightened demand to continue in the period ahead.' Can you elaborate on what the bank is hearing through the liaison program about the experience of charities in the not-for-profit sector?

Ms Bullock: The main thing that we're hearing is that it's inflation, it's the cost of living and it's the price level that are causing people stress. We talk a lot about interest rates and how much pain interest rates are causing. Yes, that is certainly the case. But the point with the community service organisations is that it's inflation which is

compounding this whole issue. It is that they don't have the money to buy essentials. That's what we're seeing from community organisations. It's food. Food banks are seeing people turn up who they have never seen turn up.

Senator DEAN SMITH: Correct.

Ms Bullock: It's kids going to school without breakfast because they can't afford it. That's the sort of thing that we're hearing from these community organisations.

Senator DEAN SMITH: The report says 'in the period ahead'. What does that mean in terms of a timeframe? The sentence is: 'Contacts expect this heightened demand to continue in the period ahead.'

Ms Bullock: In the next few months, I expect.

Senator DEAN SMITH: Most definitely.

Ms Bullock: It's for the time being, because the point about inflation is that we've had high inflation, but prices aren't coming down. They're up at a high level now permanently. That is going to continue to eat into people's incomes. We are seeing real incomes turn around, as inflation is coming down and wage rises are above inflation now. There might be a sense in which, as we move through this coming year—not for everyone; I am talking at an aggregate level—there will still be people who will really be doing it tough. As real income starts to turn around, I think that will help.

Senator DEAN SMITH: I want to go back to the matter of surcharging. Can you share with the committee the bank's view about the importance of least cost routing in delivering better consumer outcomes, and what is the progress of the work that the bank is doing in expanding least cost routing and perhaps some of the impediments that you are currently experiencing?

Ms Bullock: Wow! That's a big question and it's complicated.

Senator DEAN SMITH: Unless I am wrong, it goes to the core of this whole issue of surcharging.

Ms Bullock: It does. It's complicated. I'm going to try to speak about it in a simple way. I'll see how I go. Debit cards come in, basically, with two options on them: one is Visa/Mastercard and the other is EFTPOS. Typically, Visa and Mastercard are more costly for merchants to accept than EFTPOS is. Then we went to tap and go. When you used to put your card into the machine, you could choose 'cheque', 'savings' or 'credit', even though it was a debit card. If you pushed 'credit' it went through the Visa/Mastercard system—higher cost. If you pushed 'cheque' or 'savings' it went through EFTPOS—lower cost. When we went to tap and go, everything automatically went to Visa and Mastercard, which was an automatically higher cost for all the merchants. What we have asked for is that the acquirers, the organisations that provide facilities to merchants to take cards, offer merchants the ability to route that transaction through the lowest cost method, which is typically EFTPOS. Why is that important for surcharging? It's because small merchants pay quite a lot to accept Visa and Mastercard products, much more than the big merchants do. We hope that by offering least cost routing there's less incentive for merchants to surcharge because they are paying less. That's the purpose of it.

How have we gone? It's going reasonably well. Some acquirers have switched it on fully for all of their customers; others haven't. The complication—and this is something that we're consulting on in our consultation on surcharging—is that many small merchants like life really simple. They like one price; it doesn't matter what card they accept. Some acquirers just say, 'It's all you can eat.' They go to the merchant and they say, 'Pay us one per cent per transaction and don't worry about the rest.' In theory, if you've got least cost routing behind that, that should lower the cost for merchants. The question is: are merchants really getting the benefits out of competition on that? That's the complication.

Senator DEAN SMITH: Your website has this to say about least cost routing:

The Bank expects providers, including payment gateways, to accelerate progress on making LCR widely available for online transactions and enabling LCR for merchants that could benefit from it.

When I read that, I heard that there was reticence or hesitation on the part of some.

Ms Bullock: Physically, at the terminal, most offer least cost routing. Online is more complicated. There's a whole lot of work that's got to be done in the background by these payment gateways to allow people to choose. How do the online people set out the least cost routing options for customers online? That's a separate thing. That is still being worked on.

Senator DEAN SMITH: What is government doing to help or progress LCR, using the power that it has in the market, using its payment systems?

Ms Bullock: You mean government agencies?

Senator DEAN SMITH: Yes.

Ms Bullock: I don't know the answer to that. I'd have to take that question on notice. I don't know who government agencies use as their acquirers or whether their acquirers offer least cost routing.

Senator DEAN SMITH: This is all being captured as part of the RBA review process that you talked to Senator Bragg about earlier today.

Ms Bullock: Yes. Least cost routing is something that we are continually working on with the industry, to try to get them to achieve it. The consultation I talked about earlier was about surcharging, and least cost routing is relevant to that in the sense that if you can get costs down for merchants then they mightn't have to surcharge or they mightn't feel they have to surcharge.

Senator DEAN SMITH: Would mandating LCR be an option that the bank might consider?

Ms Bullock: We have considered it. In terms of the physical terminals, we have come to the conclusion that it's widespread enough that we don't have to mandate it. Some merchants don't want it. Some merchants say no. On that, we're comfortable. We're still watching the online space. If the online space doesn't deliver then we will consider whether to mandate it. They're our powers.

Senator DEAN SMITH: The power to mandate is a power that sits with the RBA.

Ms Bullock: We have powers under the Payment Systems (Regulation) Act.

Senator DEAN SMITH: In the *Statement on Monetary Policy*, at page 60 you make some observations about employment growth over the past year. You say:

Around three-quarters of employment growth over the past year was in the non-market parts of the economy such as health and social care ...

This was raised with Treasury yesterday. What observations do you have about the growth of that and considerations for productivity achievements?

Ms Bullock: My observation would be that these are essential areas which we're trying to get workers into. It's positive that we've got growth in this area. These people now have jobs and they can go out and spend. That's really positive. On the private sector side of things, the market side is much weaker. We acknowledge that. I don't think we should in any way suggest that the growth in these non-market jobs is any less important; it's not. It's really important.

Senator DEAN SMITH: Agreed.

Ms Bullock: My only observation would be that it's positive. I expect that it will continue because, in the areas that you highlighted, we need more responses going into these areas. In terms of productivity, it's a little bit challenging in the sense that non-market typically has lower market growth than does the market sector. It is probably fair to say that, over the recent past, productivity for everything has not been great. It's not just a non-market/market sort of situation. It's broader than that.

CHAIR: Thank you very much, Governor and Dr Kent, for being here and answering all of our questions. That concludes them. You go with our thanks. The committee will now suspend.

Proceedings suspended from 10:59 to 11:10

Australian Securities and Investments Commission

CHAIR: The committee will resume. I now welcome Senator the Hon. Tim Ayres, the Assistant Minister for Trade, and officials from ASIC. Mr Longo, welcome. I see that you have an opening statement. Would you like to speak to it?

Mr Longo: Yes. I'm pleased to appear before the committee today. I am joined by Deputy Chair Sarah Court, and fellow commissioners Kate O'Rourke, Alan Kirkland and Simone Constant, all of whom have appeared before the committee before. I am also here today with Greg Yanco, our CEO, and the Executive Director, Enforcement and Compliance, Chris Savundra, who is a recent appointment. The committee might recall that he was our general counsel until a couple of weeks ago. Peter Dunlop, our chief financial officer, is here as well.

As this is our last estimates hearing for this year, it would be timely to provide a brief update for the committee on ASIC's transformation since I commenced as chair in 2021. Over the past three years, we've been deliberate in our approach to transform ASIC into a modern, confident and ambitious regulator. Our progress can be measured by the way we have systematically implemented the recommendations of the Financial Regulator Assessment Authority's 2022 report on the review into ASIC's effectiveness and capability.

Our transformation has included the most significant organisational redesign of the agency in 15 years, resulting in better collaboration across teams in quicker times for matters to progress to enforcement and compliance action. As a result of this work, we are better placed to respond to the rapidly changing domestic and

global market, including increased market volatility, advances in AI, data and cyber risk, and the flow of capital from capital to private markets. We must continually review, transform and improve how we focus our efforts for greatest impact.

The FRAA's four broad recommendations related to a substantial uplift in ASIC's use of data and technology, better stakeholder engagement, measuring effectiveness and capability, and broadening our mix of skill sets. This work is closely aligned with our vision and our priorities.

Many of these recommendations are consistent with what we've heard from our stakeholders over this time and the work of a number of parliamentary inquiries, which have appropriately sought to ensure the role we are performing is having an impact. These inquiries include ASIC's powers in relation to insurers and claims handling, the ASX CHESS replacement program, and the professional services industry. We always welcome parliamentary scrutiny as a key mechanism for driving continuous improvement and transformation.

I want to take this opportunity to acknowledge stakeholder contributions to each of these inquiries. They reflect a deep interest in ensuring ASIC is equipped to be the best it can be. We have listened carefully to what has been said, and acknowledge that there are further areas we need to address. I'm pleased to report that we've implemented 19 of the FRAA's 22 areas for improvement.

Some key initiatives now embedded in our operations and contributing to ASIC being a more effective regulator include innovative new surveillance systems; enhanced data capabilities for strategic planning; a program of more quality engagement of our stakeholders, being led by all of the commissioners; and a revamp of our strategic planning process to include longer term priorities.

There are three initiatives that remain our highest priority, relating to people, data and technology, and impact assessment. In our transformation we have made significant progress in these three areas. These are critical, long-term initiatives that require ongoing effort to fully embed.

I am very optimistic about ASIC's future. A transformation of this scale has had some short-term impacts, but, as a result of the efforts of our people and the renewal that has occurred at commission and executive level, we are well placed for the next phase.

ASIC's mission to be a modern, confident, ambitious regulator has been borne out in a number of regulatory firsts in the enforcement action we have taken in recent months against some of Australia's largest corporations and institutions. In addition, we have protected vulnerable Australians from harm through our scams work and our better banking project, which resulted in \$28 million being refunded to consumers, including First Nations consumers, and more than 200,000 customers being moved into low-fee accounts. These are matters we would be happy to discuss in greater detail today.

Later today ASIC will be releasing a draft regulatory guide on the sustainability reporting regime for consultation with stakeholders. I have been saying for some time that environmental, social and governance issues are driving the biggest changes to financial reporting and disclosure standards in a generation. The draft regulatory guide is, therefore, an important document for entities who will need to prepare an annual statutory sustainability report as it sets out their obligations and how ASIC will administer the new requirements. We encourage stakeholder feedback on the draft guide. We look forward to answering the committee's questions. Thank you.

CHAIR: Thank you, Mr Longo.

Senator BRAGG: Good morning, Mr Longo. What exactly is ASIC's role in relation to cryptocurrency issues? Are you a lawmaker? Are you a law enforcement agency? How do you understand your role?

Mr Longo: We are a law enforcement agency. Our job is to administer the law as it is. It is to contribute to public discussion and dialogue, and to work with Treasury, stakeholders and government if there is going to be any law reform. A lot of crypto products are financial products or financial services. ASIC has launched a number of court cases in the last 12 to 18 months. Our rationale for that is, in effect, to test the regulatory perimeter and to say to the industry, 'This is not entirely unregulated; there is existing law which can apply to this activity.'

Senator BRAGG: So what is regulated and what is unregulated?

Mr Longo: If it is a financial product, we regulate it. If it is a financial service, we regulate it. If it is not, we don't. The difficulty is that there are grey areas. We are seeing the financialisation of a number of crypto products. Some aspects of the industry think, 'It's crypto; it's not regulated.' That is not correct. We work closely with industry, as you would expect. We have issued an information sheet where we have tried to explain where the line might be drawn and when they might need a licence. Commissioner Kirkland, in particular, has done some intense work in that area. We are looking at publishing, for a form of consultation, updated guidance in our

information sheet. Although the law itself hasn't changed, what has changed are market developments and what we have learnt from court judgements. That, in a nutshell, is what is going on.

Senator BRAGG: Is this information sheet 225 you are referring to?

Mr Longo: Yes, it is.

Senator BRAGG: Mr Longo, you said in 2021 that crypto investors were 'on their own'. Now you have just said that there are some crypto products or concepts which could be inside the existing wall but that others are unregulated.

Mr Longo: The two key points are, firstly, that from the beginning of assuming my current role I made it utterly clear to all consumers that investing in these activities is highly risky and that people need to be cautious. I maintain that position. Secondly, I have never suggested that this activity is entirely unregulated. It is largely unregulated, but, if it is a financial product or service, then it is regulated.

Senator BRAGG: So your position is that it is largely unregulated.

Mr Longo: That is a fair statement. It is a complex area—financial products and services regulation. Broadly speaking, the current regime doesn't cover all the manifestations of this activity.

Senator BRAGG: Parliament's job is to make rules, and your job is to enforce them. The parliament has not been able to pass rules in this term, for reasons which we don't need to go into today. The parliament hasn't done its job. It hasn't been able to land on rules. So you are effectively trying to regulate what the parliament has been able to land in prior parliaments. To make this a question, because this is questions and answers, not statements from me—your guidance will be based around the application of the existing statute; is that right?

Mr Longo: Yes. Can we step back here? The approach we are taking with crypto is no different to the approach we are taking in many areas with our regulatory responsibility. This is a fast-moving area. We published an information sheet some time ago. There have been some developments in the market. We have had some case law. We are getting a lot of feedback from the market that they would like more certainty about when they need a licence and when they don't. The approach we are taking with crypto is a sophisticated approach to regulation. We are taking the same approach to a whole range of areas. As time goes by, our understanding of how the legislation works grows, we get market reactions and then we update our thinking.

Senator BRAGG: What is important here is that you don't overplay your role and you don't step into the shoes of the legislature.

Mr Longo: That is always a fundamental principle. The legislation we administer is extraordinarily complex and wide ranging, so we have a lot of experience in where to draw the line. There are a lot of aspects of the Corporations Act where we have the power to modify the operation. Industry expects us to publish guidance and information sheets. We are very respectful of the role of parliament. There is a huge expectation on ASIC that, when we administer the law, we do so in a helpful way and give people some guidance as to where we expect that they will need a licence. Putting all that back to crypto, you can see the direction of travel.

Senator BRAGG: Can you give us the timetable for releasing your information sheet, as part of your contribution, Mr Kirkland?

Mr Kirkland: We expect to do that before the end of this calendar year, at this stage. To repeat something the chair said, that will be a draft information sheet on which we will be seeking comment. Because of the issues the chair has noted, this is an area where the products and services continue to evolve, where we are applying law that was drafted before digital assets existed. We see it as valuable to put out some draft guidance in that information sheet and seek views from a range of stakeholders, including industry. We will consider those views before we issue a final version of the information sheet, which will be next year.

Senator BRAGG: Who is mainly working on this?

Mr Kirkland: We have a small team working on digital assets issues within ASIC.

Senator BRAGG: Who's leading it?

Mr Kirkland: Our senior executive leader, Reece Boland.

Senator BRAGG: What is he up to this week?

Mr Kirkland: I am not certain.

Senator BRAGG: Is he here in Australia?

Mr Kirkland: I don't know.

Senator BRAGG: You don't know what he is doing. Does he report to you?

Mr Kirkland: No. No staff report directly to commissioners.

Senator BRAGG: No staff report to commissioners? It sounds good to me.

Mr Kirkland: Not other than to the chair, as the responsible authority. We have a different role under the statute. To answer your question, Mr Boland reports to Calissa Aldridge, who is Executive Director, Markets.

Senator BRAGG: Is he in the country this week?

Mr Kirkland: I am not aware of that.

Senator BRAGG: Does anyone else know?

Mr Kirkland: I will get an answer during the hearing.

Senator BRAGG: Does anyone else know?

Senator Ayres: If that question cannot be answered, I am sure the officials will be happy to take it on notice.

Senator BRAGG: The obligation is to provide the information if they know.

Mr Longo: My understanding is that he is at a fintech conference in Singapore.

Senator BRAGG: Is that funded by the taxpayer?

Mr Longo: It is funded by ASIC, yes.

Senator BRAGG: Can you provide, on notice, the costs associated with that?

Mr Longo: Of course.

Senator BRAGG: That will be released as a pre-Christmas event, will it?

Mr Kirkland: That's our plan at this stage.

Senator BRAGG: Have you been able to consult with the minister's office on that?

Mr Kirkland: We wouldn't normally consult with the minister's office on a draft regulatory guidance, and we haven't on this occasion.

Senator BRAGG: Even though the government's stated policy—it has been in office for more than 2½ years—for that time has been to regulate crypto, you are saying that you have put out an information sheet on how the existing law might apply to crypto, which the chair has just said is marginal and you wouldn't talk to the government of the day about it.

Mr Kirkland: We would talk to Treasury as part of that process, just so we understand the issues it is working on, but, given our role as an independent regulator, we wouldn't typically consult with the minister on regulatory guidance.

Senator BRAGG: Don't you have a government relations function?

Mr Kirkland: We do.

Senator BRAGG: What does that do?

Mr Kirkland: The chair may wish to answer this. A typical function of a government relations function is correspondence with members of parliament and senators.

Senator BRAGG: You don't talk about issues that might impact upcoming legislation?

Mr Kirkland: I am not sure what you mean.

Senator BRAGG: I am curious. You are proposing to issue guidance on an existing statute where there is a large public debate about regulating this sector, and you are saying to me that the agency—an agency which is unusual in that it has a government relations function—doesn't even talk to the government of the day about something like that.

Senator Ayres: The official has explained—

Senator BRAGG: I am not asking you; I am asking the official.

CHAIR: Senator Bragg!

Senator Ayres: The way it works typically in this joint—

Senator BRAGG: I'll wait till you filibuster and I'll ask the official.

CHAIR: Senator Bragg!

Senator Ayres: If you want to behave like that, it's a matter for you. The official's explained to you that ASIC has a job to do. It has an independent statutory function. It would be surprising if it played that role differently to the way the official has described. The government will consider all these developments when it produces

legislation on this question. I note your implied criticism of the government's approach over the last two years. There was no progress over the preceding decade either, Senator Bragg, when you were representing some of these interests outside of the parliament.

Senator BRAGG: If you knew about this, you would know that there is a bill in the Senate now. This is a filibuster, Chair.

CHAIR: You are contributing to that, Senator Bragg. We will let the minister finish. Have you finished, Minister?

Senator Ayres: I have concluded, yes.

Senator BRAGG: Would you or any of your officials discuss your approach on crypto with the government of the day?

Mr Longo: The approach we took is no different to the approach we take on the whole range of issues we are grappling with in administering the legislation as it is. We are in continuous dialogue with Treasury, for example, as the primary advisers to the government the day. We provide regular ministerial briefings of one form or another to the minister. I don't think there is anything particularly remarkable or unconventional in our engagement with Treasury and the government of the day. Our job is to do our best to independently administer very complex legislation. We have constant changes in market developments and constant changes in case law. To return to a significant theme, we engage a lot with industry, and the one we are dealing with at the moment is the whole crypto sector. We are trying to listen. A lot is going on in that sector. In fairness to significant elements of it, they would like more certainty on the regulation.

Senator BRAGG: That's why the parliament makes a move.

Mr Longo: That is a matter for parliament, but we do have some existing law. Our job is to do our best to administer the existing law in the most felicitous, efficient fashion.

Senator BRAGG: Fair enough.

Senator McKENZIE: I take it that your approach to keeping the government informed of your impending draft advice is a 'no surprises' approach for government?

Mr Longo: That is probably fair. There is a lot of interaction. It is continuous between us ASIC officials and Treasury.

Senator McKENZIE: It's not just Treasury, though, to be clear. You mentioned Treasury and the ministers.

Mr Longo: Yes. Of course, Treasury's primary role is to advise the minister. We will seek guidance as to whether it is time for a ministerial briefing. I have regular interactions with Assistant Treasurer Jones. To me it is a sensible, conventional interaction. If someone wants to raise a particular concern, I am happy to deal with it. It is 'no surprises'. I think that's a fair way of putting it. I think that's a fair way of putting it.

CHAIR: Last question, Senator Bragg.

Senator BRAGG: Have you met with Minister Jones and have you discussed these crypto issues? What can you tell us about that? There are a lot of people who are interested in this. They want to know what the parliament is going to do. That's not a question for you; it's a question for the executive government to explain. Then people are interested in what ASIC will do and how it will all come together. I think it is an entirely reasonable question.

Mr Longo: I meet regularly with Minister Jones. We cover a range of topics, including this one. His office is aware that we're doing this work, as is the Treasury. I want to stress that this work is a continuation of work we've already done. This is an existing information sheet, which we're going to update. That updating in and of itself won't be fully effective until, as Commissioner Kirkland said, we get it right. The way in which it's going to work is that we will publish a revised information sheet and allow a reasonable time to go by for industry reaction. We have put a lot of work into getting it right. We have taken expert advice from senior practitioners, law firms and industry. It's a piece of work. There is so much other work going on at ASIC, but it's in that vein of trying to regulate sensibly.

CHAIR: Senator McKim.

Senator McKIM: Good morning. Thanks for coming in. I've just got some questions around a couple of companies and individuals in which, I know, ASIC has had an interest in the past. The first one is a company called Cigno. I am aware that ASIC has instituted proceedings against Cigno on more than one occasion. Firstly, is there any current proceeding afoot involving Cigno or anyone involved with Cigno?

Mr Longo: I'll ask Deputy Chair Court to answer. You are absolutely right; we are no stranger to that entity in terms of going to court.

Ms Court: I'll give it my best shot, Senator McKim. Good morning. We have had extensive legal proceedings against Cigno and associated companies over a number of years. I'm just trying to remember what number case we're up to now. It might be the third emanation of a business model designed by Cigno about which we have had concerns and which have been designed to avoid important consumer credit protections. We have been responding to various litigations and interest in that company. Its various emanations started probably four or five years ago. On each occasion we have taken proceedings in relation to the particular business model, the court has found in ASIC's favour and in effect has found that Cigno has been providing or engaging in financial services without a licence.

One of those matters had been on appeal, which ASIC won. The most recent emanation was yet another variation of a business model that we retained concerns about. We decided to take action against the two individuals whom we were concerned were involved in the facilitation, if you like, of this misconduct. In the most recent decision the court again found in ASIC's favour, and found that this new business model that Cigno was operating should have been licensed and was operating outside of the credit laws. The two individuals associated with that were found to be knowingly involved in those contraventions of the law. My recollection—someone will no doubt correct me if I am wrong—is that we are now waiting for the penalty stage of that proceeding. Liability has been determined. We will be seeking a penalty and other orders. In particular, we will be seeking orders against the two individuals who have been found to be breaking the law to try to prevent yet another emanation of a similar business model.

Senator McKIM: That's helpful. Is one of those individuals Mr Swanepoel?

Ms Court: Yes, it is.

Senator McKIM: That's Mr Mark Swanepoel.

Ms Court: That's right.

Senator McKIM: Is ASIC aware of Mr Swanepoel's investment in any other companies that provide loans or apps that provide financial advice? I refer you specifically to a company called Quickle, which is owned by FTA Data Solutions. My understanding is that they have access to Cigno's mailing list of clients and that FTA Data Solutions is run by Mr Swanepoel's brother. Are you aware of those facts?

Ms Court: I'm not personally aware of that, sitting here, but I can certainly inquire as to whether or not ASIC has got any activity in that regard. One of the reasons that we will be seeking particular orders against the individuals we think have been involved in this unlawful conduct over many years is to try to obtain orders from the court that restrict their involvement in the provision of financial services however so described going forward. We have not yet obtained those orders but we will certainly be seeking to do so. My colleague, Mr Savundra, may well have more information on your question.

Mr Savundra: ASIC is aware of a new credit model being operated through the website cignoloans.com.au, which appears to be operated by a credit licensee Finance & Loans Pty Ltd. Its credit representative is FTA Data Solutions Pty Ltd, which I think is the entity you referred to. We are currently considering that model and its compliance with the National Consumer Credit Protection Act and the ASIC act.

Senator McKIM: Thanks, Mr Savundra. That's very helpful. Would it be fair to say that Cigno is like a payday loan provider? Is that the shorthand for their model?

Ms Court: I don't know that I would describe it quite in those terms. In fact I'm not sure I've heard it described as a payday loan provider.

Senator McKIM: Could you just precis their business model for us in high level terms?

Ms Court: As I've said, there has effectively been a number of business models. That's the issue. Each of these business models has provided loans to consumers in a particular way that—I am perhaps speaking broadly here—has been designed in a way, if I can speak colloquially, to use loopholes to avoid having to comply with the important consumer credit protections. The challenge for ASIC, as a regulator in relation to this kind of conduct, is that we get complaints; consumer groups raise issues with us. There are vulnerable consumers significantly impacted. We go to court. The court makes the finding, 'This is a breach of the law.' The company then remanifests. It says, 'Oh, here's another business model.' And again very slightly designed to be outside of the provisions of the law. We are resolute in our determination to put an end to these business models. I should also observe that Cigno is not the only company that we have taken to court over the last little while in relation to allegations of business models that we say are designed to avoid these credit protections. I can take you through others. Cigno has been very much in the forefront of our attention for many years. However, others are involved, and we are engaging in a range of both court action and investigations into those.

Senator McKIM: I'm pleased to hear about your resoluteness, if I can put it like that. In a similar vein I mention Ms Dominique Grubisa who has been disqualified from managing corporations by ASIC and also by the federal court for breaches of director duties. Have you had concerns raised with you that Ms Grubisa is actually continuing to run companies and specifically a company called Property Lovers? Are you aware of that? My understanding is that Property Lovers is starting to promote, or has started to promote, products that were the subject of proceedings brought by the ACCC? My question is: are you aware of those matters and is there anything afoot within ASIC to take action to ensure that the disqualification orders are actually enforced?

Ms Court: I am very familiar with the case of Ms Grubisa and her banning by ASIC, and also very familiar that the ACCC has had separate proceedings in relation to her activities and those of her company. Again, sitting here, I do not have in front of me any current information that suggests that we have notice of the issues that you have raised. We'd be very happy to receive details of that. If Mr Savundra is able to ascertain anything, sitting behind me, he may well come back to the table. I am certainly not aware of that. If there is a suggestion that Ms Grubisa is engaging in financial services activities while she is banned, then of course we would be very interested to understand the details of that.

Senator McKIM: I'll take that on board. I understand that you don't have any details about that in front of you. That is quite reasonable, Ms Court. If there is any information you can provide to the committee, could you take it on notice and come back to us on that.

Ms Court: I was seeing whether somebody was sending me the information. It was not. I didn't mean to be rude.

Senator McKIM: No, you weren't being rude at all. Thanks, Ms Court. I appreciate your engagement.

CHAIR: We do have a number of senators who have questions. I'll wind you up at 10 minutes. I'll go to you, Senator Canavan.

Senator CANAVAN: I have some questions about the impending climate reporting scheme, or scope 3 emissions under that. I believe that this comes into effect 1 January next year, does it?

Mr Longo: Yes. The legislation passed. For any entity which is caught in the first phase and which has a financial year concluding after 1 January next year the regime will apply. That means that we probably won't see many reports much before the middle of 2026.

Senator CANAVAN: What was that last bit?

Mr Longo: Because the legislation takes effect for financial years after 1 January, for most of the first tranche of reporting entities—because it's phased in—or what I would call the bigger end of town—a bit colloquial—their financial year is usually 1 July/30 June very often. That means that the first reports we are likely to get are the second half of 2026, because the first financial year after 1 January next year is 1 July/30 June 2025-26.

Senator CANAVAN: They might have to report for the half the year, so to speak?

Mr Longo: No. It won't work that way.

Senator CANAVAN: It just depends on their reporting requirements. I presume there might be some—

Mr Longo: It depends on what their normal financial reporting year is.

Senator CANAVAN: Do some Australian corporations report on financial years that align with their overseas counterparts or parent companies?

Mr Longo: It could be. Most will report on the financial year we're accustomed to, which is 1 July.

Senator CANAVAN: Okay. So their full financial year after 1 January?

Mr Longo: Correct. That's broadly how it works.

Senator CANAVAN: I believe these are the guidelines—are you calling them 'guidelines'?

Mr Longo: Later today we will be publishing draft regulatory guidance. As I was saying earlier in the proceedings, ASIC publishes a wide variety of regulatory guidance on a wide variety of regulatory issues. This is a particularly challenging and complex piece of regulatory guidance. What will happen later today is that we'll be publishing to the market our first attempt at regulatory guidance about what our expectations are with respect to compliance with these new standards. Accompanying that will be a consultation paper. The idea is that, over the coming months, we will get reactions to our proposed guidance. We hope to finalise that guidance in the first quarter next year.

Senator CANAVAN: You've described this before. It was the biggest change to corporate reporting in a generation.

Mr Longo: Yes.

Senator CANAVAN: As you said, it's pretty complex. It doesn't seem like a lot of time. Maybe you're constrained by the law—I don't know—and that's a matter for the government. It doesn't seem like a lot of time for companies to adjust, even large companies to adjust, to the biggest change in reporting for a generation.

Mr Longo: A lot of the large reporting entities have been voluntarily reporting under the TCFD standards.

Senator CANAVAN: But they must be doing that without your guidance per se.

Mr Longo: That's right.

Senator CANAVAN: Using an estimation.

Mr Longo: It's an observation, which I think is a serious observation, if I may say so, with respect. These accounting standards are not released by us, by the way. The Australian Accounting Standards Board produces the accounting standards. Our job is to administer them. Those standards in turn were inspired or animated by the International Sustainability Standards Board. A lot of work has been done on these standards over the last several years. There's no question among reporting entities and company directors. There's a lot of interest in how we're going to administer the standards. I think it's fair to say there's a lot of appetite in industry for ASIC to be as helpful as possible in this guidance. That's what we plan to do. As I said earlier, these standards won't apply for financial years after 1 January. I might ask Commissioner Court to give a bit more colour there.

Senator CANAVAN: Just to be clear, you are not going to have the guidance finished until—did you say the first quarter or the first part?

Mr Longo: We're hoping to finalise it by Q1 next year.

Senator CANAVAN: It could be just months from the start of the regime. For some who might have an earlier reporting date, it could be—

Mr Longo: As you mentioned earlier, we really couldn't release the guidance before the law commenced.

Senator CANAVAN: I understand that. I am happy for the minister to intervene here. Obviously, the government has ultimately set these time frames for you.

Mr Longo: Yes.

Senator CANAVAN: It does seem strange that the guidance won't be finalised until after the reporting regime comes into effect, so people are potentially flying blind.

Mr Longo: It is a bit more nuanced than that. I will ask Commissioner O'Rourke to comment.

Ms O'Rourke: We were aware of the importance of assisting companies, and have been aware of the importance of assisting companies, by explaining how ASIC will administer the law and have a two-phased approach. Upon the passage of the legislation, we were able to support them with some immediate information that was made available. We've made a webpage that includes what was immediately available. That occurred at the end of September or in early October. This next step of the regulatory guidance is the second phase of a more detailed explanation of what our expectations are in relation to the legislation that's been passed. Similarly, the AASB will be preparing guidance to support how they will be administering the standards. We've been working hard behind the scenes to ensure that they're lined up. We'll both get consultation and feedback. The draft guidance, which is going to be published today, will give companies a very clear sense of what our preliminary expectations and likely expectations will be. There may well be some adjustments associated with it, but we hope that assists companies, including those in the category that you refer to, the small number of people who do have a 1 January start date, and therefore we'll see their reports in the first half of 2026.

Senator CANAVAN: How many companies are in this boat?

Ms O'Rourke: I can get that number while we are here. It is a small proportion of the 200-odd who fall within group 1.

Senator CANAVAN: There will be 200 in the first tranche.

Ms O'Rourke: Yes. The majority of those have 30 June or 1 July.

Senator CANAVAN: It's still not a lot of time for them. We have been over that. Even on the government figures, this will cost Australian businesses \$2.3 billion to comply with. I've heard reports that some companies may individually need to spend \$50 million to comply with these laws. Have you asked businesses about their individual costs of compliance?

Ms O'Rourke: That's not been part of our consultation process, no.

Senator Ayres: It is certainly the case that it will affect, as I understand it, about 1,800 companies—Australia's largest firms. There is broad support across industry for the approach that has been taken here.

Senator CANAVAN: I was in the rural affairs committee the other day, and the agriculture department confirmed that some farmers will be captured by these laws, through the scope 3 emissions requirements, especially if they've got dealings with captured banks or supermarkets and the like. You say the 200 are the first tranche.

Ms O'Rourke: Approximately.

Senator CANAVAN: Do the scope 3 emissions of those 200 apply in this first period?

Ms O'Rourke: There's a delay. For that group 1, the first year doesn't include the scope 3 because of the recognition of the additional work associated with the preparation of their sustainability report.

Senator CANAVAN: When does that start?

Ms O'Rourke: I understand it's a 12-month—

Senator CANAVAN: So 1 January 2026, if I have got my maths right.

Ms O'Rourke: I'll come back with confirmation of that shortly.

Senator CANAVAN: If that changes, let us know. For farmers who are facing the prospect of having to comply with these regulations, they will have—

Senator Ayres: They will only have to comply—

Senator CANAVAN: Can I just ask my question? I am happy for the minister to respond. He's obviously very defensive about this issue of imposing \$2 billion costs on Australian businesses at a time of record low productivity growth.

CHAIR: I will let Senator Canavan finish his question.

Senator CANAVAN: If I can just finish my question, then I will be happy for you to respond, Minister. Those farmers that have to comply within 14 months are not going to see the final guidance. They'll get that with less than 12 months preparation.

Mr Longo: It is a complicated area. To step back, the farmers that you are referring to in your question aren't reporting entities themselves. There's a supply chain issue here. What we're hearing a lot from small business and more broadly is that the reporters, when we get to scope 3, have to get the data from somewhere. That's where farmers, small businesses, entities that aren't themselves required to report, will be asked questions about their emissions in order for the reporter to be able to do what they have to do in their reporting. There's a whole piece of work going on out there where the large reporting entities are communicating with their supply chain providers in order to do their sustainability.

Senator CANAVAN: Can you appreciate my point?

Mr Longo: We don't prescribe exactly how that works. In fairness, that is a very significant piece of work.

Senator CANAVAN: Can you see where I am coming from here? Farmers don't have spare time to devote to this. They certainly don't have the kind of P&L which would allow them to employ consultants to do the work. Is there any flexibility for you to defer those requirements for small businesses and farmers further than the 2026 deadline?

Ms O'Rourke: The legislative provisions govern who reports, including the scope 3. I can confirm that there is that 12-month delay. That information will only be in the second year of compliance.

Senator CANAVAN: That's in the law. It's amazing that the government has been so inflexible about this for small businesses and farmers.

Ms O'Rourke: Sorry; what is in—

Senator CANAVAN: I have some questions on enforcement, if I can.

CHAIR: I will let Ms O'Rourke finish her answer.

Ms O'Rourke: I did want to convey that what's in the law says whether or not scope 3 emissions need to be disclosed. How that occurs in relation to the supply chain, just to reiterate my chair's point, will be a relationship based on how information is sought for suppliers in a chain. If there are expenses or difficulty associated with doing so, there are estimation techniques or alternative mechanisms for achieving some of the information gathering that is required.

Senator CANAVAN: This sounds so complex.

Senator Ayres: I intervened during Senator Canavan's question. That was the wrong thing to do, Senator Canavan. I should have let you finish. The reason I reacted to your assertion that farmers are captured by this is that the legislation captures Australia's largest firms. It is conceivable that, in the top 1,800 largest Australian firms, a very, very large farming interest may directly be engaged. But what is not true is what's been asserted by, at the very least, some of your colleagues, in a scare campaign around this question: that farmers are going to need to engage with ASIC's work here. It may be true that information is sought from them in terms of supply chain questions, but there is no cost attached to that. Your colleagues have been getting out there and beating up another scare campaign. The thing about scare campaigns is that you've just got to run one or two of them at a time. If you run a lot of them, they lose their impact.

Senator CANAVAN: You're on a different planet.

CHAIR: I am sharing the call. I am going to Senator Barbara Pocock.

Senator BARBARA POCOCK: I am going to ask a question about MinRes, and then I would like to go to a question about PwC, where I will table a letter. I'll ask the committee—

CHAIR: That was also tabled yesterday. We will table it again.

Senator BARBARA POCOCK: I don't think I did. Senator O'Neill did, though.

CHAIR: We can table it again.

Senator BARBARA POCOCK: I want to go to MinRes. First of all, on 23 October, ASIC confirmed that it is or will be inquiring into Mineral Resources, following the allegations that Mr Chris Ellison, founder of MinRes, has been engaged in tax evasion for more than a decade and that real concerns exist about Mr Ellison putting his personal financial interests ahead of shareholders. Has ASIC begun its inquiry? When will it begin?

Mr Longo: Deputy Chair Court is ready to answer your question.

Ms Court: Yes. I can confirm that we have commenced inquiries, following the various media articles about this suite of issues. Since I gave that evidence before a prior committee, I can confirm that we've now commenced a formal investigation into these issues.

Senator BARBARA POCOCK: What is the scale of the inquiry?

Ms Court: It's at a very early stage, I think it's fair to say. This information came to us, like it did to many others, through the media reporting recently. We have examined the allegations. We've had some engagement with the ATO. The investigation will follow the normal course.

Senator BARBARA POCOCK: How would you characterise the cooperation of MinRes with your inquiries, to date?

Ms Court: It's too early for me to make any comment about that. It really is a matter of a week or so that we've had a formal investigation ongoing. Potentially, next time we're before the committee I might be able to give a bit more information. Things are at a very early stage.

Senator BARBARA POCOCK: Have you had any earlier engagements or matters in relation to MinRes?

Ms Court: Not that I'm aware of.

Senator BARBARA POCOCK: Would you take that on notice, in case they do arise.

Ms Court: Yes, I can.

Senator BARBARA POCOCK: What will be the consequences for any breaches or misconduct found by your inquiries?

Ms Court: Without trying to be difficult, it is just too early for us to ascertain that. The normal investigation process is underway. The matter is sitting with one of our investigation teams. They'll assess the available information that we've got. They will of course liaise with the ATO. We will then consider the exercise of compulsory powers. We will look at the information that we obtain, and then we will make an assessment as to whether or not we think there have been any contraventions of the laws that ASIC administers. Unfortunately, those things do tend to take some time. We are at a very early stage.

Senator BARBARA POCOCK: Many people observing this will also be conscious of the current warrants that are being implemented in relation to PwC. All week we have seen Federal Police in the head office of PwC in Sydney. We've seen two residential premises also subject to search warrant, in relation to a range of criminal activities with penalties of up to 10 years. Are these the kinds of penalties that are available to you to consider in relation to MinRes matters?

Ms Court: Again, it's just too early for me to speculate. The amount or the potential severity of the outcome will very much depend on the evidence we gather and the particular provisions of our laws that may or may not have been breached. Until we finalise an investigation and reach that conclusion, it's hard to speculate as to what the outcome might be.

Senator BARBARA POCOCK: I look forward to future updates. I go to the next matter, and that is the letter from Diana Weiss to Kristin Stubbins at PwC, dated 19 May, which my colleague Senator O'Neill tabled yesterday. This letter puts PwC Australia essentially into default and into supervised remediation. It chronicles the disastrous unfolding of poor practice within PwC over a lengthy period and is a study of the internal disappointments and extraordinary behaviours in Australia, called to account here in this letter by PwC International. I take you to point 8, on page 5. It's titled 'Regulatory Submissions'. It states:

The Firm shall not provide to any regulator or other governmental or legal authority any formal, significant or substantial submissions or responses (whether oral or written) regarding any of the Topics—

there are many topics listed in the preceding words—

until the Network Representative and I—

that is, general counsel internationally—

have reviewed and approved the materials.

What is your view of that imposition of such a constraint on Australian regulatory bodies to regulate the misdemeanours that are chronicled in this letter and in our own Senate inquiries?

Mr Longo: Senator, it's the first time I've read the letter. I read it very quickly. I focused immediately on paragraph 8, for obvious reasons. The premise of the senator's question started with the idea of how seriously PwC internationally have taken this. I am stepping back and saying, 'That is the context of the letter.' The drafting of that is really a matter for PwC internationally as to what they actually meant. I think they talk about the author and the network representative as being someone who is also representing the international interest. On its face, I know there have been some concerns expressed about interference and matters of that nature. The idea, without being an apologist for the author of this letter, is that the international body overseeing the Australian body is taking the matter so seriously, and they have lost so much confidence in the Australian body, that they are really worried that, 'Whatever it is that you tell regulators, we want to be part of that process because we want to get it right.' Perhaps I'm being too generous. On its face, when you read the letter as a whole, the international body is clearly taking the situation extremely seriously. With respect to part of their concern, the earlier part of the letter talks about loss of trust and confidence. It is understandable in those circumstances; perhaps the letter could have been more felicitously drafted on this point. On its face, the international body is saying, 'We've lost so much trust and confidence in you, when you're dealing with regulators, we don't want you to mess it up. We want to be consulted.'

Senator BARBARA POCOCK: I think that flavour is evident in the very strong language in the opening—

Mr Longo: That's really all I can say about it.

Senator BARBARA POCOCK: You're a regulator, Mr Longo. This is saying to you that an international body has come in over the top; it is not domiciled in Australia. In earlier discussions you made the point that, with partnerships of this form, you have only a small sliver of direct regulation, which is of major concern to me and many others. The chronicle of failures, which is recognised by PwC internationally, is very evident. What they're saying here is, 'Hold back any communication, any response to Australian regulators,' including yourself, 'until we've checked it internationally.' I find that extremely offensive. It concerns me that it is so dismissive and controlling of a direct response to a regulator, and to a range of regulators—the ATO and others.

Mr Longo: I certainly wouldn't find that acceptable. It's entirely unacceptable, if the intent of the international body was in some way to constrain or restrict cooperation between the Australian body and Australian regulators. As I said earlier, perhaps I am being too generous. I don't see that as the intent of that paragraph. My deputy wanted to say something.

Ms Court: As we've talked about on previous occasions, ASIC has had a series of engagements with PwC and its representatives across the last year or two. Certainly, in relation to the information requests and the statutory notices that we have issued to them, they have complied with those notices. Certainly, from our perspective, if we issued a statutory compulsory notice with a particular time frame, we would expect materials to be produced within that time frame. This kind of clause would provide no excuse to not comply with a notice from an Australian regulator to the Australian company.

Senator BARBARA POCKOCK: Can I go to the professional accounting bodies? It is a related question. I want to ask about professional accounting bodies and co-regulation of the consulting industry. Treasury's consulting paper on the consulting industry found that self-regulation via professional bodies may not be fully effective, and that the number of audit standard-setting bodies 'may lead to overlaps and gaps'. I understand that professional accounting bodies report to ASIC. Does ASIC share the view of Treasury that those professional bodies may not be fully effective in fulfilling their role in co-regulating the consulting sector?

Mr Longo: It's a very good series of questions. I'll ask Commissioner O'Rourke, who led the work on that topic at the commission, to answer it.

Ms O'Rourke: The first thing to note is that we think it's an extremely important area of consultation to identify whether there are gaps in the regulatory framework as a whole. Our position, as we have said multiple times before this and other committees, is that we do think there are gaps in the regulatory framework, particularly with respect to the regulation of firms that do audit services. As you know, we can only regulate individual registered auditors. Just to clarify, with respect to one way that you framed the question, the auditing industry associations or bodies that you referred to don't report to us, in the sense that they have their own systems of responsibility, frameworks and standards that apply to their members. That is part of the observations that they, you and Treasury have made around how all of these different aspects come together. A very important part of the Treasury consultation process that you refer to is to identify who should do what, and whether the provisions are voluntary, in the form exercised by industry or professional associations, or whether they should be statutory. It is a really important part of it, and we are certainly making submissions with respect to that issue.

CHAIR: We are out of time, Senator Barbara Pocock. We will go to Senator David Pocock.

Senator DAVID POCKOCK: I'll ask some questions about scams. Does ASIC notify banks about scams that you become aware of?

Mr Longo: We've done an immense amount of work on scams. It has been led largely by Deputy Chair Court, so I'll ask her to answer that question.

Ms Court: In relation to scams, Senator, ASIC is a key partner of the ACCC in the running of the National Anti-Scam Centre. The way that the current arrangements work in relation to notification of scams is, in effect, that all scam-related information gets funnelled through the NASC. In relation to particular notifications by ASIC to banks about particular scams, no, generally speaking, because those matters would effectively be dealt with by the NASC.

Senator DAVID POCKOCK: I've been told of cases where banks have received a warning from ASIC about a known scam. That's not the case?

Ms Court: In a broad sense, ASIC has done a lot of work with, firstly, the four major banks and, secondly, a larger range of banks. We did what we might loosely call a deep dive into the scam detection and prevention responses—first, as I said, of the four major banks and then of a range of other institutions. The first report was early last year and there was another report this year. Certainly, in the course of that inquiry and engagement, in our findings and in giving feedback, I'm sure our surveillance team engaged with the various institutions on particular case studies and examples. I am certainly not saying it's out of the question that we've engaged with particular banks on particular issues. As a matter of course, if a member of the public has been the victim of a scam, the normal course is that would make its way through the NASC. If it was an investment-related scam, which is where ASIC's jurisdiction lies, it may make its way back to ASIC to do some of the work we do; we do an investment scam takedown service. We have an investor alert list on which we put dodgy investment sites and the like.

Senator DAVID POCKOCK: Do you send that to banks? How does that work? It's just public?

Ms Court: It's just public. There is significant infrastructure developing at the moment under the auspices of the NASC. The ACCC is in a better position to answer these questions in the broad sense, perhaps, than ASIC is. One of the things that all of the agencies that are involved in the NASC, together with industry, are doing is trying to work out how we have a whole-of-government, whole-of-industry data source about emerging scams, for the very reason that information can be disseminated across industry. It is so that, across banks, we have digital platforms; we have the telecommunications companies as well. It's about trying to make sure that everybody has that information as it emerges.

Senator DAVID POCKOCK: You've obviously done a lot of work, reports, looking at the banks. You did one on the big four and recently one on 15 banks. You said:

We expect all banks regardless of their size, to pull their weight in the fight against scams. Boards and senior management have a key role to play in driving improvement.

Do you think a mandatory scam reimbursement model, as we've seen in the UK, where the banks are on the hook, is the best way to actually drive that change, given we're not seeing them really step up?

Ms Court: The policy setting for the scam code framework, Senator, is something that I will defer to Treasury on. I think in relation to the banks, based on the work that we've done, the approach that ASIC have taken is that we have tried to identify those institutions that are, in effect, doing better than others. We have tried to call out what is best practice and what minimum standards should be, and the two reports that you have taken me to set that out. So we have very squarely put the banking sector on notice as to our views on what approach should be taken.

One of the areas that we've had particular concerns about is how banks are engaging with those who have become the victim of scams. We found a real variability in our surveillance across the sector we looked at in terms of how people respond. Are the scam areas properly resourced, are they identifying vulnerabilities—a whole lot of those issues. But in terms of the reimbursement model, as I say, I think that's best left directed to Treasury.

Senator DAVID POCOCK: You don't have a view on it?

Ms Court: My own view is I don't think it's straightforward. I think that's ASIC's view. The policy framework that is currently being proposed, as we understand it, will set minimum standards for the entire ecosystem to deal with it. In the circumstance, if I use the ASIC lens and our jurisdiction, we are anticipating, on the current arrangements, that ASIC will be the regulator responsible for enforcing the code insofar as it relates to financial institutions and banks; that the framework will set the mandatory obligations across the board; and that, if a financial institution, including the bank, falls short of those standards and somebody loses money as a consequence, then reimbursement will follow. So I think—

Senator DAVID POCOCK: It's a fairly convoluted model, though, looking at it.

Ms Court: I'm not going to comment on the model. I think the main point that I would make is that we welcome a framework and we welcome minimum standards and we welcome having the enforcement role in ensuring that those new standards, once they're determined, are upheld.

Senator DAVID POCOCK: Sure. Can I ask some questions about Qantas. I take it that you're all members of the chairman's lounge?

Ms Court: Yes, I am.

Senator DAVID POCOCK: Have any of you ever accepted flight upgrades from Qantas or Virgin?

Ms Court: Not that I'm aware of, Senator.

Senator DAVID POCOCK: Would you have to declare them?

Mr Longo: I think we would declare them.

Senator DAVID POCOCK: Do you have some sort of register of interests?

Ms Court: Yes.

Senator DAVID POCOCK: Would you have to declare a flight upgrade?

Mr Longo: I think we certainly declared all of our chairman's lounge memberships. As far as flight upgrades go—never had one in my current role. I think we would expect that to happen, yes.

Senator DAVID POCOCK: Which other companies that you regulate give you perks like the chairman's lounge?

Mr Longo: I don't think I can think of a single company that gives me a perk or any of the commissioners a perk.

Senator DAVID POCOCK: Sure. And you're comfortable being the body that actually ensures Australia's financial markets operate fairly, transparently and efficiently and that they are free from misconduct—you're happy to take that sort of gift from a company that you regulate?

Mr Longo: We have disclosed, each of us, our chairman's lounge membership.

Senator DAVID POCOCK: I understand that.

Mr Longo: Secondly, we have an established policy that deals with conflicts of interest.

Senator DAVID POCOCK: Sure.

Mr Longo: As things stand, if we have any issues with Qantas, then we'll deal with them.

Senator DAVID POCOCK: Can I ask on that—

Mr Longo: And that is our current policy.

Senator DAVID POCOCK: Mr Longo—

Mr Longo: We don't consider membership of the lounge as being a material impediment to the discharge of our duties.

Senator DAVID POCOCK: So, on that example, if something came up with Qantas, you're all going to have to declare a conflict of interest and potentially excuse yourself from making a decision, and so who's left?

Mr Longo: I think, Senator—

Senator DAVID POCOCK: Or doesn't it matter?

Mr Longo: I'm just trying to answer your question. Some things have come up with Qantas, as we are aware, in the last year or two, and I don't think, as is the commission's view, that membership of a lounge is, without more, a conflict of interest that would require any of us to recuse ourselves from a decision relating to Qantas.

Senator DAVID POCOCK: Sure. But 'without more'—

CHAIR: Last question.

Senator DAVID POCOCK: Just a couple more, please?

CHAIR: And then you are done.

Senator DAVID POCOCK: I'm really interested in this, though, because it's an easy thing to say, 'It doesn't affect my decision-making, but, also, we have conflict-of-interest registers and all the rest.' Also, managing perceived conflict of interest, I think, is really important for the public. If you were getting a discount on your home loan from Westpac, do you think it would be the same sort of thing—'This doesn't really affect the way that I deal with this bank'? Why is there this exception with Qantas?

Mr Longo: I think that the question you raise, as you put it, is a really interesting question to look at. All of us have to disclose interest of one form or another, and that includes credit cards, insurance policies—

Senator DAVID POCOCK: That's very different to freebies from a company you regulate, though.

Mr Longo: We regulate all of them.

Senator DAVID POCOCK: So do you get a discount on your telco bill?

Mr Longo: I'm not aware of any.

Senator DAVID POCOCK: That's precisely my point, Mr Longo.

Mr Longo: But it doesn't mean I can't regulate a telco because I have a contract with Optus or Telstra.

Senator DAVID POCOCK: Yes, but they're not giving you some sort of special service every time you walk into the store. It's very different.

CHAIR: Okay. Count this as your two questions.

Senator DAVID POCOCK: This is the very last one, thank you, Chair. Mr Kirkland, you obviously have some history with Qantas. You named and shamed them in 2022 at your CHOICE Shonky Awards, which I think a lot of Australians appreciated, given what we were seeing and what I think Joe Aston has put together very well in a book. I saw that Dana Daniel at the *Canberra Times* did an article and said:

Mr Kirkland declined to answer questions posed by The Canberra Times, including whether he thought it was important to avoid real or perceived conflicts of interest when regulating a company like Qantas, and if he would hand back his Chairman's Lounge membership ...

I'm interested in what you think. Given you have been in the CHOICE seat on the consumer side and now you're regulating companies like Qantas, what do you think about avoiding real or perceived conflicts of interest?

Mr Kirkland: I stand by the chair's comments on this issue and I would reiterate that ASIC has robust processes for managing conflicts of interest that we comply with on a day-to-day, week-to-week basis, and they would apply in any matter concerning Qantas as well.

Senator DAVID POCOCK: So, whatever the chair says, you say?

Mr Kirkland: I independently formed the same view as the chair on these issues.

CHAIR: Thank you, Mr Kirkland. We still have a number of senators who have questions. We'll move to five-minute blocks. I'll go to you, Senator Rennick.

Senator RENNICK: My question is in regard to Macquarie Group. They were hit with what is described as a \$5 million penalty by the Markets Disciplinary Panel for attempting to manipulate energy markets. Do you think

that the \$5 million penalty was enough for Macquarie Bank, given that they've also been fined on other occasions for improper behaviour?

Mr Longo: That penalty was imposed by the Markets Disciplinary Panel, and it's important to remember that, in paying the penalty, there was no admission of wrongdoing. I just make that clear for the record. But the size of the penalty and the circumstances in which it was imposed were really matters for the Markets Disciplinary Panel. As we said at the time, it was one of the most significant penalties the panel had ever imposed. What happened there, as I've said on previous occasions—and indeed the panel itself said—was serious. There was a failure to take on board ASIC's warnings. There were issues with marking the close and the way they were conducting themselves—dealing with the trades they were putting on. It is a significant penalty.

Senator RENNICK: A \$5 million penalty—their clients made a \$4.2 million gain. When they make \$3 billion, they're out of pocket less than a million. Do you really think that is material enough? It's not really sending a significant warning. Well, it's a mild warning. But it's not really a deterrent; that might be a better way of putting it. It's not a significant enough deterrent to stop this behaviour happening again.

Mr Longo: It's certainly very reputation affecting. My understanding—I don't have it in front of me, but there were three entities that were taking advantage of the automated throughput processing of orders, and there was a failure by Macquarie to filter those orders. So there's a question of how much profit Macquarie made by providing that service. I don't think the panel decision goes to that level of detail. I wasn't aware that we knew what profit those trading entities made.

Senator RENNICK: I'm quoting what's in this.

Mr Longo: I don't know whether Commissioner Constant can add to any of that.

Senator RENNICK: Is there any intent to start putting some of these guys that manipulate markets in jail, as a deterrent? There's a lot of white-collar crime that goes on in the ASX, and insider backhanders and things like that. And I acknowledge you can't regulate all of these because it's just too much and you don't have enough staff, but I would have thought it's about time some of these guys started to get serious personal—

Mr Longo: We did launch proceedings a couple of months ago against four individuals for pump-and-dump behaviour. They were criminal proceedings, where we actually warned users of the site. It's called Telegram, if my memory serves me. They went ahead anyway, and those charges were laid a couple of months ago now. So that's classic market manipulation activity. We were able to get the evidence and we made a referral, and criminal charges were laid. There are several other matters that are before the civil courts at the moment. One—again I'll go to a recent example, COFCO—involved manipulation of the weak futures market. That's an action that we've launched. It's going through the Federal Court at the moment.

So market manipulation, market abuse in general, has always been a priority area of enforcement for ASIC. But I think the committee will appreciate that establishing the evidence required to get up these cases is not straightforward.

Senator RENNICK: No, I accept that. Okay. Cheers, thank you.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you for appearing today.

Mr Longo: Good morning, Senator.

Senator ROBERTS: Good afternoon.

Mr Longo: Good afternoon, I'm sorry.

Senator ROBERTS: That's alright; we all make mistakes. ABC Bullion sold and then stored bullion for retail customers, often mum-and-dad investors and elderly superannuants. ASIC tasked Deloitte with investigating allegations that ABC Bullion holdings did not meet their commitments, which is fraud on the purchase and fraud on the storage. Deloitte found nothing wrong. Texts emerged, though, from the staff of ABC Bullion, which admitted to the fraud. You have been provided with these, I understand. ABC Bullion maintained their secure storage at an address in Marrickville which did not have council development approval. They were there illegally, in the words of the Inner West Council. This renders their insurance invalid. A builder who worked on the safe room advised my office that wall thickness and fabrication were not fit for purpose. In the past few months, Michael West Media have presented articles with new information.

I previously asked you about the Deloitte investigation, which failed to discover that at the time of the audit ABC Bullion did not have valid occupancy for their premises, did not have valid insurance and were charging for safe and secure storage anyway—and that's fraud. Your answer on notice A0041 said:

Undertaking property checks, in relation to zoning and local council approval matters for example, is not within ASIC's remit nor its usual practice as a regulator and on this basis did not form part of the scope of ASIC's work.

So let me get this straight. I can take tens of millions of dollars from the public for the safe storage of bullion, store the bullion in my garden shed in a property I'm squatting in and you can't do anything about it because property checks don't form part of ASIC's work. Isn't that service being misrepresented? Isn't it fraud?

Mr Longo: Thank you for that question, Senator. I'll ask our head of enforcement, Chris Savundra, to respond. The activities of ABC Bullion have been the subject of a lot of attention and a lot of resources by ASIC. So I'm going to ask Mr Savundra to deal with it, unless Deputy Chair Court wants to have first crack at it.

Ms Court: I might start, and Mr Savundra can follow up. Senator Roberts, we've talked about your concerns in relation to this company on multiple occasions before the committee.

Senator ROBERTS: If they'd been addressed, I would have dropped it.

Ms Court: I understand your concerns. We have, as you know, and as we've discussed before, done an extensive investigation into a range of issues and complaints that have been made with us, including the provision of very extensive documentary material and other evidence. We have formed the view that there is no actionable role for ASIC here. Certainly, issues of local councils' insurance issues and the like, as we made clear in the answer that you referred to, are not within ASIC's remit. I certainly don't for a moment though—

Senator ROBERTS: Fraud is, isn't it? Fraud is within your remit.

Ms Court: Senator, of course it depends what kind of fraud you're talking about. Financial fraud is within our remit and within the remit of other investigation—

Senator ROBERTS: Misrepresenting products and services, that's within your remit?

Ms Court: Again, if they relate to financial services, Senator—

Senator ROBERTS: This does.

Ms Court: No, gold bullion is specifically excluded from ASIC's remit under the legislation, so representations relating to gold bullion are not within our remit. Issues to do with local councils, things being stored in sheds—

Senator ROBERTS: Do you know, do you know whose remit—

Ms Court: I'll just finish my answer—

CHAIR: Senator Roberts, we'll just let Ms Court answer.

Ms Court: And insurance matters are clearly not within ASIC's remit. I should also add, Senator Roberts—I think I tried to make this clear on previous occasions—we have taken very seriously and expended very considerable resources fully examining all materials that have been referred to us over a lengthy period in relation to these suite of issues. We've responded to multiple questions on notice. I accept that you are not happy with our responses, but we really have reached a view where we have bottomed out all of the investigation work we can do in relation to these issues.

CHAIR: Last question, Senator Roberts.

Senator ROBERTS: Your answer on notice also said you were aware some of the bullion being advertised as secure was in fact elsewhere in the organisation and arranged in what you called a 'layered' system of holdings, and that was OK with you. That was, however, only part of the whistleblower information that you have been provided with. The whistleblower also said the bullion was counted twice. Once in Perth, and then flown to Sydney and counted again. The whistleblower advises they have not been interviewed by ASIC. Is that true, and if so, on what basis did you decide to ignore the testimony, and can you assure this committee that ABC Bullion has all the bullion they have charged customers for and that bullion is securely stored?

Ms Court: As I said, I cannot take my answers on this matter any further. The only additional point that I will make in relation to the whistleblower who I understand you are referring to, is that we made contact with the whistleblower. The whistleblower was unwilling to meet with ASIC voluntarily unless the meeting was recorded. We refused that request.

Senator ROBERTS: Does that indicate—

CHAIR: Thank you, thank you, Ms Court.

Senator ROBERTS: I'll just follow up on that. Does that indicate, surely, that he doesn't trust ASIC? Secondly, I noticed that you did not assure this committee that ABC Bullion has all the bullion they have charged customers for and that bullion is securely stored. Why won't you assure us?

Ms Court: All I can do is repeat my earlier questions, we have responded to multiple questions on notice, and I would just return you directly to those.

CHAIR: Thank you, Ms Court. We are due for a portfolio changeover and we do want to move to the Department of Industry, Science and Resources who were due to be in front of us a little while ago. Senator Bragg, you've got some final questions?

Senator BRAGG: Just three questions on Dixon Advisory. What was the total amount of losses in the Dixon Advisory case?

Ms Court: Good afternoon, Senator Bragg. Let me just find my notes, because I had rather anticipated you may wish to talk to me about Dixon Advisory. You are talking, just to clarify the question, Senator—

Senator BRAGG: Losses—how much money was lost?

Ms Court: about claimed losses overall to the Dixon Advisory clients. I don't think I have that figure here in front of me. My apologies, Senator.

Senator BRAGG: Okay. It was a couple of hundred million at least.

Ms Court: Actually, I may have it here.

Senator BRAGG: It's one of the biggest collapses in recent years.

Ms Court: Yes, indeed. The information I have here is that in December 2022, a DOCA was approved by about 90 per cent of creditors and that total claims exceeded approximately \$368 million. So I think that might be the figure, Senator.

Senator BRAGG: So it was a significant collapse.

Ms Court: Yes.

Senator BRAGG: And the settlement that ASIC pursued with Dixon was, I think, in the range of \$15 million to \$20 million, wasn't it?

Ms Court: No.

Senator BRAGG: How much was the settlement agreed then?

Ms Court: ASIC took proceedings alleging contraventions of the law. That matter was resolved with the Federal Court imposing a penalty of \$7.2 million, I think, together with ASIC's costs.

Senator BRAGG: Have you collected that money now?

Ms Court: No. As we have talked about before, because Dixon went into administration, we have not collected that. We were also—

Senator BRAGG: So that will never be collected?

Ms Court: I think that is unlikely to be collected, given the financial circumstances of Dixon. I might also note, though, that in that particular case, given the monies that were outstanding to creditors, ASIC would have had to seek leave of the court to enforce or collect that penalty, because clearly were those monies available, they should more appropriately go to investors rather than into the Commonwealth revenue.

Senator BRAGG: Okay.

Ms Court: The only other issue—and I don't think we've discussed this before, but you may well be already aware of it—is that there were a number of class actions on foot as well, and there were some monies returned to investors through settlement of those class actions.

Senator BRAGG: As you know, we now have a statutory compensation scheme of last resort, and a large part of that money will be going to compensate people who lost a lot of money. I just want to finish by asking you about this. I think ASIC has tried to pursue an action through a breach of directors duties in relation to this Dixon saga.

Ms Court: Yes, we did.

Senator BRAGG: I think that maybe there was a judgement this week.

Ms Court: Yes, there was.

Senator BRAGG: I just want to get your reaction to what the judge said. The judge said:

This case should have been pleaded in the conventional way, not in the discursive way permitted by concise statements. The lack of the discipline of pleadings meant that the trial of this proceeding took a course that was untethered to precise allegations of fact and their alleged intersection with, or relevance to, the Act, so that a case that was opened as raising three issues was closed on the basis that it raised sixteen. Which is an unsatisfactory state of affairs, to say the least.

It sounds pretty scathing to me. What do you say about this, and what can ASIC learn?

Ms Court: The commencement of civil litigation proceedings in the Federal Court by way of a concise statement is part of the practice directions of the Federal Court. ASIC and other regulators use concise statements as a matter of course because that's what the Federal Court has requested we do. In more recent times, some of the judges of the Federal Court have formed the view that, because of the nature of a concise statement, as I think His Honour says in the paragraph you just referred us to, the precision, if you like, of the allegations being made are not set out with great granularity as they are in the traditional statements of claim. Some of the judges of the Federal Court are now saying to regulators such as ASIC, 'We prefer that you use a traditional statement of claim rather than a concise statement.' The particular judge in that case was of that view. We accept that. But I do have to say, though, that we use concise statements because the Federal Court has requested us to do so.

Senator BRAGG: We only hope that in future we can put more bad people away.

Ms Court: Senator Bragg, you and I are at one on that issue.

CHAIR: Thank you very much. That concludes the time we have for questions. There has been—

Senator CANAVAN: I have more questions. Chair, to labour a point, I'm happy for the crossbench to ask questions, but they probably got equal time to the opposition, which is not really in proportion to the chamber. I'll be five minutes. I'll be no longer than five minutes.

CHAIR: Senator Canavan, I wasn't aware that you had questions, and there have been discussions—

Senator CANAVAN: I said at the end of mine before—

CHAIR: You've had—

Senator CANAVAN: You probably didn't hear it, but I did say I had more questions on enforcement.

CHAIR: Excuse me, Senator Canavan, I'm just going to ask you whether you would assist the committee to move to the next portfolio, which is Industry, Science and Resources, and put your questions on notice.

Senator CANAVAN: No, I've got these questions.

CHAIR: Senator Canavan.

Senator CANAVAN: I'll be as quick as I can. I'm picking up where I left off on the carbon reporting. Will there be any flexibility in enforcement, given there is not a lot of time between this guidance being released and companies having to—

Mr Longo: The short answer is yes.

Senator CANAVAN: Okay. Can you give a little bit more detail for people listening. What does that mean?

Mr Longo: I've given several speeches. As Ms O'Rourke said, we've made it abundantly clear to the market that in the early years of the implementation of this complex regime, we'll be taking a pragmatic and proportionate approach to enforcement, but, in particular, our immediate priority is to get the guidance out and help people to comply.

Senator CANAVAN: Understandably. I think we learned from Treasury yesterday that some of the requirements will be for companies to report their internal carbon prices, is that true?

Mr Longo: I will ask Ms O'Rourke to answer.

Ms O'Rourke: I think, if Treasury has had that confirmation, that would be a matter that would be covered by the standards, the AASB standards, that include some of the more detailed aspects of how to meet the statutory—the standards that sit underneath the legislative framework. The other piece in terms of assisting companies that we may not have drawn out earlier that I think is important to note, is that there are efforts on our part, in partnership with the wider community working on these issues, to increase capability and capacity and expertise across the board. So we think it's important, and that goes not just to those reporting entities but to those that I think you're particularly focused on, namely those in the supply chain, who may be assisting with information on scope 3 emissions or may otherwise end up providing information relevant to reporting entities. So that is something we've had engagement on with ASBFEO, Mr Billson, who has got a particular interest here, and with wider small business support and industry associations, because there is an effort to support companies beyond the reporting entities to build their capability and access to data and taxonomy and other work.

Senator CANAVAN: Just to be clear, are you imposing a requirement to report internal carbon prices? If they don't, do they face action from ASIC?

Ms O'Rourke: ASIC isn't imposing any of the requirements. The requirements are coming from either the statutory provisions or the standards, so, no, we're not imposing those.

Senator CANAVAN: But you're responsible for enforcement.

Ms O'Rourke: We are responsible for enforcement of the legislative framework.

Senator CANAVAN: I'll slightly change my question. If someone failed to report internal carbon prices, could they potentially face enforcement action from ASIC?

Mr Longo: The standards, by their nature—part of the reason the regime is so complex is that these standards are new, and the approach to reporting is entirely new. Secondly, in some respects they're not that prescriptive. They are all about taking reasonable steps and having a reasonable basis. So part of the complexity here is where reporters are going to get their data from. To the question the Senator is asking, it really depends on the reporting entity whether that particular data is required to comply with the standard. So it's very hard in anticipation to say, 'Oh, that particular standard requires this particular thing,' which is the challenge. So when you read the standards, there is a lot of room to move. What reporters and industry are saying to us is, 'We need help to understand how we comply with this.'

So I think it's really important for everyone to understand that ASIC is really mindful of the complexity of this regime. It's very, very new. We are engaging intensively with industry and professional advisors. I think there's going to be a lot of collaboration in the first 12 months to two years to really figure out how these standards are really meant to work. As Commissioner O'Rourke said, there will be additional guidance from the Australian Accounting Standards Board. There will be international guidance. We're an early adopter of these standards, so there isn't a lot of inspiration we can get from other jurisdictions about how they are administering the standards. I think that's sort of a fair summary of our approach. Six or 12 months from now, we'll probably be in a better position to report back to the committee and give an early insight into our experience with it.

Senator CANAVAN: Are there any protections—

Mr Longo: But we are very mindful of the concerns.

Senator CANAVAN: If, say, a farmer doesn't provide information to his or her bank, are there any protections against them being debanked by that entity, by saying: 'Okay, you're not complying with our request. We're no longer doing business with you'?

Ms O'Rourke: I'm not aware of sector-specific protections like that.

Senator CANAVAN: More generally, I just used farmers as an example, but are there no protection for small businesses against a larger business saying, 'Hey, you have got to do this otherwise we're not doing business with you anymore'?

Ms O'Rourke: I think I mentioned earlier that there is, within the framework, different means by which information can be provided. There's a degree to which, if the cost or complexity of providing information is so high, there's an alternative, whether it be in the form of an estimate or otherwise, that allows entities to remain in compliance with the standard more generally without having provided all of the information, because of that cost. So there's a 'reasonable steps' approach there. I think the other point—and I'm sure you are aware of it—is that there's limited liability for the first three years associated with statements made by reportable entities. So those are statements made by reportable entities during the first three years under the statutory framework—

Senator CANAVAN: My point—and I didn't mean to—was about that relationship with the supply chain and that question. Finally, indeed, the other day in the rural affairs committee the government said that we need to do this because other countries like the United States are doing it. Donald Trump has said that he will scrap all of this. Has there been an analysis of how it will impact the competitiveness of Australian business, imposing a \$3.2 billion cost on us, while American counterparts are not subject to this regime?

Mr Longo: That's a planning matter for government.

Senator CANAVAN: Thank you.

CHAIR: That concludes the questions we have for you. You go with our thanks. That also concludes consideration of the Treasury portfolio for today.

INDUSTRY, SCIENCE AND RESOURCES PORTFOLIO

In Attendance

Senator Ayres, Assistant Minister for a Future Made in Australia, Assistant Minister for Trade

Senator Farrell, Special Minister of State, Minister for Trade and Tourism

Department of Industry, Science and Resources

Ms Meghan Quinn PSM, Secretary

Corporate and Enabling

Mr Neal Mason, Deputy Secretary, Enabling and Business Services Group

Chief Finance Officer

Mr Gavin McCosker, Chief Finance Officer

Ms Nancy Choy, Acting General Manager, External Budgets and Costings

Chief Information Officer

Ms Rebecca Lee, Head of Division; and Chief Information Officer

Chief Operating Officer

Ms Leanne Yannopoulos, Chief Operating Officer

Ms Tanja Watson, General Manager, People Branch

Business Grants Hub

Ms Linda Lee, Acting Head of Division, Business Grants Hub

Ms Kimberley Shrivess, General Manager, Internal and Design Branch

Chief Counsel and Integrity

Ms Janean Richards, Chief Legal Counsel; and Head of Division

Mr Derek Stiller, General Manager, Integrity Branch

Ms Deborah Miliszewski, General Counsel, Legal Branch

International Trade and National Security

Ms Donna Looney, Head of Division

Ms Jo Fielding, Acting General Manager

Analysis and Insights

Ms Michelle Dowdell, Head of Division; and Chief Economist

Ms Shevaun Fitzmyers, General Manager, Resource Economics

Ms Kate Penney, General Manager, Economic and Industry Analysis

Mr Bede Jones, General Manager, Data and Evaluation

Ms Crystal Ossolinski, General Manager, Energy Transition and Industry Insights

Strategic Policy

Mr Merrick Peisley, Acting Head of Division, Resources and Strategy Group

Ms Tegan Johnson, General Manager, Resources and Strategy Group

Ms Naomi Perdomo, General Manager, Resources and Strategy Group

Outcome 1: Support economic growth, productivity, and job creation for all Australians by investing in science, technology and commercialisation, growing innovative and competitive businesses, industries and regions, and supporting resources

Program 1.1: Growing innovative and competitive businesses, industries and regions

Ms Julia Pickworth, Deputy Secretary, Industry and Commercialisation Group

Anti-Dumping Commission

Ms Isolde Lueckenhausen, Acting Commissioner

Mr Justin Wickes, Acting Deputy Commissioner, Investigations

Ms Esther Harvey, Acting Deputy Commissioner, Strategy and Operations

Australian Building Codes Board

Mr Gary Rake, Chief Executive Officer

AusIndustry

Mr David Luchetti, Head of Division

Mr David Chuter, Executive Director, Industry Growth Program

Ms Tanya Blight, General Manager

Industry and Manufacturing

Ms Tara Oliver, Head of Division

Ms Louise Talbot, General Manager, Building and Biotechnologies

Sovereign Capability and Supply Chains

Mr Troy Sloan, Head of Division

Ms Jasminde Higgins, General Manager, NRF Policy and FMA Liaison

Mr John Krbaleski, General Manager, Industry Participation and Major Projects Facilitation

Commercialisation

Mr Matthew Crawshaw, General Manager, Research and Development Tax Incentive Branch

IP Australia

Mr Michael Schwager, Director-General

Margaret Tregurtha, Deputy Director-General

Mr Doug Pereira, General Manager; and Chief Financial Officer

Ms Jodie McAlister, General Manager, Policy and Stakeholder Group

Ms Justine Hall, General Manager, Customer Experience Group

National Reconstruction Fund Corporation

Ms Rebecca Manen, Acting Chief Executive Officer

Program 1.2: Investing in science, technology and commercialisation

Ms Helen Wilson, Deputy Secretary, Science and Technology

National Measurement Institute

Dr Bruce Warrington, Chief Executive Officer; and Chief Metrologist, Virtual

Questacon

Ms Jo White, Executive Director

Science

Ms Dianna Gaetjens, General Manager, Science Policy

Ms Michele Graham, General Manager, Quantum

Ms Natalie Weddell, General Manager, Science Governance and Astronomy

Technology and Digital

Mr Anthony Murfett, Head of Division

Mr Daniel Quinn, General Manager, AI Policy

Ms Stela Solar, General Manager, National Artificial Intelligence Centre

Strategic Examination of Research and Development

Mr Dom English, Head of Secretariat

Australian Space Agency

Mr Enrico Palermo, Head of Agency

Mr Christopher De Luis, General Manager, Office of the Space Regulator

Australia's Chief Scientist

Dr Cathy Foley, Chief Scientist

Ms Paula Perrett, Executive Director, Office of the Chief Scientist

Commonwealth Scientific and Industrial Research Organisation

Dr Doug Hilton, Chief Executive
Ms Kirsten Rose, Deputy Chief Executive
Mr Tom Munyard, Chief Operating Officer
Dr Peter Mayfield, Executive Director, Environment, Energy and Resources
Professor Elanor Huntington, Executive Director, Digital, National Facilities and Collections
Paul Graham, Principal Research Scientist, Energy Economics

Program 1.3: Supporting a strong resources sector

Ms Jane Urquhart PSM, Deputy Secretary, Resources and Strategy Group

Australian Radioactive Waste Agency

Mr Sam Usher, Chief Executive Officer
Mark Weaver, General Manager, Policy, Governance and Strategy

Minerals and Resources

Mr Peter Chesworth, Head of Division
Ms Victoria Pullen, General Manager, Critical Minerals Security Branch
Ms Kym Moore, General Manager, Mining Branch

Oil and Gas

Mr Robert Jeremenko, Head of Division
Mr William Tan, General Manager, Decommissioning Branch
Mr David Lawrence, General Manager, Timor Sea Branch
Mr Shane McWhinney, General Manager, Northern Endeavour Branch
Mr Cliff Weeks, General Manager, Offshore Resources Branch
Ms Norelle Laucher, General Manager, Offshore Strategy Branch
Mr Graeme Waters, General Manager, National Offshore Petroleum Titles Administrator
Ms Catherine Kesteven, Acting General Manager, Gas Branch

Geoscience Australia

Dr James Johnson, Chief Executive Officer
Dr Steve Hill, Chief Scientist
Dr Andrew Heap, Chief of Division, Minerals, Energy and Groundwater Division
Dr Martine Woolf, Acting Chief of Division, Space Division
Mr Trent Rawlings, Chief of Corporate Division
Ms Erika Taturan, General Manager, Enabling Services
Michael Olive, General Manager, Organisational Investment
Mr Simon Edmondson, Acting Chief Information Officer
Dr John Dawson, Branch Head, Community Safety

National Offshore Petroleum Safety and Environmental Management Authority

Ms Sue McCarrey, Chief Executive Officer
Mr Graham Blair, Deputy Chief Executive Officer, Regulatory Operations
Mr Cameron Grebe, Deputy Chief Executive Officer, Strategic Regulation and Improvement

Program 1.4: Nuclear powered submarine program

Australian Nuclear Science and Technology Organisation

Mr Shaun Jenkinson, Chief Executive Officer
Mr John Edge, Chief Operating Officer
Dr Miles Apperley, Group Executive, Nuclear Safety Security and Stewardship

Department of Industry, Science and Resources

[12:47]

CHAIR: The committee resumes, and we now commence with the Department of Industry, Science and Resources' corporate, enabling and business services groups. For the benefit of witnesses, the committee has set 14 November as the date by which senators are to submit written questions on notice and 19 December for answers. I now welcome Senator the Hon. Don Farrell, representing the Minister for Industry and Science later on. I also welcome the secretary of the department, Ms Meghan Quinn, and officers. Are there any opening statements to be given?

Ms Quinn: No, Chair.

CHAIR: Thank you very much. We'll proceed straight to questions. I'll go to Senator Smith.

Senator DEAN SMITH: Thank you to officials for making yourselves available. I just want to turn to matters with regard to the appointment of the Anti-Dumping Commissioner.

Ms Quinn: So I am happy to take general appointments. The Anti-Dumping Commissioner arrangements are in our industry section, which is the next item, so I can talk about general appointments here. If there are more details on the antidumping processes and the implications et cetera it might be best for the next section.

Senator DEAN SMITH: They can't come to the table now?

Ms Quinn: We can check for you. They're not in the room at the moment.

Senator DEAN SMITH: Can they come? Are they next door?

Ms Quinn: I'll check. But, if you want to start, they can come. I know where we're up to in the process and things like that.

Senator DEAN SMITH: That'd be good if they could come in. Great. Thank you for your cooperation. Documents tabled in the Senate reveal that the acting commissioner, Ms Lueckenhausen, is in an acting capacity until 18 November. Is that correct?

Ms Pickworth: That is correct, and we're working through the process for appointment of a permanent commissioner. Our expectation is that Isolde Lueckenhausen would continue acting while that person is appointed, serves any notice period and commences in the role.

Senator DEAN SMITH: This is a reappointment. Is that correct?

Ms Pickworth: Sorry—a reappointment? The previous commissioner, Dr Armstrong, finished in the role earlier in the year, so we've run a recruitment process for the—

Senator DEAN SMITH: But Ms Lueckenhausen was appointed to the acting role on 19 February?

Ms Pickworth: That's correct—when Dr Armstrong finished in the role.

Senator DEAN SMITH: This acting capacity concludes on 18 November, where she'll be reappointed or extended?

Ms Pickworth: So the acting was put in place when Dr Armstrong left and has continued through the year, and the expectation would be that she would continue to act while the permanent appointment is made and that person commences in the role.

Senator DEAN SMITH: So where does this 18 November date come from?

Ms Pickworth: Obviously, the acting is settled through the minister and the commissioner is a significant appointment. So, in line with the usual processes, acting arrangements are put in place while the recruitment processes are undertaken. When that was established, that was the date that the acting was put in place until, while we worked through the recruitment process.

Senator DEAN SMITH: So her position in the acting role will be extended beyond 18 November?

Ms Pickworth: It is a significant appointment, and it goes through usual processes, including around the acting arrangements, but my expectation would be that the acting will remain in place until a permanent commissioner is appointed and commences in the role.

Senator DEAN SMITH: When she was appointed in the acting role on 19 February, what was the term of that original acting role?

Ms Pickworth: I'd have to take that on notice. She was acting, and, as we covered last time, we ran a recruitment process which didn't identify a preferred candidate. So we have run a second process to identify a preferred candidate. That process is working through the usual processes of a significant appointment and, at the point of finalisation, would be announced and the permanent appointee would take the role.

Senator DEAN SMITH: So Ms Lueckenhausen has been acting in the role since 19 February?

Ms Pickworth: That is my understanding. I will have colleagues join me in outcome 1.1, and we can confirm specifics. But, yes, when Dr Armstrong left, Ms Lueckenhause commenced as acting commissioner.

Senator DEAN SMITH: We're underway now, so why don't officials join us now?

Ms Pickworth: They are not yet here, but I would expect—

Senator DEAN SMITH: Not yet in the building?

Ms Pickworth: Not in the building. We had them coming and scheduled for 1.1.

Senator DEAN SMITH: Great. Secretary, is it usual practice to have acting arrangements extend for such a long period of time—nine months?

Ms Quinn: I mean, it certainly does happen. It depends on the arrangements for the process of replacing. There's lots of reasons why people are acting. As Ms Pickworth has noted, there was a recruitment process and no preferred candidate found and a second recruitment process. The acting arrangements do extend for lengths of time—in some cases, longer than 12 months.

Senator DEAN SMITH: Are there any other roles in the department that currently have acting positions of a similar or greater length than the Anti-Dumping Commissioner—of nine months or longer?

Ms Quinn: The Anti-Dumping Commissioner is an appointment that goes through cabinet. I'm not aware of any acting appointments of that length, but I'm happy to take it on notice. The department certainly has had acting appointments for that length and longer in the past.

Senator DEAN SMITH: Could you provide those details on notice?

Ms Quinn: I'm happy to take it on notice. Do you have a view on how far back you'd like to go—the last few years or—

Senator DEAN SMITH: The last few years is fine. We can say five years. The appointment of the Anti-Dumping Commissioner is a time-bound appointment for a fixed term. Is that correct?

Ms Quinn: People are usually appointed for fixed terms, yes.

Senator DEAN SMITH: What is the term?

Ms Pickworth: Under the legislation, the appointment can be for a period of up to five years.

Ms Quinn: But not everybody necessarily takes the full five years.

Ms Pickworth: So Dr Armstrong, from memory, was appointed for a three-year period. So, yes, the legislation sets a limit of up to five years, and then it's negotiated with preferred candidates from there.

Senator DEAN SMITH: Minister, the appointment of the previous Anti-Dumping Commissioner, Dr Armstrong, was made by the previous coalition government and commenced on 19 February 2021. Is that correct?

Senator Farrell: Minister—sorry, Senator.

Senator DEAN SMITH: Thank you.

Senator Farrell: I was elevating your status way beyond where it should have been.

CHAIR: And you were being so polite, Minister.

Senator Farrell: No, I'll withdraw that. I withdraw that.

Senator DEAN SMITH: We're friends, Senator.

Senator Farrell: It was a cheap shot.

CHAIR: We're all here.

Senator Farrell: This is not my portfolio area, so I would have to check that out, unless somebody happens to be at the table who knows the answer.

Ms Pickworth: My understanding was that it was for a period of three years. So your calculation that he concluded on 19 February 2024—yes, if it was for a period of three years, then, yes, it would have been at that point.

Senator Farrell: It's obviously an important position. I have a little bit to do with issues that emanate from decisions of the Anti-Dumping Commission in my trade role. It's obviously a very important position. I would imagine that the minister is making sure that he's going through all the proper processes to ensure that we get the best possible candidate in the job. That would be what I would be doing in these circumstances, and I would assume he would be doing the same.

Senator DEAN SMITH: Ms Pickworth, you might be able to help me here. Can you confirm whether the date that was the initial term of the contract for Dr Armstrong was just for three years, or was the contract originally for five and only utilised for three? What was the nature of the—

Ms Pickworth: My understanding was that it was always for a period of three years, and I will confirm if that is not the case. I'll come back to you if that's not the case.

Senator DEAN SMITH: Great. Thank you very much. Based on that evidence and assuming that is the case, there were no contract extensions applied to Dr Armstrong's appointment.

Ms Pickworth: No, Senator, and Dr Armstrong retired when his term ended on 18 February 2024.

Senator DEAN SMITH: So, given the contract was expiring after three years on 19 February 2024, the department and the minister that you're representing were very, very aware that this was a role that needed to be filled?

Ms Pickworth: Yes. And, as I covered in the previous hearing, we undertook a process which didn't identify a preferred candidate, so we commenced a second process to ensure that we found candidates of the calibre and skill set that was needed for this role.

Senator DEAN SMITH: On what date did the first element of this process commence?

Ms Pickworth: That is something that I may need my colleagues in outcome 1.1 to—I just can't pull those dates up.

Ms Quinn: I think it was in the last quarter of 2023, but we can get you the exact date.

Senator DEAN SMITH: When we get to that. So that was the date at which the process began, but there would have been an internal process of advising the minister that a vacancy was coming up.

Ms Quinn: Yes.

Senator DEAN SMITH: That a process had to be gone through. What was the date that the department first advised the minister of the need to begin a process to fill the Anti-Dumping Commissioner role?

Ms Quinn: We can take that on notice. We have a process of providing advice on a regular basis to ministers about the status of appointments, and that information is provided on a very regular basis to the minister and their offices on a rolling basis, so it might not have been a specific single issue brief.

Senator DEAN SMITH: So it could have been the first briefing of the minister after the election of government? It could have been in May 2022.

Ms Quinn: We provide a standard report on all the appointments in the portfolio that says what the current status is, including the dates of upcoming processes.

Senator DEAN SMITH: Is a matter like the appointment of the Anti-Dumping Commissioner a matter that would be detailed in the incoming brief for the minister?

Ms Quinn: There usually is a statement about the portfolio and the appointments and appointments coming up in a certain period, and how they're appointed. How detailed depends a little bit on the near-term nature of what's coming up. The Anti-Dumping Commissioner is slightly different to some other appointments. We've got a lot of variety of different appointments because it's a Public Service role that goes through cabinet. It's not the same as just a pure statutory appointment, because they're appointed as a public servant as well.

Senator DEAN SMITH: So the appointment of the Anti-Dumping Commissioner requires more lead time than other appointments?

Ms Quinn: It's just a different process, because there's the requirement to meet the Public Service arrangements as well as the statutory cabinet arrangements.

Senator DEAN SMITH: Is it a process that requires more lead time?

Ms Quinn: Not necessarily. You can double them up at the same time and overlap them.

Senator DEAN SMITH: Am I right to assume that Minister Husic would have been aware of the retirement of Dr Armstrong as early as the incoming brief he received when he assumed his role as minister?

Ms Quinn: I don't think so. I don't think that's a necessary characterisation, because, as we've said—

Senator DEAN SMITH: That's an assumption.

Ms Quinn: the legislation allows for the commissioner to be appointed for up to five years. There would have been, in theory, an option for Mr Armstrong to continue in the role, if that might have been a consideration, if Mr Armstrong was interested. It wouldn't have necessarily been clear until closer to the discussion around whether Mr Armstrong was or wasn't interested in seeking reappointment and whether the government was or wasn't

interested in reappointing him. So it wouldn't have necessarily been clear at the start of the process that there was a vacancy. We would have, as the process was getting closer, made those sorts of inquiries as a standard. If there's a possibility for someone to be re-extended, whether they're interested, those sorts of things happen closer to the date.

Senator DEAN SMITH: So Mr Armstrong is appointed for three years but could have been appointed for five?

Ms Quinn: The legal arrangements allow for that to happen.

Senator DEAN SMITH: And his contract for three years allowed an extension for another two?

Ms Quinn: We'd have to check that. It might have been that we would have to issue a new—

Senator DEAN SMITH: If you could take that on notice, yes.

Ms Quinn: We might have had to issue a new contract.

Senator DEAN SMITH: When was Dr Armstrong approached about whether he might be interested in an extension? Was he approached, and when was he approached?

Ms Pickworth: In terms of this appointment, it is a cabinet process and it's a significant appointment. There are some constraints around some of the specifics. In my engagement with—

Senator DEAN SMITH: Constraints around some of the specifics. Specifics that you can share with this committee or constraints around the process?

Ms Pickworth: I suppose I'm just having an eye to the usual protocols around how we talk about cabinet processes.

Senator DEAN SMITH: As long as you make that clear, Ms Pickworth.

Ms Pickworth: Dr Armstrong and the commissioner work within my group, so as part of usual processes, there are discussions with people around their plans and what they're looking to do. That happened as a matter of course with Dr Armstrong in advance of his term coming to an end. I'd have to check in terms of the legislation around whether he was keen to continue and what kinds of constraints could have been around that. That would be something I'd need to have my team talk to in outcome 1.1.

Senator DEAN SMITH: Would it have been your responsibility, Ms Pickworth, to have the discussion with Dr Armstrong?

Ms Pickworth: Dr Armstrong and I caught up regularly, so, as part of those catch-ups, we did have discussions around his plans and what he was looking to do.

Ms Quinn: But it could have been me as well.

Ms Pickworth: Yes, it could have been Meghan.

Senator DEAN SMITH: Sorry, I can't hear the exchange.

Ms Quinn: It could have been me as well. I regularly caught up with the commissioner as part of my responsibilities. It's often at a deputy secretary or secretary level, but it could have been through other means as well.

Senator DEAN SMITH: I think this is the scheduled lunch break. I have an appointment at 1.00 pm, which I've just been reminded of.

CHAIR: Senator McDonald has some questions, so we'll go to you, Senator McDonald.

Senator DEAN SMITH: And then are we breaking for lunch?

CHAIR: We are, in five minutes.

Senator DEAN SMITH: Okay, great, and then I'll come back after lunch.

CHAIR: Senator McDonald.

Senator McDONALD: Good morning, everyone. Secretary, good morning. I note the recent joint statement from Minister King with the Timorese government. What progress is being undertaken on the legal framework to facilitate the transport of CO₂ in offshore reservoirs between Australia and East Timor?

Ms Quinn: So that topic is a topic for the oil and gas team, which is scheduled to appear this evening.

Senator McDONALD: I'll come back to that then. Thank you.

Ms Quinn: I'm sure they are listening and will be able to answer you at that time.

Senator McDONALD: Thank you.

Senator Farrell: Are you referring to the London Treaty?

Senator McDONALD: Yes.

Senator Farrell: The treaty you delayed for a few weeks when we were trying to push it through the parliament. Is that the one?

Senator McDONALD: Sure, whatever.

CHAIR: We'll just see whether you any questions for corporate to get through.

Senator McDONALD: Thank you, Chair. Minister King delivered a speech at the International Mining Resources Conference last week. In the speech she spoke about the employment opportunities resources companies provide for First Nations people. Minister, I assume that you would agree with that statement. How many employment opportunities for First Nations people were lost when your government blocked the development of the McPhillamys gold mine near Blayney?

Senator Farrell: I haven't read the minister's speech, but if that's what she said, I'm sure that's an accurate reflection of her views. She's an excellent Minister, so I would endorse her approach to these things. You're talking about the gold mine in New South Wales?

Senator McDONALD: Yes.

Senator Farrell: I'm not sure there were any jobs lost there in the first instance. I'm not aware that there was anything actually happening on the ground. Are you suggesting that they were already mining? Is that what you're suggesting?

Senator McDONALD: No. I'm suggesting that the project had an estimated workforce, of which a proportion were Indigenous Australians. I'm wondering if you're aware of what that number was.

Senator Farrell: So that I'm clear, you're saying that the decision of the minister resulted in the unemployment of a number of Indigenous workers at that site?

Senator McDONALD: There will be because there was prospective work, surveys and other things happening. What I was really interested in was the total number of workforce proposed at the project, of which a proportion were First Nations. I'm wondering if you could tell me what that number was, or should I ask the secretary?

Senator Farrell: I certainly don't know the figure, but I would happily see if the minister knows the answer and provide it to you, unless the secretary happens to know the answer.

Ms Quinn: I certainly don't know the proportion of the types of jobs and backgrounds of employees for a project that hadn't commenced. It was—

Senator McDONALD: Well, it had commenced. It had done quite a lot of early works, and hundreds of millions of dollars had been spent developing that project. But, please continue.

Ms Quinn: I don't have those details. My team that look after resources may well have them this evening, so we can ask them later on or we can take it on notice.

CHAIR: Senator McDonald and colleagues, we'll come back after the scheduled lunch break with corporate.

Proceedings suspended from 13:09 to 13:56

CHAIR: The committee resumes with DISR corporate enabling and business services. I go to Senator Smith.

Senator DEAN SMITH: Actually, Senator Bragg, you might do your line of questioning, and then we can move into 1.1. Then we're all nice and neat.

Senator BRAGG: Good afternoon. You may recall that at a prior estimates hearing we had an extensive discussion about the PsiQuantum legal services contract.

Ms Quinn: Yes, we did.

Senator BRAGG: That went for a rather long time, didn't it?

Ms Quinn: It is hard to recall, but we did canvass quite a lot of issues.

Senator BRAGG: You don't remember it?

Ms Quinn: Not every blow-by-blow account, no.

Senator BRAGG: It's been a long time. Is the department's chief legal counsel, Ms Richards, here?

Ms Quinn: Yes, she is. I'll just note, though, that the contract was managed out of the project team that was looking after the transaction, so all the details around the scheduling et cetera would be best put to them. But Ms Richards looks after the legal—

Senator BRAGG: Yes. These are governance issues, so I figure that corporate is an appropriate place to raise them. To the extent that you can answer, Ms Richards, can you please inform the committee as to whether this contract is the only legal contract relating to the government's deal with PsiQuantum.

Ms Richards: Which legal contract are you referring to?

Senator BRAGG: It is the legal contract that we discussed last time. I believe it is with the law firm. I don't have the detail in front of me. But which is the major law firm that the department has contracted with?

Ms Quinn: King & Wood Mallesons.

Senator BRAGG: Is this the only legal contract?

Ms Richards: Let me phrase it from the perspective that legal services to support the transaction were provided by King & Wood Mallesons externally and by internal lawyers within the department. And, because there were some international elements of the transaction, there were disbursements that involved the engagement of international lawyers, and that occurred through the contract with King & Wood Mallesons.

Senator BRAGG: So the department only engaged King & Wood Mallesons?

Ms Quinn: We also had other consultants that came under the description of legal services.

Senator BRAGG: Who were they?

Ms Quinn: We had Sententia Consulting Ltd and Sparke Helmore Lawyers.

Senator BRAGG: Who's Sententia?

Ms Quinn: They predominantly provided probity advice, but they do come under the general description of legal services.

Senator BRAGG: How much was that contract?

Ms Quinn: The total expenditure for the financial year that I've got is \$160,612.

Senator BRAGG: The \$160,000 for Sententia was for probity?

Ms Quinn: They certainly provided probity. I'd have to double-check with the project team whether they provided other advice, but they certainly were engaged predominantly for probity.

Senator BRAGG: What was King & Wood Mallesons doing, then?

Ms Quinn: They were focusing on the commercial transaction elements.

Senator BRAGG: They weren't doing probity?

Ms Quinn: To the extent that they had questions or raised things up. But we had a dedicated probity adviser.

Senator BRAGG: Who was that?

Ms Quinn: From Sententia Consulting. That was to manage issues to do with conflict of interest, a probity plan and making sure that we were managing the project to the highest integrity standards.

Senator BRAGG: What sort of advice did Sententia provide on the probity issues?

Ms Quinn: They provided probity briefings to people involved in the project. They supported people in managing conflicts of interest. They provided a probity plan to the project team, both within DISR and across elements of the Public Service. It was a dynamic plan, so it was adapted over time depending on the nature of activities. They supported the accurate record-keeping of various parts of the transaction. So it was all the usual things that probity advisers provide services for. We quite often have probity advisers on significant activities in the department.

Senator BRAGG: Yes, I used to be an internal auditor. We used to do a risk and control matrix. You would sort of do your risks, and then you would have a control in place.

Ms Quinn: That's right.

Senator BRAGG: Is it those sorts of documents they would produce?

Ms Quinn: Yes, there are discussions around the risks and then discussions—

Senator BRAGG: The controls.

Ms Quinn: about where actions needed to be taken and what mitigations might need to be put in place.

Senator BRAGG: Cool. Did Sententia do a risk and control framework or matrix?

Ms Quinn: I'm happy for the team that managed it to respond on the precise activities that they provided. I wasn't close enough to know exactly what they called their documents, but they certainly had what I understand to

be a probity plan and provided dynamic services through the process to manage all the aspects required to ensure that the probity was at a high level.

Senator BRAGG: So there was a matrix done?

Ms Quinn: Separate to the probity, as with all project plans, we have a risk matrix where we look at all the different risks and the controls and mitigations.

Senator BRAGG: What were the conflict-of-interest risks?

Ms Quinn: Conflict-of-interest issues are managed through our general processes. Every individual in the department has a requirement to lodge conflict-of-interest documentation. There is mandatory training, and then, for particular projects, on the basis of a risk-based assessment, we increase the oversight. In this case, all the individuals provided specific conflicts of interest related to the particular project, which would have covered issues to do with protecting confidential information and activities of connecting to stakeholders to make sure that people were not talking to stakeholders on inappropriate matters. We had to manage conflicts because, of course, the government has an investment in another quantum company, so we put controls in place for those sorts of things.

Senator BRAGG: But what about conflicts of interest to do with the executive government? Were there any conflicts identified there with ministers or ministers' offices?

Ms Quinn: The probity adviser did provide briefings to those people involved at a high level in the ministers'—plural—offices. They received briefings about their obligations, they did provide information about whether they had any actual or perceived conflicts of interest, and they were managed appropriately through the process.

Senator BRAGG: Was one of the conflicts of interest identified one that may have existed between Minister Husic's office and the company Blackbird?

Ms Quinn: Blackbird was not a party to the transaction and had no connection to the process of assessing PsiQuantum.

Senator BRAGG: It wasn't identified by Sententia?

Ms Quinn: Blackbird was not a party to the transaction. They weren't engaged in any aspect of the project. They weren't party to any of the discussions related to the project. I have seen media reports of a connection, but I am not aware of any connection at all.

Senator BRAGG: What were the main conflicts of interest that were identified by these independent or third-party law firms?

Ms Quinn: It would have covered the usual issues about whether people had investments in activities associated with the activity and whether they had any family or relationship connections to the company that was involved—

Senator BRAGG: And did they?

Ms Quinn: and whether there any conflicts between the advisers on the process as well.

Senator BRAGG: It sounds very thorough.

Ms Quinn: It would have covered all the usual things that you would expect.

Senator BRAGG: And did they?

Ms Quinn: Did they identify conflicts?

Senator BRAGG: Yes.

Ms Quinn: There may well have been conflicts identified through the process. I'm not aware of all the individual things. A lot of the reason why you get a probity adviser is that they can have oversight and manage things in a way that protects confidentiality of people's private information as well.

Senator BRAGG: So there were conflicts of interest identified?

Ms Quinn: I don't know whether there were or weren't. All I know is—

Senator BRAGG: Is there someone here who knows know if there were?

Ms Quinn: The probity adviser has identified that people provided information. He worked through those things. We had discussions around the necessary mitigations, and he has provided an assurance through the process that all necessary mitigations were taken and that all probity processes were done to their satisfaction to meet the high standards.

Senator BRAGG: Can you provide this risk and control matrix with the identified conflicts of interest?

Ms Quinn: I'm not sure that that document exists. As I said, I'd have to take it on notice or ask the team that know more about the documentation.

Senator BRAGG: Does anyone else—

Ms Quinn: Individual conflicts of interest are usually protected for privacy reasons, so I'm happy to take on board whether we are or aren't allowed to provide material of such a nature.

Senator BRAGG: Are you filing a PII claim?

Ms Quinn: No. I'm happy to take it on notice.

Senator BRAGG: Okay. And no-one else here knows about these conflicts of interest?

Ms Quinn: We were anticipating this to be after the break in the section identified as Investing in science, technology and commercialisation, which is where the team that did the work will be—

Senator BRAGG: Which outcome is that?

Ms Quinn: Outcome 1.2.

Senator BRAGG: Okay. So you want us to come back and ask you questions about that then, do you?

Ms Quinn: The team that were more involved in the process is there. I can state that the probity adviser has provided a statement to us that they're satisfied that any potential perceived or actual conflicts of interest with any individual who was involved in the project were appropriately managed, with adequate controls in place. That is their assessment after perusing all the aspects of the project from when they were engaged until the finish of the project.

Senator BRAGG: I note that Sententia was paid \$160,000. How much was Sparke paid? Did Sparke work on probity as well? Do you know?

Ms Quinn: Total expenditure was \$16,619.

Senator BRAGG: What did Sparke do?

Ms Quinn: I am not directly familiar with their involvement, but the team that will be here later will be happy to walk you through that.

Senator BRAGG: Okay. Maybe I should ask Ms Richards. Ms Richards, last time we talked about the ratcheting up of the value of this contract with King & Wood Mallesons. I think last time it was \$3.3 million. Now I believe it's gone to \$3.6 million, with two increases since the last Senate hearings. Is that right?

Ms Richards: Yes, the current maximum approved value of the work order is \$3.6 million.

Senator BRAGG: Why has this contract gone from \$3.3 million to \$3.6 million?

Ms Richards: Well, the legal services engagement to support was a very complex transaction that occurred over three stages, and those stages coincided with the government's decision-making in relation to the progress of the transaction. The first stage was a due diligence phase—we call it part A, due diligence—and the development of a non-binding term sheet negotiation. The department engaged KWM to assist with those part A services, and they were to provide information before government made a decision on investment.

Senator BRAGG: When did the EOI process start?

Ms Richards: Sorry, when did we select KWM?

Senator BRAGG: No, when did the EOI process on the quantum contract start?

Ms Richards: You would be best placed addressing that to officials in the next outcome, Senator.

Senator BRAGG: I think we did this last time. So all I can ask you about is this contract from a corporate point of view, then? I can't ask you about anything else?

Ms Richards: Not in relation to some of those details about the transactions.

Senator BRAGG: We'll come back to that, maybe, then. Are you aware of any further increases in the value of this contract beyond \$3.6 million?

Ms Richards: There are other elements of the services being performed, but the contract with the department and that work order have ceased.

Senator BRAGG: So that's the end of it—\$3.6 million?

Ms Richards: I think that requires me to speculate.

Senator BRAGG: I'm just asking if you're aware of any increases in the value of this contract.

Ms Richards: It'll depend on the steps that are necessary, if any are outstanding, in relation to financial close of the transaction, and financial close of the transaction is being managed under a work order with Export Finance Australia.

Senator BRAGG: That sounds like it's unlikely. Last time you were here, we also discussed the report from the Office of Legal Services Coordination. Do you recall that?

Ms Richards: Yes, I do.

Senator BRAGG: This was flagged as a significant legal issue for the Commonwealth, wasn't it?

Ms Richards: The transaction was, yes.

Senator BRAGG: You took on notice at that hearing when it was made known that it would be a significant legal issue for the Commonwealth. As far as I can see, you haven't answered that question yet in the last five months. So do you know what the answer is?

Ms Richards: Yes, I do.

Senator BRAGG: Okay. When did it become known as a significant legal issue for the Commonwealth?

Ms Richards: The department notified the Office of Legal Services Coordination about the transaction as a significant issue in February 2024.

Senator BRAGG: What date?

Ms Richards: The 26th.

Senator BRAGG: 26 February. Which year?

Ms Richards: 2024.

Senator BRAGG: 2024. At what stage, then, was the engagement with King & Wood Mallesons?

Ms Richards: King & Wood Mallesons were engaged in July 2023.

Senator BRAGG: So it was effectively six, seven or eight months afterwards?

Ms Richards: King & Wood Mallesons' work, as I suggested, commenced on part A, which was the due diligence and non-binding term sheet part of the negotiation. That was work that was done prior to government's announcement of a decision to make that investment.

Senator BRAGG: Did King & Wood Mallesons identify issues, perhaps concerning probity, which caused this notification?

Ms Richards: Relating to probity, no. I think the decision to notify would have been taken on the basis of the nature of the work that was being purchased. As I said, the contract with KWM had three parts: part A, part B and part C. The second part, part B, commenced in February 2024. That was when KWM were engaged to assist with part B services, and that was the work that involved drafting and negotiating the contractual documents and legal due diligence. So the notification to the Office of Legal Services in February 2024 coincided with the commencement of that part of the legal work.

Senator BRAGG: When was the official decision made to do a deal with PsiQuantum?

Ms Quinn: Prior to the announcement in April.

Senator BRAGG: April of which year?

Ms Quinn: 2024.

Senator BRAGG: April 2024. So this all happened before it was announced?

Ms Quinn: The government announced the decision at the end of April 2024.

Senator BRAGG: Yes, but the notification to the Office of Legal Services Coordination was made two months before.

Ms Quinn: In February 2024, yes.

Senator BRAGG: You don't think that's a bit strange?

Ms Quinn: No.

Senator BRAGG: When did the EOI process finish?

Ms Quinn: The EOI process occurred—I'll just get my dates right. Market testing by a confidential expression-of-interest process occurred through October and September 2023.

Senator BRAGG: How long did it go for?

Ms Quinn: There's work from the team leading up to the opening of the expression-of-interest process. The expression-of-interest process was opened on 11 August and closed on 11 September, and then was a process—

Senator BRAGG: 11 August 2023?

Ms Quinn: That was when companies were invited to receive the documents for the EOI process.

Senator BRAGG: Then it closed in September 2023. Of course at this time, the department had already contracted with King & Wood Mallesons regarding PsiQuantum, hadn't it?

Ms Quinn: Regarding work on the issues around quantum computing, yes.

Senator BRAGG: Yes, which is why I think there has been a lot of feedback from the domestic industry that they felt that the EOI process was not a serious process for them to compete in.

Ms Quinn: That's not a characterisation that I accept.

Senator BRAGG: I'm not surprised to hear you say that, but that's the feedback that the industry has no doubt tabled to you.

Ms Quinn: We have had discussions. The issue is that we had been in discussion. As we canvassed last estimates, the government had been in discussion and asked us to be in discussion as a department with a company. As part of the decision-making process, it was important that the government tested the market to see whether other opportunities were available. That market testing occurred in a real and concrete way and was part of the government's decision-making process.

Senator BRAGG: The problem here is that it has taken us five months to get the answer about when the notification was made to the legal services branch. We've now heard it happened on 26 February 2024, which is two months before the announcement. Firstly, why didn't the department answer the question?

Ms Richards: I think I explained at the last hearing when you asked that question that I'd been in the role for three weeks, Senator. I don't recall taking it on notice, so, if I failed to answer that, that was my omission.

Senator BRAGG: Fair enough. I will check with the committee, but my sense is that we did put it on notice, and we'll check that.

Ms Quinn: We are happy to check it. We usually provide answers to the questions we're asked to.

Senator BRAGG: Okay. It was determined to be a significant legal issue for the Commonwealth on 26 February 2024. When was the decision made by the minister?

Ms Quinn: Prior to the announcement in April. It was not made by the minister; it was a cabinet decision.

Senator BRAGG: But was it made before 26 February?

Ms Quinn: That is a matter for government decision-making. You're asking around the connection. Quite often in government processes there are various kinds of discussions. Legal advisers are brought into different processes for different activities. There's a threshold for significant legal matters to be reported, and we would have gone through our usual processes, as we do with all transactions or other activity that we undertake, working with our legal services centre. Clearly the judgement was in February it reached that threshold, and we reported it as appropriate.

Senator BRAGG: Is that before or after the decision was made by cabinet?

Ms Quinn: I don't know that exact date.

Senator BRAGG: You don't know which day cabinet decided to go with PsiQuantum?

Ms Quinn: I don't have that before me, no.

Senator BRAGG: Can you take that on notice?

Ms Quinn: I'm happy to take it on notice.

Senator BRAGG: I would have thought that it would be perhaps hasty for the department to be indicating a significant legal issue before a cabinet decision.

Ms Quinn: I would bow to my legal experts as to the criteria for 'significant legal issue'. I'm not familiar with the thresholds.

Senator BRAGG: Was there any informal direction given by the minister ahead of the cabinet judgement?

Ms Quinn: You have to be clearer in your question, Senator.

Senator BRAGG: My question is: did the minister indicate to you that he wanted to go with PsiQuantum before the cabinet judgement?

Ms Quinn: We went through a process of extensive due diligence, legal, commercial probity and national security considerations several times, through various intergovernmental processes including through cabinet processes. Through all of that, this project was examined in every way you could possibly imagine it being examined, and the government came to a decision, as part of their deliberations, to invest in the PsiQuantum company.

Senator BRAGG: So I guess my last question: is when was the judgement made to go with PsiQuantum—that is, what day was the cabinet meeting that made that judgement?

Ms Quinn: I've already taken that on notice, Senator.

CHAIR: Thank you. That concludes, I believe, the questions that we have for this group. That concludes Corporate, Enabling and Business Services. Thank you. Go with our thanks.

IP Australia

[14:18]

CHAIR: We welcome representatives from DISR program 1.1, Growing innovation and competitive businesses, industries and regions, and IP Australia. Assuming there are no opening statements, we'll go straight to questions, and I'll go to Senator Smith.

Senator DEAN SMITH: Thank you very much. We'll continue with our scrutiny of the failure thus far to appoint someone to the role of Anti-Dumping Commissioner. Thus far, we know that Dr Armstrong was appointed by the coalition on 19 February 2021 and ceased in the position of Anti-Dumping Commissioner on 19 February 2024. We know that Ms Lueckenhausen was appointed in an acting capacity on 19 February 2024. In documents presented to the Senate, we also know that that original acting appointment expired on 18 May 2024 and, obviously, was extended, because now her current acting role ceases on 18 November 2024, but, in evidence before the committee, Ms Pickworth said that that also will be extended.

Ms Pickworth: Just to clarify: my expectation would be that she would remain acting in that role until a permanent commissioner is in place.

Senator DEAN SMITH: When will a permanent commissioner be in place?

Ms Pickworth: As per my previous testimony, we have undertaken a process to find a permanent Anti-Dumping Commissioner, and that is a significant appointment and is subject to the usual cabinet processes in the *Cabinet Handbook*. That is underway as we speak.

Senator DEAN SMITH: But we're in the second element of that process, aren't we? That process has two parts, because one part has already been fulfilled—that's the Chandler Macleod element?

Ms Pickworth: Yes. As per previous testimony, we ran a process in the second half of last year, 2023, which didn't identify a preferred candidate, so the position was readvertised, which is the process that is working through at the moment.

Senator DEAN SMITH: When did the first element of the process cease, and did the second element of the process commence?

Ms Pickworth: We advertised the first process through October and November 2023. I would have to confirm the details, but I'm conscious that at the last estimates we talked through the fact that a preferred candidate hadn't been found and that the position was being readvertised. I just need to confirm the specifics of that in terms of—

Senator DEAN SMITH: The first element of the process was undertaken by Chandler Macleod?

Ms Pickworth: No, the first process was supported by Beaumont&Beaumont and the second process was supported by Derwent.

Senator DEAN SMITH: Thank you very much. We also know—just for the sake of completeness—that Minister Husic could well have been advised as early as the incoming brief that he received as the new minister about the fact that Dr Armstrong's appointment, based on the contract, was expiring on 19 February 2024.

Ms Pickworth: I think the secretary outlined that we provide updates on appointments in a number of ways, including around—

Senator DEAN SMITH: I'd be very surprised, Ms Pickworth, if it was not in the incoming brief.

Ms Pickworth: As to the fact that the appointment term was of three years and would have been concluding in February 2024, I think we have undertaken that we have to provide on notice further details of that. But absolutely that piece would have been advised—

Senator DEAN SMITH: Further details of what exactly—when the minister first became aware of—

CHAIR: Just let Ms Pickworth finish.

Ms Pickworth: I had understood from earlier that, yes, the question we had taken on notice was around how and when we would have provided briefing through to ministers around the appointment. Dr Armstrong's appointment was for three years, made under the Customs Act. Dr Armstrong indicated his intention to retire. I'd have to confirm the timing of the indications and those sorts of things, but it was in the second half of last year, and so that process was then commenced in terms of seeking a new commissioner.

Senator DEAN SMITH: So you're providing two dates to me on notice?

Ms Pickworth: Yes. We will provide on notice further details around the timing of that process through, which led to us—

Senator DEAN SMITH: No, no, you're not hearing me, Ms Pickworth. I'm interested to know the date at which Minister Husic became aware of the need to fill the Anti-Dumping Commissioner role that is currently being filled in an acting capacity.

Ms Pickworth: Yes, so the two pieces. That was the first piece that we've taken on notice: the date at which Minister Husic became aware of the Anti-Dumping Commissioner role being needed to be filled. Certainly, Senator. We can take that on notice and come back to you.

Senator DEAN SMITH: Thank you. And then, of course, the second piece is what date, as best as you can recall—and to the secretary—Dr Armstrong confirmed he was no longer continuing in the role beyond his three-year contract.

Secretary, at the last hearing Ms Pickworth helpfully took on notice how many applications were received in total for the role, and that would have been the first element of the process. I don't recall seeing an answer to that question having been provided to the committee. I might be mistaken. Was an answer provided to the committee?

Ms Pickworth: From my recollection, yes, it was. I will confirm that but, yes, my understanding is that we did respond to all the questions on notice, including that one. I have it here as having been responded to. It's question BI-13.

Senator DEAN SMITH: And the answer is?

Ms Pickworth: It says:

As the appointment of an Anti-Dumping Commissioner is a decision of Cabinet, we follow best practice advice from the Department of the Prime Minister & Cabinet (see Cabinet Handbook 15). Details relating to appointments cannot be disclosed.

Ms Isolde Lueckenhausen has been appointed as the acting Anti-Dumping Commissioner until 18 November 2024, or until a permanent Commissioner is appointed. The process to appoint a permanent Commissioner is anticipated to be completed within this timeframe.

Senator DEAN SMITH: Can you read that out again for me please, Ms Pickworth.

Ms Pickworth: The full answer?

Senator DEAN SMITH: So the answer is you've not been able to provide an answer.

Ms Pickworth: Yes. Senator, we have provided that—

Senator DEAN SMITH: If you wouldn't mind, Ms Pickworth, please read out the first couple of sentences of that answer.

Ms Pickworth: Certainly:

As the appointment of an Anti-Dumping Commissioner is a decision of Cabinet, we follow best practice advice from the Department of the Prime Minister & Cabinet (see Cabinet Handbook 15). Details relating to appointments cannot be disclosed.

Senator DEAN SMITH: So you'll provide no transparency on whether no-one or perhaps 100 people applied to the first process in recruiting an antidumping commissioner?

Ms Quinn: So we are guided by the Department of Prime Minister and Cabinet's rules around cabinet processes, and we follow their guidance on these matters.

Senator DEAN SMITH: Who made the decisions? What was the process involved in deciding that? I'm assuming there might have been one; there could have been 100. If there were no applications, there wouldn't have been any process. So what was the internal process to decide that the unknown number of applicants were unsuitable?

Ms Pickworth: As we discussed at the last estimates, this role is a significant appointment. It's a decision of cabinet and therefore, as per that answer to the QON, there's a limit to the amount of detail that we can go into in

terms of that appointment process. I did, last estimates, talk about the fact that we had undertaken a process and that it didn't identify a preferred candidate, and therefore there was a decision made to readvertise that.

Senator DEAN SMITH: So for there not to have been a preferred candidate identified, there must have been at least one candidate?

Ms Pickworth: As we've outlined before, we did—

Senator DEAN SMITH: Was it a solely departmental process in going through the applicants and their suitability for the role? Were there any external stakeholders involved?

Ms Pickworth: The appointment of the Anti-Dumping Commissioner is a significant appointment, and we do follow the advice in the *Cabinet Handbook* and ensure that we're in line with those processes. It is also a senior executive appointment within the Public Service, and so we ensure that we meet those requirements as well as part of the process of appointing the commissioner.

Senator DEAN SMITH: The second part of the process, so that first element, that first part of the process, was conducted by who did you say? Beaumont?

Ms Pickworth: Beaumont&Beaumont provided support to the selection panel and to the process. As I have just said, it is both a significant appointment and an SES recruitment process, and so it is very usual that we would have a recruitment company providing us with support in that, including when we advertise senior executive roles.

Senator DEAN SMITH: And who was on the selection panel?

Ms Pickworth: Senator, I am conscious of the fact that it is a significant appointment and the process is in line with the *Cabinet Handbook*. I'm happy to take on notice what further information I can provide about the process undertaken around the appointment of this role.

Senator DEAN SMITH: Given, in your own words, Ms Pickworth, the significance of the role, the importance of the role, it is very, very opaque. It's very, very opaque—and that's just the first element of the process. That element of the process revealed nothing. No suitable candidate, nothing. How much was the contract that Beaumont received to undertake that initial recruitment process?

Ms Pickworth: I think I'd need to take that on notice, Senator. I don't have that in my documents here. I will see if I can find it and come back to you on that.

Ms Quinn: I will just add—

Senator DEAN SMITH: In that first process, the role was advertised for where?

Ms Pickworth: As in?

Senator DEAN SMITH: Location.

Ms Pickworth: Location of where we advertised in the first—

Senator DEAN SMITH: No, the location of the role.

Ms Pickworth: Again, I'd have to take that on notice to confirm this, but my recollection is that for the first process, our first ad went out that said Melbourne, and our second ad made it clear that actually we were open to looking at people who were located outside of Melbourne. So the process ran off the back of an ad that made it clear that we were open to people who might have been located in Australia but noting that the Anti-Dumping Commission is headquartered in Melbourne.

Senator DEAN SMITH: So the—

Ms Quinn: Can I just add to that? It's a dual process, one a significant cabinet process and one for an SES appointment in the Public Service. As Ms Pickworth said, we followed the appropriate processes. I'd just remind the committee that SES appointments are a merit based process set out in the legislation requiring oversight from the Australian Public Service Commission, and usually includes an allocated Australian Public Service Commission member to be a delegate as part of the recruitment process, and there are the usual processes and checks and balances around that.

Senator DEAN SMITH: Depending on my success here, Ms Quinn, I probably will be taking this to the Australian Public Service Commissioner at the Finance and Public Administration estimates in February next year. Absolutely. Thank you for that.

Ms Quinn: The Australian Public Service Commission has had visibility and oversight of this process in terms of the merit based aspect of it.

Senator DEAN SMITH: Thank you. Brevity is a virtue. We've got limited time.

CHAIR: Senator Smith, I'll just do a time check. Are you one or two questions away? We have questions we'd like to ask as well.

Senator DEAN SMITH: Do you? Okay. Yes, I'll come back to the second element of the process after your questions.

CHAIR: Can I just get an indication of how much time you think you need?

Senator DEAN SMITH: I've got a whole series of questions to continue to explore, so I can't provide any assistance, I'm afraid.

CHAIR: I have some questions on green metals—and I have the right people at the table. Excellent! This is a really important future sector for us in this country, and we have the potential to become one of the lowest cost producers of green metals in the world, so it's a really exciting time for us here in Australia. I understand that the government has launched a consultation on the green metals industry to better understand how we can maximise that opportunity, what some of the barriers might be and how we can progress our green metals future here in Australia. I think the consultation closed a couple of months ago, so I'm interested to learn a bit about what the submissions indicate to us. Was the consultation process well-subscribed? How many submissions were there in the process, and what was the engagement like?

Ms Oliver: Thank you for the question. Public consultation was recently held, and it was very well-subscribed. We received 90 submissions as part of that process. We've published those submissions that we were able to, where we've had permission to release those publicly, and so 67 of those submissions are now available on our website.

We saw that we had submissions from right across the sector, from governments and peak bodies and industries as you would expect, including research and think tanks. Overwhelmingly, there was significant support for green metals and a recognition of the significant opportunity, particularly due to Australia's capacity to deliver abundant renewable energy resources into the future, coupled with our world-class research sector, and world-class workforce and skills. In terms of the barriers and opportunities to a green metals sector in Australia and to the future, our consultation paper explored a number of areas, including what might the capital investment requirements be for our metals sector to implement the technologies that might be required to produce metals without any carbon emissions.

There was also a theme around the production costs of green metals into the future and to what extent there might be support required to bridge what we call the green premium gap, so the gap between producing metals with traditional fossil fuels and the higher costs currently of producing with renewable energy, which of course we expect to be temporary into the future as renewables come online.

There's also a focus on innovation and the R&D requirements. There is some technology available currently to green metals sector, but certainly when it comes to our hematite iron ore resources, for example, which are very abundant, there is still a lot of R&D ongoing as to the kinds of technologies that are required to transform in that area.

In taking that forward, we've been exploring those submissions and working through it. It's quite a considerable amount of information that we're going through currently, but I might pause there in case there are other questions or I've sufficiently answered your question.

CHAIR: So a really significant number of submissions, around 90 submissions, indicating a high level of interest. You spoke about some of the challenges that industry have identified, including things like capital investment and the green premium and whether there will be support for that. In addition to the written submission process, did you have stakeholder engagement with industry? What are the people who are at—maybe to use an apt term—the coalface saying about some of those challenges?

Ms Oliver: I might confirm that the public consultation ran from May to July of this year, and we've also been consulting bilaterally with a large number of stakeholders. We convened 25 bilateral engagements, for example, with a big range of stakeholders. We've also been benefitting from the advice of experts through the industrial decarbonisation and green metals advisory panel. Their role has been to particularly work with us to help synthesise what we've been hearing from stakeholders and to provide expert advice and input as we work through that and develop advice for government.

CHAIR: Those challenges that you identified, is there a real interest and willingness amongst industry to work to meet those challenges? Can they be overcome? What's the level of optimism in the industry, given your stakeholder engagement as well as the submissions, on actually being able to push through and work through some of those challenges?

Ms Oliver: There is certainly significant desire to be able to transform our metals making here in Australia, and of course there are some current arrangements already in place that are assisting with the shift to net zero to 2050 for this sector. For example, the safeguard mechanism and other measures that are available through the Powering the Regions Fund which is administered by DCCEE.

One thing we've been talking with stakeholders and experts about is the current frameworks in place and the current supports in place; what might be required over and above those measures and frameworks; and in particular looking to deep dive with stakeholders about what their plans are, when technologies are expected to come online, what their capacities are, what they're already planning, and, as you would expect, for us to try to be very clear on the role of government and what might be needed to incentivise and support that shift. It is a very large shift. It's many, many billions of dollars, for example, in capital investment that is required.

CHAIR: Just to ask a threshold question, why will a large shift of billions of dollars in investment be required? Why is it such an important opportunity for us? I meant that in fairly general terms for the transition to net zero and the markets that might be available to us for this industry.

Ms Oliver: Green metals have been identified as a priority sector under the Future Made in Australia agenda, I should also have said right up-front, in recognition of Australia's significant comparative advantage in this area. Earlier I mentioned our world-class research sector, our skills, our existing capability base, but I didn't mention our huge abundance of metallic ores here in Australia. I suppose Australia has really all of the fundamentals, the tools, here and, when you combine that with the renewable energy capacity here in Australia relative to other nations, it's a huge opportunity not only for our own existing metals sector to transition, as they're required to, to net zero 2050, but also for Australia to attract investment into Australia.

Green iron is particularly an area that was called out as Australia's biggest opportunity in green metals and, as I spoke to before, being able to transform our significant hematite and also our magnetite iron ores into green iron in the future can be then used to decarbonise steelmaking, but it can also be used to assist our global trading partners to decarbonise by 2050, using that as an export from Australia into their steelmaking capabilities. Steel is a significant contributor across the globe to overall emissions, so for many of those reasons it's important.

To go back to your question about capital investment, of course, the sooner that Australia can shift and position itself and invest in the capital that is needed, the sooner that Australia can look to take global share in this market.

CHAIR: Yes. Great. It's a fantastic body of work that you're describing, which, as you say, is part of the Future Made in Australia agenda to make sure that we do harness all of the opportunities that are there for us and build our comparative advantage in these areas. What's next for you in your process here?

Ms Oliver: What's next for us is that we're developing and providing advice to government. Really, we're continuing to work with experts and right across government, and we are looking to advise government. Ultimately, a bit of the next step will be up to the government in this space. I should say, though, it's perhaps not necessarily a completely won-and-done process. This is a huge transformation that we are looking to seize and, as I said, the earlier that can occur the better, but there will be a huge transformation. Some of the technologies are unlikely to come online and be at scale commercially until the 2030s. Of course, hydrogen will be an incredibly important input for steel and iron as well. The government, through the Future Made in Australia, is also investing in hydrogen, as I'm sure you're aware.

CHAIR: Great. Thank you so much, Ms Oliver. I will go to you, Senator Pocock. Ms Quinn?

Ms Quinn: I just want to clarify: unfortunately, Senator Bragg is not here, but he suggested we hadn't answered a question on notice. I'd just like to draw the committee's attention to an answer that was provided, BIO 4, which answers the question that he raised around when the Office of Legal Coordination was notified of the department's work.

CHAIR: Yes.

Ms Quinn: So we had answered that question on notice.

CHAIR: Thank you, Secretary. We'll pass that on when he returns. Senator Pocock?

Senator BARBARA POCOCK: Thanks, everyone, for being here. I want to go straight to the issues around the procurement by the department of services for the Entrepreneurs' Program from a company called i4 Connect. As you know, we are interested in, among other things, the payment of around \$900,000 by i4 Connect to an employee of the department who, acting against the procurement rules, assisted i4 Connect to develop its winning tender for a contract worth over \$30 million. What we're trying to get to is a plausible explanation of why the department is satisfied that that payment referred to here was never made. In your response to a previous question from this committee, question No. S1-22, your answer stated:

The department is aware i4 Connect Pty Ltd was formed as a special purpose vehicle for the sole purpose of responding to the request for tender.

In answer to the same question, you said that the financial viability of this fledgling tenderer was considered during the assessment process, and presumably these decisions are documented with information relevant to the assessment criteria.

The point of that question, S1-22, was really a possible conflict of interest. The owner of i4 Connect, Norm Jenkins, brought before the Entrepreneur's Program Committee an application for funding by a company, Smart Oyster. This was ultimately successful to the tune of \$400,000, but, as we know, his wife, Joanna Jenkins, was a shareholder in Smart Oyster, and he remained in the room while that application was considered. I don't think it passes any kind of probity test. It's not enough to declare interest; you must absent yourself from the decision.

You've said previously, in answer to S1-20—that was a QON—that the original review of the i4 Connect procurement 'did not identify any indications of fraud or serious misconduct by departmental staff'. I want to table now a copy of a letter from Mr Ben Bucknall that I've been given which indicates that, notwithstanding all of the discussions and the efforts we have made here in these committees to try and illuminate what's happened here and draw attention to these appalling practices which don't pass any kind of test around probity—and I just want to quote from the letter that was sent by you, Secretary, to Mr Ben Bucknall on the 4th of this month. It says: 'The department has referred this matter now to the Australian Federal Police and the National Anti-Corruption Commission.'

I just want to point to the incredible effort that an ordinary citizen like Mr Bucknall has gone to to try and get action on this matter. He is motivated not by any financial gain. He thought the process here was wrong. He was an applicant within these processes, and he has put enormous effort into trying to get action on this. I'd like to ask you, Secretary: when did you refer this, and what triggered this referral?

CHAIR: Ms Quinn, just before you answer that, the senator has sought to table a document. It is a letter from you to this individual which I presume is not public. It doesn't look particularly problematic to me. Do you have any objections?

Ms Quinn: I have no issues. It's correspondence from me to Mr Bucknall. It's his correspondence. If he chooses to provide it to others, it's within his gift.

Senator BARBARA POCOCK: It's his letter and I've asked his permission.

CHAIR: That's fine. I'm just going through the process, Senator Pocock. So the committee tables the document, and, Ms Quinn, you have the call.

Ms Quinn: I might just start and then draw in my colleagues with more detailed information on this matter. At the start of your question, you went through a series of statements. Many of those, we have no evidence to support as part of our considerations. There have been accusations made. We do not have evidence to support them, despite undertaking several different processes over time. So I'm happy for my colleagues potentially to unpack some of the claims that have been made where we have no evidence. As you've tabled the document, you will note that some of the processes that we went through have been identified and that we have indicated that we have been unable to find evidence that supports the concerns that were raised. This is despite asking for evidence to be provided to us by those making the accusations. They have not taken up that opportunity, so it is difficult to progress without any evidence of wrongdoing.

We have undertaken all the steps that we thought appropriate. We are aware of the continued community concern about this issue. We have gone to the extent of our ability to track down and trace these issues, including, as the letter identifies, referring it to the Australian Federal Police and the National Anti-Corruption Commission. We have received correspondence in recent days, subsequent to the letter going, from the AFP, and I'm happy to pass to my colleague to provide an update.

Senator BARBARA POCOCK: Before you do that, would you mind answering my question. When did you make the referral to the NACC, and what triggered that referral?

Ms Quinn: I'll pass to my colleague, who's got the details.

Mr Mason: I'm happy to expand. In terms of your specific questions around the date, the date of the referral to the AFP was 17 July 2024.

Senator BARBARA POCOCK: Why?

Mr Mason: Senator, as we've outlined in this committee on a number of occasions, we've done a number of things through the course of these allegations, including an initial piece of work, which we've talked about at length at this committee, to explore what was put forward in the allegations. We've spoken to a range of

individuals and, through the course of reflecting on that this year, we've essentially exhausted the capabilities. We commenced a conversation and sought some advice as part of our referral to the AFP and, through the course of making that decision and seeking their advice, we were looking to gain their assistance and expertise, given the expertise they hold that we don't when it comes to investigating criminal activity, which is what's being alleged. That's why we took the decision to refer it at that point. We also had a preliminary conversation with the NACC and chose at that point to make the same choice to refer to them, and I think it was the same date or maybe within a day of 17 July.

Senator BARBARA POCOCK: Do you have any information about any actions taken by the AFP or the NACC since that date?

Mr Mason: In terms of the NACC, noting their role, I don't have anything to expand in their regard. We've referred, and it'll be up to them to make their choices in accordance with their legislation. In terms of the AFP, we have just, in the last few days, received their response. Obviously, I can't talk to the particulars of what they will do, but I can say that they have indicated to us that they have done a comprehensive assessment of the referral that we provided. Based on the material, they aren't able to identify a level of evidence of offending that would meet their threshold to undertake an investigation. That was put through their Southern Command's Capacity and Capability Committee for part of that assessment. They've obviously looked at it. They've taken it through their own processes. They've come back to us and said that they will not be proceeding with an investigation.

Senator BARBARA POCOCK: Did they make any comment about the amount of evidence provided, and do they seek any further evidence?

Mr Mason: Senator, I wouldn't want to speculate on the processes the AFP undertake. That's certainly something that they should take. What we have done, through the course of the referral and talking to them, is seek some additional advice and, as a consequence of that, we are also now undertaking some additional work ourselves. Obviously, the AFP has concluded their matter, and we are now in the process of doing some additional work internally.

Senator BARBARA POCOCK: Are you confident that you've provided to the AFP every relevant document? The reason I ask is that we have an expensive experience in front of as a community in relation to PwC. A referral was made to the AFP in relation to PwC in 2018 and the AFP determined within a 24-hour period that the evidence provided did not meet the AFP threshold, so they canned it, and here we are five years later with the police now knocking on the door of PwC and exercising search warrants for the whole week. Is there any possibility that the evidence provided to the AFP was insufficient? Are you confident you've given everything you possibly can that would assist their decision-making?

Mr Mason: Senator, I obviously wouldn't want to make observations about other investigations. I'm not familiar with that.

Senator BARBARA POCOCK: I'm not asking you to.

Mr Mason: What I would say is that, through the course of that discussion with the AFP, they've been very helpful in providing us advice and that, as I mentioned before, as a consequence of that advice, we are pursuing some additional activity. If it turns out that, through that additional activity, we uncover more information, then we would obviously, in due course, provide that back to the AFP.

Senator BARBARA POCOCK: And what's the nature of that activity?

Mr Mason: Senator, I'm happy to talk in general terms. But noting that the activity is a live activity and that we don't, as a general rule, in public forums, talk specifically about how we may or may not be undertaking investigations, I can say that we are seeking a range of additional information from a company, which will also include some internal work that we're looking at based on access to systems and things that that organisation may or may not have had.

Senator BARBARA POCOCK: Prior to making the referral to NACC and the AFP, did the department make an effort to look at the i4 Connect books to confirm whether a payment of \$900,000 was in fact made?

Mr Mason: I think, Senator, we've canvassed in this forum before that we earlier had not sought that information.

Senator BARBARA POCOCK: But have you sought it now?

Mr Mason: Yes.

Senator BARBARA POCOCK: Do you have a response?

Mr Mason: We are in the process of engaging with that organisation around a range of information.

Senator BARBARA POCOCK: Are you using independent investigators at all?

Mr Mason: We will be using an independent contractor to support us with that work.

Senator BARBARA POCOCK: Why has it taken so long to act on something which you had information—why have you not looked at the books? We are years into this matter. We are wasting time here in Senate estimates, estimate after estimate. I'm bored with it. It's incredibly important. It is a huge amount of money. Why have we waited so long to actually go and look at the books of i4 Connect?

Mr Mason: As I've said, we're looking at a range of things. We're doing that on the back of some advice we've had following our own internal work, as we have previously articulated to this committee. We've been working through that methodically, and, on the basis of the additional advice we had earlier this year, we are proceeding down the path I've just outlined.

Senator BARBARA POCOCK: Ms Quinn or Senator Ayres, this matter has taken a long time to unfold. How satisfied are you—I'm asking both of you—with the timeline here, given the size of the funds and the lapsing of steps that really would seem very fundamental, like checking whether money was paid, when very clear claims were being suggested to you by people who have given information to you?

Mr Mason: I just want to clarify some points around that. There's been an allegation of a success fee payment made. We've canvassed in this committee previously the fact that in the initial way that was presented and that you've talked to us about, there would not be anything prohibiting that payment. So I just want to be clear that we've not yet established that there is anything other than allegation on the table.

Senator BARBARA POCOCK: Yes, and conflict of interest issues clearly are afoot here that are alleged as well. They are very significant allegations.

Mr Mason: Which I think we have canvassed previously, and I think the company has spoken to you also about that. They've written to you.

CHAIR: Can I just take a moment to formally welcome back Assistant Minister Tim Ayres, who is at the table as the Minister representing the Minister for Industry and Science and later the Minister for Resources.

Senator Ayres: It was all going so smoothly, and now I'm back.

CHAIR: Indeed. Do you have a final question?

Senator BARBARA POCOCK: Yes, I want to hear a response from the minister or the secretary on the delays here, the length of time and how you feel the department has responded.

Ms Quinn: As soon as these allegations came to our attention, we stepped through our processes methodically and carefully. I have previously said in this committee that I have an obligation and a desire to make sure that our processes are robust and efficient and at the highest order of probity. We take all allegations seriously. We have progressed through it. We also have an obligation to ensure that we're expending money appropriately. As we have gone through the process, at each point we have made an assessment based on the evidence before us. I will note we have sought additional evidence from people making allegations. They have not yet provided anything to us to be able to action. We continue to look at this as appropriate and based on the advice of organisations that have greater expertise in investigations, and we have done every step methodically as we've gone forward. I am satisfied that we have taken these allegations seriously. We're working through them. As we've mentioned today, there is still some activity ongoing. These things can take time because they're serious matters that need to be taken seriously.

Senator Ayres: I think, from the minister's perspective, this was a program that—I have to say I missed part of the questions; it's not an invitation to start the discussion again. It's a program that the minister formed the view needed to be replaced. Part of the backdrop of that, of course, was the Auditor-General's report but also making the program fit for its modern purpose and what the government wanted the program to do in terms of its support for industry and support for new industrial development. I'm satisfied that, during this period, the department has worked assiduously on these questions. Some of them do take time, and it's not been a straightforward process.

Senator BARBARA POCOCK: Can I ask one last small but significant question. I just want to clear up something in regard to the issue of whether it's appropriate for a contractor working for the department to assist a tenderer with their bid. Is there anything in the procurement rules or the tender documents that prohibits an existing contractor to the department from assisting a tenderer in the development of their tender?

Mr Mason: I will talk to start with, and then I might refer to my colleagues if there's a technical element that we need to drill into. Essentially there wouldn't be anything preventing a citizen from supporting the development of a tender in this particular instance; however, if that person had access to Commonwealth material that was not accessible to others, then that would be an issue.

Ms Richards: We have looked at the contractual arrangements with Accelerating Commercialisation advisers, and they would have prevented advisers from providing, as Mr Mason suggested, confidential Commonwealth information to a prospective tenderer. But, to be clear, there was no contractual requirement that advisers obtain approval from the department to actually assist prospective tenderers. So the unlawful conduct, if there was any, would have been the disclosure of confidential information, and we've found no evidence to suggest that there was either inappropriate or improper access to confidential Commonwealth information or that there was inappropriate disclosure to anybody of such information.

Senator BARBARA POCOCK: Will your independent investigator be looking at that question in particular and going back to review that process?

Mr Mason: As I mentioned, I don't want to drive too far into the detail of the activity, just because there is ongoing activity, but certainly we will be canvassing a range of things that we have covered internally within our own work and that obviously we've discussed through a variety of fora, including this estimates committee.

Senator BARBARA POCOCK: I look forward to hearing the outcome. Thank you.

CHAIR: Senator Smith.

Senator DEAN SMITH: Thank you very much. Can you name each of the external organisations that have been involved in the selection recruitment process for the Anti-Dumping Commissioner?

Ms Pickworth: In October and November 2023, there was an initial ad done, which is the one that I mentioned that specified Melbourne as the location. That was followed by a second ad.

Senator DEAN SMITH: And that organisation was?

Ms Pickworth: That was Chandler Macleod. There was a second ad that made it clearer that it was open to locations, and also at that point we engaged Beaumont&Beaumont to support the recruitment process from that stage foot. That was the first process that we ran. As per my testimony last time, there wasn't a preferred candidate identified, and we subsequently readvertised the role. From memory, it was mid-year, but I can get the specifics or my colleague can provide specifics. That process has been supported by Derwent.

Senator DEAN SMITH: Are there any other external individuals or organisations involved in the recruitment or selection process for the Anti-Dumping Commissioner?

Ms Pickworth: There are not any other external companies. We have been working very closely and have engaged throughout with the Public Service Commission in terms of it being an SES appointment, so therefore the usual merit based processes apply. So there's not another external-to-government company involved in the recruitment process.

Senator DEAN SMITH: So Emma Alberici is not involved in any way?

Ms Pickworth: She works with Derwent, the recruitment company that has supported the second process for the role.

Senator DEAN SMITH: How much has been spent with Chandler Macleod, how much has been spent with Beaumont&Beaumont and how much has been spent with Derwent Search?

Ms Pickworth: Beaumont&Beaumont was \$22,000, from my notes, and Derwent was \$81,481, which did include an executive search piece in terms of the second process that we ran. I'd have to take on notice Chandler Macleod's involvement in the early stages.

Senator DEAN SMITH: For the Derwent Search process, the close of application date was 11 August.

Ms Oliver: That's correct.

Senator DEAN SMITH: How many applications were received?

Ms Pickworth: As we've previously discussed, and as per the question on notice—

Senator DEAN SMITH: You'll take it on notice.

Ms Pickworth: We can take that on notice

Senator DEAN SMITH: Thank you. Secretary, did I hear you say earlier that the selection process is being undertaken—that you characterise it as a dual process?

Ms Quinn: The decision for appointment is a dual process because the individual is appointed through the cabinet and they're also formally appointed as an SES officer of the Public Service, which requires a decision by me as the accountable authority.

Senator DEAN SMITH: Are the policy approach or policy guidelines that govern that the government's merit and transparency policy?

Ms Quinn: I'll have to bow to one of my colleagues, but it's the Australian Public Service rules that apply to all SES appointments.

Senator DEAN SMITH: Did Minister Husic write to Dr Armstrong to inquire or to advise whether he intended to reappoint or not reappoint or to advertise the position?

Ms Quinn: We've taken on notice the process leading up to the end of Dr Armstrong's period. My recollection is that Dr Armstrong indicated his preferences to us, and that was the start of the consideration process. But we are happy to take that on notice.

Senator DEAN SMITH: I've got the government's merit and transparency policy in front of me, and it says: The Minister is responsible for advising the incumbent in writing at least four months before the expiry of their appointment that he or she will:

- be reappointed, or
- not be reappointed, or
- not be reappointed because the Minister wishes to test the field of potential candidates ...

It's quite explicit that the minister is responsible for advising the incumbent in writing. Does that particular guideline apply to this set of circumstances?

Ms Quinn: I just have to double-check. Are you talking about the Lynelle Briggs kind of consultation process on appointments? I'm happy to take it on notice, as I have, and the exact dates et cetera. But there is a general requirement to have a discussion or a process with the incumbent to seek their views and considerations. That did happen in this case. In my experience, sometimes that happens formally; sometimes it happens informally. It depends a bit on who's doing what first.

Senator DEAN SMITH: I'd characterise these guidelines as setting out a formal process.

Ms Quinn: As I said, I'm happy to take it on notice.

Senator DEAN SMITH: The guidelines also require the secretary for—

Ms Quinn: Can you just clarify the guidelines? Maybe I can find them and I can follow along a little bit more easily.

Senator DEAN SMITH: This is the government's merit and transparency policy dated 11 December 2020. It may well have been updated.

Ms Quinn: This is for significant appointments?

Senator DEAN SMITH: This is? This is a significant appointment?

Ms Quinn: No, I'm just asking about your document. Is it for Public Service appointments, or is it for government appointments?

Senator DEAN SMITH: I think this applies to statutory roles as well, which is the matter that we're considering with regard to the Anti-Dumping Commission.

Ms Pickworth: As the secretary said, we have taken on notice the specifics, but, from my understanding and recollection, Dr Armstrong indicated his intention to retire at some point in the second half of 2023, which obviously predated us starting the process to fill the position. We've taken on notice the specifics of when, but certainly that's my understanding.

Senator DEAN SMITH: The same guidelines describe the secretary's role as being: ... responsible for overseeing the selection process for agency heads and statutory office holders. This involves— per the second dot point—

- six months before the expiry of each appointment, seeking the Minister's advice, in writing, of their decision whether to reappoint the incumbent or advertise the position

Did that take place, Ms Quinn?

Ms Quinn: We've taken on notice this question already. I'm happy to expand just to cover that aspect of it. You had asked before about when the minister was first engaged on the appointment process, so that would encompass that question as well.

Senator DEAN SMITH: How many other roles in the Anti-Dumping Commission have acting positions attached to them at the moment?

Ms Quinn: There are a few as a result of the acting of the commissioner. There is a cascading consequence of that in the commission. So there are a few.

Ms Pickworth: There has been an acting arrangement in place for another of the deputy commissioners who had to take long leave for medical reasons. I'm happy to provide what further information I can provide on that as well.

Senator DEAN SMITH: Perhaps here you might be able to confirm for me whether or not Mr Williams is the acting deputy commissioner for investigations?

Ms Pickworth: At the moment, it is Justin Wickes who is the acting deputy commissioner for investigations.

Senator DEAN SMITH: Thank you. And is Ms Harvey the acting deputy commissioner for strategy and operations?

Ms Pickworth: Yes.

Senator DEAN SMITH: And is Dr Brinsmead the acting deputy commissioner for legal and dispute settlement?

Ms Pickworth: No. From recollection, that is Katrina Gunn. I just have to check the surname. That's correct, isn't it? Yes.

Senator DEAN SMITH: But she is acting in the role?

Ms Pickworth: She is acting in the role.

Senator DEAN SMITH: I'm just wondering how Australia's competency in this very significant, important part of the government is being aided or impeded by an acting commissioner and at least three acting deputy commissioners.

Ms Pickworth: As the secretary explained, with Isolde Lueckenhausen acting as the commissioner, that therefore created an acting role in the deputy commissioner for investigations, and that has been filled. The other deputy commissioner, as I've said, required a period of leave for personal reasons, and we put in place acting arrangements to support that body of work with appropriately equipped and qualified staff to fill that vacancy. As you'd understand, that can happen with senior leadership teams to make arrangements for people's circumstances, and that is what we did. Katrina Gunn has been a long-serving lawyer within the commission, as have others who've filled the role, and we've also provided acting staff across to support the commission and the commissioner during this time.

Senator DEAN SMITH: 'Suboptimal' is how I would characterise it, but we can explore this further when you provide that information on notice and at the next estimates. Thank you very much.

CHAIR: That may conclude the questions that we have for corporate and enabling.

Ms Quinn: You already excused corporate. We're at outcome 1.1.

CHAIR: Yes, I was caught juggling there. Thank you.

Senator DEAN SMITH: I have a different set of questions in 1.1.

CHAIR: You do? You have a different set of questions for 1.1?

Senator DEAN SMITH: I have a different line of inquiry, rather.

Senator BRAGG: I do as well.

CHAIR: You do too? Alright, I got well ahead of myself and to the side of myself in general there. So I guess we'll share the call and give you a break, Senator Smith, and go to Senator Bragg. Senator Bragg.

Senator BRAGG: These questions are not about PsiQuantum; they are about something else. I might just need a moment to find the questions I'm looking for.

CHAIR: Program 1.1—

Senator BRAGG: Yes.

CHAIR: We go to you, Senator Smith.

Senator BRAGG: Here we go. I'm ready now.

CHAIR: Senator Bragg.

Senator BRAGG: Minister, some of these are for you. Are you the Assistant Minister for Manufacturing?

Senator Ayres: No.

Senator BRAGG: So what is your title now?

Senator Ayres: I'm the Assistant Minister for Trade and the Assistant Minister for a Future Made in Australia.

Senator BRAGG: Okay. So what happened to the manufacturing component?

Senator Ayres: All of that work at the ministerial level is being undertaken by Minister Husic, and I'm attached to PM&C.

Senator BRAGG: Have you received a charter letter as an assistant minister?

Senator Ayres: Yes.

Senator BRAGG: What are the main elements of that?

Senator Ayres: As I understand, most of those documents are cabinet-in-confidence. I'm happy to take that on notice and come back to you to the extent that I can.

Senator BRAGG: Did you get a charter letter when you were in your previous role?

Senator Ayres: I can give you the same answer. Yes, those matters are normally cabinet-in-confidence.

Senator BRAGG: But, generally speaking, what was the main role in manufacturing?

Senator Ayres: It was to support the minister's work and to provide advice. As an assistant minister, you are occasionally allocated discrete bundles of work and responsibility to do. But it was to support the Minister for Industry and Science in his work and of course to contribute where I could and where I can in relation to the issues that face the manufacturing sector.

Senator BRAGG: Did you work on particular things, like the Rail Industry Innovation Council?

Senator Ayres: I certainly worked on that, yes.

Senator BRAGG: Was that at your discretion, or was that something that you were asked to do?

Senator Ayres: It's hard to say. It's certainly something I was very enthusiastic about. I'd seen in my work what happened under New South Wales Transport ministers, like Mr Constance, who I understand is having a go around again and wants to run for federal parliament again.

Senator BRAGG: That's democracy.

Senator Ayres: That's the ninth time for this bloke. His last contribution to the manufacturing sector was to offshore thousands and thousands of blue-collar regional jobs, which ended up meaning that trains in New South Wales were delivered late, catastrophically over budget. It cost the New South Wales taxpayer hundreds and hundreds of millions of dollars. Thousands of people lost their jobs. Hundreds and hundreds of school leavers missed out on the opportunity for apprenticeships, and it did incalculable damage to the New South Wales manufacturing capability, particularly in the Hunter Valley. So I was pretty passionate about delivering as much as we could to using the capacity of the Commonwealth to work with the states to do everything that we could to return rail manufacturing to Australia.

Senator BRAGG: What did you achieve in your role as Assistant Minister For Manufacturing?

Senator Ayres: That's for others to judge. I'm very—

Senator BRAGG: It's a short answer for you!

Senator Ayres: very confident about that work, and I know that that work is going on, conducted by some very diligent public servants and experts on that rail industry committee, with a very strong capability in DISR that's going to make a difference and has made a difference already.

Senator BRAGG: Is there a new Assistant Minister for Manufacturing?

Senator Ayres: No.

Senator BRAGG: So that position is no longer part of the ministry?

Senator Ayres: That's right.

Senator BRAGG: Okay. Do you know why that is?

Senator Ayres: That's a matter for the Prime Minister. You might make more progress on those in PM&C estimates, but I doubt it.

Senator BRAGG: I don't think he comes to the committee meetings.

Senator Ayres: He has ministers at the table. But it's a matter for the Prime Minister to arrange the portfolios. There's a judgment there about work that needed to be done, there's a judgment again about work that needs to be done—that's the normal process of reshuffles.

Senator BRAGG: Thanks for that, Minister. Secretary, has this ministerial change made any tangible differences to the operation of the department in terms of the reporting lines?

Ms Quinn: There were matters on which we were working closely with the former assistant minister that now the teams report on through to the Minister for Industry and Science.

Senator BRAGG: What staffing changes have occurred as a result?

Ms Quinn: None.

Senator BRAGG: No staff changes?

Ms Quinn: Not at the department level.

Senator BRAGG: What about the DLO?

Ms Quinn: That's about ministerial support. So, yes, we would have less.

Senator BRAGG: That's it?

Ms Quinn: Yes.

Senator BRAGG: Have there been any transition costs associated with these changes?

Ms Quinn: Not that I'm aware of.

Senator BRAGG: Where does manufacturing now sit at a ministerial level? Has that gone to Minister Husic?

Ms Quinn: Yes, the Minister for Industry and Science is usually the Minister for Manufacturing.

Senator BRAGG: Okay. You, Minister, are now in the Prime Minister's department?

Senator Ayres: Yes, I'm an assistant minister, and I work to support the Prime Minister's work on Future Made in Australia, and it's a job where I'm very responsive to what the Prime Minister wants me to do.

Senator BRAGG: I'm sure you are, Minister. But you're no longer in this department. That's the point, isn't it?

Senator Ayres: That's right.

Senator BRAGG: Okay. Thank you. Secretary, then—

Senator Ayres: I thought you were about to offer a farewell card or something!

Senator BRAGG: I don't make any offers. I just ask the odd question from time to time. What about this, then, Secretary? You have one fewer minister now to administer the department; is that right?

Ms Quinn: Yes, we don't have an assistant minister.

Senator BRAGG: So everything goes through Minister Husic?

Ms Quinn: Yes, in relation to industry and science—yes.

Senator BRAGG: And what changes has that made to—do you provide less briefs, for example?

Ms Quinn: I've not observed any change in the processes. The work program that was—in terms of implementing the government's election commitments around various elements of manufacturing continue. The number of staff allocated—the processes are ongoing.

Senator BRAGG: Right. And what about the Future Made in Australia agenda now? Does that sit mainly in Industry, or is it partly in Treasury?

Ms Quinn: The Future Made in Australia agenda cuts across many aspects of government. It has got a very whole-of-government approach given the priority that the government places on the agenda. Some aspects are in Treasury. Some aspects are in the department of climate change, energy and water. Some are implemented through my department. So there are many tentacles to the program. It depends on which aspect you're interesting in.

Senator BRAGG: It sounds like part of it sits with the industry department and part of it sits with Treasury.

Ms Quinn: The legislation component in terms of the national interest framework and the single front-door aspects is being led by Treasury. Aspects relating to hydrogen, for example, are through the department of energy. Aspects to do with batteries and green metals, which we talked about earlier, and aspects of innovation and clean energy manufacturing are related to us. The overarching intent of the government in the Future Made in Australia touches on many different organisations.

Senator BRAGG: It's a bit confusing.

Senator Ayres: It's not confusing.

Senator BRAGG: It is to me. Maybe you're smarter than me!

Senator Ayres: I'm sure that's not true!

Senator BRAGG: It could be!

Senator Ayres: Even a casual observer—

Senator BRAGG: We haven't done IQ tests yet!

Senator Ayres: Even a casual observer wouldn't reach that conclusion! But it is an agenda that cuts across government. There are elements of this program that are being delivered by Treasury, Minister Bowen's department, Minister Husic's department, Minister King's department, the Prime Minister, Senator Farrell—right across government. That reflects the level of ambition of the government but also the complexity of the challenges that are being faced here. The last government didn't have this approach, which maybe explains why it was so flat-footed on industry policy.

Senator BRAGG: Thank you for that answer. The DISR website currently states a number of roles relating to the Assistant Minister for Manufacturing relating to the operation of the Rail Industry Innovation Council. Apparently this website says that the Assistant Minister for Manufacturing appoints members to the council, selects the chair, reviews the minutes, blah, blah, blah. Who is doing that now?

Ms Quinn: It all flows through to Minister Husic.

Senator BRAGG: He's the assistant minister as well as the minister, is he? A couple of hats!

Ms Quinn: As Senator Ayres previously stated, assistant ministers work at the behest and under the responsibilities of the cabinet minister.

Senator BRAGG: In this case, himself. He tells himself what to do.

Senator Ayres: No. As I indicated, there isn't an assistant minister for manufacturing. If the website is out of date, I'm sure some duly chastened departmental official will go and fix up the website. But you know what the answer is, and if you have got any serious questions you should get to them.

Senator BRAGG: They are serious questions. I'm wondering who's being paid to do this job.

Senator Ayres: They haven't been very serious so far.

Senator BRAGG: Who's being paid to do the job?

Senator Ayres: Minister Husic is responsible, in his role as the Minister for Industry and Science, for leading the government's agenda in relation to these issues.

Senator BRAGG: So he's running the rail council, then?

Senator Ayres: Indeed.

Senator BRAGG: How's that going? Is he liking it?

Senator Ayres: I'm sure it's going very well. If you've got questions about what's happening there—I can tell you what's not going on. State governments—

Senator BRAGG: I didn't ask what's not going on.

Senator Ayres: State governments aren't offshoring.

Senator BRAGG: I didn't ask what's not going on; I asked what's going on.

Senator Ayres: You asked; I'm answering. State governments led by people like Mr Constance, who let Australia down and let New South Wales down, aren't offshoring billions of dollars.

Senator BRAGG: Why are you so focused on Mr Constance?

Senator Ayres: I'm interested in the character who let the people of the Hunter down so badly and let regional Australia down so badly.

Senator BRAGG: A bit worried about the South Coast, are you?

Senator Ayres: He offshored billions and billions of dollars' worth of work and thousands and thousands of ordinary people's jobs.

Senator BRAGG: A bit worried about the South Coast, it sounds like.

Senator Ayres: It had an impact right through the Hunter economy. Shops closed down. Engineering firms closed. For New South Wales commuters, their trains never arrived—and when they did arrive they were broken. Some of them didn't fit through the tunnels. Some of them couldn't fit alongside the stations. They weren't fit for purpose, and they cost an awful lot more money than they should have done because former transport minister Andrew Constance—punitive candidate for, as I understand it, Gilmore—couldn't work his way through the issues.

Senator BRAGG: You must be worried about him.

Senator Ayres: He couldn't work his way through the issues.

Senator BRAGG: You're a bit worried about marginal seats, are you?

CHAIR: Sorry, I'm of the mind—

Senator Ayres: I remember these kinds of things because they hurt ordinary people.

Senator BRAGG: I think he's worried about the marginal seats.

CHAIR: I'm of the mind to share the call, and I will do that now.

Senator DAVID POCOCK: Ms Quinn, I had some questions for the department of infrastructure earlier in the week but they sent me your way, so I'm hoping someone on your team can help me. They're regarding applications received for the Thriving Suburbs Program and the Urban Precincts and Partnerships Program.

Ms Quinn: I would have to check because our grants delivery services are part of our corporate team that were here earlier. I think we are able to take those questions.

Senator DAVID POCOCK: Thank you very much. I've only got a few short questions; I appreciate this. I understand the applications for the latest round of the Thriving Suburbs program closed on 2 September. Does that sound about right, Ms Lee?

Ms Lee: That's correct; applications for Thriving Suburbs closed on 2 September.

Senator DAVID POCOCK: Thank you. How many applications were received from the ACT?

Ms Lee: There were three applications received from the ACT.

Senator DAVID POCOCK: How does it work? Are they ACT government applications?

Ms Lee: I don't have the detail of who made the actual applications.

Senator DAVID POCOCK: That's what I was asking Infrastructure, and they said that you would be the person to know. Are you able to find that out on notice?

Ms Lee: It's probably information that we wouldn't provide without the permission of the policy agency and not until the assessments have been completed.

Senator DAVID POCOCK: You can't tell me if the ACT government made an application?

Ms Lee: I could take it on notice and check with the department of infrastructure, as the policy agency.

Senator DAVID POCOCK: Thank you very much; that would be great. On the Urban Precincts and Partnerships Program: that's an ongoing program. What's the period that you're open for submissions?

Ms Lee: With regard to the Urban Precincts and Partnerships Program, it opened on 29 July this year, and there is no closing date for the program because it's being assessed in batches.

Senator DAVID POCOCK: Have you had any applications from the ACT government?

Ms Lee: None from the ACT as yet.

Senator DAVID POCOCK: Thank you; that's good to know. If you are able to ask Infrastructure about whether they can just say yes or no if the ACT government applied to the other one, that'd be great. Thank you very much.

Ms Lee: Yes.

Senator DAVID POCOCK: Thank you very much.

Senator DEAN SMITH: Just on the same matter, if I may: how many applications for Thriving Suburbs were received from Western Australia?

Ms Lee: For the Thriving Suburbs Program, there were 39 applications received from Western Australia.

Senator DEAN SMITH: And for the Urban Precincts and Partnerships Program, can you give me the number of applications that have been received from Western Australia to date and tell me whether or not they have been assessed.

Ms Lee: Yes. There have been four received from WA to date.

Senator DEAN SMITH: And that opened in July?

Ms Lee: That's right; 29 July.

Senator DEAN SMITH: Have any of those been assessed or are they in the process of being assessed?

Ms Lee: No, sorry; they're still currently under assessment.

Senator DEAN SMITH: Thanks very much.

CHAIR: I think I was just advised that you have further questions for 1.1.

Senator DEAN SMITH: Thank you very much. I will turn now to the matter of product certification practices. Secretary, many comparable jurisdictions promote their products abroad as a premium product for being certified as being made in their home country. Here in Australia we have the Australian Made, Australian

Grown logo, and I think in America they might have Made in the USA. How many countries use similar certification practices to enhance their products?

Ms Quinn: I do not know the answer to that. I'm happy to take that on notice. We have a part of the department that looks after some aspects of this that are situated in our trade area. I am happy to take that information on notice. Those staff aren't here—yes, we have one person here. We may not know all the things that are happening overseas.

Ms Looney: We don't have that information to hand, but I can certainly take that on notice.

Senator DEAN SMITH: Thanks very much. How valuable or how important are these certification practices in boosting the attractiveness of products to consumers or potential consumers? Perhaps in our case: when we think about the Australian Made logo, how powerful is that as a tool in attracting or building confidence around Australian products?

Ms Looney: I would say that's a subjective view. Being able to communicate that something is made in Australia is definitely valuable to consumers.

Senator DEAN SMITH: Is the Australian Made logo a registered trademark?

Ms Looney: I'd need to take that on notice.

Senator DEAN SMITH: My understanding was that it is—can any other officials help me with this? I was under the impression it was a trademark registered to the not-for-profit organisation Australian Made Campaign Ltd.

Ms Looney: That's correct. Sorry, yes; they have responsibility for it. To your question of whether or not it was a trademark: I don't have that information. But, yes, your connection to that organisation as a not-for-profit is correct, yes.

Senator DEAN SMITH: Does the department maintain regular contact with the AMCL?

Ms Looney: Yes, it does.

Senator DEAN SMITH: How does it do that?

Ms Looney: The department has regular contact via ongoing meetings and, previously, via, at various points, funding arrangements and understanding the work they're doing with various organisations that seek to utilise the Australian Made logo.

Senator DEAN SMITH: There's a funding agreement, and they report against that funding agreement regularly.

Ms Looney: I'm not sure of the exact funding agreement at the moment, but we can absolutely take that particular question on notice.

Senator DEAN SMITH: My understanding was that the coalition government awarded the AMCL a multiyear grant to increase the profile and awareness of the Australian Made logo and strengthen the legal position of the logo in key export markets. Is my understanding correct?

Ms Looney: I would need to take that on notice.

Ms Quinn: I believe there was an arrangement; I'm aware of a historical arrangement. We can take the current status on such an arrangement on notice.

Senator DEAN SMITH: It's a very onerous task to keep taking these questions on notice and going back to the department, and someone writes them and someone sends them up to the minister's office and then they get prepared. Is there no-one in the audience behind you, Secretary, or sitting in another room that might be able to provide some information?

Ms Quinn: There's not. I can ask the department to see whether they can provide some information through the course of today about the current status of that. I don't have anything in my fairly extensive database here in terms of an ongoing grant arrangement but it may be that that's a gap. We can check the current status and if we—

Senator DEAN SMITH: You are a proficient user of the database in front of you; I've noticed that, Ms Quinn.

Ms Quinn: Yes. I try to assist the committee.

Senator DEAN SMITH: It's very effective.

Ms Quinn: We can check the current status.

Ms Looney: I also note that it's not only our portfolio that may be connected to that; we may need to look into whether that's a question for other portfolios, including through the trade portfolio.

Senator DEAN SMITH: Fair point. Secretary, do you know how much was committed?

Ms Quinn: No. I have sent the question as we speak.

Senator DEAN SMITH: It's probably right for me to assume that the funding has been effective in bringing great awareness to Australian made goods abroad.

Ms Quinn: Undoubtedly, having a label helps with the awareness of Australian made goods. I might just check whether my colleague Jane Urquhart can add anything.

Ms Urquhart: Strategy incorporates enabling policy across the department, including international engagement. There was \$5 million provided to Australian Made Campaign Ltd over four years from 1 January 2020 to 30 June 2023 to promote and protect the Australian Made, Australian Grown logo in Australia's key export markets, including South-East Asia, China, India, the European Union, the United Kingdom, the UAE, the United States and Canada.

Senator DEAN SMITH: Thank you very much. You said that funding was up until last year, 2023.

Ms Urquhart: That's correct.

Senator DEAN SMITH: It's not been extended?

Ms Urquhart: No, Senator.

Senator DEAN SMITH: Thank you. Is the Director-General of IP Australia with us?

Ms Quinn: Yes, he is.

Senator DEAN SMITH: Mr Schwager, thank you for your participation today. In a few sentences, can you explain to the committee the purpose and value of having a trademark? I would like to start in the broad.

Mr Schwager: A trademark lets you protect intellectual property that you put into your brand. That's probably the short way of putting it.

Senator DEAN SMITH: And a slightly longer explanation?

Mr Schwager: A trademark is intellectual property that is a registered form of intellectual property that you register with us in order to protect other people from infringing on that intellectual property so that the investment you have made over time into your reputation and your presence in the market can be protected against people infringing on the work that you have put into it.

Senator DEAN SMITH: That's much better; thank you very much. How many trademarks are registered in Australia at the moment?

Mr Schwager: I would say there are several thousand. Let me just get the exact number for you. Senator, there are 31,000 applications per year, so there are several thousand currently on the trademark register.

Senator DEAN SMITH: Does a trademark become uncurrent or deregistered?

Mr Schwager: Yes. It can if you don't pay your renewal fee. Sorry—I can correct the previous statement. It's 84,000 trademark applications per year. I was reading from the patent number, I'm sorry.

Senator DEAN SMITH: Does IP Australia have an investigative role?

Mr Schwager: No, we don't.

Senator DEAN SMITH: You don't?

Mr Schwager: No.

Senator DEAN SMITH: So how do trademark breaches, concerns or violations get dealt with?

Mr Schwager: That becomes a discussion between the two parties that are involved. It's entirely a commercial matter between one party who owns the trademark and another party who is potentially infringing on the trademark. Similarly, people can dispute. If people apply for a trademark you might oppose that. There is an opposition period to stop people taking out a trademark that you think infringes.

Senator DEAN SMITH: But if I've got a registered trademark and then someone comes and puts up double arches next to my double arches—

Mr Schwager: It would be up to the original owner of the double arches to take that matter into a legal discussion.

Senator DEAN SMITH: Into a legal process?

Mr Schwager: Yes.

Senator DEAN SMITH: Mr Schwager, I note that the AMCL, which is the Australian Made Campaign Ltd, has been in operation for over 35 years. Has its trademark been registered for that entire period?

Mr Schwager: We're just checking the details on the Australian trademarks register.

Senator DEAN SMITH: Great.

Mr Schwager: To the extent that I can give you that information from that, it was entered on the register in August 1987.

Senator DEAN SMITH: Great. Thank you very much. Do you ever do any work to sort of—

Senator Ayres: I was 14 then, Senator.

Senator DEAN SMITH: Sorry?

Senator Ayres: I was 14 then, if that's helpful.

Senator DEAN SMITH: We might get to that—not.

CHAIR: Senator Stewart has advised she was born in that year, so you might want to reflect on that statement, Senator Ayres.

Senator DEAN SMITH: I don't have a comeback; I'm lost, sorry.

Senator Ayres: I knew it'd put you on the spot for a little while.

Senator DEAN SMITH: I did do the math quickly in my head. Does IP Australia do any work in terms of ascertaining the value of a trademark?

Mr Schwager: No.

Senator DEAN SMITH: So it's just the registration of the trademark. A breach of trademark is a completely private matter between the disputing parties.

Mr Schwager: Correct.

Senator DEAN SMITH: Thank you very much. I might just ask you to stay at the table.

Mr Schwager: I'm happy to, Senator.

Senator DEAN SMITH: I can feel the anticipation building. I hope this works.

Senator Ayres: I've seen you coming for a little while, Senator Smith. Keep coming up the aisle.

Senator DEAN SMITH: It's your turn, Senator Ayres. Minister, what is the government's tolerance for breaches of intellectual property?

Senator Ayres: As Mr Schwager said, of course having a proper intellectual property regime is important. Defending Australian brands overseas, I think, is of interest to the government as well. Essentially, as Mr Schwager says, it's ultimately a matter for owners of trademarks to protect their interests through the normal channels.

Senator DEAN SMITH: That's through private negotiation litigation. Do you believe that the Australian Made logo is a valuable trademark for Australian producers?

Senator Ayres: I think it's of value here in Australia, and it's of value overseas as well.

Senator DEAN SMITH: Do manufacturers pay a fee for the use of the Australian Made logo?

Ms Quinn: That is my understanding.

Senator DEAN SMITH: Do we know how much that fee is?

Ms Quinn: It would be a matter for the company—the not-for-profit—that maintains the trademark.

Senator DEAN SMITH: Mr Schwager, what is the annual registration cost for someone to renew their registration, given that in this case the Australian Made logo is a registered trademark so they are renewing it annually?

Mr Schwager: I would suggest it's \$400.

Senator DEAN SMITH: No wonder there are 80,000-plus a year.

Mr Schwager: We provide an excellent service.

Senator DEAN SMITH: That is great value for money.

Mr Schwager: Yes.

Senator DEAN SMITH: Great. I want to present a document.

CHAIR: Senator Smith, I don't want to interrupt your train because I know you don't like it when I do, but we're scheduled to take a break in a couple of minutes. On the other hand, we would almost be in a position to conclude program 1.1. Do you want another five minutes? Then we'll conclude and take a break.

Senator DEAN SMITH: I think we might just quickly take a break and then come back.

CHAIR: That's disappointing.

Senator DEAN SMITH: I know; sorry, Chair.

Mr Schwager: If I might just add one further piece of information to my previous answer—there were 880,281 registered trademarks in Australia as at 30 June.

CHAIR: Thank you. The committee will take its scheduled break.

Proceedings suspended from 15:54 to 16:08

CHAIR: We continue with program 1.1 and IP Australia. Senator Smith.

Senator DEAN SMITH: Thank you very much. This is the moment you've all been waiting for.

CHAIR: The big reveal.

Senator DEAN SMITH: I know you've been waiting with great anticipation, Senator Ayres.

Senator Ayres: You might surprise me.

Senator DEAN SMITH: Tada! Here we have—and, Mr Schwager, I'm going to require your extensive expertise and knowledge—two very similar logos.

Senator Ayres: Are they?

Senator DEAN SMITH: Absolutely. Same—

CHAIR: Is that a prop, Senator Smith? That might be a prop.

Senator DEAN SMITH: I might table a document.

Senator Ayres: You could have handed these around before the break, Senator Smith.

Senator DEAN SMITH: Two very, very, very similar—

Senator Ayres: If you say so, Senator Smith.

CHAIR: It's got a kangaroo.

Senator DEAN SMITH: They use green. They use triangles. They use similar colours, gold and green. They use a similar font. The difference, of course, is that one is registered—the Australian Made logo.

CHAIR: Also, one has a kangaroo, Senator Smith.

Senator DEAN SMITH: And one is not registered.

CHAIR: The committee tables the document.

Senator DEAN SMITH: So, Mr Schwager, can you give us a sense of what your professional view might be in terms of the potential trademark infringement?

Senator Ayres: I'm very happy for Mr Schwager to answer the question, because I'm partly interested, but I would say he did indicate before that it's not really IP Australia's gig to do compliance in these matters.

Senator DEAN SMITH: Senator Ayres, on this you can trust my line of questioning.

Senator Ayres: I've been trusting it for about 25 minutes.

Senator DEAN SMITH: We will get to the right spot. It is the most exciting thing that has happened in estimates today.

Senator Ayres: I hope so.

Senator DEAN SMITH: So, Mr Schwager, could you just share with us some of your professional observations about whether or not they are suitably similar from your perspective or the sorts of things that you might look for when asked to exercise some judgement over whether or not a trademark is too similar to an existing trademark?

Mr Schwager: The similarity or the deceptive similarity component of trademark law is something our examiners consider when they are examining trademarks, and it's actually something that would raise concerns initially in terms of whether or not that could be regarded as deceptively similar. But it's actually a fine point of law. I actually have trademark examiners who get trained for over 12 months to look at the finer points of what is or isn't necessarily captured according to precedent in common law to distinguish between what is deceptively similar and what might not be. So it's difficult for me to give you a definitive opinion on it.

Senator DEAN SMITH: The fact that it's not clear is a statement—

CHAIR: Senator Smith, we've all got a copy of the document, so you can put yours on the table.

Senator DEAN SMITH: Okay. I'm doing this for effect.

CHAIR: Yes, indeed.

Senator DEAN SMITH: Mr Schwager, you'll be aware that section 120(1) of the Trade Marks Act 1955 states:

A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

Mr Schwager: I think you might be looking at previous legislation. The Trade Mark Act has been updated more recently, so there is a new act, but substantially that point that you're making carries over into the new act. And that's the point. It hinges on the definition of 'deceptively similar', and that is a matter of considerable case law.

Senator DEAN SMITH: I would argue that it's not designed to be identical.

CHAIR: Senator Smith!

Senator DEAN SMITH: It is designed to be deceptive. It is designed to trade off what you described in your opening remarks as that significant investment over time of a presence in the market.

Mr Schwager: That's a judgement that is usually made in the courts or in a commercial arrangement between the two parties.

Senator DEAN SMITH: Mr Schwager, the website IP Guardian states:

These laws—

that is, the Trade Marks Act 1995 and the Copyright Act 1968—

outline harsh penalties for trademark infringement, including acts of counterfeiting and piracy—these are all considered to be serious criminal offences.

In addition to any civil action or mediation, the court can opt to impose penalties of up to five years imprisonment and fines of up to \$99,000.

How does that interplay with your previous comments about parties in dispute pursuing a private mediation or—

Mr Schwager: I'm looking a little bit confused because that isn't something that I'm particularly familiar with in terms of criminal sanctions. IP Guardian is not a reference I'm aware of. I'm not aware of that information being on our website with respect to how to enforce a trademark.

Senator DEAN SMITH: I understand that there is a dispute between the body responsible, the AMCL, for the Australian Made and Owned logo—

CHAIR: Senator Smith, I'm only mildly concerned, but—

Senator DEAN SMITH: The prop consideration—

CHAIR: It's just because I've asked a few times.

Senator DEAN SMITH: Sorry, you're quite right. I understand that there is a dispute with ACML over the use of the A Future Made in Australia logo because they are concerned that it's too similar to the Australian Made and Owned logo. Are you aware of that at all? I think this is in a media report.

Senator Ayres: A dispute with whom, Senator Smith?

Senator DEAN SMITH: An ACML spokesman has told the media that they were aware that the logo had been used by the ALP and that—I'm quoting now—'The ACL has engaged with the ALP to resolve the matter.' Are you aware of that, Senator Ayres?

Senator Ayres: I've read the article, Senator Smith, and I'm delighted to have an opportunity to deal with some of these questions. That logo, of course, is I think something that a number of Labor MPs who were promoting the A Future Made in Australia policy and suite of policies around budget time argued, which they had up on their socials, I assume. It's a matter of argument, I suppose, whether that's too close or not too close to the made in Australia logo. There are a couple of things, though, that are unarguable.

Under the last government, with manufacturing jobs—fewer things were made in Australia as a result of the last government's maladministration and hostility to manufacturing. Under this government, more things will be made in Australia, and Labor MPs and senators are proud of the Future Made in Australia proposition because we're for Australia, we're for the future and we're for manufacturing, which is more than that can be said for the

no-alition show which is talking Australia down, hostile to Australian manufacturing and hasn't seen a car plant that it doesn't want to close down.

Senator DEAN SMITH: Senator Ayres, thank you very much for that. But you are right. You are right; your colleagues did see good sense and good manners and decide to pull down from their social media platforms the A Future Made in Australia logo.

Senator Ayres: No. There's an A Future Made in Australia logo that the government is using. That is a matter for the government, and, if you want to ask questions about the government's program in terms of Future Made in Australia, then, as the secretary of the department outlined, there is elements of that sit within the Department of Industry, Science and Resources, and you should feel free in the relevant section to ask questions, and they will be delighted and I will be delighted to answer your questions there. For some sections of this, of course, you'd have to go to Treasury, which I think have already been in here.

Senator DEAN SMITH: They have.

Senator Ayres: And Prime Minister and Cabinet.

Senator DEAN SMITH: All done.

Senator Ayres: You could ask the Department of Climate Change, Energy and Water about their programs. This is a whole-of-government Future Made in Australia approach. If you want to ask questions about what a Labor MP might have shared because they are passionate about Australia and passionate about Australian manufacturing, you should wander down the corridor and knock on their door, I reckon.

Senator DEAN SMITH: What is the status now of this particular tile design tool for Labor MPs. They've been encouraged not to use it?

Senator Ayres: It seems to me that that's a question that you could direct—it's hard to see how I can be in a position to answer that question.

Senator DEAN SMITH: You're a Labor member of parliament.

Senator Ayres: Indeed I am.

Senator DEAN SMITH: You're the esteemed assistant minister.

Senator Ayres: A Labor senator—that's right.

Senator DEAN SMITH: You're a luminary, no less! I put you into the intellectual class.

Senator Ayres: This is really going to collapse under its own weight, isn't it!

Senator DEAN SMITH: But, in all seriousness now, there was a media report, Senator Ayres. You referred to the media report. What is now the status of this in terms of Labor Party—

Senator Ayres: I don't know, Senator Smith. You'll have to ask somebody who's engaged in the socials.

Senator DEAN SMITH: But you can be generous enough to take it on notice.

Senator Ayres: I'll take it on notice, absolutely—

Senator DEAN SMITH: Thank you very much.

Senator Ayres: just so that we can move on—

Senator DEAN SMITH: A luminary, statesman and gentleman.

Senator Ayres: to the next line of questioning.

Senator DEAN SMITH: Thank you very much.

CHAIR: Great. Okay. That concludes the questions we have for program 1.1 and for IP Australia. You go with our thanks. Thank you. The committee calls the Commonwealth Scientific and Industrial Research Organisation.

Commonwealth Scientific and Industrial Research Organisation

[16:22]

CHAIR: We now welcome Dr Hilton and colleagues from CSIRO. Dr Hilton, I see you've got an opening statement for us. Would you like to speak to it?

Dr Hilton: If you'd like me to speak to it, I'd be delighted, but I'm also happy if it's tabled. Your call.

CHAIR: I'd be happy to have a few highlights from your opening statement if you're prepared to do so.

Dr Hilton: Sure. That would be a pleasure. Science has never been more important to Australia. We have faced profound challenges as they become increasingly urgent and complex, and, when we think about those

challenges, they are the energy transition, climate change, ensuring our security, tackling biodiversity loss and supporting the health and wellbeing of Australians. All of those challenges require us as a nation to be able to do great science and trust in it.

Our research in these critical areas faces criticism from time to time, and I welcome this. Rigorous conversation should be encouraged as a pillar of our democracy. But it's important to distinguish between debating the evidence and rejecting the scientific process. I've now had the privilege to lead CSIRO for just over a year, and in that time I've realised the importance of our role as the national science agency in bringing impartial and carefully considered research, evidence and data to inform our community and government about the challenges ahead.

If we're to overcome these profound challenges confronting us, Australia needs a strong and vibrant national science agency. That's why we've begun work reshaping CSIRO to ensure we can continue to effectively solve the challenges that matter to Australia and Australians. One year into the role, I'm honoured to share some of the highlights and celebrate the work of our many dedicated scientists, researchers, engineers, technologists and economists.

Last month, we hosted His Majesty King Charles III at our National Bushfire Behaviour Research Laboratory to learn about how CSIRO scientists, working collaboratively with organisations across the country, help us understand and predict bushfire behaviour as well as help protect communities and fire crews during outbreaks. Our scientists have been working to reduce the impact of fire on Australia's people, environment and economy for more than 70 years.

We're also working to protect Australians and Australia's valuable livestock and aquaculture industries from emerging infectious disease threats like bird flu, and I'd like to add that the ACDP facility in Geelong is an absolute national treasure in that regard. This high-biocontainment facility in Geelong gives Australia sovereign capability to quickly control disease outbreaks, to keep control of trade-sensitive information and to conduct its own investigations into potential biothreats to the nation. Our team at ACDP has provided confirmatory testing, expert scientific advice to government, and animal health working groups involved in the response to recent bird flu outbreaks in Victoria, New South Wales and ACT.

I'm inspired daily by the passion and commitment of the people at CSIRO and our collaborators. I'm also deeply grateful to the Australian community and our elected representatives for their continued support and confidence in our work, and, as I said in my first opening statement at estimates, leading the CSIRO is an incredible privilege and the best job in the world. Twelve months on, it remains so.

CHAIR: Fantastic. Thank you, Dr Hilton. We'll go straight to questions, and I'll go to Senator David Pocock.

Senator DAVID POCOCK: . Thank you for waiting around for the Senate. I have some questions about the CSIRO's submission to the Chubb review.

Dr Mayfield: I'm happy to answer that.

Senator DAVID POCOCK: Thank you very much. I've got some questions in particular on the HIR carbon credit method, and I've received various documents under FOI and through an OPD in the Senate. I'd like to go through a timeline of what happened from these documents. On 5 October 2022, in the morning, the CSIRO submission stated, 'The integrity of HIR based ACCUs is highly dependent on context. We should work on making this point clear.' In the afternoon, a CER executive sent an email to a CSIRO representative that said, 'I just tried to reach you by phone, can you give me a call?' Later in the afternoon, the same CER executive sent another email to a CSIRO executive, requesting a phone call 'to discuss a fairly urgent matter re the ERF methods/ACCUs'. So, just to confirm, a CER executive contacted the CSIRO in relation to the submission; is that correct?

Dr Mayfield: Yes, they did reach out to CSIRO, which is fairly normal. We get a lot of inquiries about different things.

Senator DAVID POCOCK: Earlier this week, in response to questions from Senator Sharma, the Clean Energy Regulator confirmed repeatedly that it was a representative of the CSIRO who initially contacted the Clean Energy Regulator in relation to the submission, not the other way around. I take it that that's not correct in your view?

Dr Mayfield: There are probably multiple connections. I think the one you are referring to—

Senator DAVID POCOCK: Only one can be true, though.

Dr Mayfield: really relates to one that came to my office, and that was around CSIRO's submission, and our response was that we would be making a submission and that they would be able to see it once it was done and

put up on the public website, which is how we approached that. There is ongoing work that's getting done in that area, so it's possible that we've had some of our researchers talking on technical issues, but not about the submission per se.

Senator DAVID POCOCK: Who contacted who first? You said earlier that the CER contacted CSIRO. They say—

Dr Mayfield: With respect to my office, the contact came from the CER to my office, and then—I don't remember which day it was, but there was a bit of a gap before I did contact them back just to let them know that we were making a submission, but we didn't provide any insight into what that submission would have. That was done through the normal process, where we put it through into the inquiry and then they post it on a website. That's how we'd approach it.

Senator DAVID POCOCK: Sure. So the CER's evidence is misleading?

Dr Mayfield: I didn't hear the CER's evidence.

Senator DAVID POCOCK: I just put it to you.

Dr Mayfield: I can tell you about my experience in terms of what's happened in our office. But, as I said before, there are ongoing contacts in all the work that we do around HIR and things like that where we're having technical discussions in the background—

Senator DAVID POCOCK: I understand. This is—

Dr Mayfield: but not necessarily about the submission.

Senator DAVID POCOCK: Sure. This is about executive contact.

Dr Mayfield: Yes.

Senator DAVID POCOCK: Getting back to the timeline, the following day, on 6 October 2022, the CER executive sent a text message to someone at CSIRO, asking to speak about the submission, which according to internal CSIRO emails was about CER concerns about the submission and its treatment of HIR methodologies. That's correct, isn't it?

Dr Mayfield: That would be the contact that came to my office, I believe. As I said before, we didn't actually have a discussion on what we were submitting, just that we were putting a submission in. We've gone through our normal process, which we do every time. We pull together our own submission. We edit that and we review it internally. We make it available to the committee, or the inquiry, and then let the process make its way forward. So it's an independent submission.

Senator DAVID POCOCK: Why are internal CSIRO emails saying it was regarding CER concerns about the treatment of HIR methodologies and you're trying to fob it off as just clarifying that you were putting a submission in? That seems two very different things.

Dr Mayfield: In terms of how the actual request was made, I don't know, but, in terms of the response that we made, that's the context in which it was made.

Senator DAVID POCOCK: I'm not following here. So there are FOI documents of CSIRO saying, 'CER has contacted us with concerns about HIR methodology'. Despite that, you're just saying, 'No, no; all I chatted about was that we are making a submission.'

Dr Mayfield: I'll try and clarify it for you, Senator. We get lots of inquiries, but if someone makes an inquiry—

Senator DAVID POCOCK: This is pretty extraordinary—to have someone who has an independent review of them reaching out to someone who is making a submission to an independent review.

Dr Mayfield: I won't comment on that, but what I can comment on: when we get an inquiry like that, we take the position of being independent and we go through our normal process. My response in that case is about maintaining that independence, and that's how we've responded. It doesn't matter what they've asked; that's how we respond.

Dr Hilton: That was what I was also going to say. It doesn't matter—we can't control what is asked of us, but what we can control is that we play a dead straight bat.

Senator DAVID POCOCK: Sure. I appreciate that.

Dr Hilton: I think that's the absolute nature of how Dr Mayfield responded to that query.

Senator DAVID POCOCK: I appreciate that, but I will hopefully get to that. Did they ask about the treatment of HIR methodologies in the CSIRO submission?

Dr Mayfield: In the phone call I had, it didn't come up in the conversation. I just made our position clear. I made that contact, and they waited until our submission went into the inquiry. They saw it after it had been submitted.

Senator DAVID POCOCK: They didn't raise any concerns about the way that your submission was treating HIR?

Dr Mayfield: Not with me, no.

Senator DAVID POCOCK: Who did they raise that concern with, then?

Dr Mayfield: I don't know.

Senator DAVID POCOCK: Maybe on notice—

Dr Mayfield: I'm not aware of that.

Senator DAVID POCOCK: You're the boss here, though. Maybe, on notice, you could find that out. The day after, on 7 October, there was an updated version of the submission, described internally by the CSIRO as a now truncated version, and then a further conversation between the CSIRO executive and the CER executive. Is that correct?

Dr Mayfield: Any truncation that's going on is part of our normal editing process, so I don't think the two are related.

Senator DAVID POCOCK: So there was no further conversation after that with the CER?

Dr Mayfield: No, I didn't have any other conversations.

Senator DAVID POCOCK: Who did, then? These FOI docs show that there was a further conversation.

Dr Mayfield: I'd have to look at those. From our understanding, we've gone through a normal editing process. We've maintained the independence of what we do. We've made our submission. We haven't discussed our submission with the CER. Whatever they ask comes to my office, but it's a request. But we haven't complied with that request, because we've maintained independence.

Senator DAVID POCOCK: What was that request?

Dr Mayfield: You've actually said it before, in your earlier statements. They wanted to talk about our submission, and the reply I've given is that we're pulling together a submission and they'll be able to see it once it has been put up on the website.

Senator DAVID POCOCK: Professor Chubb described the submission that the CSIRO made as 'quite brief'. Why was it so brief?

Dr Mayfield: With most of our submissions, we try to look at the terms of reference and work out where the relevant science is. We like to work with short, clear messages. We also like to work with information that's published. We draw it back to that. We don't make long submissions, typically.

Senator DAVID POCOCK: You are the nation's chief science body, and this is a huge area of not just our national climate change policy but of interest. It really strikes me as odd that the CSIRO is the one who puts in a submission that is quite brief and—

Dr Mayfield: In terms of those processes, we will typically highlight where we have relevant science and relevant work to the inquiry. Normally there will be a subsequent inquiry hearing that we'll be invited to go to, and there's an opportunity for questions and answers at that point in time. In this case we did go to the inquiry subsequently—at least, some of our officers did. That's the way we normally approach it, rather than putting in information that may not be relevant to the terms of reference.

Senator DAVID POCOCK: HIR was very relevant to the terms of reference, so I'm interested in whether significant parts were removed after concerns were raised by the CER about the part that they were most concerned about.

Dr Mayfield: No, no. We go through a fairly standard process. We edit based on what we believe is appropriate for the terms of reference. It's not influenced by any outside influences. I'm very comfortable that we've gone through our normal process.

Senator DAVID POCOCK: Just so I'm clear, what you're telling me is that you had a full and lengthy submission being drafted that had quite a bit to do with HIR. Then you were contacted by the CER about concerns that the CER had, and then, just by chance, it was cut down significantly and big sections to do with HIR were removed from your submission. Is that what you're telling me?

Dr Mayfield: No, I'm not saying that at all. When we were contacted, obviously my office got a topic they wanted to talk about. We didn't have that discussion around the content of it. We went through our normal editing process. We start with a lot of information. We pull it from all of our scientists. Then we edit it down to what's really relevant—what has been published—and shape the submission as to what CSIRO wants to submit. You're making a connection there which hasn't happened.

Senator DAVID POCOCK: Sure.

Dr Hilton: And that editing process is something that happening all the time. With the number of scientists we have with relevant expertise, we often seek input from a lot of different sources, and that input is then distilled down into something that makes a more salient submission. That process of going from a longer document with a lot of information to something that is brief and to the point is a very normal part of the scientific process and report writing and submission.

Senator DAVID POCOCK: Dr Hilton, I'm curious that you don't seem concerned about this. There's an independent review into the Clean Energy Regulator. CSIRO is asked to make a submission. The Clean Energy Regulator contacts CSIRO. They're clearly are worried about HIR. Within the space of two days—I understand it's an iterative process and things get removed, but the very bit that the CER is most concerned about all of a sudden is removed from CSIRO's submission.

Dr Hilton: We can't, obviously, prevent people from contacting us, but what we can do is to play, as I said, a dead straight bat in terms of how we internally edit and distil the data we have. I have full confidence that Dr Mayfield and his team did that in this case and that the material that was presented was, in CSIRO's view, the material that was peer reviewed, that was expert and that would be of most use to the committee.

Dr Mayfield: May I clarify? Some of the work that I think you're referring to that was removed—that was not published, so it hadn't been through peer review. That has subsequently been published and is now out there and available. We followed our approach, which is to work with the peer-reviewed information that we put into the submission. That would have been the driving force for removing that. I think the timing is not relevant.

Senator DAVID POCOCK: Dr Mayfield, in response to questions from the media, from what you've just said, the submission was not shared with the CER prior to its publication in any way. Is that correct?

Dr Mayfield: I'll just clarify. We made—

Senator DAVID POCOCK: CSIRO's submission.

Dr Mayfield: The inquiry submission went in without the CER seeing that.

Senator DAVID POCOCK: Ever seeing it?

Dr Mayfield: Yes.

Senator DAVID POCOCK: Why, then, were the CER executive so intent on speaking to you two days before you were due to make your submission, if they supposedly didn't know that you—

Dr Hilton: I think that's pretty speculative, and I think that's probably a question for that—

Senator DAVID POCOCK: It's in the FOI.

Dr Hilton: I don't think the CSIRO can speak to the intent of somebody contacting the organisation. I think that would be speculative.

CHAIR: Senator Pocock, I appreciate that you have a line of questions and you can ask your questions, but I also note that you've asked a similar question in different ways and got pretty much the same answer four or five times.

Senator DAVID POCOCK: I will continue.

CHAIR: There are rules and guidelines about repetition in questions. You have the call to continue.

Senator DAVID POCOCK: An internal CSIRO email sent after that phone call with the Clean Energy Regulator executive stated:

We need to actively manage this issue, including putting mechanisms in place for more senior level visibility and oversight in this relationship.

I'm interested in what was meant by that and what has occurred since then. What has been put in place?

Dr Mayfield: I'd have to look at the specific context of that. Ultimately, when we're dealing with sensitive issues, we need to make sure we're dealing with them in the right context, with the right level of probity, and I think that's what we have done in this exercise.

Senator DAVID POCOCK: Dr Hilton, as far as you're concerned, there's nothing to see here, despite the FOI and despite the ongoing integrity issues with HIR in particular.

Dr Hilton: Certainly, from our viewpoint, I have full confidence in the way Dr Mayfield has handled that query—that he has played a straight bat and that the public can have confidence in the submission that was put in.

Senator DAVID POCOCK: Is that based on a review or just what you've heard today?

Dr Hilton: That's based on having discussions with Dr Mayfield about the issue as it has appeared in the media and has been discussed.

Senator DAVID POCOCK: Okay.

CHAIR: I'll share the call. A number of senators have questions now, so I'll give you the call when it's time to ask the last question. Senator Rennick.

Senator RENNICK: Dr Mayfield or Mr Graham, my questions might be mainly for you. I'm just trying to track where we're going in terms of costs to get to 82 per cent renewables in the grid by 2030. What's the latest forecast for the cost of getting the grid to 82 per cent renewables?

Dr Mayfield: Just to make sure we understand the question correctly, when you say 'the cost of getting to 82 per cent', are you talking about a scenario?

Senator RENNICK: Isn't that the latest target—to get the grid to be 82 per cent renewables by 2030?

Dr Mayfield: I believe that's a policy. In terms of the work that CSIRO has done, if you're referring to *GenCost*, *GenCost* looks at capital costs for different technologies. It looks at levelised cost of electricity. It's not necessarily looking at pathways to certain percentages of particular energy types or generation types.

Senator RENNICK: Sure. Mr Graham, haven't you done a couple of estimates to get to net zero overall? One was originally a trillion, and then it came back to 500 billion, to get to net zero.

Mr Graham: We've done a number of modelling exercises over the years where you can calculate the total new investment to get to different emissions targets in the electricity sector. None of the numbers mean anything out of context. The context depends on how much electricity you need. For example, you could have an extremely expensive scenario which is to do with electrifying huge parts of industry—that could look like a really expensive scenario, but it's actually not necessarily expensive on a unit-cost basis. Equally, you can have a trillion dollar scenario where you've electrified a lot of sectors, and then you could have one that's only half a billion to get to net zero, but that could just be that you've got lower electricity demand. It doesn't mean that it's necessarily, on a unit-cost basis, lower costs or higher cost. None of these numbers about the investment cost over time mean anything without context.

Senator RENNICK: So the context is that both major parties have committed to getting to net zero by 2050. What does the CSIRO forecast the capital cost will be to reach that target?

Mr Graham: To answer a question like that, we'd need a lot more information about the underlying assumptions of that scenario—what's happening globally, how else we are treating emission abatement in other sectors of the economy which might affect the amount of electricity demand—so I can't answer that.

Senator RENNICK: That's a fair point, but I guess the headline slogan that people get is that we're going to get to net zero by 2050, so I would've thought that we owed them a detailed estimate of the cost to get there by 2050. Obviously, someone along the line advised former Prime Minister Morrison when he signed up to net zero—back in 2021, I think it was—what the implications would be of signing up to net zero. So, surely, by now—this agreement is a couple of years old—we would have sat down and worked out what is going to have to happen in order to reach net zero and someone somewhere would have had to model those costs, including the capex costs of getting the grid and whatever else.

Dr Mayfield: I believe there's a range of different exercises that have looked at that. But they're not the electricity system only.

Senator RENNICK: No. I accept that.

Dr Mayfield: They're much bigger analyses, and they're viewed as pathways based on various scenarios. So there's some of that work.

Senator RENNICK: But you're the scientists and you also do the capex costing. What are the pathways? We're trying to explain to the Australian taxpayer and the Australian energy consumer what the pathways are and what sacrifices they are going to have to make to get to net zero by 2050.

Dr Mayfield: You'd be aware of some of the recent work around sectoral plans that the CCA has been working on and things like that. It's that sort of analysis. It finds a pathway to get the emissions down; it's not

necessarily fully costed at this stage. There's economic analysis that goes with it as well, but that's not CSIRO on its own; that's a range of groups—

Dr Hilton: I don't think that's a question that CSIRO can answer in isolation. I think there are a number of policy issues that those costings would be dependent on. We're not in a position to make those calls, nor are we in a position to do that work alone.

Senator RENNICK: No. That's fair enough. But I'm asking you—

Dr Hilton: That's not a question we can really answer, Senator.

Senator RENNICK: I would've thought you could answer a large part of that, through the capex and the actual science. Let's say we get to 82 per cent renewables in the grid, what other sectors are going to have to reduce their emissions, and how will that happen to get to net zero? We can split this into two questions now, so let's put the economic costing aside. What are the pathways to get to net zero by 2050?

Dr Mayfield: Obviously, electrification is a big part of most of the pathways.

Senator RENNICK: Let's take, for example, if we get to 82 per cent renewables of the electricity grid by 2030, how much will that reduce emissions by?

Dr Mayfield: I can't answer that off the top of my head, but we can look at that. But for electrifying, you've got to look at each of the sectors. So, if you're looking at transport, you have to find ways. You can do part-electrification through EVs. You might do some hydrogen. You might do some e-fuels through hydrogen or building up other hydrocarbons that have renewable carbon in them. So you've got to look at each of these. You've got the land-use sector as well—land use, forestation. You've got to make a decision on how much carbon abatement you might get from that. You've got to look at things like CCUS and how much you would get from that pathway. But you'll have to look at a range of scenarios.

Senator RENNICK: That's right. Let's take transport, for example. When you say you've got to electrify transport, can you be more specific? We can do some on electric cars. What percentage of the fleet would have to become electric for the transport sector to contribute its fair share to reducing carbon emissions?

Dr Mayfield: It's a fairly open-ended question, so it might be better if we can provide you with some materials that relate to some of the existing other work around carbon pathways.

Senator RENNICK: I accept there are obviously going to be a lot of scenarios, and I accept there are other departments, but would you accept the CSIRO, being the chief scientific agency, is going to provide a lot of input into this?

Dr Mayfield: Yes. We have a lot of the relevant models, and we make them available and contribute, but other groups also are part of that as well. We've been contributing to some of the work that we just referred to before that's happening through the CCA. But that's much bigger than CSIRO.

Senator RENNICK: I just want to narrow down a couple of things. With that transport sector—

CHAIR: Last question, Senator Rennick.

Senator RENNICK: Yes. With the transport sector, is it just electrification of passenger vehicles, or is it—

Dr Mayfield: If you think of transport—

Senator RENNICK: Yes.

Dr Mayfield: it's road, it's rail, it's air, it's sea. Each of those segments will need a different solution or range of solutions. I think our ongoing view is that there is no one solution that solves each part of the problem; you're going to have to use a multitude of solutions. If you're looking at air, we do work with Boeing. Boeing is looking at using batteries in planes. They're using hydrogen in planes. They're also looking at e-fuel—

Senator RENNICK: So there's no clear pathway yet to 2050.

Dr Mayfield: making jet A-1 with recyclable carbon. So there's a multitude of solutions there. Rail can be electrified. We've also got some people trying battery-electric locomotives. There's a range of solutions being trialled there. If you look at vehicles, you can have electric vehicles. I think for short range, that's pretty clear. For heavier transport or longer range, it may not be the right solution. That's still up for debate. But then you're looking at things like hydrogen fuelled vehicles potentially or, again, other e-fuels that you might be able to create. Each one has a different solution.

CHAIR: Thanks, Dr Mayfield. I've got a lot of senators on my list now. Senator Roberts?

Senator ROBERTS: Thank you for being here again. It's good to see you, Dr Hilton.

Dr Hilton: It's good to see you, Senator.

Senator ROBERTS: My questions are fairly short. CSIRO didn't give a direct answer to my question on notice about the cost of Pioneer-Burdekin pumped hydro, but I have the latest figure the CSIRO is using for the Pioneer-Burdekin pumped hydro in Queensland: \$12 billion. We now know the Queensland government internally have the actual cost at \$36 billion—triple. Snowy 2.0 has blown out from \$2 billion to \$20 billion, and I forecast that in 2017. That's if you include the connecting infrastructure—everything to turn the power on. Why do you continue to tell Australians this is a cheap pathway to follow when every step we take proves you wrong—repeatedly wrong. Why?

Dr Mayfield: These numbers are embedded in our *GenCost* report and, with every technology, we're looking for actual projects to base our numbers on. I don't believe we've been using the numbers for the Queensland project as part of that. Mr Graham can probably clarify that for me, but we update that on each cycle based on what's actually happening out there. So the numbers are as up to date as they possibly can be, as we get more project information.

Senator ROBERTS: That worries me more—that they're up to date. Your *GenCost* is nothing more than a fairytale. Considering the assumptions, when we include, then, all of the additional costs, like pumped hydro, that are needed to make it work in Australia, we're not going to have a cheaper energy system, are we, under *GenCost*?

Dr Hilton: Chair, could I just object to the use of 'fairytale'? I think that's a pretty derogatory way of describing what is a well-considered report that has opened itself up to input from a large range of experts over an eight-year period and, I think, provides excellent guidance to the community about the levelised cost of energy.

CHAIR: I think you've put that—

Senator ROBERTS: As I said, when we go into the assumptions, it's a fairytale.

CHAIR: Senator Roberts!

Senator Ayres: Can I just make a couple of comments about this? I think it's—

Senator ROBERTS: The assumptions have been proven wrong repeatedly.

CHAIR: Senator Roberts!

Senator Ayres: It's the kind of badgering of our key national scientific organisation that you should not do—you should not do. It's an organisation that has served Australia well for decade after decade after decade. It is composed of scientists and staff who work diligently on these questions. It is, of course, open to people—particularly people who have got some peer-reviewed scientific background, but it's open to people—to ask questions and to criticise the findings of the CSIRO and any other research institution. I don't mind the scrutiny. I don't think it does your cause any good when you ask these questions, but I don't mind it. What I do mind is the use of derogatory language. The problem is it's not just a One Nation Senator who does it. We sort of expect that. It's the Leader of the Opposition who said on *GenCost*:

It's a discredited report—let's be clear about it. It's not relied on. It's not a genuine piece of work

Senator ROBERTS: Correct.

Senator Ayres: What is wrong with the Liberal and National Party that you allow a bloke to run the show who pours scorn—

Senator ROBERTS: Chair, this is taking up my time. It needs to stop.

CHAIR: Alright.

Senator Ayres: who pours scorn on science and engineering. It has it has got—

Senator ROBERTS: You're just taking up my time to shut me down.

Senator Ayres: But you're the one who applied the derogatory comments. It's got to stop.

CHAIR: Minister!

Senator ROBERTS: It's my opinion.

Senator Ayres: It's got to stop.

Senator ROBERTS: It's my opinion.

Senator Ayres: It's got to stop. It's disrespectful.

CHAIR: Minister. Senator Roberts, can I just have a conversation with you?

Senator ROBERTS: Sure.

CHAIR: You still have the call. You've asked a question in a certain way. Dr Hilton has put some comments on the record about that. The minister has put some comments on the record about that. My job is just to make sure that you ask your questions in a courteous way. And you can ask questions about *GenCost*. I'd just ask that you put them in a courteous way.

Senator ROBERTS: Let's get a move on to the next question. Can you guarantee—guarantee—the entire electricity system, from generation to poles and wires to the electricity bill to the cost of taxpayers, is going to be cheaper if we continue down your pathway? The Renewable Energy (Electricity) Act was passed in the year 2000 under the Howard LNP government. So for more than 20 years, government has forced an increasing amount of wind and solar onto the electricity grid. I have here a graph of the cost of electricity over the past 20 years. It has tripled, largely under your guidance. Can any one of you experts here please tell me in which year on this graph putting more wind and solar onto the grid has brought down the price of electricity? I'm happy to table this.

CHAIR: Thank you, Senator Roberts.

Dr Hilton: Senator, we don't have a pathway; we provide data to our elected representatives for them to make policy decisions about our electricity system. We'll continue to do that through the *GenCost* report in a manner that is objective and that is open to feedback with each iteration of the report, as it's been over the last eight years, and it's up to our elected representatives to make the policy decisions about pathways, as they've done over the last 30 years, as you showed in your graph.

Senator ROBERTS: So you can't guarantee a pathway.

Senator Ayres: It's not up to Dr Hilton or the CSIRO—

Senator ROBERTS: The CSIRO has advised there are three pathways, Senator.

Senator Ayres: They don't run the energy strategy of the Commonwealth or the states. They provide expert advice on what the cheapest technologies are in the Australian context. That's what they do. They are scientists. They provide advice. It's a matter for government to follow it. It's not their pathway. The government—and the private sector too—takes advice about what the cheapest forms of technology are, and if you persist in supporting the most expensive ones, that's a matter for you.

CHAIR: Okay. Thank you, Minister.

Senator ROBERTS: Let's take the word of the RBA governor this morning. She said the key factor is supply and demand. When you add electrification to this, what the hell are we going to do with prices? Are you aware that higher electricity prices cascade and multiply throughout the economy, devastating manufacturing, devastating agriculture, devastating household bills when you remove the subsidies. Are you aware that in every nation in the world, increasing solar and wind increases electricity prices? The real-world data shows that. Within you, does this fact about increasing solar and wind driving increasing electricity prices in every nation across the globe raise any questions and, if so, what questions?

Senator Ayres: Senator Roberts, it's—

Senator ROBERTS: I'm asking.

Senator Ayres: I'm answering. If you'd approached this issue in a straightforward way, you would've explained that the graph that you waved around is the electricity CPI. Right? It's not the real cost over time; it's got inflation built into it. If you were straightforward about it, you would pose the counterfactual: what happens if you put more expensive than the—

Senator ROBERTS: I just told you what happens, around the world. Every nation that increases solar and wind increases electricity prices.

Senator Ayres: What the government has to do, serious government that's actually interested in the future of manufacturing—we will need more electricity.

Senator ROBERTS: The most important factor in the manufacturing cost is electricity, and you're driving the price up.

Senator Ayres: We're going to build more manufacturing, and we're going to drive the price down by delivering more supply and a modern generation facility.

Senator ROBERTS: When you add the demand of—

Senator Ayres: You can hold up your silly graph as long as you like, but it doesn't alter those facts.

CHAIR: Okay. I'm about to—

Senator ROBERTS: One more question.

CHAIR: Hello, everyone! I'm about to share the call, but I take Senator Roberts's point that we've also had some long answers.

Senator ROBERTS: I'm on my last question.

CHAIR: Ask your final question.

Senator ROBERTS: The federal government says it relies on the CSIRO for advice on energy and future climate. Do you take responsibility for destroying Australia's position as the cheapest supplier of electricity in the world, with it now being among the most expensive and hurting people and industries, while Mr Mayfield, during a cost-of-living crisis, two years ago was on a total remuneration package of more than \$613,000. I'm thinking of people with a median income of \$51,000, and half the Australian population is earning below \$51,000.

Dr Hilton: I'm always impressed with the quality and influence of the work that our scientists do, but the capacity to directly alter the cost of living for Australians is not one of those gifts our researchers have.

Senator ROBERTS: Thank you.

Senator COX: Can I ask some questions in relation to the National Emissions Monitoring Roadmap.

Dr Hilton: I think that would be one, initially, for Dr Mayfield.

Dr Mayfield: I can try and answer those for you.

Dr Hilton: And if we can't, we will of course take them on notice and answer them with the appropriate scientific input.

Senator COX: Thank you. The proposal that's been put forward by the Superpower Institute includes authors that were also from CSIRO. It talks about the road map intending for our government to invest in the capability to accurately facilitate inventory emissions data. This is civil society trying to move ahead with measurement. Is CSIRO currently undertaking any work in relation to this?

Dr Mayfield: With regard to emissions, we have a couple of facilities around the country. We have our Cape Grim facility, Kennaook, where we measure a range of gas concentrations—CO₂ being one of those, and methane. We have also done work over the years in the Surat, looking at emissions in the gas fields there. We do measurements in Melbourne. We have expertise in those areas, and that's ongoing. In terms of the road map you're referring to and inventory measurement, the inventory calculations are done through DCCEEW; we don't do those. But we do do the science on how you can do some of the measurements.

Senator COX: I know of the four monitoring sites: Cape Grim in Tasmania, Gunn Point in the Northern Territory, Aspendale in Victoria and Wollongong in New South Wales. I also know that the National Emissions Monitoring Roadmap recommends 16 sites, and that we also have some very clear and very good satellite data that's going to show us, even before we start reporting, the emissions that are currently out there. In fact, it's been reported that, internationally, other countries know exactly what our emissions are because we're not reporting—we're not measuring to the degree that we should be, and we're relying on industry to do that reporting. From coalmines right through to gas fields, it's been reported that they're underreporting. If we're not measuring it, we're not managing; is that correct?

Dr Mayfield: In terms of the inventory measurement, as you say it's done through reporting by industry and other mechanisms, and that's done through DCCEEW. I would refer you to them if you want to talk about existing methodologies.

In terms of alternative methodologies, CSIRO has looked at some of those at different times but I would argue that they still require some development. It's not about measuring concentration; it's about measuring fluxes. If you don't do the right type of measurement, then you can't quantify what the emissions are. Doing satellite measurements at the moment will give you concentration but won't necessarily give you flux. There would have to be science done to enable that. We have done that on a small scale. You might be familiar with the Arcturus towers we had up in the Surat. We are using a couple of point source measurements to try to infer a flux from that. We have expertise where we've tried to do that in the past, but that would have to be refined and developed.

Senator COX: Can I give you an example. I'm sitting here in WA, and I know that in 2022 Chevron released 16 million tonnes of greenhouse gases, including methane, into the air from the Gorgon project here in Western Australia. That company said it wouldn't do that amount of emissions during the approval process. What is stopping and encouraging us to talk about green steel and hydrogen production and make much more inroads into using science to make sure the data reflects the important emission targets we have now legislated here? For \$40 million, I think it's pretty cheap as a start-up—the government could contribute much more to that—and \$6 million in the forward estimates. I don't know if the minister wants to provide any more information, but I believe that if the government, using the amazing scientists you have at CSIRO and learning from our international

partners—we are going to see data being shared more openly, which we could get in front of if we make the investment. Do you agree?

Senator Ayres: I'm delighted that you asked. I was going to intervene anyway; this just made me seem more polite! The truth is that these questions were agitated in DCCEEW estimates the other day; I know that because I was there. It's not something the officials can really answer. I can tell you, though, that Australia, along with 150 other countries, has signed up to the Global Methane Pledge. That means that, while our overall approach to emissions is governed by the broader emissions targets we've signed up to, we are aware as a government—and the other participants in the Global Methane Pledge are aware—that in the short run the impact of methane emissions is something we ought to be paying attention to. There is, as I'm aware, some work going on in the measurement side, no doubt supported by the CSIRO. Those hydrogen projects you talk about are very important for low-emissions green iron, green steel and green minerals processing for Australia. The thing that you might not like but is the truth is that all those projects require gas at the first instance. You don't get to green hydrogen except through gas; that is the truth. If we want the world to move to green hydrogen, the truth is that, in manufacturing terms, that is going to require some gas as we accelerate the amount of hydrogen those projects can take and we can produce. I reckon further questions on methane emissions probably should be directed towards DCCEEW unless there's something on the technologies themselves that the officials can answer.

Senator DAVID POCOCK: Sorry, Minister; do electrolyzers use gas?

Senator Ayres: No, in production processes that I've seen that—

Senator DAVID POCOCK: You've seen—

Senator Ayres: No, electrolyzers don't require gas.

Senator DAVID POCOCK: They can make green hydrogen, though.

Senator Ayres: If you are heating iron ore in the volumes that are required to change the dial in steel, you can do very small volumes. But if we're going to make big progress, that's going to require a transition from one form of technology to another. That's just the fact of it.

CHAIR: Senator Cox, you've got a couple of minutes left if you want to conclude your questions.

Senator COX: The other question I have is in relation to the recent survey regarding public attitudes towards mining in Australia. What were some of the most interesting findings of that report that was recently released, if members of CSIRO could share.

Dr Mayfield: You're referring to the work that was launched on 29 October?

Senator COX: I am, thank you.

Dr Mayfield: It's the third survey in the series; the previous ones were done in 2014 and 2017. Key findings that came across were that there has been an improvement in public trust in the mining industry in the time but there are some nuances to be worked through. Seventy-three per cent of respondents acknowledged that access to critical minerals is essential to achieving net zero emissions. Seventy-one per cent agree that mining is important to the Australian way of life. Seventy-two per cent believe that mining will support Australia's future prosperity. Despite that strong support, 61 per cent agree that mining has negative environmental impacts. Thirty-two per cent of respondents believe that Australia should reduce mining activity even if it delays the transition to net zero emissions. The economic contribution of mining and its importance in supporting the energy transition are widely recognised. Ultimately, actively engaging communities and fair distribution of benefits are key to maintaining industry's social licence, with 52 per cent of participants agreeing that mining communities receive a fair share of the benefit. Those are some of the highlights, but there is more to it than that. That's what I'll share with you.

CHAIR: I will share the call.

Senator HODGINS-MAY: Thank you for being here. Dr Hilton, CSIRO announced at the start of this year that there would be a restructure with cuts of \$100 million to operations. Can you confirm the reason for these cuts for us now, please.

Dr Hilton: There are a number of different factors that led to us making those changes. They include an increase in operations, costs higher than inflation—we've seen that with ICT and with our property portfolio—and the ending of the time-limited COVID budget measure.

Senator HODGINS-MAY: Is it correct that it's around a 25 per cent cut to operations, with 500 jobs being axed and approximately 200 enterprise services contract term positions at risk?

Dr Hilton: We need to make savings of about 25 per cent in enterprise services, and we have an estimate of the potentially affected staff numbers, but we're still consulting. As you would appreciate, one of the things we're

keen to do is mitigate those potential cuts with other types of operational savings. It's hard to give you an exact number of potential reductions in staff in enterprise services. I can hand to Mr Munyard if you have more detailed questions about that.

Senator HODGINS-MAY: Perhaps not exact numbers, but estimates would be useful.

Mr Munyard: Dr Hilton is right; it's about a 25 per cent reduction that we're expecting across our enterprise services. We are targeting, where we can, operating cost savings. We have announced that we are expecting a reduction of FTE of around 375 to 500 in our enterprise services, and we're working through that. As I said, we're trying to focus on some operating cost savings there. We have seen significant increases, as Dr Hilton said, in property. We have seen some costs increase by around 25 per cent in ICT and around 35 per cent in terms of some of our licensing costs et cetera. We are looking at opportunities to reduce and merge the number of platforms that we use in order to make sure that it's operating savings where we're able to generate instead of labour. Over the past few years, we've been able to harvest some savings in relation to property, including some years ago in being able to vacate off our North Ryde lease, which was around \$20 million per annum. We've done consolidation within our ACT sites, such as Yarralumla and Crace, and we're in the final stages of being able to vacate Crace in order to maintain some operating savings there as well. But, as I said, the operating costs we have seen increase were beyond what we expected to see, and we are looking into those to see if there are further savings that we can make in order to reduce those labour savings.

Senator HODGINS-MAY: In that response, did you provide an estimate of how many enterprise services contract term positions are being—

Mr Munyard: We've announced to staff that we expect the reduction to be around 375 to 500 FTE in our enterprise services, but, as Dr Hilton said, we are still in consultation in relation to that.

Senator HODGINS-MAY: Dr Hilton, at the last Senate estimates, you told me on 1 July that CSIRO has known for a long time that the budget measures during COVID would come to an end and that you would need to adjust your spending, and that no additional requests for funding were made to the government. Dr Hilton, can you provide a brief timeline of when you found out about the conclusion of the safety net funding provided during the COVID-19 pandemic?

Dr Hilton: I would defer that to Mr Munyard.

Mr Munyard: That measure that you referred to was \$454 million provided in the October 2020 budget, and it was highlighted at that time that it was a terminating budget measure ending in 2023-24.

Senator HODGINS-MAY: Dr Hilton, did you find out when you started your role that that was the predicament—that there was a funding cliff?

Dr Hilton: I think the team was aware, and I was aware coming in as chief executive, that there were changes that needed to be made in order to be able to reshape the organisation at the end of that time limited budget measure.

Senator HODGINS-MAY: Was that around October 2023, when you started?

Dr Hilton: I started on 29 September 2023.

Senator HODGINS-MAY: And it would have been soon after that, presumably?

Dr Hilton: Yes.

Senator HODGINS-MAY: I would like to table a document sent to the secretariat, please.

CHAIR: I have been given a copy of that, and the committee tables your document.

Senator HODGINS-MAY: Terrific, thank you. CSIRO's 2022-23 annual report, on pages 144 to 147, shows CSIRO's board members, CEO, management team, senior executive staff and other highly paid staff received over \$3 million in benefits and allowances. They, minus the board, also received over \$263,900 in salary at-risk payments, which we understand are well known to be bonuses. When you announced to staff CSIRO's \$100 million budget cuts, how did you explain that hundreds of jobs would be lost while bonuses of around \$260,000 and other benefits and entitlements worth over \$3 million were going to the highest paid staff at CSIRO?

Dr Hilton: You're talking about an annual report that was some years ago, and we would have to go back to our communications, but I would be happy to take that question on notice.

Senator HODGINS-MAY: Perhaps one of your colleagues wants to answer. Is that correct? Were bonuses paid to CSIRO's senior leadership while you knew that that funding cliff was ahead and that hundreds of staff were going to be laid off?

Mr Munyard: There is only one salary at-risk payment that exists now, and that's the chief executive's in accordance with the Remuneration Tribunal's assessment of his remuneration arrangements. All other salary at-risk or bonus payments, as you referred to them, no longer exist as far as I'm aware in CSIRO now.

Senator HODGINS-MAY: I'll check that in a moment. Dr Hilton, as CEO, you are paid a base salary of \$588,800 for the 2023-24 financial year. Did you receive a bonus payment on commencement of your term in September?

Dr Hilton: Yes. I had the same arrangement as through the Remuneration Tribunal. And, for the record, I didn't negotiate my contract at all and would be very happy should the board and the Remuneration Tribunal move my salary to a set salary. I don't—

Senator HODGINS-MAY: Have you continued to receive any other benefits or allowances or salary at-risk payments since your commencement?

Dr Hilton: I don't believe so. I have a contract that has a base salary and an at-risk component, and that was the one I was offered and didn't negotiate it.

Senator HODGINS-MAY: Okay. So that initial payment was the only one that you were aware of when you first started?

Dr Hilton: I didn't get a sign-on payment at all. I don't think that would be appropriate. I was privileged to take the job; I didn't require any convincing.

Senator HODGINS-MAY: Has the acting CEO received chief bonuses, salary at-risk payments?

Mr Munyard: In accordance with the Remuneration Tribunal in the last financial year, yes, the acting CEO did, and that's outlined in the financial table that you've tabled into this committee as well. Other benefits and allowances that you're referring to there, Senator, are in relation to items such as a motor vehicle allowance, which is provided to a number of senior executive staff and is reasonably consistent across the Public Service as well.

Senator HODGINS-MAY: I was going to ask about that. Do those come under that \$3 million, the benefits and allowances?

Mr Munyard: 'Other benefits and allowances' is what that would be classified. Just to be clear, in relation to my answer earlier, I would like to take on notice the answer in relation to bonuses. It is my view or what I think is that Dr Hilton is the only one entitled to, but I would like to take that on notice just to double check.

Senator HODGINS-MAY: That's a significant amount of money on benefits and allowances—\$3 million at time when you knew that there was a significant funding cliff that was imminent. Is it possible to get some information on notice around what that \$3 million of allowances was made up of?

Mr Munyard: Can I just check the figure that you're referring to, Senator. I can't see the \$3 million. I think what you're talking about is the total remuneration that Dr Hilton pointed out. I can't see a figure in the document that you've given us that adds up to \$3 million for other benefits and allowances.

Dr Hilton: I think it's \$126,412 for other benefits, and a total remuneration—

Senator HODGINS-MAY: Yes, sorry, \$263,961—that's salary at-risk, other benefits. Yes, sorry. So, in terms of the other benefits of \$550,914, is there information available around those sorts of allowances?

Mr Munyard: Again, if you can be exactly clear which columns you're referring to, we will take that on notice.

Senator HODGINS-MAY: Yes. I'm looking at the annual report now.

Dr Hilton: I have table 3.2 on page 144.

Senator HODGINS-MAY: Yes, 3.2. So, salary at-risk \$46,000, other benefits and allowances, \$130,000. There's superannuation. I might put that one in on notice.

CHAIR: Yes, that might be helpful. You're at time, so just one last question.

Senator HODGINS-MAY: Thank you. Data61 is a globally recognised and award-winning data and specialist unit at the CSIRO. According to the CPSU, in March 2024, staff were briefed by Data61 management who warned that a funding shortfall would result in an operating reduction of up to 20 per cent, which meant significant job losses. Staff were told that 120 jobs would be cut from Data61. In estimates on 5 June this year, you stated that there were no planned staff cuts for Data61. Later in June, CPSU staff said they were engaged in meetings that were the start of early engagement meetings outlined in asking for feedback on managing announced shortfalls in Data61 budget, which was in deficit of \$1.61 million. These meetings were to address

budget deficits and proposed cuts, cuts that we were told weren't going to happen. Can you confirm if any jobs are being cut from Data61, and if so, how many you're expecting?

Dr Hilton: I can confirm that CSIRO won't make any further changes beyond the ones we discussed, which were in health and biosecurity, ag and food, and I think a few in manufacturing. They were the ones that were planned for last year. I think I briefed you on the last question at the last estimates hearing. We don't plan to make any further major changes to research. But I would say in this financial year—but we always look to strategically reshape our research portfolio to ensure that we have the capability that we need to address the questions the community expect us to answer. And that does require some changes over time. So, for this financial year—

Senator HODGINS-MAY: Do you know why they would have been told about this?

CHAIR: This is your final question.

Senator HODGINS-MAY: This is my final question for now. Do you know why Data61 was told that there would be cuts?

Dr Hilton: I expect the research unit leaders in my teams to be looking at their budget projections and to understand their external revenue and to be considering plans for ensuring that they balance their budgets. As an organisation, we're going through a major reshaping of our research portfolio. We're putting together different ways that we make investment decisions and prioritise what we do, and it was the organisation's view that it was important to retain our research capability while we did that, and therefore we would find ways of ensuring that there are no additional cuts to research capacity this financial year. I should also say that we also recognise there's a lot going on in the organisation. We're undergoing enterprise service reform, and I think being able to retain our research capability through that process and through our strategic look at how we make investment decisions is the prudent way forward.

CHAIR: Senator Pocock.

Senator DAVID POCOCK: Senator, it really strikes me, listening to Dr Hilton talking about the changes he's having to make, and the cuts, that, at the same time, we're talking about a future made in Australia and the value of research. You clearly share my love and respect of the CSIRO. We're giving them less money. What's the government's thinking there, making the CSIRO, at this point in time, given the huge challenges we face, make cuts to their research?

Senator Ayres: As Mr Hilton's set out—

Senator DAVID POCOCK: He's only doing that because he has got a \$100-million hole in his budget. I'm sure there are plenty of areas where scientists would love to do more research. I'm interested in the government's view.

Senator Ayres: You have a minister who supports science and public science and research and development, and a government that is absolutely behind the CSIRO and our other research institutions more broadly. There has to be a budget allocation. As Mr Hilton set out for you and for Senator Hodgins-May, there was a terminating measure, which was to provide additional funding, which I think everybody in the parliament would have supported—additional funds during that period. That has come to an end, so that is the first set of issues, as I understand it. I have listened carefully to the evidence. The second set of issues, of course, is that the CSIRO's research priorities will shift over time. My expectation and the government's expectation is that the CSIRO, Mr Hilton and his team will work with the staff and the trade unions that represent them at the CSIRO in an open and careful way. I've been watching from a distance. It has gone over the course of several estimates, so that's quite some months, as the CSIRO works through those issues. That's our expectation—that the CSIRO manages that process well.

Senator DAVID POCOCK: Sure. I'm sure Dr Hilton would like to spend his time on doing other things than having to restructure and cut jobs. I guess my question to the government is: why, when we have, in our history, a record low research and development spend, when we have scientists and researchers doing more with less, are we happy for the CSIRO to have to cut \$100 million? Why are we at a record low in R&D, and the only thing we've seen from the government is a review to potentially look at increasing it?

Senator Ayres: The CSIRO is part of the public effort in R&D for the country.

Senator DAVID POCOCK: And their budget has been cut.

Senator Ayres: It is part of it. It is, of course, not the only part of the public effort. So that is the states and territories, the Commonwealth, the university sector, the CRCs—all of the architecture that sits there to support publicly funded research. Some of that is more commercially focused; some of it's public research. Then of course there is the private sector.

Senator DAVID POCOCK: But none of them are getting extra money from the government. You're saying they're part of it, but it's not like you're allocating millions of dollars to other research areas. We're at rock bottom: 0.5 per cent of GDP.

Senator Ayres: I think you'll find that this government, in terms of the publicly funded component, is providing a lot of support. It's in the order of not millions of dollars but billions of dollars across the system for the publicly funded component of that research. I want to see, and I think the minister wants to see, the private sector lift its contribution on those questions as well. I have to say—

CHAIR: This is your last question, Senator Pocock.

Senator Ayres: You've heard the minister out there on these questions in terms of the R&D review. There's a high level of interest in how we focus and amplify public research in the public interest.

Senator DAVID POCOCK: I don't remember a science minister who cares more about science, to be honest. Clearly Minister Husic cares and you care. This is a question for your government and priorities when it comes to Treasury and the budget. There is a CSIRO report, *Quantifying Australia's returns to innovation*. It highlights that, for every dollar invested in research, Australia receives an estimated return of \$3.50, with a 10 per cent average annual return. It seems like a damn good investment to me.

Senator Ayres: Yes.

Senator DAVID POCOCK: When are we going to see Treasury and the government back up Minister Husic, you and the CSIRO?

Senator Ayres: Well, the government believes, all of us, that we have to maximise the impact of our research and development capability, including the CSIRO. That's why the strategic review of R&D has been undertaken. The truth is that the last time—we are languishing on the proportion of GDP that's contributed.

Senator DAVID POCOCK: And that hasn't gone up under your government.

Senator Ayres: The last time that investment peaked, at 2¼ per cent of GDP, was when Labor was in government. The truth is that what is required in order to lift GDP is long-term Labor governments that invest in science and research and encourage the private sector to invest. That is the truth. It's not something that's achieved in five minutes or two years; it's achieved in a sustained way with prime ministers and ministers who support public research and don't denigrate it like Senator Roberts just did or like the Leader of the Opposition, who spends his time clowning around pouring scorn on public science institutions.

CHAIR: Thank you very much, Minister. Thank you, Dr Hilton. Thank you to the representatives from CSIRO. That concludes our questions. You go with our thanks.

[17:35]

CHAIR: The committee now welcomes representatives from DISR for program 1.2, Investing in science, technology and commercialisation, and Australia's Chief Scientist, Dr Cathy Foley. I understand that this will be your last appearance before Senate estimates. Is that correct?

Dr Foley: That's correct. My term finishes on 31 December.

CHAIR: Can I take the opportunity on behalf of the committee to thank you for your appearances before us and more importantly to thank you for all of the work that you've done in your role. We wish you all the best for your future. Thank you.

Dr Foley: Thank you, Senator Walsh. It's been a great honour and a pleasure.

Senator Ayres: Can I just indicate on behalf of the government too that Dr Foley has brought an enormous amount of energy, enthusiasm and capacity to this role. Her tenure is ending this year. It has been a record of quite some achievement. She has led the national conversation to inform the new National Science and Research Priorities; led the development of the National Quantum Strategy, increasing the understanding of quantum in Australia, in the community broadly but also in the private sector; undertaken important work across other critical technologies; made important contributions to the use of research metrics; and championed open access to the scientific and academic literature. She's made a real contribution across the chief scientists who come from all of the states and territories and she's led discussions about women in STEM. It's a substantial legacy, and we're very pleased to have had her. It's probably—I wouldn't describe it as a bitter-sweet moment, the last estimates, Dr Foley. It is probably not the thing that you'll miss the most. Thank you.

Dr Foley: I've had a pretty easy run.

CHAIR: Thank you, Minister. We'll go straight to questions and I'll go to Senator Bragg.

Senator BRAGG: Thanks very much. I'd like to associate the coalition with the remarks of the chair and the minister, and I'd like to wish you all the best in whatever is next for you, Dr Foley. We did use your name in vain yesterday at the Treasury section of estimates. We were wondering what your view was about the PsiQuantum matter. I think it was put by the minister at the table that you had outlined some concerns but then you had perhaps expressed some different views after receiving more information. Would you like to put on record your view on these matters?

Dr Foley: My role, as Australia's Chief Scientist, is to provide advice to the government, so my views are probably not that relevant. What I can do is step you through the process of providing that advice and then what I've seen as the consequences. I suppose the way to look at it is there were four phases of the engagement of providing advice to government about the opportunity for PsiQuantum to be invested in to set up a fault-tolerant computer in Australia and bring their business into Australia. It actually started with phase 1 in around March 2022, when you were in government, and it was an introduction to PM&C via a program which was undertaken, which was an initiative from your government at that time, initiated by Austrade. There were several meetings looking at the opportunity and just an introduction. That went for about three to four months.

Then there was the next phase, which was in July 2022. That's when, with the new government, there was again a seeking of information and more meetings. I prepared information or advice based on publicly available information. It's things like research papers that are in the public domain, patents, websites, grey information—things that come from different people's reports and so on. There was also information I gleaned from the different meetings with PsiQuantum, noting that there were no confidentiality agreements. As a good business would do, they don't share their secrets and their commercial advantage with anyone until they've got a confidentiality agreement in place. So any information they gave us at that time was several years old. So, at that stage, it was very hard. My job is evidence based, and the evidence did not look like there was enough there to say that they could make and manufacture a quantum computer in the timeframe that they were suggesting they could. So that was the next stage, and I provided one report.

Then there was a third stage, which was when Minister Husic received authority to be able to look into this more. Remember that I was just one person providing advice on the bit that I was an expert on, which is quite a narrow part, or some subsections of what makes up a quantum computer. With that we were able to sign—there was the first stage, where there was a bit more information and we got a little bit deeper into some of the information. I provided two reports: one on the photonics industry in Australia and one on the actual areas of single photon detectors, which is my area of expertise. Then we got to the point where the government set up a technical expert group, which I was invited to be on, and that's when we did sign confidentiality agreements.

Then I was able to ask questions and get to that point where—it's probably politically incorrect, but that's often-used terminology when we're dealing with industry—there was trust there. There was a signed confidentiality agreement so that the business felt that they could, as they say, open the kimono so you could actually see everything that was necessary to truly understand where they were at. It was when we got all that information and also the range of different things that were undertaken under the technology advisory group, where we saw advice from other countries—people from the TAG went to visit the site and then all that information was put together as advice. Then it went to the government to make those decisions.

One of the things which I've noticed, though—since you were asking what I thought about this—is that quantum is an amazing opportunity for Australia. We've had several opportunities for technologies in the past. Photovoltaics were invented in Australia. The ones that were invented by Australia and manufactured in China are used in 97 per cent of photovoltaics around the world. That was a missed opportunity for us for manufacturing in the eighties. Then, in the 2000s, I guess, it was the invention of wi-fi. In this case, we had a spin-out company, Radiata, but we didn't have the ecosystem, so that ended up being commercialised in America.

Australia, over the last 20-plus years, has been developing and investing in research which has got to a point where we've got many startups, and we needed to make the ecosystem. So the ability to bring in a big company which was at a series E level of funding, a \$3 billion business based on Australian research—it was started up in Silicon Valley because, at the time when they were starting it up, they didn't have the level of investment here. They, through the different programs of different governments, were encouraged to come back to Australia and be considered, and now that this has happened what we've seen is a real opportunity for Australia because it's the first time we have done something like this. We've got end-to-end investment from Australia's Economic Accelerator, the industry growth initiative and also the National Reconstruction Fund helping businesses here.

We are seeing current businesses in Australia getting the highest ever series B investment. We're seeing new startups happening. Just in the last six weeks, I think there have been two startups that have been created. There's been an increase in the number of jobs being advertised, which is a really good measure, and the two companies

coming in and setting up overseas. Every week, nearly every day, I'm seeing some new initiative happening in Australia relating to quantum. So what we're seeing is this amazing collection of all this, I guess, ecosystem development coming together to fruition. I've never seen that before, and it's pretty exciting. I think we should be really pleased and doing everything that we can to make sure we support it so that we don't have another wi-fi and another PV situation and miss out on a really big, new industry opportunity for Australia.

Senator BRAGG: In the advice you gave to government, did you say you were concerned about PsiQuantum's use of patents?

Dr Foley: In the early days—I'm not sure how much you know about the way you transition from research into starting up a business.

Senator BRAGG: I have a general idea, but you probably have more knowledge than I do.

Dr Foley: First of all, you publish lots of papers. The people from PsiQuantum, when they were at different places, whether it was at the University of Queensland, Griffith University or the University of Bristol—all of the founders—published lots of papers with lots of collaborators from all around the world. They get to a point where they spin out a company. Companies then go stealth when they have something special that they don't want to share anymore, so that they can keep their commercial secrets to themselves. But what they do is to patent things, because you have to protect your IP. But we have to remember that patents are just protecting your IP. They give you a licence to sue, as we heard about previously today, and they're not peer reviewed. They're reviewed for novelty, not for correctness. So, generally, when you're looking at whether the technology is correct or not, you don't use patents. So I raise that as an issue.

Since then, we've been given the information by being able to get into the depths of the organisation. I'm an editor-in-chief of a journal, *Superconductor Science and Technology*, which publishes in this area. I have published myself in several areas. So we were able to see this information. The people on the TAG were of equal eminence in their different fields that make up the capability of a quantum computer, so therefore we were able to say that the information we saw was of a quality that was publishable. Since then, on—I forget the date—

Senator BRAGG: Sorry, I don't want to talk over you, but I just need to clarify. Just to use your expression, there was a point where PsiQuantum opened the kimono, was there?

Dr Foley: That's correct. That doesn't happen straightaway when we're talking with businesses.

Senator BRAGG: When did that happen?

Dr Foley: They take some time before you get the trust and before you get all the contracts in place so that you can see the absolute secrets of their commercial advantage.

Senator BRAGG: When did it happen?

Dr Foley: That was when we were in the TAG system, which was from July 2023.

Senator BRAGG: So sometime after July 2023?

Dr Foley: Yes. July 2023 was when the TAG was formed and those things. It didn't happen immediately, because you have to build up that trust and also you ask questions, and you have to create the ability to have the dialogue and the information you're looking for so that you're able to get an ability to assess and to make, I guess, a report that is able to give the advice to government as to what the technology is telling us.

Senator BRAGG: Thanks, Dr Foley. We'll come back to the department, then, in relation to the matters that we talked about earlier today. My main question here is: what exactly was the status of the engagement with the Commonwealth and PsiQuantum, and what was the story with the risk and control framework that we talked about earlier today? Is there someone here who can talk about some of those risks and conflicts of interest?

Ms Quinn: Yes, but once again I'll just note that you use a phrase that is not one that we've used.

Senator BRAGG: Which one am I using that you don't like?

Ms Quinn: As I said, we use the language of a 'probity plan'.

Senator BRAGG: What did I say?

Ms Quinn: 'Risk and control framework'.

Senator BRAGG: Sorry. I'm a long-suffering internal auditor.

Ms Quinn: But it's similar in concept. As I said earlier, we had probity advice in place throughout the entire sequence of events, and we had a dedicated probity adviser on this, in addition to the department's usual frameworks and operational requirements.

Senator BRAGG: I understand that. I guess the question is: what were those conflicts of interest?

Ms Quinn: We went through, at a high level, the types of conflict of interest. Just to be really clear, you asked earlier about, and Dr Foley has talked about, the commercial-in-confidence requirements and things like that. That was part of the discussion—so advice on how to craft those agreements, what they cover and what they don't cover, back and forward, and arrangements. So that's part of it, but I will pass to my colleague. We have some detailed information about what sorts of activities were covered. I went through it at a high level this morning, but we can go through it in more detail.

Ms Wilson: The conflict-of-interest declarations that were made to the independent probity adviser that we had were mainly related to personal relationships with other stakeholders in the project, including other quantum computing organisations, and immaterial financial interests such as shareholdings and investments in quantum computing organisations. They're the main types of declarations that were made to the probity adviser. I can just add that the probity plan developed by the adviser did include a risk and controls document matrix.

Ms Quinn: Just to put this into context, at different times some of the staff that we were drawing on were also involved in other aspects of quantum policy, so we needed to manage conflicts between those different processes, because the government was developing, with the assistance of the Chief Scientist, quantum strategy through 2023, and, as I mentioned, the Australian government also has a shareholding in a prior company, and there are other processes. So we were very conscious of the ability and requirement for us to manage commercial information but also the tight-knit community of the quantum fraternity, to make sure that we were very appropriate and aboveboard at all points in the process.

Senator BRAGG: I understand that. Two of the categories you identified there, Ms Wilson, were personal interests and immaterial matters. I imagine the latter are small shareholdings people might have and those sort of things, right?

Ms Wilson: That's right.

Senator BRAGG: What about the personal interests? I'm not interesting in going through all the legal issues. We've been through that. People can form their own judgements. I'm interested in whether there are any other conflicts of interest here. When you say 'personal interests', do you mean interests that may be connected to the minister or the office of the minister?

Ms Wilson: Any conversations and disclosures between the probity adviser and any person involved in the project are confidential. What I would add is that the probity adviser assessed any of the declarations as not representing a material risk of actual or perceived conflict of interest, whether it was a conflict-of-interest declaration related to personal relationships or those immaterial financial interests.

Senator BRAGG: Can you just give me an example of what personal conflicts of interest might be? It sounds like it's linked to particular relationships people might have. Is it business relationships, personal relationships and those sorts of things?

Ms Wilson: All I'm able to acknowledge is that some of the declarations that were made to the probity adviser were related to personal relationships with other stakeholders in the project, including other quantum computing organisations.

Senator BRAGG: Was one of them related to Blackbird?

Ms Quinn: I have mentioned before that Blackbird was not a party or connected to this process. I'm not aware if there were any. It would be a strange necessity to declare anything to do with something that wasn't related in any way to the project.

Senator BRAGG: So these relationships were not to do with Blackbird or any other investor?

Ms Quinn: We had confidentiality arrangements in place, as you do in such matters. We had tightly controlled commercial arrangements—in relation to ourselves, parties in the EOI process, PsiQuantum itself and our commercial advisers—not to have discussions of a commercial nature with people outside appropriate channels. We did not have detailed conversations with investors in this company or other quantum computing companies, for the reason that we wanted to maintain very tight controls over the information. There are a range of investors in PsiQuantum, and we also had the concurrent investment in the Silicon Quantum Computing company. So we were very conscious of those sorts of issues and we did not have conversations with those investors.

Senator BRAGG: Did the minister's office raise any conflicts of interest?

Ms Quinn: Parties not just in Minister Husic's office but in other offices were briefed by the probity adviser. Parties did provide conflict-of-interest declarations to the probity adviser. There were conversations if needed, as judged by the probity adviser. The probity adviser then put in place appropriate treatments, as judged by their

professional capacity, and they were then managed through the use of the probity plan and communicated as necessary to other parties in the project.

Senator BRAGG: I'm just not clear on whether there are staff in the minister's office who had a conflict-of-interest declaration made.

Ms Quinn: Staff in the ministers' offices did provide conflict of interest declarations.

Senator BRAGG: To the probity adviser, which was Sparke or was—

Ms Quinn: Sententia.

Senator BRAGG: Sententia. How many staff in the minister's office?

Ms Quinn: I don't have that information.

Senator BRAGG: But isn't this captured somewhere in a master document? I know you don't like my 'matrix' terminology, but isn't this captured somewhere?

Ms Quinn: The necessity to change or adapt or put in place controls is definitely captured, and that is based on the declarations made by all parties in the project and then the judgement about what was necessary, and we have advice from the probity adviser. We had real-time advice all the way through. We've also done an assessment at the conclusion of the project, as we do with lessons learnt. That probity adviser has assessed that declarations did not represent a material risk of actual or perceived conflict, and they're not aware of any deviations from recommended treatments through the process.

Senator BRAGG: Okay. We've all worked on these things before. Obviously, if a member of the minister's office provides a COI declaration—we're not sure how many, but at least one member has done so—then that's been managed with a control; right?

Ms Quinn: If necessary.

Senator BRAGG: If necessary. So does anyone know how many staff provided COI declarations?

Ms Quinn: I don't have that information. I'm not sure that we would have been provided with that. We made sure that all those people with access to information were provided with probity briefings.

Senator BRAGG: So who has the information?

Ms Quinn: The probity adviser.

Senator BRAGG: Sententia?

Ms Quinn: Yes.

Senator BRAGG: Can we get it from them?

Ms Quinn: I am happy to take it on notice. I think you will find quite a lot of this is covered by confidentiality and privacy applications.

Senator BRAGG: That may be the case—

Ms Quinn: I have taken it on notice.

Senator BRAGG: If you need to file a claim, there's a process for that.

CHAIR: I was about to share the call.

Senator BRAGG: Okay. Would you like me to stop here and come back?

CHAIR: Sure.

Senator REYNOLDS: Chair, I've got one—

CHAIR: I was just going to ask one question myself. Sorry, I didn't mean to cut you off there, Senator Bragg.

Senator BRAGG: I'm a collegiate person. I'm happy to be cut off.

CHAIR: Ms Quinn, earlier in the day that you described what the result of the probity process was—what the company that was retained found. Can you just remind us of that finding?

Ms Quinn: The overall finding is that the probity adviser is satisfied that any potential perceived or actual conflicts of interest with any individual who was involved in the project were appropriately managed, with adequate controls in place.

CHAIR: Thank you. Senator Reynolds.

Senator REYNOLDS: Good evening. I have one short series of questions relating to the Australian Space Agency and launch permits. My questions relate specifically to the launch permits process and also the time it's taking, because I have had reported back to me that it's now taking up to two years for launch permits to be

granted, which, again, I have been advised—the time is presenting challenges for collaborating with international partners like Japan and South Korea. So I'm wondering if you could tell me what the process is now and whether it's similar to the FAA process.

Mr Palermo: Senator, the Australian Space Agency administers for government the Space (Launches and Returns) Act 2018 and, as part of the act, ensures the safety of space launch from Australia. And encouraging entrepreneurialism is not an either/or proposition. It would be good to talk specifics on which permit you would like to get details on, because we have issued several authorisations under the act in the last several years.

Senator REYNOLDS: How many have you got? How many different types of permits?

Mr Palermo: We have got the head of the Office of the Space Regulator here, Mr Christopher De Luis. He can outline the various authorisations.

Mr De Luis: Good evening, Senator. There are several different types of permits under the relevant legislation. I think probably the two key ones are what are called an Australian launch permit and a high-power rocket permit.

Senator REYNOLDS: What is the process for each?

Mr De Luis: I would say they're similar. The Australian launch permit applies to orbital space launches and also launches that obtain an altitude above a certain level. But, generally speaking, the process is fairly similar. And, as Mr Palermo said, the legislation focuses mainly on safety. There's also an element of security. So the application process requires the proponents to submit an application that details various aspects of the launch vehicle itself, the type of operation, the type of flight path and then, obviously, in relation to security aspects, how those matters are managed and the like. As I said, they're similar for a high-power rocket permit and an Australian launch permit.

Senator REYNOLDS: Is there a cost associated with the application?

Mr De Luis: There is no cost for an application.

Senator REYNOLDS: Can you just give us an idea, then, for both of those types of permits, how many applicants you have and what the average timeframe is, from submitting the application through to approval or denial?

Mr De Luis: Certainly. If I could take the question on notice regarding the number—just because there are some complexities about how they're counted, so I'd prefer to provide that in writing for you.

Senator REYNOLDS: Are we talking like a handful? I imagine we're talking a handful, not hundreds.

Mr De Luis: Correct, a handful. The timeframes very much vary on the complexity of the proposal. The Australian Space Agency Office of the Space Regulator, through the minister, issued the first high-power rocket permit earlier this year and also, as you would be aware, the first orbital space launch for Gilmour Space Technologies. They're probably at either end of the complexity level. An orbital space launch is very complex. In terms of timeframes, they really do vary. We don't track an average number at this point in time, just due to the low numbers.

Senator REYNOLDS: How many staff do you have working on these?

Mr De Luis: Within the Office of the Space Regulator, there are 28 staff, but that covers the whole of the regulatory spectrum. And what I mean by that is the legal side, administering the law and making recommendations for amendments, through to assessments.

Senator REYNOLDS: With the assessments themselves, apart from the legal assessment—does it accord with the act—do you need specialists? Presumably, you need specialists. Are they Australians? Do you use contractors? How do you do that technical assessment?

Mr De Luis: That's correct; we do use a contractor base. We have a panel. We use a number of Australian-based aerospace engineering companies.

Senator REYNOLDS: In the process that you've adopted, presumably there is an act and some regulations.

Mr De Luis: Yes.

Senator REYNOLDS: So the regulations guide how you do the process, more or less?

Mr De Luis: Yes, there's an act and the rules.

Senator REYNOLDS: Is that modelled on the US FAA or anyone else?

Mr De Luis: Generally speaking—

Senator REYNOLDS: Are there similarities?

Mr De Luis: I'd say the relevant standards, the quantitative standards in terms of the safety target, as we call it, are similar to the United States's. There are different processes, but, generally speaking, they're reasonably similar.

Ms Quinn: Just to clarify, the legislation doesn't have a mandatory timeframe in it, but the guidance provided is that, subject to all the information being provided, the agency aims to do something within six months. That's a self-imposed kind of aim, and that's the resourcing provided. One of the issues is clearly that, in the first stages of implementing a regulatory regime, applicants don't always necessarily know all the information that is needed, so you can get a bit of back and forward between the proponent and the regulator. We would expect in general for things to speed up as the industry becomes more mature and it becomes clearer what information is required. But, if people put in an application and it doesn't have enough technical information, there might be an iterative process.

Senator REYNOLDS: Given this is a highly competitive global business, slow approvals obviously are going to be a real hindrance to new Australian companies or existing companies, so are you looking at working out how to speed up the process—perhaps, Secretary, by providing more information upfront or actually having someone talk through the application to make sure they get everything in right the first time?

Ms Quinn: Clearly, the team are looking at lessons learnt, having gone through the process for the first time. Yes is the short answer, and we are aware of the desire to reduce the regulatory burden on companies. Any regulator has to be careful, though, about how involved they are in the application process because the ultimate purpose of the regulator is to ensure that things are safe and secure. And so—

Senator REYNOLDS: I understand that. But it is complicated—

Ms Quinn: Yes. So additional—

Senator REYNOLDS: and, if people are not putting the right information in upfront, I would have thought that the regulator could work out where the deficits were and ensure that they—not say what to put in it but to be clear on what needs to go in it.

Ms Quinn: Yes, and that is a process of regulatory maturity for both the industry and the regulator.

Senator REYNOLDS: Did you have anything more?

Mr De Luis: Yes. We do hold a process called a retrospective. We're committed to working with the sector, noting the risks associated with being too close to the sector. After each application process, once the activity is finished, we sit down with the proponent to talk through the whole process and look to identify areas of improvement. I think if you talk to anyone that has gone through the process they will agree that we are very forward leaning in that regard.

Senator REYNOLDS: I won't take up any more time on this. Could you just take that on notice, and, if there's anything more in terms of what you're doing as a new organisation to speed that up—obviously, not compromising safety but not killing the industry before it really takes off. Thank you.

Ms Quinn: Happy to do that.

CHAIR: Senator Bragg.

Senator BRAGG: I guess where we are on this is that there were disclosures made, there was a process to manage those potential conflicts and everyone was seemingly satisfied with that process.

Ms Quinn: Yes.

Senator BRAGG: Okay. Your evidence is that the conflict-of-interest disclosures were made to the third party and not made known to the department.

Ms Quinn: The information necessary for the department to put in place arrangements was, obviously, made known to the department because we put in place various kinds of controls and various kinds of processes to make sure that we were implementing the probity plan. So the outcomes of any concerns or risks or anything raised that was turned into meaningful actions and controls—it's an iterative process. I'm certain, for example, that some of the conflicts-of-interest discussions I had and the approach about probity resulted in certain activities. Everyone involved in the project went through that iterative process. I'm not saying whether categorically zero was shared or 100 per cent. It was very much dependent on the necessary assessment, with the aim being that there was a high level of integrity maintained around this complex commercial negotiation and other commercial parties, including the expression-of-interest process.

Senator BRAGG: In relation to the COIs flagged by the minister's office, you don't know the contents of those?

Ms Quinn: Not in detail, no.

Senator BRAGG: Do you, Ms Wilson?

Ms Wilson: No. And, Senator, any disclosures to the probity adviser do relate to individuals and their personal circumstances, and they do share that information on a confidential basis to facilitate the appropriate mitigations and controls. Individuals have to have confidence that it will be treated in confidence, to allow that independent probity adviser to put in place the right mitigations and controls.

Senator BRAGG: Of course, and I think everyone respects that idea. But we also take great care in protecting taxpayer funds from conflicts of interest, right?

Ms Quinn: Every action was taken in this process.

Senator BRAGG: Of course. So do you know whether Blackbird was raised in the COIs?

Ms Wilson: Senator, as the secretary said, Blackbird had no involvement in this process.

Senator BRAGG: Okay. That's unequivocal. Thank you. Can I ask you, then, about these non-disclosure agreements. Have there been non-disclosure agreements signed?

Ms Quinn: Which non-disclosure agreements?

Senator BRAGG: Between the government and PsiQuantum.

Ms Quinn: We have legal documents and deeds in place about protecting the commercial information that was provided to us by both PsiQuantum and other parties through the expression-of-interest process.

Senator BRAGG: What's the expiry date of the NDAs?

Ms Quinn: I don't have that—

Ms Wilson: I'll take that on notice. We don't have that.

Senator BRAGG: Does the NDA start from March 2023? Do you know?

Ms Quinn: I'll have to take that on notice as well. My sense is that it really only kicked in in a significant way when we were approaching them to provide us with non-public information. But I'm happy to take on notice exactly when it happened.

Senator BRAGG: I think your earlier evidence this morning was that the department made the legal notification back in February 2024.

Ms Quinn: That's right. And we did provide that on notice to you, Senator.

Senator BRAGG: That's right, you did. Then the public judgment was made known in April 2024.

Ms Quinn: Yes. So just to be—

Senator BRAGG: And what you have taken on notice is when the cabinet judgment was.

Ms Quinn: And I am happy to take that on notice, but obviously cabinet deliberations aren't always revealed.

Senator BRAGG: I understand that, yes.

Ms Quinn: The connection between the requirement for us to notify of a significant legal matter is a very separate discussion from appropriate probity arrangements in this matter. There is no connection between those two. You heard this morning from my chief legal counsel that there was nothing connecting—the reason to provide the advice to government, the centralised legal services, was around the negotiating of the contract, nothing to do with probity or any concerns—

Senator BRAGG: I understand that, Secretary.

Ms Quinn: on that front.

Senator BRAGG: But the point I make to you is that, if the government have signed an agreement with one organisation, a quantum computing organisation, but are separately undertaking an EOI, some people might look at the EOI and think that's a sham process.

Ms Quinn: As I said, as part of the process of moving from a stage of considering the proposal to a level of additional scrutiny—you've heard Dr Foley talk about the phases and you heard the lawyer Janean Richards this morning talking about legal phases. This was done in phases as the government considered it. There was an opportunity through a market-testing proposal to seek information from other participants in the system about what opportunities they had, and there was an EOI process that ran over a month. That was assessed by the same technical advisory group that assessed PsiQuantum.

Ms Wilson: It was a slightly different advisory group, Secretary.

Ms Quinn: Slightly? Okay—very high overlap.

Ms Wilson: There was advice from the technical advisory group.

Ms Quinn: There was high overlap. The working-up of the EOI was a cross-agency effort, drawing on technical and commercial—

Senator BRAGG: No, I understand that. I think you've provided evidence.

Ms Quinn: So I do not accept that characterisation, as I said earlier. The EOI process was an integrated part of the assessment, the information provided was assessed seriously and with due diligence, and there was every opportunity, if one of those companies had provided information—there might well have been a different outcome in this process.

Senator BRAGG: So what does the NDA restrict PsiQuantum from doing?

Ms Quinn: I would have to double-check that from a government perspective. It was more about protecting their IP from inadvertent disclosure to other entities.

Senator BRAGG: So it didn't seek to restrict them from telling other people, such as investors, that they were going to get this contract?

Ms Quinn: We certainly had discussions around them. I will have to take that on notice. We were very conscious that they could not characterise anything with the government unfairly and so there were discussions about how they engaged with investors.

Senator BRAGG: I just want to be explicit about this: was one of the arrangements that they weren't to be telling investors or prospective investors that they had a contract with the Commonwealth government?

Ms Quinn: Well, there was no contract with the Commonwealth government until—

Senator BRAGG: Or a deal?

Ms Quinn: 31 May 2024. So, yes, there would have been an exclusion from them saying something about something that doesn't exist. I'm happy to take it on notice, but we certainly had discussions with them about how they were managing their information set to other people. We were very conscious of the need to protect both the integrity of the government process and the integrity of the company's process—noting that they had board considerations, we had government considerations and other regulatory agencies were involved.

Senator BRAGG: Yes. Okay. So—

CHAIR: Senator Bragg, I'll just do some time management here. We're due to go to the dinner break at 6.35, which is in just under 20 minutes. The committee has agreed to move to program 1.3 after the dinner break. So I do want to go to Senator Hodgins-May, who has got questions. Do you have one last question?

Senator BRAGG: No, I have more than one.

CHAIR: Okay. Senator Hodgins-May.

Senator HODGINS-MAY: Thank you, Chair. Can you please explain what the timeline is for the strategic examination of R&D?

Ms Quinn: The government announced in the budget that it was intending to undertake an examination. It is still considering various options, but I will hand to Dom English.

Mr English: At this point, the terms of reference for the R&D strategic examination—sorry, it's a long phrase—remains under consideration by government. We expect that the timetable that it will set will be in excess of 12 months. That's to allow time for the considerations that need to be taken, but that's a matter still with government.

Senator HODGINS-MAY: Was the panel planning to deliver an interim report by early 2025?

Mr English: Well, there isn't a panel at this point. In the planning that I've been doing, to think about how a panel might do its work for the government on this strategic examination, we have considered interim reports or final reports. But the final timetable and the need for the various steps in the process will be part of those terms of reference, when they're settled.

Senator HODGINS-MAY: How will the strategic examination of R&D connect and relate to the forthcoming National Health and Medical Research Strategy, which has also been announced but doesn't seem to have commenced?

Mr English: We are in discussion with the Department of Health and Aged Care to ensure that the issues and considerations that should inform our work are taken from the work they've planned to do. Obviously, the strategic examination is going to consider the whole of the R&D system. The considerations coming out of the

health review will obviously inform that, but then the strategic examination will need to take that into a broader context.

Senator HODGINS-MAY: Can you provide any details around why there's been this hold-up with the terms of reference interim panel and what details of stakeholder engagement you have planned for that?

Mr English: 'Hold-up' is your characterisation, not mine. The government didn't commit to a start date when the arrangement was announced, so in the fullness of time the arrangements will be settled and released through the usual processes. In terms of stakeholder engagement, however, the secretariat is doing a range of preparatory pieces of work to help support the panel to do as good a job as it can when it's appointed. It has been doing a lot of reaching out to stakeholder processes and trying to inform the way we think about the data and analytics we might do, the pieces of research we might commission. I personally have counted at least 70 engagements over the last four or five months with stakeholders from across the academic and the business research communities to try to make sure that we're fully aware of all the issues that should be taken into account.

Once the panel's formed, my advice to them will obviously be shaped by those discussions and the sorts of things that the panel wants to explore for itself. The usual course of events for a review like this would be a discussion paper, roundtables, opportunities for specific meetings with stakeholders and the like. I can see no reason why we wouldn't do that in this process, once it gets going, but clearly that's a matter for the panel once it's actually appointed.

Senator HODGINS-MAY: Would it be possible to provide on notice those stakeholders that you've engaged with, the 70 or so that you referenced?

Mr English: Happy to, yes.

Senator HODGINS-MAY: That would be great. Thank you. And is it similar around the timeline and details for the National Health and Medical Research Strategy?

Mr English: I would have to refer—

Ms Quinn: That is a matter for them. But we are aware of all the activities going on in this space and, as Mr English has said, trying to connect it together efficiently.

Senator HODGINS-MAY: Thank you. According to the government's analysis, the Australian government's R&D expenditure in 2022-23 is forecast to be 0.49 per cent of GDP. This is below the long-term average of 0.6 and is the lowest level since the beginning of the data series in 1978-79. What the report doesn't point out is that this alone is one of the lowest levels of R&D spending in the OECD, although it does note that our GERD, as a percentage of GDP, of 1.79 is well below the OECD average. Perhaps this is for the minister. While the government acknowledges the R&D problem, and Senator Husic has talked about the challenges of increasing R&D expenditure, we're going backwards not forwards. Minister, what are the government's forecasts for R&D expenditure over the forward estimates?

Senator Ayres: The first point to make is that the total R&D expenditure is not just contained in the budget statement. The Commonwealth contribution across the system, as we were discussing before with Senator David Pockock, does go—CSIRO is important, but it's also spread across the universities, the health sector, the CRCs and all of those elements of the Commonwealth's contribution. Then, of course, you have the states and territories in areas like agriculture. That is a very important part of the national research and development capability. And then there is the private sector. What we've seen in areas of R&D intensity, like the auto industry, is previous conservative governments push large manufacturing firms offshore. That has done more damage to our research and development capability than anything else, so I'd just make that point.

The purpose of the review is to have a strategic look at the whole R&D capability. It will offer a bit more transparency too—certainly for the community but also the R&D community, those scientists who are engaged in that kind of work, to be able to see what the rest of the system looks like and for the government to reach some conclusions about what the best way forward is. It means everybody has got to be part of a national effort to lift R&D. It's not just a public sector equation.

Senator HODGINS-MAY: Do you have an idea of what that would sit at as a percentage level for government, not for the private sector?

Senator Ayres: I'm looking forward to seeing the review. I don't know whether the minister has reached some conclusions about that, but I'm looking forward to seeing the review. That's its purpose and that will be a good platform for future decision-making.

Senator HODGINS-MAY: Thank you. That's all, Chair.

CHAIR: Thank you very much. Senator Bragg.

Senator BRAGG: Thank you. Back to PsiQuantum. Were there any breaches of the NDA?

Ms Quinn: Not that I'm aware of.

Senator BRAGG: No allegations—

Ms Wilson: Not that I'm aware of either.

Senator BRAGG: were reported to you?

Ms Quinn: Which NDAs are you talking about?

Senator BRAGG: The PsiQuantum NDA with the Commonwealth government.

Ms Quinn: Not that I'm aware of. I am aware that there were some concerns around the EOI process.

Senator BRAGG: We'll come to that. If PsiQuantum approached other firms seeking investment and said something like, 'We're in advanced negotiations with the government,' would that breach the NDA?

Ms Quinn: It would depend on the circumstances. We did have conversations with PsiQuantum at various stages about how they could or couldn't characterise various activities. I'm happy if you have some more information or we could take that on notice, but I'm not aware of any concerns that have been raised with us.

Senator BRAGG: You are not aware any. Okay.

Ms Wilson: I can confirm there were no breaches of the NDA.

Ms Quinn: That we're aware of.

Senator BRAGG: So none were raised with you, Ms Wilson?

Ms Wilson: No.

Senator BRAGG: So if there was someone who did have such concerns, who would they report them to?

Ms Quinn: They would certainly report them to the department.

Senator BRAGG: Okay. When exactly is the computer supposed to be built by? Is it 2027?

Ms Quinn: That was the statement the company provided at the launch, yes.

Senator BRAGG: And will customers be able to use it?

Ms Wilson: Yes. PsiQuantum has committed to providing opportunities for Australian researchers and companies to access the capability.

Senator BRAGG: What happens if they don't meet this timeframe?

Ms Quinn: It would depend on the reason why. Technology paths are uncertain, and we are highly aware of the technology nature of this project. In terms of the obligations through the contract, there are various milestones—technological and engineering and financial milestones—that they have put in place in structuring the financial support from the Commonwealth government. We're very alive to the need to protect taxpayers' money and to ensure appropriate steps in that process, which is why we took the detailed commercial legal advice that we were talking about earlier. And so it would depend a little bit on, if there were to be any delays, why there were any delays.

Senator BRAGG: Okay.

Ms Quinn: Some of the activities they need to do are outside their control such as building works and the like.

Ms Wilson: I do meet monthly with senior people from PsiQuantum and one of the things we do discuss is progress against technology milestones.

Senator BRAGG: In terms of the commercial terms in the payments, this is something that I think is being managed by—

Ms Wilson: EFA.

Ms Quinn: Export Finance Australia, yes.

Senator BRAGG: So do we put our questions about this to them?

Ms Quinn: If it's around the detailed technicalities of—

Senator BRAGG: It's about the convertible note and all that sort of stuff.

Ms Quinn: That is in the contract with EFA, yes.

Senator BRAGG: So it goes to EFA. What about the EOI then? Can I ask you something about that?

Ms Quinn: Yes, you can.

Senator BRAGG: How many organisations submitted?

Ms Quinn: Twenty-one companies were invited to respond to the EOI. I actually don't have—

Ms Wilson: I have the number.

Ms Quinn: We will check the number of who actually submitted.

Senator BRAGG: Twenty-one, is it?

Ms Quinn: Twenty-one were invited. Just checking facts on how many—

Senator BRAGG: While you're doing that, what was the main feedback you received from the Australian industry about this process? Did you receive any constructive feedback about the quality of this process, the timetable, the transparency or anything like that?

Ms Quinn: Some companies were uncomfortable at the requirement for confidentiality around the process. They asked questions about why that was the case. We explained that it was important to protect all the companies involved in the process.

Senator BRAGG: Yes.

Ms Quinn: Some have subsequently asked why it wasn't longer than four weeks. We took advice from technical experts and others on how long we thought people would need to provide the level of information that we were asking for. I note that we weren't asking for documents or information that would require giving them longer than that to provide the initial information. As I said before, the initial information provided by the EOI had suggested something that the government could well have made a different determination about on the path forward because it was an open discussion within government at that point. So it was the case that, if there had been a different assessment on the EOI, we would have been on a different path going forward, which likely would have required more due diligence and details for other companies. So I have heard a characterisation that it was unfair because there had been discussions before with a company and the EOI process wasn't as deep in due diligence. That in itself is a characterisation that doesn't nest the EOI requirement. If people had hit and met certain capabilities, then there would have been a second or third phase with those companies as well.

Ms Wilson: It's probably worth noting that the list of 21 companies that were invited to participate was prepared on the advice of the technical advisory group, and I can let you know that six responded to the EOI and five made a submission.

Senator BRAGG: At the announcement—which was when?

Ms Quinn: In—

Senator BRAGG: Some time in April.

Ms Quinn: April, yes.

Ms Wilson: It was 30 April.

Senator BRAGG: So it was promised that it would be built by 2026-27. Is that right?

Ms Quinn: I have 2027 in my recollection.

Ms Wilson: Yes, it's 2027.

Senator BRAGG: What exactly will be built by 2027?

Ms Wilson: The world's first fault-tolerant quantum computer.

Senator BRAGG: And where will that be?

Ms Wilson: Brisbane.

Senator BRAGG: How many? Is it qubits?

Ms Wilson: That's where I'm going to turn to the lovely Dr Cathy Foley.

Senator BRAGG: How many qubits will we have by 2027? Qubits?

Dr Foley: Qubits, as opposed to quantum bits.

Senator BRAGG: How many will we have? As you can see, I'm an expert in this matter!

Dr Foley: I don't have that information at hand.

Senator BRAGG: Can you take it on notice?

Dr Foley: We can take it on notice.

Senator BRAGG: Finally, I just want to come back to you, Secretary. So you're taking on notice, just for the record, the question I had before about the conflict of interest disclosures made by the minister's staff.

Ms Quinn: Are you asking specifically about the minister's staff, or are you asking about all staff?

Senator BRAGG: I'm asking about all of them to the extent that you can provide them in some form.

Ms Quinn: As I said, I'm happy to take it on notice, but it's highly unlikely that personal information that's covered by the Privacy Act will be provided. But I'm happy to take that on notice.

Senator BRAGG: You're not aware of the substance of those declarations?

Ms Quinn: No, we know the nature of them, which is to do with financial holdings and personal relationships.

Senator BRAGG: We look forward to seeing those answers. Thank you very much.

CHAIR: Thank you very much to program 1.2. Again, our thanks go to you, Dr Foley.

Proceedings suspended from 18:33 to 19:22

CHAIR: We are in DISR outcome 1, program 1.3: resources.

Senator McDONALD: At the May-June budget estimates, Secretary, we struggled to nail down any detail on how the critical minerals production tax incentive would work. I note that the answers provided highlighted that consultation was yet to occur and that this would provide insight into how the program would operate. This consultation has now been completed, so hopefully you'll be able to shed some light on this billion-dollar announcement. What are the parameters for processed? For example, would nickel concentrates count, or granulated nickel or nickel briquettes?

Ms Quinn: I will throw to my colleagues for the details.

Ms Urquhart: You're correct; there was recently a consultation process. The consultation paper, as I'm sure you're aware, gave a lot of detail about eligibility but didn't get into the specifics of breaking down processing and refining in the way you're asking. It was seeking to glean that sort of information through the consultation. You'd be aware, too, that Treasury has been the lead on the critical minerals production tax incentive; we've been working very closely with them on that. We anticipate being able to speak in more detail to the specifics of the eligibility that you ask about soon. In the meantime, I might ask my colleague Mr Chesworth if there are any insights he can bring.

Mr Chesworth: Just to build on what Ms Urquhart was saying: I indicate that it's expected that the production tax credit will be applying to those minerals listed on the Critical Minerals List, and the feedback from the consultations is being taken into account and assessed as part of the policy process at the moment.

Senator McDONALD: The consultation paper has been distributed but you've not yet sat down and heard from people; is that right? You've not had responses?

Mr Chesworth: No. There has been broad consultation, and that has comprised submissions that have been received. I think there were over 40—

Ms Urquhart: Forty-nine.

Mr Chesworth: Forty-nine submissions—as well as face-to-face meetings. Treasury is now at the stage of drawing that feedback down for design of the production tax incentive. There's no need for me to say that the design elements are critical because the design elements are the determinant of the size of the tax expenditure.

Senator McDONALD: That will focus their attention, won't it! As the subject matter experts, being Resources, you haven't provided any specific advice on what the processing might look like or might be for. You're content that it remain with critical minerals being processed.

Mr Chesworth: It goes to your previous question. There will be parts of the tax incentive that will apply to processing—or the other way around; there are certain processes that will apply to the tax incentive. They specifically are to be determined. It is the case that there are a very large range of processes; I think there could be, in scope, more than 60. There is a lot of detail in that, and we have to essentially determine what is able to be claimed under the tax incentive; that's a significant piece of work.

Senator McDONALD: There are about 60 processes that you've considered. That will now go into the consultation process feedback for Treasury to try and capture how much they might be up for.

Mr Chesworth: I don't mean to be disrespectful, but, in simple terms, the construction of a tax measure is a very complicated thing. Treasury are working on that in consultation with us and also with the Australian Taxation Office because the administration of the tax incentive, when it comes into place, will be done with the tax office and DISR in a cooperative arrangement not unlike that that applies to the research and development tax incentive.

Senator McDONALD: I imagine the resource part of the department's focus is to ensure that this maximises the success for miners and processors in Australia. I hope you'll be given the opportunity to ensure that it's not just

the tax hand or the dollar hand that drives the outcome, because the tax department may not necessarily be focused on what's good for the mining industry.

Mr Chesworth: We would not wish to convey that impression. This is a strong and robust announcement from the government to back in minerals processing in this country.

Senator McDONALD: That's terrific. I'll leave it there. I hope that the resources department will be able to drive what's good for the mining sector and that it's not left to Treasury or the tax department, because that will not be their priority.

Senator Ayres: Part of the point of these measures is it's a whole-of-government effort. This is being led in this department but it engages a whole series of questions that go to future industrial capability, national security and economic resilience, future energy use and future employment. It is a whole-of-government effort. The way you're characterising the way that different bits of government might have interacted in your experience is not the way it's working here. This is a whole-of-government effort to bring big manufacturing capability to Australia.

Senator McDONALD: Let's hope that's right. My observation is that nobody is fighting for the resources sector apart from this department, so I think that's why it's important that, of the 60 processors that are currently in scope—it is what's good for mining and the supply chain and not what's good for dollars.

Senator Ayres: It will require that kind of advocacy, and it will require a Labor government because at the moment the Liberals and Nationals are opposed to the future and making things in Australia.

Senator McDONALD: I look forward to a very long night with you, Minister, if this is the way we're going to do it! Ms Urquhart, will the PTI only apply to new projects that start after the commencement date or will it be retrospective?

Mr Chesworth: It will apply to existing projects as well.

Senator McDONALD: So it will apply to all currently operating processing facilities?

Mr Chesworth: Depending on whether they fit within the criteria to be determined. But we recall you raised this question at the last estimates. In the intervening period, in the discussion paper, I think there is the assertion in there that it is expected to apply to existing processes as well.

Ms Quinn: The design of the production tax credit is to be paid on production, so it will depend on what production is actually occurring over the time that the tax incentive is available. So production, new or old, just has to be producing in that window.

Senator McDONALD: I'm delighted to have been able to assist you with the consultation parameters. That's terrific. Imagine that I'm a junior player seeking to use a larger company's processing facilities. Does the junior receive the credit for actually producing the mineral to get processed or does the processor itself receive the credit for having done the processing?

Mr Chesworth: That's a detailed question that I'm not in a position to answer at this stage. If I could take it on notice, I'll see if there is an answer available.

Senator McDONALD: Thank you. Can you outline how much this program will cost? At the last estimates, Senator Ayres says the project was worth \$22.7 billion. The consultation paper released said it would be worth \$7 billion over a decade. Which one is closer to what you think it will be?

Ms Quinn: I might just clarify that the larger number is the number that refers to the Future Made in Australia package and the \$7 billion number is the one that applies to the critical minerals tax incentive component of that.

Senator McDONALD: So that was just an expansion of the—

Ms Quinn: So there is the subset.

Mr Chesworth: It was a subset.

Ms Quinn: The whole Future Made in Australia is 22 point something billion, and then there's the production tax credit and then there are other elements of the Future Made in Australia agenda.

Senator McDONALD: Is this incentive an uncapped tax concession?

Ms Quinn: That is the intention of the design. It will be designing the production tax credit such that people will know in advance of production how much they get per unit of production. If they produce more, they will get more tax back. If they produce less, they'll get less. So it's designed as a rate and then it's uncapped.

Senator McDONALD: Is it difficult to estimate the dollar amount if it's an uncapped facility?

Ms Quinn: Most tax measures into the future are difficult forecasting exercises because you have to take into account the shape of the economy, the prices that might be paid, the levels of output et cetera, et cetera. So it is a

complicated exercise putting together the projections. Treasury is responsible for doing so at every budget update, and they draw on information from others across the system, including DISR.

Senator McDONALD: There has been some media commentary about the potential of bringing forward the critical minerals production tax incentive. Is the department aware of any plans or proposed plans for this?

Ms Quinn: The final design is still being considered by government. There have been discussions about the timing. I think some of that goes to really technical detailed arrangements about what would be paid when, and that is part of the consultation process. So that's all in the mix for the government to consider.

Senator McDONALD: Minister, when will this legislation be brought to the parliament? Will it be before the election?

Senator Ayres: The current lot of legislation, you voted against. And—

Senator McDONALD: That wasn't my question, Minister. My question is: when will this legislation be brought to the parliament?

Senator Ayres: I'll finish my answer, if that's okay. The government will advance legislation when the government decides to advance the legislation. And the—

Senator McDONALD: So no confidence it will be before the election, then?

Senator Ayres: All of this—the biggest risk to future manufacturing in Australia is Mr Dutton and the Liberal and National parties.

Senator McDONALD: Not if you can't bring it forward to the parliament. We can't vote on anything that's not before the parliament.

Senator Ayres: There are plenty of good ideas you've been voting against so far. You've voted against the Future Made in Australia legislation that has been presented to the parliament thus far, which included a national interest framework which provides some discipline for future government spending, which is a wild and reckless thing to do and misunderstands the risks and opportunities for the future Australian economy, particularly in regional Australia.

Senator McDONALD: So we don't know how much the production tax incentive is going to cost. We don't know which processes it will cover. We don't know whether juniors or the senior processor will receive the incentive payment, but, Minister, you would like us to vote on this legislation that's not yet before the parliament?

Senator Ayres: When you voted against the legislation that has been presented to the parliament, the legislation in relation—

Senator McDONALD: Which has no detail and which has no clarity.

Senator Ayres: When it arrives, it will be crystal clear.

Senator McDONALD: Good.

Senator Ayres: And what you've already voted against is future manufacturing in Australia's regions. In Western Australia, Senator Smith's state, where the resource industry is very strong and very important to the future economy of that state, Mr Taylor and Mr Dutton are out there campaigning against the resources industry and against future manufacturing jobs. If that's the political decision that you've made, it's very hard to understand, but that's the position that you're locked into. I understand you've recently said that it's proceeding too slowly as well. You're opposed to it, but you think it's going too slow. It's very hard to understand.

Senator McDONALD: Minister, how can we hope to support it if there are still no details?

Senator Ayres: I don't hold out any hope, really, for your side of politics supporting good policy.

Senator McDONALD: I don't think there is any hope that will be detail and that we will ever get to vote on it. I will leave that at this stage, Chair.

Senator Ayres: There is a process that the officials have outlined. It's a good process.

Senator McDONALD: I'd like to turn—

CHAIR: If you're turning to another topic, I will share the call.

Senator McDONALD: Sure.

CHAIR: I will go to Senator Pocock.

Senator DAVID POCOCK: I've got some questions about the Future Gas Strategy. Mr Jeremenko, good to see you again. Did the Japanese government have any input in the development of the Future Gas Strategy?

Mr Jeremenko: Along with hundreds of other submissions to the Future Gas Strategy, yes, the Japanese government contributed to the consultation period. That lasted, effectively, a year from launch to finalisation of the strategy in May this year.

Senator DAVID POCOCK: Did the Australian government ask the Japanese government for input or did the Japanese government approach the future gas taskforce?

Mr Jeremenko: You may recall, Senator, that it was a very public announcement that the government was working on a strategy, and so there was a consultation paper that was prepared and that was publicised widely. As part of our ongoing engagement as a government with key stakeholders, those stakeholders do include a number of the key customers of Australian gas. So our ongoing interactions with governments, including Japan, would have included us speaking about the consultation that was underway at that time about the formulation of the strategy.

Senator DAVID POCOCK: So did they reach out to you or did Australia reach out to them?

Mr Jeremenko: I will need take on notice the actual specifics of that.

Ms Quinn: It's actually a little hard to know with precision. We certainly told people we were doing the process and engaged with interlocutors. Our DFAT colleagues as well were aware of it when they were talking to customers and colleagues in country. So we sought input from lots of people. Did we specifically ask specific people to put in submissions? It's not generally how we approach these things.

Senator DAVID POCOCK: And that's why I'm asking.

Ms Quinn: Yes. So we don't generally go and ask people, 'Can you please put in a submission?' That's not—

Senator DAVID POCOCK: Maybe you could take on notice if you did ask.

Ms Quinn: We can. It's not our usual process, though. If we wanted some specific technical detail, we would ask that through a different process other than the submission process per se.

Senator DAVID POCOCK: Did they provide written submissions or were there meetings?

Mr Jeremenko: There were definitely discussions that were held directly by us with members of the consular corps here, as well as through our post over in Japan, in terms of talking about the sort of things that we were thinking about putting together for the government as part of the early days of the strategy. I'll leave it there.

Senator DAVID POCOCK: Thank you. Could you provide, on notice, any written submissions or notes from those meetings?

Mr Jeremenko: Senator, I forgot about the second part of your question. I should add that all of the submissions that we have permission to publish—some people want confidential submissions—will be up on our website. I just can't recall whether we actually have a public submission from a Japanese company or the government.

Senator DAVID POCOCK: Thank you. Given there were other meetings, if there are minutes or recordings of what was discussed, that would also be very useful, so could you please provide those, on notice. Was the Japanese input to the Future Gas Strategy facilitated by Santos, Woodside or any other company operating in Australia? Is there involvement from—

Ms Urquhart: No. We obviously maintain contact both with the Japanese government but also with Japanese companies. We don't feel we need to be supported or assisted by other firms.

Ms Quinn: But we also can't rule out joint venture parties having discussions and exchanging information, and so there are a myriad of joint venture opportunities between Japanese investors and Australian companies. So we didn't work through Australian companies, but we can't rule out them working together.

Senator DAVID POCOCK: Given there's a little bit of wiggle room, can you just advise, on notice, whether or not some of those meetings were facilitated by Australian gas companies? I'm interested to know whether the government sought or received input from Pacific island countries on the Future Gas Strategy.

Mr Jeremenko: I don't have that information to hand, but I can check whether we did.

Senator DAVID POCOCK: Can you confirm if any other foreign government officials provided input into the strategy—and if they did, which countries?

Ms Urquhart: The answer is yes.

Mr Jeremenko: Yes, there definitely would have been. We can take this on notice and give you the specific answer, but, in terms of the key buyers of LNG from Australia, I would put a very high probability on the fact that Korean partners were spoken to, Taiwanese, as a couple of examples.

Senator DAVID POCOCK: Could you give us the list, on notice, please? It seems like the purchasers of gas were consulted and spoken to. This is probably one for the minister. But, in terms of the countries that are going to suffer the most from going against scientific advice about opening up new fossil fuel projects in a climate crisis, it doesn't seem like they were consulted at all.

Senator Ayres: I don't have any more information than the department does, except to say this: that the government certainly deeply engaged with our Pacific partners—

Senator DAVID POCOCK: It doesn't seem like that.

Senator Ayres: around all of the issues, including climate security issues in the Pacific. It is a very stark contrast to the previous government who thought it was funny and who made jokes. Mr Dutton made jokes. He said, 'Time moves slow when there's water lapping at your feet.' He thought the position the Pacific islands find themselves in was funny. This government takes that question seriously because it matters for the Pacific and it matters for the region's health, welfare and security. It is definitely the case that our partners in Japan, Korea and Taiwan, who are customers for Australian gas, are, of course, active in engaging with the Australian government and the Australian private sector about those issues. They do that because it's essential for their future economic security, for their production processes and for their transition to net zero—all of these economies.

There may be an argument, which can legitimately be agitated, that we want to speed up the process of moving from fossil fuels in those big industrial economies, but the pathway through to that is through gas. The proposition that denying energy security for these economies would somehow do anything but damage regional security and damage their capacity to achieve emissions reductions—that is the truth of it. It's an inconvenient truth, but it is the truth of it. There are some real challenges in the gas market, but that's why they are so active on those questions.

CHAIR: Last question, Senator Pocock.

Senator DAVID POCOCK: Thanks, Minister. I take your point about the coalition—and I'd agree—but there's at least an honesty about the coalition. You kind of know that they're not serious about the transition and they're fairly upfront about that, but we hear great things from your government. I'd commend you on your engagement in the Pacific, but it seems to me when it actually comes to the transition—one of my big concerns with the Future Gas Strategy is we're in a situation now where we have Japan, who are exporting as much gas as we send them now, saying, 'We need more gas to keep the lights on, even though we've turned this into an export market for ourselves.' I feel we're getting hoodwinked, and the ones who are going to cop it the most are our Pacific neighbours, who we talk so much about. We talk about the Pacific family, but anyone who's spent time with Pacific islanders or people from the Melanesian islands knows what family actually means and looks like to them, and I just find it so hard to cop, to say 'Pacific family'—

CHAIR: Is there a question, Senator?

Senator DAVID POCOCK: Yes, there is. Yet we unveil a Future Gas Strategy which seems to be driven a lot by Japan's desire for more gas to keep onselling our gas. That's not a transition. Why are we blindsiding our Pacific island nations with a Future Gas Strategy in a climate emergency?

Senator Ayres: There are a number of assertions there that just aren't right.

Senator DAVID POCOCK: Which ones?

Senator Ayres: Firstly, that Japan is onselling Australian gas at the same rate as they are consuming it—that is just not true. It is also not the case—

Senator DAVID POCOCK: Prove it. Sorry, what evidence do you have, Minister? You can't make assertions like that. I've just been in foreign affairs and trade.

Senator Ayres: It's also not the case—if you let me finish.

CHAIR: Let the minister complete his answer.

Senator DAVID POCOCK: Okay. He's making stuff up.

Senator Ayres: It's also the case that adopting the approach that you're implying undermines the cause of climate action. Pushing up costs in our partner economies, by denying access to Australian gas, is a recipe for going backwards, not going forwards.

Senator DAVID POCOCK: The drug dealers' excuse.

Senator Ayres: No, no, no. It is about being clear. Instead of sloganeering about these questions—'no new coal and gas' is as much a slogan as whatever the last government slogan was. We're being honest with the community—

Senator DAVID POCOCK: Tell that to the climate scientists. Tell that to your kids.

Senator Ayres: about what the future risks and opportunities are—

Senator DAVID POCOCK: This is outrageous, Senator Ayres.

Senator Ayres: and getting it right so that we can move quickly on climate action. It is just not right.

Senator DAVID POCOCK: On notice, please could I ask for the evidence that they don't export as much gas as we sell them.

Ms Urquhart: Senator, I might be able to shed some light on this. I think you're referring to the Institute for Energy Economics and Financial Analysis report released in 2024 where it was suggested that Japan, onselling LNG cargos, could be in competition with Australian LNG exporters. The reporting suggested that the volume of LNG Japan onsold to third-party countries was equal to or more than the amount of LNG Australia exported to Japan in the same financial years. The references in that report were to annual survey data produced by the Japanese government's metals and energy security organisation, and that organisation acknowledges that double counting may have occurred including in cases where multiple Japanese businesses were involved in the sales processes.

It's important to note that sales of LNG to Japan do not put east coast gas supply at risk. That is obviously in sharp focus for the government, given emerging shortfalls reflected in 2027-28. Gas and LNG are often traded, swapped, to balance seasonal demand. That could see Japan import more gas in winter months when demand is high and export gas in the summer months when demand drops or in the intervening period if there are ups and downs. I hope that's helpful, Senator.

Senator DAVID POCOCK: Sure, it's helpful, but I don't think anything you've said means that it isn't true.

Ms Quinn: We are happy to take it on notice. I have seen more detailed analysis that suggests that there was double counting.

Senator DAVID POCOCK: That would be great, because—

Ms Quinn: So we're happy to take it on notice.

Senator DAVID POCOCK: Yes. Thank you.

CHAIR: Senator McDonald.

Senator McDONALD: I'd like to go back to the recent granting of two production licences in the Otway for the Artisan and La Bella fields. When was the tenure originally put out for offer?

Mr Weeks: I will try to find an answer to it, Senator, but I'm not sure I actually have it in my notes.

Senator McDONALD: There was probably a media statement at the same time or a—

Mr Weeks: No, sorry. All I have is that in late September the Minister for Resources announced the grant of the two petroleum production licences. The production licences will produce gas processed at the Otway Gas Plant for domestic use only. The Otway Gas Plant has a supply capacity of up to 205 terajoules a day and the supply capacity is equivalent to 15 per cent of Victoria's total current supplies.

Senator McDONALD: Terrific. Thank you. Could I ask you to take on notice when the tenure was originally put out on offer, please?

Mr Weeks: I can, yes.

Senator McDONALD: Thank you. I'd also like to know when the two applications were initially made.

Mr Weeks: I'll have to take that on notice as well.

Senator McDONALD: I'd like to know when these applications reached the state minister's desk for approval and the different dates for the two different tenures.

Mr Weeks: I'll take that on notice.

Senator McDONALD: Thank you. I'd like to know how long the Victorian government waited before making a decision. Could you take that on notice, please?

Mr Weeks: I will, yes.

Senator McDONALD: Thank you. I assume that they had to secure both the state and federal ministers' approvals before being granted. They weren't done concurrently? There were done sequentially?

Mr Weeks: Generally that's the way that the process works. It will go to the state or the jurisdiction initially. They will make a decision and then it will come through to the responsible Commonwealth minister.

Senator McDONALD: Right. Could you identify, then, how long it took for the Victorian minister to make that decision, please. I'd like to know when the applications reached Minister King's desk.

Mr Weeks: I'll take that on notice.

Senator McDONALD: Thank you. The applications were not considered concurrently with the Victorian minister; I'm just confirming that that's what you said.

Mr Weeks: I'll have to get actual detail on this actual application, but, generally, the process is that it will go through the state or territory, they will make a decision, and then it will come through to the responsible Commonwealth minister as part of the joint authority decision-making process.

Senator McDONALD: How long did Minister King take to approve the licences?

Mr Weeks: I'll have to take those timeframes on notice, Senator. I don't have that in front of me.

Senator McDONALD: With all respect, Mr Weeks, this is your department. I assume that it was you signing off on the brief to send them up to the minister to sign?

Mr Weeks: We will have that information, Senator. I just don't have it in front of me.

Senator McDONALD: So in preparing for estimates—you know that this has been a topic of much discussion. I am really surprised that there's not somebody in this room that doesn't have that information. That you would come to estimates without the information surprises me. Is there anybody else in the room who would have that information?

Mr Weeks: There won't be, Senator, no.

Senator McDONALD: Secretary, are you surprised that we don't have this information to hand? There is a gas crisis, we have got a looming gas shortage coming and yet we don't have any information. It's almost as if somebody decided not to bring the information with them.

Ms Quinn: I don't think that's an accurate characterisation. I'm not aware of this level of detailed questioning having occurred in my time as secretary. But we're happy to take it on notice. The precise dates and things of ministerial decision-making are matters for governments to release.

Senator McDONALD: The minister's media release talks about the urgency of needing new gas to the market. I'm trying to understand. If it was so urgently required, why did it take so long to be approved. It doesn't make sense. We know that it was over 100 days. I suspect it was closer to half a year that the approval sat on the minister's desk. This is a national emergency; I'm just trying to understand what's going on.

Ms Quinn: The officials have taken it on notice. We'll take it on notice and see what we can provide you.

Senator McDONALD: At estimates it is the purview of senators to ask questions that relate to expenditure and budgeting. This definitely falls within that. I think that to come unprepared with these sorts of answers for the resources department is—we're missing a big bit of information. Chair, I'll keep going but I do want this information.

Ms Quinn: I just want be clear. These are very detailed timeline discussions on regulatory decision-making. We come prepared with the arrangements for how things work and specific details, but we don't have all the details for all the regulatory decisions made for all circumstances across the portfolio. That has never been the stance that we've provided at estimates. This level of detail—I'm not familiar with having been asked. We've been asked various other questions related to the layers. We will take it on notice and provide what we can.

Senator McDONALD: Okay. When was the decision to approve the two applications made public, Mr Weeks?

Mr Jeremenko: The resources minister issued a press release announcing the granting of those production licences on 27 September 2024.

Senator McDONALD: Did the minister or the department determine the timing of the media release?

Mr Jeremenko: The ordinary course of events is that we will provide advice and assist with information for the minister's office and the minister in terms of content of a media release. The timing is ultimately up to the minister.

Senator McDONALD: So the delay between the approval date and the decision to make it public was the minister's decision?

Mr Jeremenko: I'm certain that nothing that we have said here has given any evidence that would support a statement that there has been a delay. We've taken it on notice.

Senator McDONALD: What I'm trying to get to is the urgency of getting this new supply online. The minister has publicly outlined it. There was a delay in the approvals date and the publishing of the media release. I take what you say at face value. Does Minister King receive oversight of the ACCC's gas inquiry report prior to its public release?

Mr Jeremenko: Yes. The ACCC is given the go-ahead to release that publicly by the Treasurer, but it is provided to the Treasurer and relevant ministers ahead of that.

Senator McDONALD: How long in advance of its release would the Treasurer and the relevant ministers receive that report?

Mr Jeremenko: There is a statutory timeframe set down. If I can switch it the other way: once the ACCC provides it to government, there is a set number of days—and I don't want to mislead you by picking a number that I'm not certain of, but I think it's around the 15-day mark. But I will take that on notice, if I may.

Senator McDONALD: Thank you. I'm just trying to clarify that the ACCC's interim gas report was released on the same day as the media release as to the approval of the gas licences, which I believe had been sitting on the minister's desk for months. I'm just trying to understand if there's any correlation between the two things.

Mr Jeremenko: Well, I can't speak to that, but certainly, as I've said, the relevant ministers do have the detail of the ACCC reports before they are ultimately released.

Senator McDONALD: By how much has gas production in the Bass Strait declined in recent years?

Mr Jeremenko: I'm not sure whether our analysis and insights colleagues have data to hand in terms of the specifics. But there has been significant decrease, that is for sure, and that is one of the challenges that we face in terms of making sure that we do have appropriate supply to meet the demand as we transition to net zero.

Ms Ossolinski: I was involved in the analytical report for the Future Gas Strategy. Unfortunately, I think we may have that information but I might need a second to locate it within the document. Obviously we published a lot of material in the Future Gas Strategy, so I will need to find my page.

Senator McDONALD: Thank you. I appreciate that.

Ms Quinn: Did you want to go to another question and then come back?

Senator McDONALD: I think that's a good idea. Thank you. What I'm trying to understand is: has an equivalent supply of gas from onshore or offshore Victoria come online to replace that decline? I'm trying to identify: how much is the decline, and how much new gas is coming on from those fields?

Ms Quinn: At a high level, the answer is no, because the overall production has fallen.

Senator McDONALD: Yes, we wouldn't have a shortage, would we! If you could provide those numbers, that would be great. The Victorian energy minister claims that there is 'some fairytale notion that there are all these reserves of gas yet to be tapped in Victoria'. Is that the case—that it is a 'fairytale notion'—or are there still onshore gas reserves existing in Victoria?

Ms Quinn: I don't know how much we've got about onshore gas, given most of our regulatory activities relate to offshore gas. So I don't know how much knowledge we have of the onshore reserves.

Senator McDONALD: Would Geoscience know the answer to that?

Ms Quinn: They would be better placed to answer that, yes.

Senator McDONALD: You're the resources department. I know you have an interest in these things. We have a gas shortage. We have—

Ms Quinn: We don't have any regulatory oversight of what's happening within the onshore components—

Senator McDONALD: I appreciate that.

Ms Quinn: and no levers to kind of pull.

Senator McDONALD: Just the knowledge of gas is what I'm looking for.

Ms Quinn: I think Ms Ossolinski has some information for you.

Ms Ossolinski: I can say that, in the Future Gas Strategy, we did look at the available supply of gas in the southern states—so that's looking at South Australia, Victoria and New South Wales—and there is a consistent decline predicted in the supply of gas from those states, as the offshore gas fields around the Gippsland area gradually deplete over the next eight years or so.

Ms Quinn: That's more about known supply.

Ms Ossolinski: That is more about known supply. When we do the forecasts for available supply—and when I say when 'we' do these, we rely on a range of sources, in particular the *Gas statement of opportunities*, which is published by AEMO. There are assessments of the available supply that could come online and, in producing the forecasts, they take account of what is known. That uses that full state of knowledge in order to produce the declining forecast for supply that we see.

Senator McDONALD: But no numbers?

Ms Ossolinski: I can't provide numbers immediately today.

Senator McDONALD: So on notice—

CHAIR: I'll share the call after you put this on notice.

Senator McDONALD: On notice, I'd like to know what the decline is. From offshore, what is the production that is coming online from Victoria? What onshore gas reserves exist in Victoria? You've used those to model the Future Gas Strategy. What current producing operations are in those basins—their capacity—and what is preventing the development of those basins?

CHAIR: Senator Cox, you have the call.

Senator COX: Thanks very much. Can I ask some questions in relation to the Tipakalippa case of the DISR officials, please. Do you have the right people at the table?

Ms Quinn: Yes, we do.

Senator COX: On 21 September 2022, Dennis Tipakalippa, who is a senior lawman from the Tiwi Islands, won a resounding victory in the Federal Court against the gas company Santos on the Barossa Gas Project. Is it true that, only a week after the decision the Tipakalippa court case was received, DISR officials were meeting with Santos and asking for suggestions on how they could get around the decision by changing the offshore gas consultation regulations?

Mr Jeremenko: I'm certain that is not the case. What was occurring, and what continues to occur, in terms of trying to provide certainty, is to provide detail that would expand upon and give greater certainty to both First Nations peoples and industry as a result of the requirements for consultation set out by that case.

Senator COX: Mr Jeremenko, can you provide to me what the correct timeline of events is, on notice, please?

Mr Jeremenko: I will.

Senator COX: Thank you. It has been suggested that the department—

Ms Quinn: Sorry; can I clarify: the timeline for what? Are you wanting the timeline between—

Senator COX: When the consultation was, around any conversations with Santos in relation to changes to the offshore gas consultation regulations. So within what time—

Ms Quinn: Post the Federal Court case?

Senator COX: Sorry, Ms Quinn, I hadn't finished speaking. So what timeframe that actually occurred in, if it wasn't within the week that has been suggested.

Ms Quinn: Okay. Thank you.

Senator COX: It has been suggested also that the department was working with Santos, in particular around options to circumvent the possible win by the Tiwi Islanders before the judge had even made his ruling. Is that true?

Ms Urquhart: I will echo Mr Jeremenko's comments before. I'm certain that the department was not canvassing options with Santos in the way that you describe, but we will certainly, as part of answering your previous question, go back and look at when meetings occurred with Santos and come back to you on notice.

Senator COX: Okay. I am about to table some emails, which I'm hoping are already with the committee. Some emails that were released under the Freedom of Information Act actually show DISR officials discussing this case and circulating a PowerPoint entitled 'Regulatory Strategy, Reg 11A Option'. It is a PowerPoint, on 21 September, which is actually the morning of the Tipakalippa decision. Regulatory 11 was the regulation that was relevant to this case. In fact, it was regarding relevant people. Can you please disclose what was actually in the PowerPoint?

Ms Quinn: I think we would need to see the information you reference to be able to assist.

Senator COX: Sorry; I couldn't see who was doing that because of the broadcasting—

Ms Quinn: It's Ms Quinn. I think we would need to see the FOI—what items you're referring to—to be able to assist you further.

Senator COX: Can I just check with the chair and the committee that they have been received yet?

Secretary interjecting—

Senator COX: I'm happy to just outline quickly the timeline. On the 20th, Santos emails DISR requesting a meeting to brief you about, presumably, the Tipakalippa case; on the 21st, DISR's acting general manager of the oil and gas branch sends an email noting that she has recommended that they agree to meet with Santos once the decision has been handed down and had a chance to consider those findings: 'At this stage, having a discussion on amendments is premature.' Attached is a PowerPoint regarding those regulations. On 26 September, Madeleine King's departmental liaison officer requests a briefing on the case, including legal advice, policy advice, next steps and possible timeframes. On 27 September, Santos appeals that decision. On 29 December, DISR provides a briefing to Madeleine King's office. The briefing advises that the department will work with NOPSEMA to assess the implications of the decision and consider if any potential policy or regulatory responses are required. Attached is that document. On 29 September, DISR's manager, the offshore safety branch and security offshore resources branch and at least one other person, met with Santos, and the officials advised that, 'We will consider whether the relevant person's definition could be clarified, either by a minor regulatory amendment or policy guidance,' and invited Santos's suggestions on how this could be done. The definition of 'relevant persons', as I said, was relevant to this case and, remarkably, appeared in the bill that Minister King provided to the parliament on 15 February 2024. So is this a stitch-up? Is this Santos telling the Minister for Resources' office, even before a Federal Court outcome, that this is what they wanted to change and worked out the options even before all of this happened? We now have the documentation to prove that. Why was the minister's office meeting with Santos about these outcomes before they were even given and made public?

Mr Jeremenko: We will need to have a look at the documents. From what you just spoke to, what it says to me is that there was active consideration by government to make sure that there was clarity as soon as possible as a result of the decision. Now, as for the timeframe you outlined, I understand what you're putting forward, but we need to have a look at that. The government has never shied away from being very open about the fact that there needs to be further guidance and clarity around relevant persons as a result of the decision of the court.

Senator COX: With all due respect, Mr Jeremenko, meeting with lobbyists from Santos about a policy guidance or a suggested amendment to regulation which they are subject to is just downright unacceptable. It is unacceptable for the lobbyists from Santos to be meeting with the minister's office and DISR officials, in shoring this up, to ensure that they are watering down the rights of First Nations people. This was a very serious court case, the Tipakalippa case, and was brought before the full Federal Court, in order to hear their concerns, and they were successful in that win. And yet, during that week, your officials took it upon themselves to meet with Santos—your oil and gas branch, your resources branch, and those representatives. The work with NOPSEMA hadn't even started then. And we will get started on them later on tonight. But you have to think, seriously, once you see this evidence—

CHAIR: Is there a question, Senator Cox?

Senator COX: Yes. Is the minister going to respond to this, to ensure that the Tiwi Island people are actually spoken to and considered, and stop meeting with the lobbyists, who are the ones who are dragging the chain here to make sure they don't have to answer to any regulation?

CHAIR: I think we've got your question now, and I have just distributed the document.

Ms Quinn: I might just note that in the FOI documents—you've mentioned that the Federal Court case was on 21 September. I haven't got all the way through all the documents, but quite a lot of the correspondence in the FOI post-dates the 21st. To the extent that there was engagement before, there is a suggestion that you would have to wait for the court case to occur before there was any detailed consideration of matters. So I'm happy to go through the timeline a bit, but there's certainly nothing in this that I have just quickly looked through that suggests that there were detailed discussions about options prior to a court case. And it is—

Senator COX: Ms Quinn, the proponents had a revolving door into the minister's office during this case, and now it's evident through the FOI documents. They still haven't been able to, and refuse to, meet with Tiwi Island people. We are still trying to get the minister to meet with the people who actually brought this case forward and for the minister's office, the department and those shoring up those regulatory changes to listen not just to Santos but to First Nations people who are bringing the full Federal Court along in these decisions. These will continue to happen if you don't fix the regulation, because the regulation is the thing that's hampering that. Is the government going to fix that? Are they going to listen to the black people's voices on the ground who are saying, 'Stop offshore gas drilling in these parts of our country that is causing damage to our spirit?' That is what the basis of that is.

Senator Ayres: Senator Cox, it's Tim Ayres here. I'm not sure whether you can see the screen or not. I have only just got whatever it is that's being tabled here. I'm happy to review it. I'm sure the minister's office is happy to review it. Nothing I can see on the face of it sustains an argument that there was anything improper or unbalanced about the way that the minister's office has approached these questions or that—

Senator COX: Maybe the Australian public might think differently, Minister. It wouldn't pass the pub test if every Australian in this country had a runaway into a minister's office every time there they wanted a regulation or a law to change.

Senator Ayres: Well, you've—

CHAIR: We'll just let the minister finish his answer.

Senator Ayres: You made a series of assertions. I just don't think they can be sustained on the basis of what I've got in front of me. If there are more questions about the detail of all of this, that's fine, but just producing a document and making the assertions doesn't add up to making the assertions correct.

Senator COX: You can only see as far as you need to. I'm going to get cut off in a minute because the chair will probably cut off my time. I've got one more question about future gas, if I may.

CHAIR: You have the call, Senator Cox.

Senator COX: Thank you, Chair. In an address to the Australia-Japan joint business conference in October 2024, Resources Minister Madeleine King said she that appreciated the input from the government of Japan and Japanese industry leaders into the Future Gas Strategy. Since there's no official submission to the Future Gas Strategy consultation paper listed publicly, can the government confirm that the Japanese government did provide input into this policy and, if so, through what lines of communication was that received?

Senator Ayres: There was quite some evidence about this 15 minutes ago or 25 minutes ago, I suppose, when Senator David Pockock asked a series of questions about the consultation process for the Future Gas Strategy. Indeed, the department confirmed that there had been some engagement with customers, including Japan and consumers in the North Asian markets as well. That's a pretty normal thing to happen. They've taken on notice whether or not there are publicly available submissions, so no doubt there will be more details about that, but we traversed that pretty thoroughly about 25 minutes ago.

Senator COX: I'm sorry that we can't be there on every single question, and I'll have a look back through the *Hansard*. Was this input solicited by Australian government officials or by the Future Gas taskforce?

CHAIR: That was your last question. I was just trying to jump in there. Did you get the question?

Senator Ayres: I did. There was plenty of evidence about that a little while ago, and I think I'm happy for the officials to just precis that perhaps, if it assists.

Ms Urquhart: We've taken on notice the specific details, but, as you would expect, there was consultation with Japan including through engagement with a number of diplomatic missions here in Canberra. So there were discussions, but we've taken on notice the specifics of that.

CHAIR: Thank you. Senator Rennick.

Senator RENNICK: I have questions for the diesel storage program. Is that something you can answer?

Ms Quinn: That is a program for the department of climate change and energy.

Senator RENNICK: I was told that it was in this program.

Ms Quinn: It is not something—I'm fairly sure it would be—

Senator RENNICK: The fuel storage facilities—that's not something you can answer?

Ms Quinn: No, it would be in the energy portfolio.

Senator RENNICK: Energy; right. Okay.

CHAIR: Apologies. I think the secretariat did share information with you. I'm not sure what that information was, but thank you, Senator Rennick. Senator McDonald.

Senator McDONALD: I'd like to ask the department—perhaps, this is what Senator Rennick thought it could have been—is there any work on the availability of using depleted reservoirs in the Bass Strait for gas storage? Have you done some work on that, please?

Ms Urquhart: I have had an inquiry. I took a phone call from Victoria on that question. I would need to go back to my notes to refresh my memory.

Senator McDONALD: So—

Ms Quinn: The Victorian Government has changed some of its regulatory legislation through their parliament to allow for storage, but it's a state based kind of regulatory activity. I think, from memory, we got asked questions about whether there was any interaction because of the issue about what's offshore and what's onshore and the cutover between the two arrangements. I think there was some consultation on those proposed changes in Victoria at the time, if that's what you are referring to. It is the Victorian government's change in their arrangements so they can put more storage into their geological sites close to the land.

Senator McDONALD: Sure. I was actually looking for the offshore—

Ms Quinn: The extra bit.

Senator McDONALD: Yes, exactly—he Bass Strait's depleted reservoirs.

Ms Quinn: I know that certain companies that have arrangements in that area are looking at the possibility of those, so we certainly have had discussions with companies who are interested in that opportunity.

Senator McDONALD: That's been publicly discussed, hasn't it?

Ms Quinn: Yes.

Senator McDONALD: Secretary, I'd like to go to the scientific advice behind seismic testing. How effective is seismic testing at discovering or proving offshore gas reserves?

Ms Quinn: That's a technical question which I'm not qualified to answer. It's one that NOPSEMA would probably be better placed to answer given that they need that expertise in being able to assess the regulatory approvals that they examine. It's not a sort of technical question that we would have expertise in. We would draw that in from scientists and the like. But NOPSEMA definitely have that requirement.

Senator McDONALD: Alright, I'll come back to NOPSEMA on that. Can I just turn back to those approvals that we were talking about before, the two offshore approvals. How many approvals has the minister done this term?

Ms Urquhart: Specifically acreage approvals?

Senator McDONALD: Yes. The style of approval—and I'm just looking for my specific words—to production licences in the Otway. How many production licences has the minister approved in this term?

Mr Weeks: I can give you details for decisions made this calendar year so far. I can go through them individually. The decision-making process is shared between the minister and myself as the delegate. Since the start of 2024, the minister has made 12 decisions, and I have made eight.

Senator McDONALD: What sorts of decisions? Are they production licences, EPs—what are they?

Mr Weeks: It's a combination. It's an offer of petroleum exploration permits, grant to petroleum exploration permits, renewal of exploration permits, suspensions and/or extensions, variations of exploration permits, cancellations, surrenders, declaration of location, retention leases and renewals.

Senator McDONALD: How many production licences?

Mr Weeks: Three.

Senator McDONALD: Which was the third one? We've already discussed two of them.

Mr Weeks: I just have a high-level granular table. I'll have to take that on notice to find out exactly what that was. I've just been told it was Dorado.

Senator McDONALD: At the last estimates, we discussed the next steps for reforms for the offshore regulatory regime. How is that progressing?

Mr Jeremenko: Could you just give me a little more detail in terms of the offshore regulatory regime?

Senator McDONALD: The consultation process. It's probably further to what Senator Cox was raising.

Mr Jeremenko: Thank you. It's the environment management regime. I didn't have the opportunity with Senator Cox's question to add that there was a formal consultation period that started in January this year with a paper that we put out on behalf of the government to make sure that we investigated the best way possible to provide that clarity as a result of the court case. So what that resulted in, as a first step, was the government presenting the Offshore Safety Bill to parliament. That contains the first step that was required as schedule 2 to ensure that streamlining was maintained in the event of a further change that would clarify the rules around the relevant persons.

Senator McDONALD: These were the reforms that were in the amendments to the OPGGS Act that were withdrawn in the Senate in May. Is that correct?

Mr Jeremenko: That's correct.

Senator McDONALD: Has there been a discussion paper, exposure draft or similar drafted to further that work?

Mr Jeremenko: No. The government made clear at the time that the amendment was moved in the Senate that it remains committed to making that happen, and the reason that is the case is because there needs to be the certainty as well as not another layer of approvals processes should streamlining be broken without that amendment. So there is further work that has been undertaken in the department, and we are in a process of providing advice to government on a potential way forward to provide that certainty to both First Nations and industry.

Senator McDONALD: Do you have a draft or a working document or changes that you are providing to the minister?

Mr Jeremenko: I wouldn't classify it as a draft of a particular document, but there is work underway to examine all the complexities around how this might be achieved and in a way that doesn't derogate and take away the rights that the court did make clear that First Nations peoples have for consultation.

Senator McDONALD: It has been nearly two years since the Tipakalippa case threw the industry into turmoil. The Future Gas Strategy identified these reforms as an immediate action. The amendments that passed the House and that the coalition sought to provide support to were withdrawn before we could vote on it. Was there a problem with those amendments? I'm just trying to understand? I thought we had a neat solution. Why has that not been progressed?

Mr Jeremenko: Is that a question to the minister?

Senator McDONALD: Sorry, I was looking at you, Mr Jeremenko, but you are probably right that that is a question to the minister.

Senator Ayres: Yes, I think the case is—I actually don't remember the ins and outs of that particular bit of legislation.

Senator McDONALD: Don't you? I'm sure you don't want me to go into the dirty deal between the Greens and the government to—

Senator Ayres: Time flies when you're having fun.

Senator McDONALD: —pass the PRRT legislation and the vehicles emissions legislation. In return, you withdrew this critical amendment.

Senator Ayres: There is a particular approach that the coalition has taken on sensible economic reform.

Senator McDONALD: Yes. We provided a guarantee of supporting this legislation to pass. It was withdrawn, and we have been unable to support the sensible changes that were proposed and passed through the House of Representatives.

Senator Ayres: It's certainly the case that the opposition has been in the way of sensible economic reform.

Senator McDONALD: I think 'very helpful, trying to support this legislation' are the words you're looking for.

Senator Ayres: There's a first time for everything, isn't there?

Senator McDONALD: And failed. We failed in our support.

Senator Ayres: The government is going to continue to consult to make sure that we get this piece of reform right. It is important in certainty terms for the sector, but I think it is also important for Indigenous Australians that we get this reform right. I think that you'll find that there are mixed views across the sector about some of these questions, and we're going to keep consulting to get it right.

Senator McDONALD: The Future Gas Strategy says that it's urgent. It's been two years since the case. The community is exhausted by consultation, and nobody seems to know when it will end, but the government will continue to consult. I think that's where we've landed on that. Is that correct, Minister?

Senator Ayres: You can characterise it whichever way you want, Senator McDonald.

Senator McDONALD: I'm just reflecting what the community is telling me.

Senator Ayres: That's a matter for you.

Senator McDONALD: Has industry prepared or provided any potential changes to the offshore consultation regulations?

Mr Jeremenko: As a result of that public consultation that started in January this year, there were many submissions.

Ms Urquhart: 106.

Mr Jeremenko: Ms Urquhart adds '106' very usefully at an appropriate time. Thank you. As part of those, there were many suggestions. That was what we went through that, as I said, resulted in the government taking the first step of clarifying and achieving that legal certainty and clarity in the regulatory reforms—that bill that you speak of that ultimately didn't pass the Senate in that form. Since the bill was changed, the department has continued to work on various options that we will present to government to make sure that we achieve the government's stated policy aim.

Senator McDONALD: Minister, dare I ask you if we will see that before the election?

Senator Ayres: I suppose that there are a range of variables in there, isn't there, Senator McDonald, including when it is that—

Senator McDONALD: Sorry, I've led you into that.

Senator Ayres: the Prime Minister trundles down the hill and calls an election. It's not something that I know.

Senator McDONALD: I'd like to dig into how mining projects access support through the government's critical minerals program. In order for a project to access the Critical Minerals Facility, the resource it produces must be on the critical minerals list. Is that correct?

Ms Quinn: That is correct.

Senator McDONALD: Does the primary product of the project have to be a critical mineral?

Ms Urquhart: I'm not sure I understand the question.

Senator McDONALD: For a project to access the Critical Minerals Facility, the resource it produces must be on the critical minerals list. We're all in agreement there; that's correct. What I'm trying to understand is whether the primary product of the project has to be that critical mineral. Let me give you an example.

Mr Chesworth: I understand where you're coming from.

Ms Quinn: A combination of copper and something else, yes.

Mr Chesworth: Indeed. I do not know. I'll have to take that on notice.

Ms Quinn: It's fair to say that the intention of the facility is to support the 31 minerals, and so the policy intent is to support those minerals. We can take on notice the exact kind of component, but the assessment of whether a project is supported is that it has to be in the national interest under the Critical Minerals Strategy. The logic of that suggests that, yes, it would have to be the predominant output of the production facility—the mining facility.

Senator McDONALD: As you know, many critical minerals, like rare earths, are a secondary product. If it's a secondary product, it does make it ineligible for the critical minerals support program. There are a number of examples of commercial operations that produce a primary mineral to make them commercially viable but through the process can then produce the critical mineral or the rare earth. Can these operations access any form of critical mineral support from the government?

Mr Chesworth: Yes, they would be able to access support in relation to the production of critical minerals. We can envisage that when the production tax credit comes on board. But, again, adding to the comments of the secretary, I'd prefer to provide a comprehensive answer to you because there are also quite a few bodies involved in this—for example, Export Finance Australia and us as well. We have both grant programs and other sorts of programs. So I think we could provide a comprehensive answer to you on notice.

Senator McDONALD: I think that under the current Critical Minerals Strategy there is a big gap here. I've had a number of projects come to me and say that, because it's a secondary product, they are ineligible for the sort of support that would then make that production process viable. I will wait for you to come back with a more detailed response, but I'm flagging that this is a gap in the Critical Minerals Strategy.

Mr Chesworth: I'm just conferring with my colleague Ms Pullen. It's not an issue that has come before us, to the best of our recollection, but we will go and check our records.

Senator McDONALD: I shall direct the proponents to you then.

Ms Quinn: I think it will be a matter of degree. The intention is the 31. If it were two versus 98, that might be different than if it were 60-40. I've certainly had conversations with some proponents who have mentioned they're working through this, and the answer is that there need to be conversations.

Senator McDONALD: Further to the Critical Minerals Facility, which is administered under Export Finance Australia, can you provide a breakdown of the funding currently allocated and committed over the forward estimates and medium term if applicable?

Ms Quinn: From the Critical Minerals Facility itself?

Senator McDONALD: Yes.

Mr Chesworth: We can provide that. We will take that on notice because we would also like to confer with EFA on that answer. Ms Pullen can answer.

Ms Pullen: I just want to make sure I got your question right. Your question is about the total critical minerals financial support. Right now we're at about \$2.15 billion. That takes into consideration five projects, which is Iluka Resources, EcoGraf, Renascor, Arafura Rare Earths and Alpha HPA.

Senator McDONALD: Can you break that down over the forwards and the medium term?

Ms Pullen: I don't think it would work that way, because each specific loan contract will have different milestones at each stage. So, in terms of the breakdown, I think we'd probably have to go to EFA. I think they might be up next in the foreign affairs portfolio.

Senator McDONALD: In another room. Can you outline the process by which funding is administered to the facility? Does it come from the department of industry or the department of foreign affairs? This is for the Critical Minerals Facility.

Ms Pullen: The Critical Minerals Facility does sit under the department of foreign affairs, yes.

Ms Quinn: There is also some funding available through the Northern Australia Infrastructure Facility which is administered by NAIF.

Senator McDONALD: Half a billion dollars?

Ms Quinn: Yes.

Senator McDONALD: Is all of the \$4 billion in funding allocated?

Ms Pullen: It's not, no. It's that \$2.15 billion that's been allocated.

Senator McDONALD: Can I clarify how funding decisions are made? Does Minister King or Minister Farrell have final authority over any loans or financing provided by the facility?

Ms Pullen: It actually depends because there are two separate facilities under the broader umbrella. Under EFA, you have the Commercial Account. EFA assesses all transactions first off to see if they're eligible under that Commercial Account, which they go ahead and would administer on their own. But where there's a potential transaction that might pose a specific commercial risk—and we notice a number of critical minerals projects come under this—EFA will then come to us and other areas within DFAT in particular. We'll do a technical assessment of the project, and then it's a decision for government.

Ms Quinn: And the final decision-maker on the National Interest Account for EFA is the minister for trade after broader government consideration.

Senator McDONALD: If it doesn't get to that risk assessment, is it Minister King?

Ms Quinn: No, it's the board of EFA under the Commercial Account.

Senator McDONALD: I'm sorry; I just didn't quite hear you.

Ms Quinn: If Export Finance Australia decides it's feasible and appropriate under the Commercial Account, any funding is actually from the board of Export Finance Australia. It's only if it's under the National Interest Account that ministerial discretion and authority is called into play.

Senator McDONALD: And that's Minister Farrell?

Ms Quinn: Yes, but all processes go through cabinet consideration.

Senator McDONALD: So Minister King is not the authority on any of these critical minerals?

Ms Quinn: No, but the consideration by government has always been co-sponsored through cabinet processes.

Senator McDONALD: How many projects are currently pending decision on funding?

Ms Urquhart: We would need to take that on notice and consult with EFA to be sure.

Senator Ayres: I think, yes, just to be clear, Senator McDonald, there are the two brackets. It may be that it's possible to answer in relation to the first bracket, but, depending upon the cabinet processes, it may not be possible—and, I'd argue, not desirable—to answer the second one.

CHAIR: Senator McDonald, we've got six minutes till the scheduled break. After we come back from that, we've got one hour remaining for the program. Is there any block of questioning you can conclude in the next five minutes?

Senator McDONALD: I can do another five minutes here, and then when we come back I'll have more questions for this group under 1.3.

CHAIR: Okay.

Senator McDONALD: Secretary, over a number of estimates rounds, we've been discussing the studies the department has been conducting on common user infrastructure in relation to critical minerals. Can you provide an update on the status of these studies and whether any reports or papers will be created from them?

Ms Quinn: I will pass to my colleagues for the details. We have certainly made progress on discussing various things. I'm not sure about how many are in the public domain.

Mr Chesworth: Work is progressing on the common user infrastructure body of work. The government had a budget measure, the Critical Minerals National Productivity Initiative, of \$10.2 million. The purpose of that is to work with states and territories on proposals and to work out whether feasibility studies can be funded to take common user infrastructure proposals forward to the next step. And of course our consultations with industry and the states and territories have been very positive in relation to this. And I guess particularly because of the characteristics of critical minerals and its extraction, the development of common use or infrastructure allows particularly the small and medium players to have access to facilities and to bring the right capabilities into those facilities as well. At the moment we are continuing discussions, we have a state and territory Commonwealth working group where there is further discussion and analysis of the proposals that have been brought forward by states and territories and that process remains ongoing.

Senator McDONALD: Are you doing in any geographic focus areas—Port Hedland, Landsdowne, Mount Isa?

Mr Chesworth: We are responding to the proposals that are brought forward by states and territories, but, not surprisingly, the Queensland government has been very active in its engagement. Actually all the states and territories have, probably with the exception of the ACT.

Senator McDONALD: On the \$10.2 million, there is not a report or paper published yet. Do you think you will have one to show for the \$10.2 million?

Mr Chesworth: No.

Senator McDONALD: This term, do you think?

Ms Quinn: It depends on the size of the studies people are pitching forward. Some of them can be done quicker than others.

Senator McDONALD: So—

Ms Quinn: I can't give you an estimate at this stage.

Ms Urquhart: So the model is that the government is 50 per cent funded with the state, the work on the pre-feasibility study. As the secretary said, the total of the program is \$10.2 million. Around \$8 million of that is anticipated to be spent on the studies and you will appreciate that the remainder is to fund the resourcing of the program.

Senator McDONALD: So that was announced—which budget was that \$10.2 million announced in?

Mr Chesworth: 2024.

Ms Quinn: This year's.

Senator McDONALD: So you will spend \$2 million on talking about it and then \$8 million on some studies which haven't yet been identified.

Ms Urquhart: Not yet. It's a two-year program. As Mr Chesworth indicated, we have a Commonwealth-state working group. We are working together with states and territories. They are putting together proposals for us to undertake these prefeasibility studies, to which the Commonwealth will contribute 50 per cent of funding.

Senator McDONALD: Have you engaged with international stakeholders or just the states and territories?

Ms Urquhart: Just the states and territories. We have also been encouraging industry to engage with the states and territories.

Senator McDONALD: What actual actions have been delivered off the back of the critical minerals international studies that DISR has conducted?

Ms Pullen: We started talking about the supply chains I think the last time we were here. We have concluded the French supply chain study, the German supply chain study and we have started one with the United States over the last couple of months as well. They have been concluded but we haven't worked out next steps with our

partner countries. That is absolutely ongoing. We met with our French counterparts at IMARC last week and started working through those next steps because actions out of it is absolutely critical to me.

Senator McDONALD: So what does success look like?

CHAIR: Apologies: that was a chairing error. The committee will take its scheduled break.

Proceedings suspended from 20:50 to 21:01

CHAIR: The committee resumes with program 1.3. Senator McDonald.

Senator McDONALD: We were just asking: what does success look like for the critical minerals international studies?

CHAIR: Pardon me, on the advice of the secretary, I table the document provided by Senator Cox before.

Ms Urquhart: Before Ms Pullen begins, can I correct something. I said to you that the national productivity initiative funding was for two years. It was for 12 months.

Senator McDONALD: That is the—

Ms Urquhart: Common-user infrastructure prefeasibility studies. The funding is over 12 months, not two years.

Senator McDONALD: Thank you for clarifying that. It was announced in May that \$2 million will be spent in this 12 months, and 8.2 will be spent—yes, I did characterise it as that. I'm sorry; it's getting late. The 8.2 will be 50 per cent matched funding, but we've not yet identified what those studies might be. They can come, though, at the end of that 12-month period and then those studies can start.

Ms Urquhart: We are working closely with the states and territories.

Senator McDONALD: That's okay, isn't it? The 10.2 won't run out at the end of 12 months. If you don't get to those studies to be commenced until the end of the 12 months, that project will continue?

Ms Urquhart: We will certainly make it possible for the prefeasibility studies to be completed that we agreed to.

Senator McDONALD: Ms Pullen, what does success look like, please, for the critical minerals international studies?

Ms Pullen: We were just talking during the break and I just want to clarify: are you talking about the supply-chain studies or the second part in terms of the grants that come out of the international partnerships? I can do both.

Senator McDONALD: Great. If there's France—

Ms Pullen: I think it's worth going through both sides of it. In terms of the French supply-chain study, that was about 474,000. So, in terms of next steps, we had a really good conversation and have been having continuous conversations with our French counterparts. A number of really strong data came out of that: No. 1, in terms of direct matchmaking, business to business, and then I think, really importantly, where the gaps are. If there is some kind of high-end processing or some OEMs in France, and then we go only up to a certain level of processing here in Australia, then, just looking at those gaps, I think that's really important information that we didn't have before, so I would call that success.

So No. 1 is matchmaking and No. 2 is understanding the gaps between countries. It is the same with the German and US supply-chain studies that are being undertaken, but then also just working through a number of grants that have been recently announced, in terms of the international partnerships. This grant program had a number of objectives, just to support early to mid-stream projects, and then, importantly, where there's that mutual interest between us and an international partner—and this came out following all those consultations we had internationally, where there were two countries that wanted to come together. The grants that have been released recently went to Renascor Resources. They received \$5 million for purified spherical graphite manufacturing. That goes into anode—part of the lithium-ion battery. We also have Queensland Pacific Metals. They produce nickel and cobalt sulphate and they sell that to international consumers. And most recently—

Senator McDONALD: How much was that grant?

Ms Pullen: That was \$8 million. ASM was \$5.1 million. They do rare earths processing. This grant was about putting together a pilot program for engineering and sampling the test work for their Dubbo project in New South Wales. They are optimising their flow sheet design to identify efficiencies in capital works.

Senator McDONALD: So were there any specific minerals or geographic regions of focus for the international studies?

Ms Pullen: These choices actually happened before I started, so I might need to take that on notice, in terms of—

Ms Urquhart: The major objective was to compare the critical minerals lists or priorities of the two countries—ourselves with France or ourselves with Germany—to understand what was a priority for France or Germany, and then be able to look at our own position in relation to that, as well as interrogate the supply chains obviously more broadly.

Ms Quinn: It wasn't restricted, though; the grant guidelines opened it up to the 31 critical minerals and all the regions. There are grant guidelines and then an assessment process on the best value projects.

Senator McDONALD: Do you expect any agreements from these studies, MOUs—\$470,000 with the French? How much did you spend with the German studies?

Ms Pullen: It was \$526,000 with the German study. It was a little bit more with the Germans, but we paid for that unilaterally. They are going to fund a second phase of the supply chain study; they are just finalising sums procurement documentation to select a provider in mid next year.

Senator McDONALD: And the US study?

Ms Pullen: That one I don't have dollars on because we have been doing some of it internally.

Senator McDONALD: On the website of the Critical Minerals Office it highlights the CMO keeps in regular contact with the Quad Security Dialogue. Can you outline what that contact entails?

Ms Pullen: Yes. We have regular contact with all parts of the rest of the federal government and that entails frequent meetings with Defence, entails working with DFAT and the department of energy and climate change, of course.

Ms Quinn: Can I just check, you are asking about the IPEC?

Senator McDONALD: I'm sorry? I'm referring to the Critical Minerals Office website, where it says it keeps regular contact with the Quad Security Dialogue.

Ms Quinn: Oh, sorry. There are quite a few international engagements that the Critical Minerals Office does. The Quad is one. Another is the Indo Pacific Economic Framework. There is work through the International Energy Agency and work through the Minerals Security Partnership, which is largely kind of US-led, but a whole coalition of multilateral partners, so there's a lot of international interest. You were asking about what is the definition of 'success'. First is Australia on the map in terms of what we've got to offer clients and consuming nations then matchmaking at the level of direct funding then also technology development. We already have MOUs in place for some of the countries we have supply chains with. You are asking about France. We already have an MOU with France.

Senator McDONALD: I'm just thinking about nickel. We have kind of collapsed our nickel industry. The Cobalt Group are now worried about theirs. I am just wondering what's going to be left on the critical minerals list that we are going to be able to provide or supply to other countries. There's lots of talk—that's terrific—but I'm just trying to land where we are up to. In the last year, what have we progressed? What additional mining are we doing? What additional jobs have we established in Australia?

Senator Ayres: Senator McDonald, I am not sure what you meant when you said 'we have collapsed the nickel industry' but it is a good example, I think, of the challenges that are faced in an environment where we know that there is going to be demand for Australia's products in the medium to long term in nickel. There are over-capacity issues and they don't just go to market conditions. There is a set of challenges there that it is in the interests of Australia and its partners to deal with. So there is a market dimension to these questions and there is a security and economic resilience dimension to these questions. And there is a future comparative advantage related of course to the Future Made in Australia proposition in terms of minerals processing and critical minerals processing. All of these things sit together in terms of the government's approach. There are market questions there but it is not just any countries; it is us being thoughtful as a government about the security dimension of these questions as well.

Senator McDONALD: Thank you. Is the chief economist there, please? Can you outline Australia's contribution to the global uranium market?

Ms Dowdell: Australia has a number of exports to the global market, which are set out in our resources and energy quarterly. I might call my colleague Ms Fitzmyers to help me answer those questions.

Ms Fitzmyers: As we set out in the REQ, Australia is the fourth-largest producer globally of uranium and there was \$1.2 billion of exports in 2023-24.

Senator McDONALD: What growth do you foresee happening in future years, both on increasing international demand and with strengthening prices?

Ms Fitzmyers: We see that exports will grow over the coming years and we expect price and volume growth to lift Australian export values from \$1.3 billion in 2024-25 to \$1.5 billion in 2025-26, but we expect strong growth in out years as well and we will have our five-yearly updates available in our March REQ.

Senator McDONALD: Is that just price increase or is that volume increase as well?

Ms Fitzmyers: That is both price and volume.

Senator McDONALD: Considering that the US, France and Japan amongst other countries have all made clear public statements supporting an increased use of uranium in the future, connected to billions in government spending, is it fair to expect the uranium market to exceed these future expectations?

Ms Dowdell: I would have to take notice the specifics, but we do expect, as you said, that growing global demand for nuclear to increase the demand for uranium. But I would have to take on notice the specifics of our forecast of what the extent of that gap would be.

Ms Quinn: It is probably fair to say that Australian miners are seeing a pricing signal or a demand signal because they have increased the uranium exploration expenditure significantly; \$15.2 million was spent in the June quarter 2024, which compares to a number like \$3.4 million back in 2021. Exploration has gone up, which is usually a signal that private capital is thinking about a positive future.

Senator McDONALD: Considering Australia has approximately 30 per cent of global resources, what share of this future demand do you expect Australia to take up?

Ms Quinn: I think, as the secretary has pointed out, that the increase in exploration expenditure would suggest Australia will have an increasing share. I don't have specifics as to what the particular share would be, but we expect Australian producers—as you say, the largest suppliers—to be a leading supplier in that future demand.

Senator McDONALD: Who will provide approvals for additional uranium mines?

Ms Dowdell: I might turn to my colleagues from MRD, who look after the regulatory side.

Mr Chesworth: There is a detailed and sophisticated process in relation to the approval of uranium mines, as well as for the export of uranium. I might ask Ms Moore to go into the detail of that.

Mr Moore: As is typical with other mines, you have a series of development and environmental approvals that will need to make their way through both state and territory and federal governments, through the minister for the environment. Our minerals export permissions process is a different process, which I can go into, but I'm not sure that goes to your question.

Senator McDONALD: It kind of does, because, if there's not an approval for a minerals export, then there's not a market, is there?

Mr Moore: Yes, that's correct. The Minister for Resources is responsible for administering the minerals export permissions, under Customs (Prohibited Export) Regulations 1958. There are set-up processes in order to ensure that exports can continue, as mining companies want to do so in the future.

Senator McDONALD: Minister, what are your views on the growth of the uranium sector in Australia—uranium mines? Are you excited to see the positive impact of more Australian mining or have safety concerns with uranium mining? What are your views?

Senator Ayres: I think the trends that have been described—although I've heard the head of economics is going to take some of these questions on notice about the gap that is there—certainly there is a signal there that means that the owners of uranium mines and people who work in the uranium industry can have some confidence about the global market for uranium, and that's a good thing.

Australia's got a very clear approach in terms of with whom we trade or export uranium to. The safety standards and assurances, under the relevant treaties that govern the sale and disposal of uranium, are important to the Australian government and important to Australians, I think.

Senator McDONALD: Does the government support new uranium mines opening, given the obvious private interest with increasing exploration expenditure?

Senator Ayres: Subject to, of course, the complex—again, Australians would expect that, in terms of a uranium mine, there are proper environmental safeguards and standards to meet. Subject to meeting those standards and subject to us satisfying our treaty obligations and our safety obligations, yes.

Senator McDONALD: Terrific. I think that was the important point, wasn't it? We have the highest safety standards for uranium—some of the highest in the world, I would expect, so this is a good industry for Australia.

How are we going for time for this section? We'd allocated two hours, and you've got some questions, Senator Canavan.

CHAIR: We're well behind time, as you know, Senator McDonald.

Senator McDONALD: Yes. I was just working to what was allocated to the very important part of resources, in this section of the department.

CHAIR: It was 75 minutes, from memory. We started at 7.20 pm, and there's Senator Canavan, so we're behind time even—

Senator CANAVAN: I don't have to ask questions, but if there's time.

CHAIR: We're very behind time. If it would be possible to move to the agencies, that would be good.

Senator CANAVAN: If you're done, Senator McDonald, I might ask one quick question.

Senator McDONALD: Before I hand over to Senator Canavan, can I just ask the department: can you clarify how many questions you've taken on notice from me tonight? Can I have a list of that; is anybody keeping that out the back?

Senator Ayres: I think they'll take that on notice, Senator McDonald.

Senator McDONALD: You're very helpful, Senator Ayres!

Ms Quinn: We don't typically keep a running track as the evening goes through. We track it through the *Hansard* as it comes through. That's the usual process.

Senator McDONALD: I do need to make the point that I've asked a number of questions tonight about onshore gas reserves and you didn't have any information. I've asked questions about offshore approvals, all of which had been taken on notice. I'm concerned about the resources department and the amount of information you come to estimates with, and what exactly your role is in identifying the resources available to Australia and the approvals processes. It's been pretty disappointing as to how much information has been taken on notice. You have quite a bit of work ahead of you.

CHAIR: I note the secretary responded to a similar statement earlier and that's on the record. I draw people's attention to that statement.

Senator McDONALD: I'm sorry, I didn't see what that statement on the record was. What did it say? That they're not prepared to come and answer questions? Was that it? Or they're detailed questions and you don't have the answers? I probably should get clarity given that I don't know what the statement is.

CHAIR: You were here when the secretary said what she said, which were words to the effect that they are here with a lot of detail and you're asking for a level of detail that is 'unusual, though fair, but needs to be taken on notice so that they can provide that level of detail'. Senator Canavan.

Senator CANAVAN: I will be very quick. It's on my favourite topic: coal. Does the department collect statistics on the production of coal in other countries?

Ms Dowdell: Yes. The *Resources and Energy Quarterly* includes details about both global supply and Australian supply.

Senator CANAVAN: I had a look a few months ago, since the last estimates, at the annual Energy Institute database—the old BP global stocktake or whatever it used to be called. It seems we're losing market share in coal production in the Asia-Pacific area. Indonesia, over the past two years, has increased its coal production by 161 million tonnes in these figures. That's massive. I like to express them in terms of Adanis these days. Adani produces 10 million tonnes a year, so that's 16 Adanis. India has increased its coalmining by 200 million tons and hit its one-billion-tonne-a-year target. That's 20 Adanis. China, the big brother of them all, increased coalmining by a whopping 584 million tonnes in the space of just two years. That's more than Australia's annual production. Do those increases accord with your statistics?

Ms Dowdell: Yes, there's certainly a change in the dynamics of the global markets. If you look at the difference between the metallurgical coal and thermal coal markets, Australia has probably seen a decline in its share of thermal coal, but we still have 48 per cent of world export in metallurgical coal. So it's a changing market and we would expect to see changes.

Ms Quinn: On the basis of the data, we've gone up in met coal and down in thermal coal as a global share.

Senator CANAVAN: These are remarkable increases in China and Indonesia.

Ms Quinn: For thermal coal.

Senator CANAVAN: Yes. We've been told that there's no demand for coal and countries are shifting away from it. Apart from China's growth in the early 2000s, this increase in production is almost unprecedented.

Ms Quinn: Some of the shift in the thermal coal has been from the reduction in exports from Russia. On page 45 of the *Resources and Energy Quarterly* there is a really good chart that shows that some of the increase in Indonesia appears to be filling the gap from the reduction from Russia, because of the export bans or consumption bans from Russia.

Senator CANAVAN: Right. It's still an unbelievable increase. The other issue here is India, as I said, has met its target. I was always a little sceptical it could do that, but it has done it and gone to a billion tonnes a year. Do you think that has any impact on our prospects to export thermal coal to India? Or will they still need some supplementary higher energy content coal?

Ms Fitzmyers: We're expecting and forecasting Australian thermal coal exports to India to grow into the future. India's total demand is exceeding its productive capacity expansion.

Senator CANAVAN: Even though it's increased its production it's still going to have—

Ms Fitzmyers: Yes, that's correct.

Senator CANAVAN: What about this issue about the different quality coals? Does it have a demand for higher calorific coal?

Ms Fitzmyers: It's very facility specific. Generally the consuming facility can accept coal within a tolerance level. Having said that, there are standards—like the Newcastle standard is, I think, 6,000 calorie coal. Met coal looks to be a more stable and certain market out into the future, given its current role in steel production.

Senator CANAVAN: Finally on that topic, obviously we did finally and successfully get the Adani mine going. But I'm just mindful that we haven't attracted, to my knowledge, any additional significant capital from India to develop our coalmining industry despite their strong demand for the product. What are the prospects of that in the short term? Is there much interest from India to invest in Australian mines?

Ms Fitzmyers: In terms of Indian foreign investment interest, I'm not particularly well placed. We'd probably need to talk to Austrade. They're the ones that do a lot of the business-to-business and facilitation of the nature you're talking about.

Senator CANAVAN: Thank you.

CHAIR: Senator McDonald.

Senator McDONALD: I've put a chunk of these on notice. These ones are held over for NOPSEMA. I'm just looking to see if I can put ARWA on notice, which is very disappointing. If I put these on notice they won't come back until the next lot of estimates.

CHAIR: No. I read out when answers to questions on notice are due. It is 19 December 2024.

Senator McDONALD: Let's see how we go with ARWA. Mr Usher, what is ARWA's current budget and associated ASL? Can you provide that information over the medium term?

Mr Usher: Can you repeat the question again please?

Senator McDONALD: What is ARWA's current budget and associated ASL, with costs? Can you provide that over the medium term?

Mr Usher: The budget that we have according to the portfolio budget statements for this year is \$88 million. Over 2025-26 it's \$95.8 million. Over 2026-27 it's \$99.5 million. Over 2027-28 it's \$104 million. Our ASL in those figures for 2024-25 is 140. It increases to 145 through 2025-26.

Senator McDONALD: How much did it cost the Commonwealth to purchase the original site near Kimber?

Mr Usher: When the Commonwealth acquired the land for the National Radioactive Waste Management Facility, it acquired the land in line with the nominations guidelines which were in place at the time, which was four times the land value. There was a confidentiality agreement in place at the time, but the amount that the Commonwealth acquired the land for was in line with those guidelines.

Senator McDONALD: Can you give me an update on how the remediation works are going at the original site?

Mr Usher: At the last estimates I said we were planning to complete the work this financial year. I am pleased to say the work has gone well and we have completed the physical work the government committed to. We completed that work in September.

Senator McDONALD: Terrific. Is there a plan for what will happen to the site now that remediation work has been completed?

Mr Usher: As the minister set out in her statement to parliament in August last year, the government would dispose of the land following completion of the physical works. Now that that work has been completed, we are in the process of disposing that land. We are following the Commonwealth Property Disposal Policy and the Land Acquisition Act to do that. The first stage of that process is to see whether there are any other Commonwealth agencies or entities that might be interested in acquiring the land. We are in that process now. Depending on the outcome of that, if there is no interest, then the next stage in the Commonwealth property disposal policy moves towards an open market sale, but we are not at that stage yet.

Senator McDONALD: You just gave me the forwards before for the budget. Do you have the medium-term numbers, as well?

Mr Usher: The medium term—which years are those, sorry?

Senator McDONALD: You have given me four years, so this budget term. Do you have the outs from that?

Mr Usher: Yes, the out term for 2028-29 is \$47 million and the out years for 2029-30 is \$40 million.

Senator McDONALD: Your ASL will fall after four years, that's your budget amendments?

Mr Usher: The ASL is forecast to stay the same at that period. As I understand, one of the measures we are funded for is the preparation of a detailed business case for the National Radioactive Waste Management Facility, so I think there would be the potential for further steps in a future budget process.

Senator McDONALD: Okay. The department's annual report in 2022-23 said the work of ARWA will ensure a suitable site is located for the long-term management for the Commonwealth's radioactive waste, the majority of which comes from the production of nuclear medicine. Then the following year's report, 2023-24, said, 'The Australian Radioactive Waste Agency continues its work to ensure a robust framework is in place for the long-term management of the Commonwealth's radioactive waste.' Secretary, what has prompted this change in language?

Ms Quinn: I'm not sure I would draw any significant implication from the change in language. The function and purpose of ARWA remains the same, which is to provide advice to the government on a pathway to secure a site for appropriate waste management.

Senator McDONALD: So it doesn't signal a change in direction for ARWA?

Ms Quinn: Not in terms of its purpose, no.

Senator McDONALD: Is the government still committed to developing a Commonwealth low-level waste site?

Ms Quinn: The government remains committed to finding a pathway for storing radioactive waste safely and securely. That has been its public intention all the way along. Clearly, we are responding to the legal case and providing advice as a result of that.

Senator McDONALD: Mr Usher, were you aware of Secretary Quinn's language in the opening statement of the annual report prior to its release? Were you consulted on that?

Mr Usher: Yes.

Senator McDONALD: Mr Usher, what do you believe to be ARWA's current purpose, considering the issues with procuring a site for the permanent storage of low-level waste?

Mr Usher: I think ARWA still has a very important purpose. Radioactive waste exists today in Australia, and, whilst waste is stored safely and securely in temporary and interim storage, it is recognised internationally as best practice that waste be permanently disposed of in purpose-built disposal facilities. It is ARWA's role to update and provide the inventory of radioactive waste in Australia, to develop strategies for the long-term management and ultimate disposal of radioactive waste, and then to develop and implement those permanent disposal pathways for the Commonwealth's civilian and defence legacy waste.

Senator McDONALD: Are you still looking at alternative sites for a waste facility?

Mr Usher: We are looking at options. We're doing a range of work. We're looking at updating the inventory that was last published in 2022. As part of that inventory work, we're looking at the different kinds of waste and what kinds of disposal solutions those might be. There's waste that requires surface or near surface disposal and waste that requires deep geological disposal. We're setting up work to look at the options and progress those programs. We're also looking at the social licence and how that might inform a future siting process, but we're not currently looking at any specific sites or siting process.

Senator McDONALD: You're not? Secretary, to clarify, did you say you're looking at pathways for waste management but not a site as part of that plan?

Mr Usher: That will be part of the plan, but we are not currently going through a siting process.

Senator McDONALD: Okay.

CHAIR: There are 22 minutes left, if that is of assistance. Ahead on the program we've got NOPSEMA, NRFC and Geoscience Australia. I think you may have said you'd put questions on notice for ANSTO.

Senator McDONALD: I have already put a lot of questions on notice, but I shall continue. If I could clarify, you're not developing a site for radioactive waste currently?

Mr Usher: We are undertaking programs that will lead to the disposal of radioactive waste. There are a number of steps in that process—

Senator McDONALD: I'm sorry to interrupt you. I'd just like to know—yes or no? I understand 'pathway', but currently you're not looking for a site—

Ms Quinn: We're not currently in a siting process.

Mr Usher: We're not in a siting process.

Senator McDONALD: You're not in a siting process.

Ms Quinn: Which has a specific meaning under the legislation.

Senator McDONALD: I'll put the rest of ARWA on notice. Thank you.

CHAIR: I'm genuinely trying to assist. I think you said you'd put ANSTO on notice—did you?

Senator McDONALD: No. ANSTO, I have questions for. Sorry—

CHAIR: We've got ANSTO and NOPSEMA in your areas?

Senator McDONALD: Yes. I've got questions for NOPSEMA, and I don't have questions for ANSTO.

CHAIR: Can we have NOPSEMA come to the table?

Senator COX: I also have some questions for NOPSEMA if I can get the call, please.

CHAIR: We are releasing outcome 1.

Senator McDONALD: Andrew, are we getting anyone else below them?

CHAIR: We welcome NOPSEMA. We table your opening statement. I'll go to Senator McDonald.

Senator McDONALD: I really need some of these agencies for a reasonable amount of time.

CHAIR: We've called NOPSEMA. We've welcomed them in a manner. We'll table their opening statement.

Senator McDONALD: We've got Geoscience, who's on this below them.

Senator BRAGG: If you want to, we can.

Senator McDONALD: Okay. We'll need to have Geoscience on this below them then, because we've got 20 minutes to do a 45-minute long—

Senator BRAGG: Just do your best.

Senator McDONALD: I'm trying.

CHAIR: You have the call. Would you like me to go to Senator Cox first for NOPSEMA?

Senator McDONALD: No. Thank you, Chair. Good evening, how are you, Ms McCarrey?

Ms McCarrey: I'm very well. Thank you.

Senator McDONALD: Could you provide an update on environment plans accepted in calendar year 2024? How many have been received, and how many are awaiting acceptance?

Ms McCarrey: I certainly can. Since our last appearance—I'll give you a few breakdowns—NOPSEMA has accepted 10 environment plans. We have accepted 26 during 2024 to date. Some of those were submitted in previous years. That is compared to 2023, when we accepted 24 of those. We currently have 35 environment plans under assessment, all at varying stages of that assessment.

Senator McDONALD: What is the average assessment time for the EPs accepted in 2024?

Ms McCarrey: Based on 2024 the assessment time remains around 12 to 13 months as an average.

Senator McDONALD: How many seismic EPs are currently under assessment, and what's the average assessment time now for seismic EPs?

Ms McCarrey: I'll just check with my colleague. I think we have some stats. Mr Grebe is just entering the database so that we can get that for you.

Mr Grebe: I'll come back to that.

Ms McCarrey: We can come back to it if you like, Senator.

Senator McDONALD: What is the longest period an EP currently with NOPSEMA for assessment has been waiting?

Ms McCarrey: The longest assessment that's currently on our books is a decommissioning environment plan for the monitoring of a number of previously plugged and abandoned wells. That's been under assessment since February 2022.

Senator McDONALD: What was the average assessment time for EPs accepted in 2021-22?

Ms McCarrey: Good question. We might have to take that on notice to go back and do a calculation for you.

Senator McDONALD: I'd also like to know the longest period for an EP to be accepted in 2021-22. It sounds like it might be that same one, hey?

Ms McCarrey: We'll have a look.

Senator McDONALD: How many ASL are allocated to approvals within NOPSEMA?

Mr Grebe: Perhaps I can assist. The way that the resourcing is allocated for regulatory operations is that we cover those staff in those compliance teams. They look at assessments, compliance monitoring through inspections and lower level investigations. There are no staff for only assessments. In the regulatory operations division, the numbers of staff that we have—I think we have the numbers now.

Ms McCarrey: Yes. The number in the regulatory operations division, of which many of those are involved in approvals, environment plans, safety cases and WOMPs, is around 102.

Senator McDONALD: Can you provide the costs associated with those ASL and a medium-term profile, please?

Ms McCarrey: The costs against those particular ASL?

Senator McDONALD: Yes.

Ms McCarrey: I'd have to actually take that on notice, Senator, and come back to you with that.

Senator McDONALD: And a medium-term profile. Thank you.

Senator Ayres: Does this mean that Mr Dutton's 36,000 public servant job cuts—you don't think they should apply to NOPSEMA? Is that signalling that argument?

Senator McDONALD: Were they part of the 36,000, Minister?

Senator Ayres: It's hard to know how you do 36,000 job cuts without cutting services, including to the resources sector.

Senator McDONALD: I think these 102 were prior to your additional 36,000 new public servants.

Senator Ayres: That's right. That's why Veterans' Affairs claims are on time. That's why—

Senator McDONALD: So these one hundred and—

Senator Ayres: That's why things are improving at Services Australia.

Senator McDONALD: We look forward to continuing this in the spillover, Minister. Could you also provide these figures for the last three financial years, please.

Ms McCarrey: Certainly.

Senator McDONALD: How many ASL are allocated to legal services?

Ms McCarrey: Off the top of my head, I think we have around six.

Senator McDONALD: Can you provide the costs associated with those ASL and the medium-term portfolio—

Ms McCarrey: I can tell you that over the last 18 months we've increased by one FTE in the legal services area.

Senator McDONALD: Thank you. So it was five previously. How many NOPSEMA approvals are currently before the minister?

Ms McCarrey: None of our approvals go to the minister. We take those approvals.

Senator McDONALD: Terrific. Thank you. Regarding the legal team, could you provide those for the last three years as well, please.

Ms McCarrey: Certainly.

Senator McDONALD: What other teams are there within NOPSEMA?

Ms McCarrey: Our teams—we just talked about the main division, which is the regulatory operations division, which is our key area that undertakes approvals, but also undertakes inspections and implements the compliance program, and also looks after well integrity issues. We have Mr Grebe's team, which is a much smaller team—it's not another 102—which looks after strategic regulation and improvement. That, first of all, interlinks with policy agencies such as DISR and DCCEEW, but also works on looking at the future of regulation, looking at evidence and data—the sorts of questions that you've been asking—so that we can look at how we can improve what we're doing moving forward. That's probably a very simple way of looking at it. Mr Grebe also has investigations in that team. You mentioned legal. Then we have your fairly standard corporate area, which includes HR, finance and IM&T. We have somebody looking after our business transformation program. Then there is our stakeholder engagement area, which does general communications media and stakeholder engagement. There's also the Offshore Infrastructure Regulator, which is the new area of offshore renewables.

Senator McDONALD: Could you provide the ASL and costs associated for each of those teams for the medium-term profile, and for the last three years, please.

Ms McCarrey: Yes, I can.

Senator McDONALD: How many of the 36,000 new public servants that the minister's referring to do you expect you'll receive in NOPSEMA?

Ms McCarrey: I wouldn't know, but I think part of the issue for us is we are generally 100 per cent cost recovery from industry. We tend to actually balance out FTE and what we require based on the activity that's occurring in the industry.

Senator McDONALD: Looking specifically at the approvals team within NOPSEMA, what is their case load per ASL for this financial year?

Ms McCarrey: It's a good question. I can take it on notice, because it would depend on how we define 'case load'. It's not just approvals; they're also involved in compliance activities and inspections, and at times doing lower-level investigations. The more serious investigations are undertaken by the team I referred to in Mr Grebe's area.

Senator McDONALD: Thank you. Perhaps on notice, if you have a look at that case load, and I'd like to know how that's changed in the past three financial years, please. The total case load across the entire team will be that increase that we talked about in the first part of the questions, where you're up from the 24 to 35 applications. Is that right?

Ms McCarrey: Yes.

Senator McDONALD: Plus inspections—

Ms McCarrey: Twenty-six have actually been approved. There are 35 still on foot.

Senator McDONALD: Alright. I would like the change of case load over the last three financial years, please. What discussions has NOPSEMA had with DISR on the proposed reforms to clarify consultation requirements since the legislation was withdrawn?

Ms McCarrey: I think we've mentioned in Senate estimates previously that we work with DISR on a whole range of policy reforms, and it's a fairly continual process, so I wouldn't be able to say how many meetings. We've actually done a lot of work on some possible approaches that could be taken to clarify. It's obviously led by DISR, but we do provide advice on what we think would work, and we often use case scenarios using a real-life example to see how it might work when we're looking at different options and ways to approach it.

Senator McDONALD: My next question is whether the regulations would still benefit from changes to clarify some of the remaining ambiguities—you would confirm that remains your view?

Ms McCarrey: Yes.

Senator McDONALD: There are regulations being developed for the offshore wind industry that include consultation requirements. How do those compare with the consultation requirements in the OPGGS regulations?

Ms McCarrey: We're probably still waiting on the very final look at those particular regulations. They went out for an exposure draft earlier this year. There was a huge number of responses that came into DCCEEW, and,

of course, DCCEEW is actually managing that process. We're still waiting to see what those final draft regulations actually do in relation to the consultation requirements.

Senator McDONALD: Were you consulted on the development of those offshore wind regulations?

Ms McCarrey: Yes, we've been consulted in the development of the policy that then sits behind the regulations in the offshore renewables in the same way that we worked with DISR.

CHAIR: I'll need to go to Senator Cox.

Senator McDONALD: Could I finish this last question?

CHAIR: Yes. This is your last question.

Senator McDONALD: In your view, do they overcome the uncertainty that's been experienced by the offshore petroleum regulations?

Ms McCarrey: I haven't actually seen the final set of regulations. I think, certainly, the exposure draft was attempting to clarify some of those arrangements. However, the final set of regulations, which includes those actual final consultation requirements, we haven't seen yet.

Mr Grebe: I might just add, to clarify, that the arrangements for environmental approvals for offshore renewables have primary approval through the EPBC Act, so the direct comparison is, perhaps, a bit challenging in any case.

Mr Blair: If I may add, you did ask about seismic surveys. We have two on the go at present. I expect you will want to know how many in the past as well, which we can get to you on notice.

Senator McDONALD: Yes, thank you.

CHAIR: Senator Cox.

Senator COX: I've got many questions that interlink with this, but can I get an update on the consultation process for the engagement with First Nations groups and where that's up to?

Ms McCarrey: Certainly, Senator. As we've outlined before, we have a continuing engagement with different First Nations groups around the country. We've responded to you previously on notice with a list of groups, but it's continued in 2024. We've continued engagement with organisations such as the National Native Title Council, Bardi and Jawi Niimidiman Aboriginal Corporation, Eastern Maar, GLaWAC, Gundtj Mirring Owners Aboriginal Corporation, Murujuga Aboriginal Corporation, Ngarluma, Yindjibarndi, the Sea Country Alliance, the Top End Aboriginal Coastal Alliance and the Tiwi Land Council, and we also attended the Australian Sea Country Conference this year.

Senator COX: Can I get an update on the regulatory process of Triangle Energy's project in the Perth basin? I believe that there's an EP about, in particular, consultation with traditional leaders regarding the Perth basin project that Triangle Energy is involved in that may have been submitted.

Ms McCarrey: I think the Perth basin part of that project is actually onshore.

Senator COX: You could be right, Ms McCarrey. I don't have that listed here, but it may well be. I'll skip to the next one then. You got let off with a free pass! In August, I had a visit from a group of environmental organisations who raised issues about redundant offshore rigs and abandoned materials. Can you tell me what's been done to address some of these issues? I'm not sure if you have a copy of their statement of concern.

Ms McCarrey: Yes, I do. We received that at the time, and, most recently, we have met with those groups, and we're due to meet with them again so that we can listen to their concerns directly. Firstly, what I'd say about the statement of concern is that it actually lists, yes, in relation to decommissioning, but it also raises a number of policy issues which we don't deal with. But, just to clarify, we had a look at the information we were provided in that report, and what I would say is: we do, at times, approve certain property to be left in situ, which is the word we use in relation to decommissioning. We have actually provided approval for property to be left in situ for cases that have been referenced. This includes a range of concrete and steel property, such as wellheads, manifold suction piles, concrete gravity bases and anchors, and a lot of this material is below the seabed and is not considered to be able to have an impact on the environment.

The estimated tonnages in the report weren't quite correct. What I can say is: with the decommissioning projects that have been approved or finished, it's actually around two per cent that are left in situ, which is a little bit different than perhaps has been reported. In some cases, the reason we approve for it to be left in situ is that it can be really technically challenging or it actually presents an increased environmental impact or risk in the removal of that property.

Senator COX: This brings me to my last question, and I know the chair is probably going to move me on. I hope that, as to some of that two per cent, this may fall into that category, but it may not. It's on direction No. 812, which relates to the Enfield oil site of the Ningaloo reef and the removal—I know Mr Grebe will be very, very familiar with this, as I've asked questions on this over many years. Is there an update in relation to Woodside's removal of that oil tower, given that there is a current live direction on this? I know that, previously, there was to be an update before December this year, so, as we head rapidly towards that, is there an update that you can give me?

Ms McCarrey: Mr Grebe will take that for you.

Mr Grebe: Thank you for the question. The riser turret mooring was removed quite some time ago, and Woodside are making progress on the remaining elements of that direction. There were a number of directions in there, but the riser turret mooring and the bulk of the property equipment have been removed.

Senator COX: Just to clarify, as I wasn't here, that was direction 4. Is that correct?

Mr Grebe: That covers the removal of the riser turret mooring itself for disposal for a safe onshore location. Is that direction 4? I don't have the direction in front of me.

Senator COX: It says, 'To make good, to the satisfaction of NOPSEMA, any damage to the seabed and subsoil in the licensed area caused by any person engaged or concerned in those operations on or before 31 December 2025.'

Mr Grebe: At this stage, I don't think we've completed the close-out of the titleholder demonstrating compliance with that part of the direction.

Senator COX: And that includes direction 3, which is the conservation and protection of the natural resources also in the licensed area. So I think they're together, aren't they? Just to clarify that—

Mr Grebe: Correct. That's 'natural resources' defined under the OPGGS, so it's got a particular meaning, but, yes.

Senator COX: They're all of my questions; I can put the rest on notice. Thank you very much.

CHAIR: Thank you very much, Senator Cox. The committee advises that we still have questions for NOPSEMA, NRFC and Geoscience Australia, and so a spillover will be organised for those agencies. It being very close to 10 pm, which is our hard marker, we thank everyone for answering our questions and the committee now stands adjourned. Thank you.

Committee adjourned at 21:59