



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Estimates

(Public)

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FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Tuesday, 8 November 2022

Members in attendance: Senators Brockman, Cadell, Canavan, Chandler, Ciccone, Colbeck, Fawcett, Green, Paterson, David Pocock, Reynolds, Roberts, Shoebridge, Thorpe, Van and White

DEFENCE PORTFOLIO

In Attendance

Senator McAllister, Assistant Minister for Climate Change and Energy

Australian Signals Directorate

Ms Rachel Noble PSM, Director-General

Ms Abigail Bradshaw CSC, Head, Australian Cyber Security Centre, and Deputy Director-General

Mr Ben Staughton, Deputy Director-General, Capability and Transformation

Mr Dale Furse, Chief Operating Officer

Ms Stephanie Crowe, First Assistant Director-General, Cyber Security Resilience

Mr Mark Brown, First Assistant Director-General, Integrity, Security, Assurance and Compliance

Mr Phil Davies, Assistant Director-General, Finance and Business Management

Dr Derek Bopping, First Assistant Director-General, Cyber Engagement and Strategy

Mr Stephen McGlynn, First Assistant Director-General, People, Property and Legal

Defence Housing Australia

Mr Barry Jackson, Managing Director

Mr Brett Jorgensen, General Manager, Service Delivery

Mr Paul Groenewegen, Chief Financial Officer

Mr Ross Jordan, General Manager, Governance

Ms Lisa Barlin, Chief General Counsel

Ms Katische Vinning, Chief Information Officer

Ms Eline Martinsen, Chief Human Resources Officer

Australian War Memorial

Mr Matt Anderson PSM, Director

Ms Anne Bennie, Assistant Director, Public Programs

Major General Brian Dawson AM CSC (Retired), Assistant Director, National Collection

Ms Leanne Patterson, Assistant Director, Corporate Services

Mr Wayne Hitches, Executive Project Director

Ms Helen Petrovski, Chief Finance Officer

Ms Robyn Van-Dyk, Acting Assistant Director, National Collection

Committee met at 14:04

CHAIR (Senator Ciccone): Good afternoon, everyone. I declare open this meeting of the Senate Foreign Affairs Defence and Trade Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2022-23 and related documents for the Foreign Affairs, Defence and Trade portfolios. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has set 18 November of this year as the date by which senators are to submit written questions on notice and 16 December this year as the date for the return of answers to questions taken on notice. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind 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 on 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 to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I further 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 resolved also that an officer of a department of the Commonwealth shall be not asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions

asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I also draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised and which I now incorporate 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: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

I remind senators and witnesses in the hearing room that microphones remain live unless I instruct otherwise—for example, at suspension or at adjournment. For witnesses participating via videoconference, please mute your microphone as the default and unmute your microphone when speaking. I ask members of the media to follow the established media guidelines and the instructions of the committee secretariat as set out in the guidelines. Senators' and witnesses' laptops, mobile phones, other devices and personal papers are not to be filmed or photographed. I remind everyone in the gallery that they are not permitted to speak or interfere with the

proceedings or with witnesses at any point during the hearing. Witnesses and senators who are seeking to table documents during the hearing were requested to provide an electronic copy of those documents the day prior to the hearing so that documents can be circulated electronically during the hearing. I ask you to liaise with the secretariat if you need further assistance. The committee's proceedings will commence with representatives from the Australian Signals Directorate. The hearing will then follow the order as set out in the committee program.

Australian Signals Directorate

[14:08]

CHAIR: I welcome Senator the Hon. Jenny McAllister, representing the Minister for Defence, Ms Rachel Noble PSM, Director-General of the Australian Signals Directorate, and officers of the agency. Minister, do you or Ms Noble wish to make an opening statement?

Senator McAllister: Not in my case, thank you.

Ms Noble: No, thank you.

CHAIR: On that note, I'm happy now to go to senators with questions. Senator Paterson, you have the call.

Senator PATERSON: Welcome, Director-General and Ms Bradshaw. I want to start with some questions about REDSPICE. I flag for the chair's benefit, in terms of time management: I have a number of questions, but I'll be guided by you on how you would like me to break them up and, if you want to share the call with other senators, I'll understand. I want to start with Project REDSPICE, which was funded in the March budget under the previous government to the tune of \$9.9 billion over the next decade. Firstly, Director-General, can you confirm that there were no cuts or reductions in, or, in any way, repurposing of, any of that funding for ASD in the October budget.

Ms Noble: That's correct. There were no cuts.

Senator PATERSON: Thank you. The previous government recognised the importance of the capabilities that the ASD will be able to acquire thanks to this investment. I've been pleased to see statements by the Prime Minister and the defence minister which echo that recognition; in particular, on the weekend, in Greg Sheridan's article the Prime Minister recognised the importance of offensive cyber capabilities, and the defence minister has recognised that a number of times. How important is it to deliver that capability that both governments have asked of ASD—that, for the remainder of the REDSPICE program, all that \$9.9 billion is delivered in full without any cuts or it being repurposed?

Ms Noble: Having been the agency and the agency head who put the business case to the former government, we believe very strongly the measures set out in REDSPICE are important for the cybersecurity and cyberdefence of the nation, with our ability to have cyberoffensive capabilities and the important signals intelligence to support that. As you pointed out, both the Deputy Prime Minister and the Prime Minister are on the public record as fully supporting REDSPICE.

Senator PATERSON: Let's step through it in a little bit of detail. Can you talk about why the offensive cyber investment that will occur under REDSPICE is important.

Ms Noble: It becomes an important part of a deterrent strategy, just like other military hard power that a government might ask the Department of Defence or the ADF to procure. The first part of that is to help our adversaries understand we have a capability and we are willing to use it. That's an important part of deterrence calculation; if the adversary believes the cost to themselves might not outweigh the benefit of a cyberattack against Australia, it changes their calculation. That's an important part of deterrence. Also, the capability in itself is important to us as a nation. As I set out in a military construct, it becomes an important part of our capability to defend ourselves but also to strike back—just like, in the same logic, governments buy missiles. In cyberspace it's an important deterrence and an important tool we operationalise often against cybercriminals.

Senator PATERSON: Part of the REDSPICE program is increased investment in the signals intelligence capability of ASD. In the modern world and a connected world with all our devices, signals intelligence is an increasingly important way for government to get an insight into what our potential adversaries are doing, isn't it?

Ms Noble: Absolutely. The three are a continuum, if you like, managed within the Australian Signals Directorate. Abi is awesome defending our country in cyberspace because she's enabled by classified signals intelligence that not only ASD itself generates but our Five Eyes partners generate for us.

Senator PATERSON: On the third major component, the defensive component: it is self-evident, after the last few weeks we've had, why defensive cyber capabilities are important. Just for the record, can you illustrate why that investment in ASD, which will flow through to ACSC, is important.

Ms Noble: The intelligence helps us understand how to prioritise our work, in some respects. We can see through our intelligence apertures the threats coming at us, which then inform and assist Abi to repackage that intelligence, as we do, and then share it with the private sector through some of the platforms that are funded under both CESAR Plus and, in due course, REDSPICE—such as the cyberthreat intelligence sharing platform, which is well underway. We have some fantastic Australian companies doing bidirectional threat sharing with us—so it's not just us sharing with them; they're sharing back—machine to machine and at machine speed. In some cases, some of our customers are receiving at the moment and working towards bidirectional sharing. That's one example of how that intelligence can inform ourselves, our government customers and, importantly, our private sector customers about where to look and where to strengthen their shields in a prioritised order. We use that intelligence and insight to inform the public advice we put out for small businesses and individuals in the form of step-by-step guides to help them understand how to set their phones or their computer at home with the strongest possible settings.

Senator PATERSON: If I have time later, with the chair's indulgence, I might come back to the CESAR platform and how that's going. Just to sum up this part of the conversation: it would make your task more difficult in delivering these really important capabilities for our country if the REDSPICE program was cut in any future budget, or perhaps if the funding was reprioritised within the Defence portfolio to fund other projects or within the national intelligence community to fund other projects. If that funding was reduced, it would be a harder task for you.

Ms Noble: That would be true of any government program that is funded, but of course it's a government's prerogative to make different decisions or prioritise things differently based on their understanding of the threat environment and their own priorities or prerogatives. At this stage REDSPICE is full steam ahead, from our perspective.

Senator PATERSON: I really welcome that. From the opposition's point of view, we think it's very important that it is delivered in full, and we will be watching closely in upcoming budgets to make sure that's the case. Moving on to the implementation of REDSPICE: one of the big challenges you'll have is finding people to do the work. Can you give the committee an update on how you're going in recruiting to have that very significant uplift in the number of people you employ.

Ms Noble: I certainly can. I'm very proud of my people. We are fortunate that ASD itself remains a very attractive employer. We finished the 2021-22 financial year with a headcount that was 107 per cent of our target for the previous financial year. We have had over 600 new staff onboarded in the 2021-22 financial year, and we received over 9,000 applications for jobs in 2021-22. About 4,300 of those, or about 50 per cent, were received post the REDSPICE announcement—so it certainly has lifted ASD's attractiveness as an employer. We have, so far this year, after accounting for attrition, filled 189 of our REDSPICE positions—so, four months into the REDSPICE program starting, we've already hit just under 50 per cent of the target for this year. That's exciting. That includes cybersecurity specialists, data specialists, linguists, analysts and ICT and engineering specialists, as well as 25 per cent in the enabling skill sets, which are really important to us especially as we are ramping up REDSPICE—so human resources, people who can recruit people, psychologists, security people, compliance people, our legal team and our communications team. We've made a good start.

Senator PATERSON: Recruitment is one half of the challenge; the other half is retention. We're all operating in a highly competitive employment market, and the skills you are often seeking are highly-sought-after skills in private industry as well. How is ASD performing on retention of existing staff?

Ms Noble: We're doing really well. ASD's separation rate as at 30 June 2022 was 9.8 per cent. That compares with the whole of the Australian Public Service separation rate of 13.4 per cent. We still are an attractive employer, and our people are very passionate about the mission of ASD, and it's a great gift to us that our people therefore wish to stay with us. It doesn't mean that we don't work at those issues, and we have a lot of other policies that are important to modern workers, such as a family-friendly environment, support for parents and other initiatives where we'll try to maintain that edge as an employer that people want to stick with.

Senator PATERSON: What are the most critical skills ASD seeks that are most scarce in the marketplace? What are the highly sought-after ones?

Ms Noble: Data sciences. They're probably the most challenging. But our opportunity now, under REDSPICE, to stand up significant workforces in Melbourne and Brisbane will give us a new opportunity that we've not had for 30 years to tap into bigger populations in those cities—Melbourne in particular; some of their universities are particularly well known for data scientists. So we're working with some of those institutes and universities to develop a partnership arrangement where we can try to offer undergrads the opportunity to work for ASD over the

summer, for example, and increase our chances that at the end of their degree they will choose ASD as an employer.

Senator PATERSON: Obviously a unique challenge that you face as an employer, distinct from private sector competitors, is the need to clear staff—to vet them appropriately. What's the current average time line for vetting staff before they join ASD?

Ms Noble: I might ask for some help from Mr Furse, if he's got the top-secret clearance processes. We are trying to transform the way that we work at ASD. Our new building at Majura Park in Canberra is a great example. We've built those physical spaces to be separated, so there is some space for top-secret cleared people, some for secret and some for below secret. And we've recently changed our employment policies to allow people to join ASD as a permanent employee with a lower clearance level so they can start working with us, start building their skills, access training and development opportunities whilst also getting their security clearance. So that weight and that gap where we have in the past perhaps lost people out of the pipeline, for want of a better explanation, is something that we're able to remove by changing the way that we work and repackaging our work so people can do meaningful analytical work fighting cybercriminals. We do that at a lower classification level and really start to develop their ASD skills while their clearance is underway. I don't know, Mr Furse, whether you wanted to add to that.

Mr Furse: Sure. I don't have the exact time frames on the PV clearance rates at the moment. But I can say, based on our experience, that it is moving quite smoothly, based on what we're seeing in terms of the numbers coming into the organisation. We have reached a memorandum of understanding with AGSVA in relation to the clearances, which was part of the proposal for REDSPICE. That is enabling us to put more people into that clearance pipeline. We are also using what the director-general just described. We are putting people through, ideally, the first level of clearance, which is the baseline, providing meaningful work and getting them in the door and then, while they're in the organisation, moving them to a higher clearance. That is also helping us.

Senator PATERSON: That seems very sensible to me. Perhaps you can come back to us on notice with those average times for baseline, NV1, NV2 and PV, just so the committee has a picture. Director-General, you mentioned in your previous answer the decentralisation of ASD away from Canberra to regional cities. I'm interested in how that's going, particularly the new facilities that you're building. I understand Perth, Melbourne and Brisbane are the main ones. Have I missed any?

Ms Noble: That's absolutely right. The buildings are well underway. We have signed heads of agreement for all three locations. These are the buildings that will become our permanent buildings that will ultimately have top-secret and secret protected facilities in them. In the meantime, in the case of Brisbane and Melbourne, they will be big and won't be completely fitted out for us to move into until 2024-25. We are also in the process of leasing interim facilities for Brisbane and Melbourne for up to protected-level workers—as Mr Furse described, it's a pipeline for us—and those buildings will be available next year.

Senator PATERSON: Okay, great. Perhaps, to save time, you could come back to me on notice with the time lines for each of those three new builds that you're doing in Brisbane, Melbourne and Perth. Chair, that concludes my questions on REDSPICE. I can move to other topics, or, if you want to share the call, it might be a good time to do that.

CHAIR: I wouldn't mind sharing the call. I've got some follow-ups on REDSPICE, and then I'll go to Senator Roberts and then Senator Shoebridge. Following on from Senator Paterson's line of questioning about REDSPICE, how has the ASD met the 1,900-personnel recruitment target? I want to dive in a bit deeper after the line of questioning that we've just had.

Mr Furse: There are a few different ways that we're approaching achieving the 1,900. The first has been to identify the key families of skills or key skill sets that we want, and we have done targeted recruitment for each of those activities. As an example, we have gone out specifically for data scientists. We have also tried to use other mechanisms. Recently we launched, for example, a coin to celebrate our 75th anniversary, and, as part of that approach, you had to solve a problem on the coin. We used that to attract cryptologists, which is actually a very hard skill set. We saw a larger number of cryptologists apply than we've ever had before. So we're trying to use some unique ways of doing this.

The third way that we are doing this is by growing the pipeline through partnerships with universities and technical institutes. As an example, we have a partnership with ANU here in Canberra. It's called the Co-Lab, and we sponsor people to do their honours in areas that are specific to ASD. We are expanding that program in Melbourne, Brisbane and Perth, which is where we are building our new facilities.

CHAIR: Has there been any other form of advertising or targeting of particular individuals, other than coins or—

Mr Furse: Yes. We have been advertising through social media channels. Of course, we are using platforms such as Instagram, which is interacting with a cohort of an age that is of interest to us. We are using platforms such as Facebook and, of course, the traditional ones like SEEK.

CHAIR: Which one, out of all of those mediums, have you found to be more effective than others?

Mr Furse: We do find Instagram to be quite useful at targeting the age group that we are interested in, but, of course, it really depends on the skill set that we're interested in.

CHAIR: What have been the challenges that you've encountered in trying to get to that target?

Mr Furse: Part of the challenge is increasing the brand recognition. Not many people, if you meet them on the street, know what the Australian Signals Directorate is, let alone what the agency actually does.

CHAIR: For good reason too!

Mr Furse: When you say, 'We do foreign signals intelligence,' the reality is that not many people also know what that is. The challenge for us has been trying to break down an understanding of what that actually is and to publicise that. Part of the way that we've also done that is, as an example, through a career quiz on our website that you can take, which asks different sets of questions, and it then directs you to the types of jobs that you could undertake with ASD.

CHAIR: How will REDSPICE uplift Australia's cybersecurity resilience, especially in that short to medium term?

Ms Noble: There are a number of very specific measures within the REDSPICE program that are focused on more direct cybersecurity defence capabilities for Australians and Australian companies. As I said before, though: importantly, our improved intelligence capability that REDSPICE will deliver is the secret sauce that informs ASD, through the Australian Cyber Security Centre, on what we should focus on to improve our nation's cyberdefences. I will hand over to Ms Bradshaw to take you through some of the specifics.

Ms Bradshaw: Under, initially, CESAR funding from the 2020 Cyber Security Strategy and, prior to that, the Defence Strategic Update, and extended through the REDSPICE program, there are a number of cybersecurity measures which are designed to increase the resilience of Australian entities both government, private and, in particular, critical infrastructure. In particular, they're designed in a way that gives automation to blocking technologies and detection technologies, which will enable us to get the speed, scale and automation to block threats as quickly as we understand them and they appear on networks. They are, for example, increasing our situational awareness through technologies like forward processing sensors to enable better visibility of what's happening on networks, but connectivity between those sensors and our national operating picture so that we're able to detect patterns.

At the centre of that is technology like the Cyber Threat Information Sharing platform, CTIS, a measure which was introduced—in fact, we've had a platform since 2019. Initially that was one directional—that is, from us out—but, in acknowledgement that, in fact, we don't see everything, we are informed by our partners about what's going on on networks, CTIS in 2021 became a bidirectional threat-sharing platform. That now enables us to send to partners both industry and government who wish to access that database to send us indicators of compromise which they see on their networks. We authenticate and verify whether in fact that is a malicious link or a malicious piece of code. We are then able to send that out to every other partner who wishes to take part in that platform. Most importantly, that occurs in what we call a machine-readable format and in an automated way. It sits in a language called MISP or STIX, which is an internationally recognised format, and is immediately absorbable into those networks, and therefore they're able to detect threats a lot quicker. There's no manual process involved.

REDSPICE also includes increases in people, people with an understanding of how to conduct what we would describe as hunt exercises, where you actively go on other people's networks—with their consent, of course—searching for malicious actors. At the moment, we do have a hunt capability, which we use regularly on everything from unclassified networks, government networks and now, increasingly, critical infrastructure. Through REDSPICE we will have a nationally deployed workforce—in particular in Brisbane, Melbourne and Perth, in recognition of the fact that there are large, important networks and systems of national significance in those locations. We anticipate being able to really evolve that hunt capability in the way in which we're able to work side by side with our industry partners. They're a few examples.

CHAIR: I can see why you probably need the extra personnel. In terms of staff retention, how much of that is an issue from your perspective, Ms Noble? I suspect it's all well and good to try and recruit people, but retaining folks as well is also part of the equation.

Ms Noble: As I touched on before, ASD is a pretty attractive employer. Our separation rate, which I think is the correct term for it, sits well below the average for the Australian Public Service. It is really important for ASD to be able to provide working conditions and environments in which our employees are happy and productive. As I mentioned, we're very committed—I'm certainly personally very committed—to ensuring that we have a great culture of diversity and inclusion. Nearly 30 per cent of ASD's workforce, for example, report to us that they come from culturally and linguistically diverse backgrounds. ASD at the senior executive service level have almost a 50-50 split of women and men, for example.

These are important other issues and things that our workforce value that we try to work very hard at. On creating an inclusive environment for parents, we have an operational morning meeting every day, like you would expect, which is typical for most operational agencies. We don't start that until 9.30 in the morning, so that mum and dad can do the kid drop off, get to work in a reasonable time, for example, and be prepared to come into that meeting. We've made very deliberate decisions as a leadership group in ASD to also try to create an environment people want to stick with.

CHAIR: Aside from those issues, are matters to do with pay and conditions issues that you or your organisation receive as feedback when people do exit the organisation?

Ms Noble: Yes, absolutely.

CHAIR: I guess you're trying to compete with the private sector and industry.

Ms Noble: We are, and we can't is the bottom line. We work within a budget. We're a government agency, and our scope sits within any government's enterprise bargaining framework and policy, which is why it's important to me that—what my people also tell me is, of course, 'Yes, we would like to be paid more.' My experience is that our employees value working in an organisation that has a great mission to which they feel very motivated and attached to, and, importantly so, that is to protect our country's national security. It's amazing how important that is as a value proposition for people who work in ASD.

Secondly, it's to find ways to be competitive on the environment in which they work. We have many wonderful examples of our very clever employees going out to the private sector and then choosing to rejoin ASD. It can be on factors such as having more generous paternity leave arrangements available to them with ASD, as a government employer, than they perhaps had in their private company. There are things other than money—

CHAIR: Are you prohibited from being able to provide conditions like paid parental leave above and beyond what is within the EBA?

Ms Noble: Those ultimately sit within the maternity act, interestingly. It's actually our dads who I think need more support to be able to access more leave upon the arrival of a child into their family unit so that the man and the woman in that unit have a greater opportunity or greater parity on which to choose. ASD, as part of the national intelligence community, has made a submission to the previous government's, and now this government's, consideration of a reform of the maternity—

CHAIR: What's the gender breakdown for your employees at ASD?

Ms Noble: It's about 48 per cent female and 52 per cent male at the senior executive service level. At the non-senior executive service level—I'm going to get Mr Furse to help me—it's a little lower.

Mr Furse: It's 39 per cent female across our entire organisation.

CHAIR: I think Senator White has a follow-up question.

Senator WHITE: A follow-up employment question. There are a range of rates in the public sector depending on departments. My understanding is Defence is at the higher end relative to other departments. Particularly, small agencies can be at the bottom end. How are you placed within Defence in terms of the relativities of the rates of pay in Defence?

Ms Noble: ASD's employees, with ASD being part of the Defence portfolio, and I'm sure you know only four years ago was within the defence department, have the same base salary rate as the Department of Defence. They actually sit in the lower percentile—I don't have the exact figure—when compared with other departments. We stay in lock step with the Department of Defence on base salaries, but we also deploy, or employ, the arrangement which is called the building defence capability payment. This enables us, based on a skill set that you might possess and on its market competitiveness or value to the private sector, to pay people who meet those skills criteria in ASD this extra payment in recognition of their skills. That can go some way to, I guess, bridging the

gap between what they ultimately get paid as a salary within government, when compared to what they might get paid in a big private company.

Senator WHITE: So let's talk elsewhere in Defence; 48 per cent women, in terms of workforce, would be quite high in comparison in Defence, wouldn't it?

Ms Noble: Well, I'm certainly very proud of our gender balance.

Senator WHITE: You might figure out where I'm leading. How does it compare with other male dominated parts of Defence, in terms of rates?

Ms Noble: I don't know. They will be here later. I'm sure you can ask them.

Senator WHITE: I'm asking how your rates compare with them.

Ms Noble: I don't know what their figures are.

Senator WHITE: Has anyone done an analysis of that, or could you do a brief analysis and give us an idea about that?

Mr Furse: Well, the Department of Defence will appear next, and they may be able to talk to their percentage. I certainly know that, anecdotally, some engineering based industries have a higher percentage of male workforce than we do. We have a reliance on STEM and engineering skills, and we would still like to improve the 39 per cent for the agency.

Senator WHITE: You understand where I'm going; you can see what I'm saying to you—that is, where you sit and your ability to attract people, you say it has got something to do with what's going on in the private sector, and I'm interested in the relativities with like departments. I will ask—

CHAIR: Thank you, Senator. We will probably come back to that point later on. Senator Roberts.

Senator ROBERTS: Thank you for being here today. My questions are to the Australian Signals Directorate. Section 273AA was inserted into the Commonwealth Electoral Act by the Electoral Legislation Amendment (Assurance of Senate Counting) Act 2021. That provision required the Australian Signals Directorate to conduct a security risk assessment of the security of the computer systems used to scrutinise the votes in a Senate election. Did the Australian Signals Directorate conduct that audit prior to and immediately after the 2022 federal election?

Ms Noble: We may have to take that on notice, I'm sorry, Senator. We don't have that between us.

Senator SHOEBRIDGE: Are you thinking someone shouldn't have been elected?

Senator ROBERTS: No, no. We introduced the idea of an audit, and I just want to make sure it was done.

Senator SHOEBRIDGE: Maybe it was a Queensland senator.

Ms Bradshaw: Senator, I do recall the amendment. I recall talking to you about it, I think, a couple of estimates back. If I could just take it on notice, I may be able to answer in this session.

Senator ROBERTS: Sure. Can you remember whether the AEC was fully cooperative and supportive of the audit, whether you put the report in or not?

Ms Bradshaw: I'll have to—

Senator ROBERTS: Take that on notice?

Ms Bradshaw: It assumes that the first part of the answer is yes, but can I say, in general terms, I've never found the AEC not to be incredibly supportive and collaborative.

Senator ROBERTS: Good. Thank you. You'll probably also have to take this third question on notice. Section 273AA(3) requires the Australian Signals Directorate to provide a written report of the assessment to the Electoral Commissioner. Take it on notice, please. Did that occur? In other words, for clarity, does the report exist?

Ms Noble: We'll take that on notice as well.

Senator ROBERTS: This one will be on notice, too. While conducting the audit, did the Australian Signals Directorate detect any issues which may give the Australian Signals Directorate cause to question whether the AEC systems were fit for purpose?

Ms Noble: We can take that on notice as well.

Senator ROBERTS: If unacceptable outcomes were recorded, can you confirm the matters were remedied?

Ms Noble: We can take that on notice.

Senator ROBERTS: Is the Australian Electoral Commission computer system fit for purpose?

Ms Noble: We will take it on notice.

Senator ROBERTS: I have two more very brief ones. Are the computer and other systems and processes implemented as intended, and effectively implemented?

Ms Noble: We will take that on notice.

Senator ROBERTS: The idea was to have an audit of the systems to make sure they would be fit for purpose before the election, and then an audit after the election to make sure they're actually implemented and carried out.

Ms Noble: Yes.

Senator ROBERTS: Last question: have you done any work on the scans of the Senate ballot paper and checked it back to the actual votes cast?

Ms Noble: We will have to take that on notice, but that doesn't sound like that is a legislative role that ASD could undertake. We will take it on notice, and, if it's a question better directed to the AEC, we'll let you know through that process.

Senator ROBERTS: Thank you very much. Thank you, Chair.

CHAIR: You're most welcome, Senator Roberts. I'm happy to hand over to Senator David Shoebridge.

Senator SHOEBRIDGE: Thank you everyone for attending. You've been having a busy time. Maybe this is a restful couple of hours for you, given the work you've had on over the last few months. One of the performance measures in the annual report is the signals directorate's offensive cyberactivities, and where they are to meet whole-of-government security requirements to counter offshore cyber threats. Is there a threshold for ASD before it engages in offensive cyberactivities? I'm specifically thinking about offensive cyberactivities that are, at least, designed to counter offshore cyber threats.

Ms Noble: Under the Intelligence Services Act, our functions are set out in section 7. One of our functions—and I won't get these words exactly right—is to prevent and disrupt offshore cybercrime. Our remit, if you like, is limited to us being able to use those capabilities when we are confident, operationally, that it is a network that is offshore or being undertaken by people who are not Australian citizens. So that's the limit about legal powers, I suppose, in plain language.

Senator SHOEBRIDGE: I'm interested because the line between offensive cyberactivities and offensive military activities is getting more and more blurred. Is there a hard line that you have that would ensure that your activities don't blur into an aggressive quasi-military offensive activity?

Ms Noble: I'll take you through how those activities are authorised, perhaps, but I do want to start by saying that there's a reason that the Australian Signals Directorate is in the defence portfolio. We have these capabilities that we have had since the Second World War, which is to provide the government and the Australian Defence Force with intelligence, and build capabilities that support us in our war fighting abilities.

Senator SHOEBRIDGE: I'm asking you, specifically, about performance measure 6 because it's separate to performance measure 5 which seems linked to war fighting ability—to the ADF's role and supporting the ADF's role. I might go to performance measure 5 but I'm particularly asking about performance measure 6 here, which is not linked to the ADF.

Ms Noble: It is. We can undertake offensive cyber operations in support of the Australian Defence Force. So, in that sense, it can be part of Australia's war fighting capability. We can also undertake offensive cybercapabilities in pursuit of our section 7 function to prevent and disrupt offshore cybercrime.

Senator SHOEBRIDGE: What is the authorisation that's required before you undertake that offensive, destructive work? It may well have a valid purpose. Defensive work is one thing, but in terms of overtly going into an external jurisdiction and causing havoc or disruption, what's the authorisation before that happens?

Ms Noble: It's the same authorisation process that the Australian Defence Force would go through if it were to undertake an offensive real-world hard-power action. It's identical to that.

Senator SHOEBRIDGE: What is it?

Ms Noble: It will be authorised by the Deputy Prime Minister, as the Minister for Defence, who has the prerogative, of course, in undertaking that legal decision to—and most likely would—consult with the Prime Minister at the very least, the foreign minister and other ministers, perhaps through the National Security Committee of cabinet. And then the activity that ASD might undertake in that regard has to be linked to a named Australian Defence Force operation, which would also go through the same operational approvals internal to Defence—so proper calculation of risk, cost and benefit—and then through the Chief of the Defence Force as the head of the Defence Force, having been authorised by the Deputy Prime Minister.

Senator SHOEBRIDGE: But the legislative political check, if I could call it that, if the sign-off by the Minister for Defence?

Ms Noble: Right. The process for that authority is set out in the Intelligence Services Act, and the Minister for Defence is required to give us ministerial directions that go to that very issue.

Senator SHOEBRIDGE: The Minister for Defence may choose to consult with the Prime Minister or may take it to the National Security Committee of cabinet, but the actual legal requirement is the approval and the direction of the Minister for Defence, as you describe it.

Ms Noble: That's right. I'm just checking with my general counsel, Mr McGlynn, who will surely correct me if I'm wrong.

Mr McGlynn: The only proviso in addition to the minister is where it involves an Australian person, in which case the Attorney-General is involved.

Senator SHOEBRIDGE: Okay. If it's about foreign nationals, it's just the defence minister. If it's about foreign nationals and Australian citizens, or just Australian citizens, it's both?

Mr McGlynn: Where it's a foreign national—overseas—that is correct. Section 8 of the ISA sets out a requirement for the minister to issue directions, which require the director-general to seek an authorisation under section 9 in those circumstances.

Senator SHOEBRIDGE: Without asking you to disclose any details, in the last financial year and, indeed, to the extent it's happened since 1 July, has any such activity being undertaken by the Signals Directorate?

Ms Noble: It becomes difficult for me to speak about operational activity—

Senator SHOEBRIDGE: I'm not asking you to give any details. I'm just asking whether or not such authorisation has been sought and received in the time period I said.

Ms Noble: We do undertake and have undertaken operations to disrupt cybercriminals who have attacked Australia.

Senator SHOEBRIDGE: In the last 18 months?

Ms Noble: Yes.

Senator SHOEBRIDGE: You can't do that without seeking ministerial authority, may I assume?

Ms Noble: That's right.

Senator SHOEBRIDGE: Who, if anybody, outside of the executive and your organisation, do you report those activities to?

Ms Noble: As I described, there is an authorising chain through the Chief of the Defence Force because, in the context of war, if you like, any activity that ASD took with respect to how you described it in a war-fighting context has to be also approved through that operational chain that sits outside the executive or ASD itself.

Senator SHOEBRIDGE: That's within the Defence Force?

Ms Noble: Yes.

Senator SHOEBRIDGE: Which is, I suppose, part of the executive, although a particularly well armed part of the executive!

Ms Noble: It certainly is.

Senator SHOEBRIDGE: So there is nobody outside of Defence, the minister and the ASD that you're required to report to when those—

Ms Noble: That's right—noting, though, that our activities are oversighted by both the Parliamentary Joint Committee on Intelligence and Security and the Inspector-General of Intelligence and Security.

Senator SHOEBRIDGE: Do you report each occasion that you have sought the authorisation to the parliamentary joint committee?

Ms Noble: We provide a classified annual report to that committee. I couldn't tell you off the top of my head whether we list our offensive cyberoperations. I don't think we do list them because their remit is administration and expenditure and they don't oversight our operational activities. That is within the purview of the Inspector-General for Intelligence and Security, and that person and his staff can have access to anything and everything that ASD does. Any document that we generate they can and do look at, such as our authorities and our documentation of the approvals we seek for those authorities, including the ones that you are describing.

Senator SHOEBRIDGE: Is that on a request basis or is it on a mandatory-reporting basis to the inspector-general?

Ms Noble: It's a matter for him to determine what he looks at given the resources available to him. It is entirely a matter for another organisation to determine that.

Senator SHOEBRIDGE: Your 2022-23 corporate plan states that part of your strategic plan is to make Australia the most secure place to connect to the online world and to foster national cybersecurity resilience. They are worthy goals. They have been a little bit challenged in the last few months. What do you currently perceive as the biggest threat to Australia's cybersecurity, particularly noting the barrage of attacks we have seen?

Ms Noble: There are two, as I call them, lots of bad guys and girls out there. They create different harms for Australians. First are state based actors who are motivated to collect intelligence and information about us, about Australia and about Australian companies in order to inform their own policymaking and decisions but also in order to preposition their activities with the potential that they could deny, degrade or disrupt essential services or critical infrastructure in Australia. That is one set of harms. The others are criminals. Individual Australians are sadly more likely to see and feel the impact of the actions of criminals, as we have seen in recent months. Our Australian cyber threat report that was released last week tells you some terrible statistics about the costs to small businesses and individual Australians if they are a victim of a cybercrime.

Senator SHOEBRIDGE: Are you seeing a blurring of those state and non-state actors? Consistent with some reporting that you would have seen over the last few months, is there an increasing blur between official state actors and cyberpirates that are operating with the support and knowledge of some of those state actors? Is there a blurring happening?

Ms Noble: We have certainly observed that, particularly through the Russia-Ukraine conflict. We saw a number of things really go from a somewhat hypothetical appreciation of what might happen during war to it being played out in real life. The first one was actually the integration of cyberactivities as a component of that warfare. We saw Russia, for example, try to affect Ukrainian government services to undermine the support and access of people in Ukraine to those services.

Senator SHOEBRIDGE: It's my understanding that one of the defensive measures that Ukraine took with an imminent threat happening was actually to move many of their government services into the cloud and away from identifiable, distinct territorial servers. Is that part of the response that was seen?

Ms Noble: It was one of many that the Ukrainian government undertook. I think they have set a really important exemplar in how they have withstood those attacks in cyberspace against both their government and their critical infrastructure.

Senator SHOEBRIDGE: So sometimes when we talk about cybersecurity we talk about retaining territorial control of data and retaining it onshore. But in some ways the Ukraine example showed there was greater security in uplifting it to the cloud and not having it vulnerable in identifiable physical locations in the country. Is that one of the potential lessons out of Ukraine, and, if so, how do we apply that to Australia?

Ms Noble: I think it depends. Maybe the smart thing to do is to have a mix of all of those things. It does depend on what risk you're seeking to manage. It's certainly also the case that, if data is stored outside of your country and not within your sovereign control, then it can, in different circumstances, make that data more vulnerable to access by a foreign government. So it's probably a question of what it is that the data is for, how it's used, and, therefore, understanding your risk and making sure that you take measures to manage it based on your particular unique circumstances. I wouldn't say, unfortunately, that there is a simple universal answer.

Senator SHOEBRIDGE: I wasn't suggesting there was.

CHAIR: Thank you very much. I have to now give the call to Senator Paterson. But we will have time to come back to you, Senator Shoebridge

Senator PATERSON: I want to move on to the Optus and Medibank cyberattacks. I want to establish, as best we can, a time line of events for each of those incidents. I did try and achieve this with the Department of Home Affairs the week before, without much success unfortunately. I'd have preferred to have achieved that already, but we're going to have to use some of our time here today. Let's start with Optus. When did ASD first learn of the attack on Optus?

Ms Noble: Optus advised us via a phone call just before 7 pm on Wednesday 21 September.

Senator PATERSON: Perhaps from there can you outline your interactions with Optus?

Ms Noble: Certainly. I might get Ms Bradshaw to take you through the detail, but from my perspective we had definitely daily and sometimes multiple times a day and through the night—all of us were working 24/7,

including Optus. We were incredibly grateful for the collaboration that we had with Optus throughout the entirety of this incident. I think it's really important to understand in the case of Optus and Medibank that, while the SOCI Act, the Systems of Critical Infrastructure Act, does require both of those companies, as listed critical infrastructure providers, to report the fact of a cyber incident to ASD, they have three days to do that. In both cases we were the first to know outside of the company what had occurred.

Senator PATERSON: To clarify, in terms of obligations, I think it's 12 hours for an initial notification and then a further 72 hours for a full report. That's right, isn't it?

Ms Noble: That's right; you're correct. The act does not require them to collaborate with us from a point of view of technical advice and assistance. Both companies did that willingly and in the very best spirit of acting in the national interest.

Senator PATERSON: If you could step through the time line, that would be very helpful, including your interactions with Optus, in the first instance.

Ms Bradshaw: On the date of Optus reporting the event, there were a number of lines of communication at various levels between ASD and Optus, including from the CEO, the VP of public affairs through to the incident response teams. At the technical level, those interactions with Optus were daily and sometimes many times in one day virtually every day for at least the first five days. Our major objective in the first instance is to encourage the entity: to share as much information, noting they're not compelled to, with other industry partners in—in this case, telcos—order to enable the other telcos to lift their defences if so required, and Optus did so; to work with us so that we were able to provide technical assistance from an outside perspective to determine the level of ongoing vulnerability, not only for Optus but that was also an offering which we made available and fulfilled to all other telcos within the first three days of the incident; to collaborate with Optus, who, very early on in the piece, brought on at least one private incident response provider. In these instances, we do not attempt to get in between the entity who has an active compromise and the large and capable incident response provider company which is providing them on-site technical assistance. But in this case, we provided an offer, if you like a third-party assurance, of the advice that's been provided by that incident response provider and any other information we can obtain from our intelligence holding or our Five Eyes partners about what is going on. So, those—

Senator PATERSON: Perhaps I will go to some more specifics to assist. You were notified 7.00 pm Wednesday the 21st.

Ms Noble: Yes.

Senator PATERSON: How much earlier than that do you think Optus was aware of the attack?

Ms Noble: We don't know.

Senator PATERSON: In your investigations so far, including in conjunction with the AFP, when is your best guess of when the intrusion began?

Ms Noble: Well, I need to be careful—

Senator PATERSON: I understand.

Ms Noble: because that is the subject of an AFP criminal investigation. Perhaps it might assist by explaining ASD's role. As Ms Bradshaw said, we were there at the beginning to provide advice and assistance to Optus and their incident response company to work with them and understand the nature of the attack. Why we were trying to understand that was because at that point we don't know if someone else is going to be next. We were very grateful for Optus for the open way in which they shared that technical information for us. We were focusing on the whole of Australia and what this incident might mean for others but we were also fulfilling a role with Optus to make sure that from what we could see from the outside of their network that the initial vulnerability was closed and that is the work that we did do. Then there's a period where we are satisfied that we have an understanding about what's occurred. Then Optus continues to work with its private incident provider, sharing with us technical information as they go, but ASD is not then in the thick of the detail of that.

Senator PATERSON: I understand.

Ms Noble: Our focus then becomes supporting the AFP in their very fine leadership and fantastic partners in Ian McCartney and others where our people, as Commissioner Kershaw told you this morning, are co-located side by side. It then becomes more using our signals intelligence capability to try to understand and support an AFP criminal investigation. I'm telling you in a very long way why we don't have the sort of great detail on what Optus might have known and at what point in terms of the technical detail of what happened. But importantly, my No. 1 priority is absolutely to maintain the confidence of those companies to continue to work with us in a voluntary way without fear in this forum or any other that we would outline technical things that happened.

Senator PATERSON: I do understand and respect that and I will come back to that point about collaboration. To be clear on the time line, we have established that on Wednesday 21st at 7.00 pm you were first notified. When did you notify the Minister for Home Affairs and Cyber Security or her office?

Ms Noble: Her office and the officers of our own minister, the Deputy Prime Minister, were notified by 7.45 pm. That was then followed up in writing via email by 8.37 pm.

Senator PATERSON: I don't want to ask you an unfair question about why it then took from Wednesday evening until Saturday afternoon before the minister made any statement—that was only in the form of a couple of tweets—and that the first interview of the minister did was not until the Monday, but isn't it important to communicate to the millions of Australians who are impacted by this attack, to share with them what government knows and any advice they might have about what they need to do to protect themselves?

Ms Noble: I think the first obligation is on the company. They reflect on their different obligations to their customers and to the public writ large. In the case of an ASX-listed company such as Medibank, they have additional obligations. But it's really a matter for the company to make those public statements and it's certainly not a role for ASD.

Senator PATERSON: I partly agree, except that I wouldn't be confident in relying on the mitigation advice that a company might provide me as a customer, particularly one that just suffered a cyberattack. I'd be much more interested in hearing, if I was an affected customer, from ASD or ACSC or the government or the minister, for any steps or any things I might need to look out for. I don't think that was forthcoming for a number of days either. When did ACSC put out their first advisory for customers?

Ms Bradshaw: We issued an alert on 23 September on cyber.gov.au to link first to the public statements of the entity concerned and then to list the actions that customers of Optus could take to protect themselves. In this case, the likely risk arising was one of scams, because we're talking about, not an ongoing vulnerability as such, a large amount of PII information. So we assessed that the major harms were likely to be people using that information to scam individuals.

Senator PATERSON: Indeed, we saw an instance of that.

Ms Bradshaw: Or secondly, to use it for identity theft, so our mitigation advice addressed those two threats. We responded to over a thousand calls on our 1300 CYBER line from Australians who wanted more advice on how to implement those mitigations or referrals. As I mentioned before, we provided support to other telcos. We briefed and held a number of national cybersecurity committee meetings—that is, a meeting which is co-chaired by me and, at the moment, my Sydney counterpart where we share information we have so that those jurisdictions are enabled and informed to take measures within their own state governments. And we updated ReportCyber, which is the tool available to all Australians to report cybercrime. Last year, there were 76,000 reports of cybercrime. We made adjustments to that tool to enable us to readily discern any complaint—or report of cybercrime, I should say—which referenced the Optus breach, and those reports were automatically referred to the appropriate law enforcement jurisdiction, and that collaboration is, in fact, what led to the law enforcement action taken by the AFP.

Ms Noble: The Office of the Australian Information Commissioner made a public statement on 22 September, but that is not a matter for us.

Senator PATERSON: Thank you—noted. Mr Pezzullo took on notice to provide a detailed time line of events. He said that Home Affairs would work with ASD to do that. Has that work commenced, to your knowledge?

Ms Noble: Yes, we have started that work post your questioning with Home Affairs.

Senator PATERSON: Thank you, I look forward to that. Has ASD or the government initiated any review of the government's response to the Optus attack?

Ms Noble: For ASD's purposes, we have gone through our own process of lessons learned, which is what our operational agencies call a 'battle damage' assessment. It is a bit military; hence, how—

CHAIR: Why don't we break now given we are past the 3:15 hard marker?

Senator PATERSON: Yes, and I will come back to this question of the review.

CHAIR: Yes, and then I will hand over to Senator Shoebridge.

Proceedings suspended from 15:15 to 15:31

CHAIR: Welcome back everyone. We're in continuation, and I'm happy to hand back over to Senator Paterson.

Senator PATERSON: I just wanted to continue with this issue of the review. I didn't mean an internal ASD review. I, of course, assume you would do that as a matter of course. I meant whether there's an independent review with external experts.

Senator McAllister: I think the government's made it quite clear that there are effects of the legal framework that govern the process that we consider are inadequate, and we've provided some indication about areas for reform and change. I'll take on notice whether there are any other approaches such as the one you described.

Senator PATERSON: Certainly, I wasn't thinking of a policy review either. The government's clearly flagged that, and that's understandable and appropriate. I was thinking more whether any person has been appointed and whether they've started any work, perhaps, with the Department of Home Affairs on any independent review of the government's response to the Optus attack.

Senator McAllister: I understand.

Senator PATERSON: Are you not able to help me today?

Senator McAllister: I'll take it on notice.

Senator PATERSON: Chair, I can continue with this theme or break here, if you want to share the call.

CHAIR: Given Senator Shoebridge is not here, I'm happy to hand over to you. But once he does come back, I might hand to him.

Senator PATERSON: Director-General Noble, you were talking before about the importance of collaboration, particularly with entities who are under attack. I've heard Ms Bradshaw talk about that repeatedly as well. How important is it, particularly in the midst of a crisis, to have a trusted and collaborative sharing relationship with the target or the victim of that attack?

Ms Noble: We think it's incredibly important, especially to encourage companies to share technical information with ASD, as I said before, where they're otherwise not required to, but do so in a voluntary basis. We then, importantly, put that information to help them, to the extent they require that help which can't otherwise be managed within their own capabilities. As Ms Bradshaw said, some of these big companies also had big private incident response firms. It's a situation where ASD and ACSC are trying to understand what's occurred and make sure that we're utilising our powers and capabilities to the best possible extent to assist the company and also ensure that from a national security or national interest point of view we can understand how we might be able to push out information to help others.

Senator PATERSON: Over the course of the last month or so, following the Optus attack, I've met with probably 20 to 30 CISOs either individually or in small groups. They've had very interesting feedback for me about the government's response to the attack. They unanimously said to me that they were alarmed by the way in which, in the middle of the crisis, the minister was publicly attacking Optus and disputing facts about the nature of the attack and whether it was a simple, complex or sophisticated attack. They said to me that it made them think twice about whether they would share information with government if they were to become the victim of a cyberattack because they couldn't guarantee the CEO that that information wouldn't be used against them in the public domain. Is it concerning to you to hear that sort of feedback?

Ms Noble: It certainly wasn't our experience with either Optus or Medibank in the context of what may or may not be said around them publicly. We were certainly confident and grateful for the continued open channel with both those companies with ASD. Of course, though, there are other government departments. As you know, the Home Affairs department in its role of regulator has ultimately been given powers to regulate the activities of some of these critical infrastructure providers and to apply penalties subsequently, as does also the Office of the Australian Information Commissioner, who can also apply penalties in the cold light of day, if you like. ASD has always sat in an environment with these companies where we're just there to help them. I categorise us as the ambulance or the surgeon for the emphysema patient. We want to work with them to understand what's going on without judgement. But there are even other government organisations who have a very different role to us, so we're not all the same.

Senator PATERSON: A number of commentators have observed that the minister's public response to Medibank has been very different from Optus, that there hasn't been the same public criticism of Medibank. After the Optus attack, did you provide any feedback to the minister about how important that collaborative and co-operative relationship is?

Ms Noble: I don't want to go into the contents of private advice between me and any minister, other than to say that Minister O'Neil has been asked about that both in the media and in the parliament. She has made her own remarks about those matters, and I'd just refer you to those.

Senator PATERSON: Sure. To put the political point aside and think about this from a policy point of view, one of the people I met with recently was a cyber lawyer. They said that, in good conscience, they couldn't advise a company that it was a risk-free exercise to share with government when they're under attack. Some in industry have been calling for some kind of safe harbour or some kind of mechanism where there can be a way in which they can know that if they share information it will never be used against them—in a legal proceedings, for example. Is the government thinking about whether or not that would be an appropriate structure? What are the merits or demerits of a proposal like that?

Ms Noble: Speaking purely from ASD's perspective, I think the safe harbour concept is a most excellent idea because, to your point, where there is ambiguity—if I'm dealing with a government, do you hand that information to other government departments or don't you? How can I be sure that that won't occur without my permission and so forth? So from an operational perspective, in that heat of the incident, if you will, when we're still trying to pull people out of the water and into the lifeboats, to have that absolute confidence for the private sector, that at the very least their operational engagement with ASD would be exempted from the inquiry of others, whether they are other government agencies or other people scrutinising the process, like we've seen in class action lawsuits, for example, that is very attractive to us as well.

Senator PATERSON: Chair, I will just ask one last question on this, and then you might like to rotate the call. It might not have been the case with Optus or Medibank, but I have heard that some companies, in their dealings with government after a cyberattack, have quite quickly pivoted to the lawyers and wanted to conduct their engagement with government, including your agencies, through the lawyers. Obviously that scenario is far from ideal, because it really slows down the cooperation. Do you think that some kind of legal safe harbour might be a way to give them confidence that that's not necessary, at least to the extent when they're dealing with the ACSC or the ASD, and they can worry about regulatory action from the Privacy Commissioner or anyone else in a different realm?

Ms Noble: I think that would be a very attractive arrangement for our technical people who are in that minute-by-minute, hour-by-hour engagement with a company under duress.

Senator PATERSON: Minister, do you have reflections on that?

Senator McAllister: I think, as indicated, the government is interested in looking at the legislation which governs all of this. It's been found wanting in the circumstances that have presented over the last couple of months. I think the countervailing point, which I think you'd accept needs to be considered, is the obligation of the company to do everything in its power to protect data that it collects and to mitigate harm should there be a breach, including through their communications. So any reforms, I think, would seek to balance those obligations against the opportunities that Ms Noble points to to have a collaborative approach between governments and enterprise.

Senator PATERSON: Fair enough. Thank you, Minister.

Senator SHOEBRIDGE: The only clear additional cybersecurity expenditure in the budget was the \$5½ million for the Office of the Australian Information Commissioner in responding to the Optus breach and then some additional funding to maintain the four trial cyberhubs, which were established under the previous government, through to the end of this financial year. First of all, is that the extent of the additional cyber expenditure you're aware of in the budget, Ms Noble?

Ms Noble: None of those. I don't want to speak on other portfolios or agencies, so none of those measures pertain to the Australian Signals Directorate.

Senator SHOEBRIDGE: I know that. What additional budgetary support did you get for cybersecurity?

Ms Noble: None in this budget, because we already have \$9.9 billion under REDSPICE from the March budget.

Senator SHOEBRIDGE: You didn't say \$9.9 billion, did you?

Ms Noble: Yes.

Senator SHOEBRIDGE: Okay.

Ms Noble: And, prior to that, \$1.345 billion, which was announced as part of the 2020 Cyber Security Strategy not too long prior to that.

Senator SHOEBRIDGE: When you look at your capacity, particularly given the surge of attacks we've seen over the last few months, are you satisfied with your capacity to respond to those cyberthreats?

Ms Noble: Yes. Certainly the REDSPICE investment, which will double the size of the Australian Signals Directorate over the next five years, will absolutely push my organisation to deliver at great pace in a very

significant transformation, which I am confident that my people and I can achieve. But, any more than that, perhaps we might find that a struggle.

Senator SHOEBRIDGE: I heard your evidence earlier about the challenges you're going to have with upscaling, particularly given the ability to attract talent. I note from your most recent annual report, 2021-22, you state: 'During the reporting period ASD provided timely advice to Australian individuals and organisations to support them through their cybersecurity incidents 24 hours a day, seven days a week. This included the provision of awareness, mitigation and response through a variety of products and services. ASD responded to approximately 1,100 cybersecurity incidents, an average of 21 cybersecurity incidents per week, in the last financial year.' Was that support available for the Optus breach?

Ms Noble: Yes.

Senator SHOEBRIDGE: Was it available and scalable for the Medibank breach?

Ms Noble: Yes.

Senator SHOEBRIDGE: Is it available and scalable for the other seven or eight breaches that happened in the same time?

Ms Noble: Yes. It's important, though, that, in the case of both Optus and Medibank, they themselves have also offered tailored support for their customers, spanning a spectrum of mental health support right through to, very importantly, we think, identity and fraud services, which help people become strengthened to and aware of any attempt against individuals to steal their money as a consequence of their personally identifiable information having been stolen by these criminals.

Senator SHOEBRIDGE: With the REDSPICE expansion of ASD, is it intended that a proportion of that will allow you to do some of the investigative work that is currently being undertaken by the AFP—say, in relation to the Optus breach?

Ms Noble: ASD does not undertake investigations. We provide intelligence support to the AFP's criminal investigations, and we partner very closely together in order to bring each of our legal powers and capabilities to bear in a very seamless way. Cybercriminals don't really care how our legislation is organised or how we are organised in departmental or agency terms. As you perhaps heard Commissioner Kershaw describe it this morning, our people literally do sit in joint teams, physically co-located together in instances on an ongoing basis, but we particularly surge for Optus and Medibank, and that work continues.

Senator SHOEBRIDGE: Is it fair to say that, right now, ASD staff are sitting alongside, co-located with, AFP staff dealing with the Optus breach?

Ms Noble: Yes.

Senator SHOEBRIDGE: How do you ensure the functional separation, then, if they're working together on a team?

Ms Noble: Each of our agencies have very strict compliance training. I'll speak only for ASD. We invest a great deal of time and effort in training all of our staff in their compliance obligations, both in the technical detail of the law—for ASD, we are governed by the Intelligence Services Act—but to also act in the spirit of the law. There are then very detailed and careful layers of control over that. If our operators want to undertake an action they have to go through an internal authorisation process to get approval for any sort of action to be undertaken, right from the simple and 75-year-old business of collecting signals intelligence.

Senator SHOEBRIDGE: Can you give a description of what that functional distinction is—for example, at the moment with Optus. The AFP may be following investigative leads. I'm sure some of that involves leaning upon your organisation for expertise in doing some data tracking or the like. Where is the functional separation between the investigation by the AFP and your organisation's work?

Ms Noble: We're an intelligence organisation.

Senator SHOEBRIDGE: I understand.

Ms Noble: We provide intelligence to support AFP and actually a range of other organisations in undertaking their legal roles. It is a very different body of work or requirement for the Australian Federal Police to take the intelligence that we may or may not have to support their investigation and meet the evidentiary thresholds that might be required for the AFP then to undertake law enforcement action. So we can be but one input to their process.

Senator SHOEBRIDGE: I note that your 2021 annual report indicates you met all of the performance measure outcomes, including those relating to cybersecurity. Given what we've seen in the four months since, on

and from 1 July, have you reflected on that in terms of what your performance targets should be for this year? I don't doubt that you did good work and I don't doubt that you were busy, but there's clearly an environment where we are extremely vulnerable to cyber threats and repeated cyber threats have hit us, notwithstanding, for example, your goals 3 and 4. Do you reflect on those goals and do you think you need a changed posture over the next 12 to 24 months?

Ms Noble: I guess in response to that I want to make a distinction. ASD's role under the Intelligence Services Act is to provide advice and assistance on cybersecurity matters. I am confident that ASD has done everything within its power, with the help of successive governments and successive ministers, to raise awareness among Australian businesses and the Australian community about the risks out there in cyberspace. But also I am confident that we have the ability to provide that assistance 24/7. I'm not aware of any company or person who has tried to ring us and not been able to get through to access that assistance. But at the end of the day, ASD is not responsible for the running of networks in the private sector and it has now been expressed through law, in the form of the SOCI Act, that companies too must play their role in that regard.

Senator SHOEBRIDGE: For example, in performance measure 4, the metric is cybersecurity information and expertise exchanges with partners—and you had some 80,000 partners last time I checked—to help 'prevent, detect or remediate cyber threats to Australia', and you indicated demonstrated impact. I have no doubt that the work was useful and has made us more resilient than we otherwise would have been, but we're clearly miles from where we would want to be in terms of cyber resilience. When you say 'demonstrated impact', what is the demonstrated impact that was achieved?

Ms Noble: Well, we can certainly provide you with some statistics about just how much reach ASD has and I will hand to Ms Bradshaw to take you through some of those.

Senator SHOEBRIDGE: Rather than do this in two steps, I'll also indicate that performance measure 4.2 states 'ASD supports emerging cybersecurity research that may help prevent, detect or remediate cyber threats to Australia.' I'm not saying we can get to perfection but there have just been so many cyber attacks that the prevention—particularly the prevention aspects in that goal—doesn't seem to have been met.

Ms Bradshaw: I might respond with some of the statistics that have informed that assessment. Firstly, I might say that we have a close relationship—I do obviously—with our FVEY counterparts, and in fact the level of malicious activity, which has increased over previous years, as well as the consequences for national networks is not dissimilar in this country to what it is in our FVEY counterparts.

Senator SHOEBRIDGE: Even though we're not an island.

Ms Bradshaw: Yes. Indeed. I would also point out that the publicly releasable categorisation matrix which we release every year in our cyber threat report and which actually categorises the extent of compromises has for the last two years actually not featured a C1 compromise, whereas it has in the past. That also informed that assessment, which I believe was accurate at the time of the release of the annual report. Some of those other measures which you've asked about—for example, blocking technologies which prevent attacks—we have, as a CESAR initiative, delivered the Australian protective domain name system to defend Australian networks. Since June 2020 that system has blocked over 28 million malicious domain requests. That means people clicking on the link cannot get to malicious domains from those networks. We have, in relation to the queries processed by that system, processed over 20 billion queries. The cyber.gov.au platform, which is our primary mechanism for engaging with the Australian public, had an average of just under 200,000 users per month in the period from March 2022 to 30 September, which I think somewhat goes to your question about the accessibility of our advice and our services. They're all available via that platform.

The hotline 1300 CYBER1 during the reporting period received just under 15,000 calls. On the partnership program, which is up primary mechanism of quickly pushing alerts out to the public and pushing advisories out to them, particularly of priority vulnerabilities, on 30 June 2020 we had 751 network partners. Today we have almost 2,500. That's a 40 per cent growth over that period. In June 2020 we had 1,000 business partners and today we have over 3,700. Business partners and network owners are people who are running networks themselves, and that means that they're able to access, if they want to, information automatically pushed to them in a machine-readable format, if they wish to block indicators of compromise and malicious activity on their systems.

As for home partners, we have now about 90,000 individuals who follow us on social media and seek to receive our alerts and advisories. Another primary mechanism we use for engaging with the public is our joint cybersecurity centres, which are available in every capital city with the exception of Hobart, which is serviced by our Melbourne based staff, and Darwin, which is serviced by our staff in Brisbane through a collaboration with the Northern Territory local government. We have deployed over 35 technical staff into those centres, and the

JCSs hosted over 300 events in 2020-21 and 367 2021-22. Those are information sessions. They could be an incident response exercise or a vendor led session.

Senator SHOEBRIDGE: To get a sense of how you characterise the severity of an incident—C1, C2, C3—have you been able to characterise the Optus breach?

Ms Bradshaw: The characterisation that you give to an incident is dynamic, so you may give an initial categorisation which changes over time. Both those matters are still the subject of ongoing technical inquiry, and so a final categorisation has not been given.

Senator CHANDLER: Thank you, ASD, for appearing today. I think my questions will be most appropriately answered by Ms Bradshaw, but, Director-General, feel free to jump in when you wish. In 2021 the ACSC and your international counterpart produced a report that warned that Iranians state backed hackers were targeting critical infrastructure organisations in the US as well as organisations in Australia. Is that correct?

Ms Bradshaw: That's correct.

Senator CHANDLER: Is this an ongoing threat to Australian organisations now?

Ms Bradshaw: State based actors conducting espionage, scanning and reconnaissance of Australian networks is an ongoing threat.

Senator CHANDLER: Specifically, Iranians backed state based actors?

Ms Bradshaw: There are a range of state based actors which consistently scan our networks, and that is one of them.

Senator CHANDLER: I know your counterparts in the US have produced a series of reports and documents raising concerns with the Islamic Revolutionary Guard Corps. Do you consider them to be one of the state affiliated organisations that are involved, either directly or indirectly, in cyberthreats to Australia and Australian businesses?

Ms Bradshaw: That would not be at the top of my list of state based actor groups targeting Australian networks.

Senator CHANDLER: Okay. Ransomware attacks have been in the public spotlight recently in Australia. In September this year the US Treasury sanctioned cyber actors affiliated with the Iranian IRGC for conducting malicious cyber acts, including ransomware activity. Does the ASD believe that the IRGC and its affiliates are or have been involved in ransomware attacks in Australia?

Ms Bradshaw: I would need to take that on notice.

Senator CHANDLER: That would be appreciated, thank you. Are Iranian state sponsored organisations likely to continue to be a source of malicious cyberactivity in Australia for the foreseeable future?

Ms Bradshaw: They are one of a number of state based actors that would have an interest in Australian networks. I can't foresee that finishing any time soon.

Senator CHANDLER: Thanks very much, Ms Bradshaw. Chair, I hope we'll go to Senator Paterson.

CHAIR: I am also mindful Senator Van has been waiting patiently too. I'm happy to go to Senator Paterson and then Senator Van. Senator Paterson?

Senator PATERSON: I want to move to Medibank and try to establish, as best we can, a time line for Medibank. When did ASD first become aware of the Medibank attack?

Ms Noble: ASD first engaged Medibank on 12 October.

Senator PATERSON: You engaged them rather than them engaging you?

Ms Noble: From a technical point of view, we did reach out to Medibank and they were already aware of unusual cyberactivity on their network, which the CEO made public the next day.

Senator PATERSON: What time of day did you contact them?

Ms Noble: We contacted them at about 20 past one in the afternoon.

Senator PATERSON: You said they had identified it, so they hadn't yet contacted you. Did they say that they were likely to, about to or contemplating contacting you?

Ms Noble: They were, like us, trying to understand what it was we were both seeing from different perspectives. Then Medibank I think formally notified ASD—and I'm looking at Abi; thank you, Abi—on 13 October.

Senator PATERSON: What time of day was that notification?

Ms Noble: That was at 1.30 pm.

Senator PATERSON: And they made a public statement that day as well, didn't they?

Ms Noble: They did, yes.

Senator PATERSON: Around the same time I think. When did you notify the Minister for Home Affairs and Minister for Cyber Security or her office?

Ms Noble: We first notified the Minister for Home Affairs on 12 October just before 10 pm.

Senator PATERSON: At that stage the company's belief was that customers' data had not been breached. Do you know how they came to that conclusion? Did you share that conclusion at that point?

Ms Noble: That's a matter for Medibank. Just to go back to our earlier testimony about the roles, Medibank, as they said in their public statement on 13 October, had immediately engaged cybersecurity firms to assist them in diagnosing the incident and assisting them with managing their response. ASD does not go in and try to seek independent technical knowledge.

Senator PATERSON: Sure.

Ms Noble: We were reliant on and are reliant on both the company and their specialist advisors to try to let us know what they've seen.

Senator PATERSON: When did ASD become aware that it was a more serious incident?

Ms Noble: If by 'more serious' you mean at what time did we become aware that Medibank thought data may have been taken from the network—

Senator PATERSON: Yes.

Ms Noble: So that occurred on 19 October.

Senator PATERSON: Do you have the time?

Ms Noble: That was about 2.30 in the afternoon.

Senator PATERSON: I think they made a public statement that afternoon as well—

Ms Noble: They did.

Senator PATERSON: that indicated that it was more serious than they first feared. Unfortunately, there were a series of public statements to that effect as it became more serious over time. When did ASD learn that a compromised credential was a possible source of the breach?

Ms Noble: I believe that there has been media speculation about that, but Medibank itself has made no public statement about the technical nature of what occurred. So I don't wish to add to that in any way.

Senator PATERSON: They have made a public statement about it. On Monday the 17th, in the morning—I believe it was a bit after 9 am—they held an investor phone call, which I believe media was also present on, and at that time they disclosed that a compromised credential was involved or that they'd identified that a compromised credential was involved. Without attributing that as the source of the breach, can you tell me: had Medibank notified to you, prior to that Monday of the 17th, that there was a potential compromised credential?

Ms Noble: We were in constant contact with Medibank. Their collaboration with us really was exemplary. I would have to take on notice the precise time that our technical people had that more technical exchange with Medibank.

Senator PATERSON: It would be good if you could take it on notice because I think it is a key date. It should be possible, once you learn that a credential has been compromised, to work out what data within the system that credential has access to. And, once you're aware of that, then the severity of the attack or potential severity of the attack should also be clear, shouldn't it?

Ms Noble: Not necessarily—one doesn't necessarily follow the other. Without speaking specifically about what may or may not have happened to Medibank, it's a different question, I suppose. If there has been a compromised credential, on the face of it, you might think that that would immediately tell you what the criminal could also have access to, but criminals can move and do move laterally through networks, and it's quite common, unfortunately, in the case of cybercriminal activity, that they will sit in the network for some weeks doing their own reconnaissance.

Senator PATERSON: I do understand that, and I'm not suggesting that it's a complete picture, but, for example, if you know that the credential that's been compromised is someone who had administrative access to certain records or certain databases, then you would know that there's a potential for those to be compromised.

Not having access to those things doesn't necessarily mean that the attacker couldn't get access to them laterally within the company, but, if you know that credential has that access, then it's clear it should be serious, isn't it?

Ms Noble: It would certainly be one input to your understanding about what's happened, but it might be that there are other layers and mechanisms that limit control for legitimate workers, once they're inside a network, for example. So it would only be one aspect of the picture I think.

Senator PATERSON: The minister announced in question time that week—or it might have been the following week, referring back to that week—that ASD and AFP were deployed. I think it was on 20 October that the minister announced that. When was the ASD and AFP deployed? When did you start to be co-located with the Medibank team?

Ms Noble: AFP and ASD have co-located people all the time, and we were, both of us, working together and with Medibank on a continuous basis. I think the change that occurred, which the minister was referring to in the parliament, was the agreement for ASD and AFP personnel to be directly embedded side by side with the technical people working on the Medibank matter.

Senator PATERSON: What date was that? When did that occur?

Ms Noble: Friday 21 October.

Senator PATERSON: Why didn't that deployment take place earlier? We knew about the attack on the 12th; we knew it was more serious on the 19th; and we had some information on the 17th that it could have been broader. Why wasn't it until the 21st that that occurred?

Ms Noble: The step change that occurred there is that Medibank—I think they have, but I just want to check—made public on 20 October that they had been contacted by a criminal claiming to have stolen 200 gigabytes of data, and the criminal had provided a sample of records for 100 policies. Here you see the step change with the ASD and the AFP shifting from supporting and understanding with Medibank what may have occurred to their network, and playing our cyberdefensive role, to them being embedded with the AFP and Medibank to start to understand the nature of the criminality and ensuring that we could, in real time, have access to the technical—

Senator PATERSON: It's alarming, or concerning, that we are reliant on the hacker to tell us whether the attack is serious or not and when we should take it seriously, rather than either the company being able to identify it or ASD or other agencies of government being able to identify it. If I were a hacker, I wouldn't want to give you too much notice or heads up until I'd done real damage. Rather than taking a company statement at face value, as it appears the government did on 13 October when they said it was not serious—when a company like Medibank is involved and the sensitivity of the data, which the minister has spoken about, is involved, shouldn't we assume a worst-case scenario from the beginning? Then, hopefully, we will find out it's not, rather than assuming that it is okay and we don't have to worry.

Ms Noble: I guess your question depends on our understanding of the incident and the risk and also our understanding of the company and its private cybersecurity experts that it hired to assist it, to manage the issue on their own, if you like, and allowing us to play that—I don't know; I'm terrible at sporting analogies—backstop role, while we have an understanding from them that they have the incident response components under control, while we take the technical information and understanding they can provide us, as I described before, then look out over the rest of Australia and try to make sure that there isn't a risk to others. That's typically the role that we would play. We're not the incident responders, and we do rely on other experts to diagnose the harm that's occurred.

Senator PATERSON: The assumption that I'm making is that we will always have imperfect information, particularly at the beginning of a crisis. If we have imperfect information we can make one of two assumptions: we can assume that this is a low-risk, low-consequence attack or we can assume that it's a high-risk, high-consequence attack, and our response will depend on that. Given that we have imperfect information and we can't know for sure, isn't the safest thing to do assume this is a worst-case scenario and deploy our resources? If we find out we've unnecessarily deployed resources that's unfortunate, but it would be much worse to find out that it was serious and we hadn't put in place the support and the teams that we have.

Ms Noble: I guess the judgements that we're making within ASD—you've seen the statistics in the cyber threat report. We're getting one report every seven minutes, and we are making difficult judgements every seven minutes about where ASD places its resources. We do live in a world of imperfect knowledge, and we are heavily reliant on these companies and these cybersecurity expert companies to assist us to make those judgements.

Senator PATERSON: I do appreciate that, even with the investment that you have had recently, you still have limited resources and the threats are unlimited. I know there are reports every seven minutes, but I imagine

not all of them come from companies as large and as consequential as Medibank or hold as sensitive data as a company like Medibank does. We now know that up to 10 million Australians have been affected—not all of whom, thankfully, with their private medical information—in some way. Shouldn't the risk matrix that government uses, that your agency uses, be sensitive to the nature of the potential breach that happened?

Ms Noble: I think I understand what you're saying. Certainly, for a multitude of companies and people that report us to, there is always the potential things will become far worse than they are. We're making trade-off decisions which are also based on our judgements of the capacity of those already in there, working the incident response issue, to be able to manage on their own. In contrast, for example, speaking about the risk of ransomware, horrifically, one of the most impacted sectors that we hear from, day in, day out, is that of schools. This is information about children, who are particularly vulnerable people in our society, of course. We might be making an operational decision to actually help a school protect the data of children as opposed to helping a company, which is capable of purchasing—as it did, in this case—the expertise of another private company. Our judgement is that the company should be alright for a while, while we look after the kids. Those are the sorts of decisions that my technical people have to make.

Senator PATERSON: That's a point well made and a fair point. It's just that, looking back at this attack, given that the minister and her office were notified on the 12th, the minister didn't make her first public statement about it until the 19th—a week later—and we now know that it was a very serious attack. As I've heard both of you say before, time is often of the essence when it comes to cybercrime, and acting faster can potentially help mitigate the consequences. When did the ACSC—

Senator McAllister: Senator Paterson, I might say I don't think you should equate whether or not a public statement is made with the level of effort and engagement on the part of the minister in any of these instances. The government has been deeply engaged and regularly briefed on the matters that we've been discussing today. I know that ASD have regularly engaged with counterparts across government and a range of government ministers have been advised.

Senator PATERSON: I take that point, Minister; that is a fair point. But all that we can judge the government by is what's on the public record, and I don't have visibility of the activity that might have been taking place behind the scenes. That's one of the reasons why I've asked for a detailed time line from the Department of Home Affairs in conjunction with ASD. I look forward to receiving that. Maybe the government will be able to demonstrate a hive of activity and a seriousness with which this was taken. But we can't take that on trust. We have to have that verified, so I look forward to that answer being provided.

Just quickly, before I move on, when did ACSC put out their first piece of advice to Medibank customers, akin to the advice that was provided to Optus customers?

Ms Bradshaw: On 13 October, Medibank published their alert—sorry, Senator, I want to make sure I get it right.

Senator PATERSON: That's okay.

Ms Bradshaw: It was on 21 October.

Senator PATERSON: Okay, thank you. Chair, I'm just notifying you that I have other topics to move onto now. Do you want to rotate the call in the meantime?

CHAIR: I think it would be helpful if I were able to rotate the call to one of your other colleagues.

Senator PATERSON: Of course.

CHAIR: Senator Van? You have been waiting patiently.

Senator VAN: Thank you, Chair, I try to. Ms Noble, you mentioned right at the beginning of your testimony here today the importance of cyberintelligence and the work you do in that sphere. It wouldn't be speaking too highly to say that's one of the most important parts of what you do?

Ms Noble: Yes. As I did say before, it's the secret sauce or the magic sauce that makes Abi awesome at cybersecurity defence.

Ms Bradshaw: It's hopefully not the only secret sauce!

Senator VAN: No, and we do appreciate the secret sauce and how good it turns out in the end product, so thank you for all the work you're doing. Something was also mentioned earlier about Ukraine and about some of the cyberactivity that occurred at the commencement of the invasion, or leading into it. One of the things we saw leading up to that invasion was the US intelligence community, if you like, declassifying intelligence and putting it out as a warning tool to people. Do you think there's a place for ASD or the government to be moving faster to

declassify some intelligence to be able to give that warning both as a deterrent to the attackers and forewarning to companies that might be compromised?

Ms Noble: The first thing I want to say is that our US intelligence colleagues were absolutely awe-inspiring—

Senator VAN: I couldn't agree more.

Ms Noble: in what they did, and, I know, also probably internally terrifying at the same time. Intelligence is hard to get. On the question of the way that we share our intelligence with the private sector, Ms Bradshaw did describe before that that is something that we work on 24/7. We will take that top-secret intelligence, if you will. We will declassify it. We will then actually turn it into machine language and then push it out to private sector machines that will ingest that intelligence, and then their machines will automatically block those threats. This is a really new capability for ASD, and we have some terrific private sector partners who are participating with us, where they, too, pass their intelligence back to us, and then we will push that out in the form of public alerts and advisories. All of those—nearly 100,000 altogether—partners that Ms Bradshaw mentioned may not know it, but they are the beneficiaries of some of our most secret intelligence that the Five Eyes can collect. Our ambition, through the funding provided to us under REDSPICE, is to vastly increase our capacity to do that.

Senator VAN: All strength to your arm in that endeavour.

Senator PATERSON: I'll move on to another topic now. There was a report in the *Financial Review* by Max Mason, on 4 August, which said, 'MPs urged to get second phones as TikTok security worries rise.' It referred to a briefing for some members of parliament and their staff which was apparently provided by ASD, at which, potentially, having a second phone for social media apps was advised. Are you familiar with that report?

Ms Noble: Yes.

Senator PATERSON: Is that an accurate reflection of any briefings that might have been held?

Ms Noble: No.

Senator PATERSON: What can you tell us about any briefings that may or may not have been held?

Ms Noble: Ms Bradshaw and I did participate in the briefing referred to, and it's disappointing that the contents of that private briefing were reported in the media. We do many of those sorts of briefings, to a range of people, about how to improve their personal cybersecurity. We also brief C-suites, boards and so forth. We did provide a briefing about cybersecurity on personal phones.

Senator PATERSON: When did that meeting take place, and who was present? I don't mean the names of the individuals. That's not important. But what grouping of people was it? Was it new MPs, government MPs, crossbench MPs or whatever?

Ms Noble: The briefing took place on 28 July. The invitation went out to the body known as the Labor caucus, and the people that attended—I don't think there was a record kept of names in any case.

Senator PATERSON: No, no, and I don't need the names. That's not important.

Ms Noble: It was mostly staffers who attended.

Senator PATERSON: You said it was about social media security. Briefly, to the extent that you can, what was the advice, if the description in this article is not accurate, in your view?

Ms Noble: It was a question-and-answer session. We provided the advice that we provide publicly, which I'm sure you've accessed. The latest update was on 14 July 2022, and perhaps we'll come to that in a moment. We described the way that many social media apps will access, and seek your permission to access, other content on your iPhone—such as your contact list and photographs, of course—and some of them depend on that for you to be able to engage with that social media platform. In response to questions about, 'Well, what settings can you put around those social media apps that would absolutely protect that social media app from being able to access your photos or your contact list or so forth?' our advice was, frankly, for people who are members of parliament, who might be particularly targets of espionage—which of course you are, by definition of your roles—if you wanted absolute certainty that your social media app couldn't have access to those things, then the only way to assure that would be to have a second phone, which you exclusively use for that purpose.

Senator PATERSON: I think that's sensible and obvious advice. Are there some social media apps which pose a higher risk than others?

Ms Noble: All social media apps are monetising what you do on your phone, what you access, what you look at, for how long and who your friends are. They will seek to get demographics of your friends, in order to push you other information and get you to click through to buy things but also to collect that data to onsell it to others who might be building capabilities to market things to you particularly. I'm sure we've all had that spooky

moment where, on the one hand, you were just looking at dogs for sale in Canberra and then, in a different app, it'll pop up and push you an ad. That's exactly what all of them do, and all of them are seeking to monetise your actions.

Senator PATERSON: To come back to my question—I totally agree with that and, of course, all of them pose a risk, but I don't imagine that the risk is equal with all apps. For example, apps that are headquartered in authoritarian countries that have different systems of government to Australia and different laws to Australia might pose a greater risk if those companies are compelled by law to cooperate with intelligence or law enforcement agencies. Is that a fair statement?

Ms Noble: It is, and I want to draw your attention to our public security tips for social media and messaging apps that go to your point. It says:

Social media and messaging apps (e.g. Facebook, Instagram, LinkedIn, Messenger, Pinterest, Reddit, Snapchat, Telegram, TikTok, Twitter, WeChat, WhatsApp, YouTube and others) typically collect extensive data as part of their business model. These apps may also collect additional data from individuals' devices, which extend beyond the content of messages, videos and voice recordings. Note, the type of data collected may change over time, including when new versions or features are released. The terms of use and privacy policies relating to what data is collected, as well as how and when it can be used, may also change at short notice or be difficult to understand. Sometimes this data is stored outside of Australia and may be subject to lawful access or covert collection by other countries. In such cases, current Australian legislation and privacy or consumer laws may not apply.

That is, really, the nub of our warning to any Australian who engages with social media.

Senator PATERSON: One of those countries with a different system of government to us is China. It's an authoritarian system of government, and it is the home of a number of social media companies. It has relevant laws which compel both individuals and entities to cooperate with the government, including its intelligence agencies—in particular, the 2017 National Intelligence Law. This was a relevant consideration in a previous Australian government decision to ban Huawei from our 5G network. It was one of the criteria that determined that Huawei was a high-risk vendor and should be excluded from the 5G rollout because it was subject to Chinese laws and, in particular, that law. Is that jurisdiction, and are those laws relevant to Australia's consideration and particularly to members of parliament's consideration about what applications we should have on our phones?

Ms Noble: Our public advice, as I just read out, particularly in that last sentence, encourages individuals to be thoughtful about that dimension whilst also being mindful of the technical things that can happen on their phones.

Senator PATERSON: The Minister for Home Affairs has recognised this; she gave an interview a couple of months ago where she said that apps headquartered in authoritarian countries pose a greater risk, and she's seeking advice from her department about what, if any, legislative steps are required to address that. Is it still the case that Department of Defence employees are banned from using TikTok on their work issued devices, and does that apply to ASD employees?

Ms Noble: ASD receives a shared service from Defence for its internet-facing network, known as the Defence Protected Network, including on our iPhones. Our access to apps is set by Defence policy, and, yes, it is my understanding that some applications are not permitted to be downloaded onto a Defence phone. If you want a list, we'd probably refer you to the Department of Defence, who are on tomorrow.

Senator PATERSON: Could I ask you to take that on notice, and, if necessary, you could then refer that question on to Defence to answer if you're not the relevant agency to answer? TikTok is one of those apps that's not permitted to be downloaded on Defence department issued devices, isn't it?

Ms Bradshaw: It is.

Senator PATERSON: I understand the Department of Home Affairs has the same policy in place, and Department of Home Affairs issued devices are not permitted to download TikTok; is that correct?

Ms Noble: I think so. We can take that on notice if you would like.

Senator PATERSON: If you could take that on notice, that would be great. There was a media report by Max Mason in the *Financial Review* on 4 February 2021, which said that Home Affairs was joining Defence to ban TikTok on their issued devices. It certainly wouldn't be appropriate for Home Affairs, Defence, ASD or anyone else to dictate to members of parliament whether or not they are allowed to download these applications, and I certainly would not advocate a ban on members of parliament downloading them.

When I questioned the Department of Parliamentary Services on this issue yesterday—because they do provide advice to us about the devices which they issue to us—they said the reason why they hadn't issued any advice about specific apps to parliamentarians, rather than banning them, was that they hadn't received any information from any relevant agencies about any particular apps. It seems like a gap to me if the Department of Home Affairs

has banned TikTok on their devices and Defence has banned TikTok on their devices, but DPS hasn't received any information about the greater risk that they clearly pose, given that that decision has been made. Is it not ASD's or ACSC's role to provide that advice to DPS?

Ms Noble: We have public advice, and it's then a separate matter for any department to make risk based decisions based on the threats that they have to their network but also on the needs of their customers to make their own decisions about how they treat that advice. Our role, as set out in the Intelligence Services Act, is to provide advice and assistance, not to make individual choices for departments, so it is a matter for them.

Senator PATERSON: I've encouraged DPS to consider this issue and to seek advice on it because what they conveyed to me seemed to be quite passive—that until someone told them that they had to tell us, they weren't going to tell us anything. In practice, how does that advice work with agencies like DPS? Do you seek out agencies and say, 'You should be aware of these risks,' or do you just publish it on the website and hope that they take notice of it?

Ms Bradshaw: We have a close relationship with DPS, in particular, given the importance of their customers—mind you, all Australians are important customers to us. We provide to DPS the full range of services that are available to any government customer, and, as a consequence of the high profile of that entity for targeting, I would say it's one of our closer relationships. At their request, we come in—and we have on a number of occasions over the last couple of years—and give information sessions for their staff and other customers who would like to come along to those, and we have answered questions on a range of personal cybersecurity matters, including social media. Any updates to our advisories are available, and they are pushed to our partners. That update on 14 July would have been pushed into every single member of our partnership program.

Senator PATERSON: I've encouraged DPS to reflect on this. I hope they seek your advice, particularly in light of the fact the New Zealand parliament equivalent body to DPS and the US House of Representatives equivalent body to DPS have issued formal advice on TikTok, and that advice is, 'Don't download it on your personal device or on your work device.' I will be interested to see whether there are any developments on that. That's the conclusion of my questions on this topic.

Just two final topics from me. On Monday the Australian Strategic Policy Institute released a report on cyberenabled foreign interference. It detailed instances of harassment and intimidation online of, predominantly, young women of Asian heritage being targeted by sexualised smears and slurs. Each of them were involved in research, journalism and investigations that are embarrassing to the Chinese Communist Party. Are you familiar with that report and that coverage?

Ms Noble: Yes, I've seen it.

Senator PATERSON: It is concerning for you to hear that people, including young Australians, are being exposed to this kind of online harassment?

Ms Noble: The content of what's carried over networks is outside of ASD's lawful purview. It's our job to provide advice and assistance on the security of the network itself. Whilst I might have my own view, it's outside of the scope of ASD's roles and functions.

Senator PATERSON: Sure. There is an element that might be closer to your purview though, which is that it appears that this is an act of foreign interference by a foreign government, and that, putting aside the content, it involves the mass creation of accounts which are spamming on networks like Twitter. If it's not ASD's responsibility to protect Australians from this kind of cyberenabled foreign interference, whose job is it, in the Australian government, to be concerned about that?

Ms Noble: Three important organisations. So, yes, ASD to the extent that there is technical advice and assistance that might assist in mitigating that threat. ASIO, of course, has responsibility for understanding and providing advice and assessments about foreign interference and foreign espionage as it pertains to Australia. And the Department of Home Affairs, through the foreign interference coordinator, has policy responsibility for recommending policy or legislative change which might make Australia a harder target for foreign espionage and interference.

Senator PATERSON: I'll pursue that with ASIO when they are recalled before the legal and constitutional affairs committee in a spillover. Moving on to the second topic, are you familiar with the *Microsoft digital defense report* which was published last week?

Ms Bradshaw: Not in great detail but, yes, Microsoft are a great partner with us.

Senator PATERSON: I think it is a very welcome publication. It's a very responsible thing for Microsoft to do to share the threat intelligence that they're privy to. They assessed China, Russia, Iran and North Korea as the

four primary nation-state threats that're targeting Microsoft customers at least. You may be reluctant to comment on this in a public session, but, nonetheless, I'll put it to you: do you agree with that assessment?

Ms Noble: We haven't done our own detailed analysis of that assessment. Attributing particular activity of state actors is really a matter for the Australian government. As you know, it's ASD's advice to provide technical input to that process, which is undertaken in partnership between the Department of Foreign Affairs and Trade and the Department of Home Affairs.

Senator PATERSON: Sure. I do understand that. One particularly interesting feature of the report was their focus on zero-day vulnerabilities, which are the identification, exploitation of previously unknown vulnerabilities. They said that Chinese actors are particularly adept—or particularly proficient was the phrase they used—at discovering and developing zero-day exploits, and they believe that they are storing them up or collecting these vulnerabilities to be used at a future time. That probably won't come as a surprise to you, but how concerning is that activity?

Ms Noble: Answering in the broad: we are very focused on zero-day vulnerabilities, and Abi looks like she might even quote the cyberthreat report on that issue.

Ms Bradshaw: Indeed, I can. We are very concerned about the increasing number of vulnerabilities and the reduction in the time between proof of concept and exploitation of those vulnerabilities. On page 12 of our publicly issued threat assessment we point out that we've observed a 25 per cent increase in the number of publicly reported software vulnerabilities. In the back of the report, we give two examples of recent exploitation of vulnerabilities. In the past we would've expected to have several weeks—or, in fact, months—before they were prosecuted, but, in fact, in real life it has been a matter of days. That is why our response has been to update the Essential Eight strategic mitigations. It is now our advice that systems need to be patched, sometimes within weeks and sometimes within days.

Senator PATERSON: And it is the case that it's not just criminal actors who take advantage of those zero-day exploits, isn't it? It's state actors that use them as well?

Ms Bradshaw: That is correct. And there has been a statement made by the Australian government, with the support of 26, I believe, other countries who publicly called out China's action in exploiting the Microsoft Exchange server vulnerability last year.

Senator PATERSON: Yes, I remember Director-General Noble's testimony on that topic before the PJCIS in a previous inquiry. I do have other questions, but I am mindful of the chair's desire to move on. I will place some on notice and perhaps pursue some when we see you again for estimates. Thank you.

CHAIR: Thank you very much, Senator Paterson, for being very accommodating. I appreciate that. On that note, I will release the Australian Signals Directorate. Thank you for appearing before the Senate committee this afternoon.

Defence Housing Australia

[16:45]

CHAIR: I welcome representatives from Defence Housing Australia. Do you wish to make an opening statement?

Mr Jackson: No, thank you, Senator.

CHAIR: Okay. I'm looking around to see if any senators have any questions for Defence Housing Australia.

Senator CHANDLER: In the interests of time, the coalition are happy to put their questions to Defence Housing on notice.

CHAIR: I'm mindful that Senator Shoebridge, who isn't here at the moment, also has some questions. I think Senator Green might have questions to assist the committee.

Senator GREEN: Thank you. Mr Jordan, I just want to ask for broader information about DHA's role. I'm based in North Queensland. I was in Townsville last week, at the Lavarack Barracks. It's a really important part of the community there. How many residences are within DHA's portfolio, and how do you ensure you're meeting the ADF housing provision requirements?

Mr Jackson: If I may, I'll get Mr Jorgensen to run through that with you in more detail.

Senator GREEN: Thank you.

Mr Jorgensen: One of the main ways we work through the housing requirement is through our relationship with the Department of Defence. The Department of Defence creates a defence housing forecast and shares that with DHA on an annual basis. That forecast looks at the housing required for members with dependents and their

families and projects the number of housing solutions required across Australia and in each region. We have a separate forecast for single members, of which we provide a partial service to those members. There are also defence members in their own houses. This mainly includes members who need a housing solution in the various areas. DHA under our services agreement with the Department of Defence produces a provisioning schedule or a plan against that housing forecast, which goes back to Defence. We work through the proposal and ultimately approve a provisioning schedule that we then provision against across the next four years.

Senator GREEN: You said you want to make sure that housing meets expectations of members. How do you do that? Do you have a certain level of standard that needs to be met? How do you go about making sure that the housing quality is meeting the needs of our defence service personnel?

Mr Jorgensen: Yes. I mentioned we had the services agreement with the Department of Defence. It specifies the various services that are sought from Defence Housing Australia for defence members. It also references the housing policy within Defence that covers the requirements for service residences and other housing support provided to defence members. That sets up the requirements of where the housing needs to be, some minimum requirements and a number of inclusions that are required in the housing. We then deliver that housing on behalf of Defence across Australia. You asked before—

Senator GREEN: You can go to that in a second, but are the standards the same across Australia? The standards aren't different depending on where you live, I'm assuming.

Mr Jorgensen: There are standard requirements that apply in all posting localities, and there are also different requirements for different rank groups, including different rent bans or rent settings that we need to meet as well.

Senator GREEN: Sorry, you were about to fill in part of that question.

Mr Jorgensen: I was going to say that our portfolio has approximately 17,000 houses across Australia made up of owned properties, leased properties and some properties that are owned by the Department of Defence as well.

Senator GREEN: How are you tracking in terms of that regional housing portfolio? Obviously, we hear a lot about rent increases in regional areas and also about a pure shortage of housing, yet there's obviously a focus from the Defence Force in making sure we have people posted—I'm thinking particularly of people in North Queensland. How are you managing to maintain the portfolio? Do you have any issues or concerns, particularly in those regional areas?

Mr Jorgensen: We're travelling at about 98.2 per cent of the provisioning schedule for Defence housing for members with dependants at this point. We do have some properties leave the portfolio as leases end and so on. It is a challenge to maintain the housing portfolio and replace those properties, but we're travelling quite well at the moment.

Senator GREEN: Am I right in saying that, in terms of where DHA offices are located, you have people all across the country?

Mr Jorgensen: Yes, we have something like 19 office areas across the country. We generally have some property management type staff and management staff in those areas.

Senator GREEN: Okay, fantastic. That's all I have for the moment.

Senator SHOEBRIDGE: Thanks for coming along everybody. I've got some questions about the proposed defence housing facility in Randwick. Are you familiar with that project?

Mr Jackson: Yes, we are.

Senator SHOEBRIDGE: I'm happy to go through you, Mr Jackson, and you can feed the questions to wherever you like.

Mr Jackson: If I'm unable to answer, I'm sure my colleagues will be able to assist.

Senator SHOEBRIDGE: Will a heritage and archaeological assessment be undertaken for the site, and will protocols be established for any construction to protect significant Indigenous and non-Indigenous finds, especially during excavation?

Mr Jackson: It's probably worth noting that the Randwick Barracks project, or Bundock Street development, consists of two parts. Part 1 is for living-in accommodation, which has been managed directly by Defence, for about 992 accommodation positions. There is also a second component of 62 town houses that will be built along the Bundock Street boundary. These are not actually Defence Housing Australia houses; the land is on Defence land—it has been funded by Defence—and will stay and remain in the ownership of Defence once completed. Our role is purely as a project manager—no different from an architect, an engineer or the like—and we are

contracted to Defence to provide that project management service. Whilst Mr Jorgensen will be able to answer some of the questions, some of them may, more importantly, need to be directed to Defence, as being the owner of the project in this particular case.

Senator SHOEBRIDGE: Consider my questions for the moment as primarily addressing—did you say it's a 992-bedroom development?

Mr Jackson: It could be 991, but it's plus or minus.

Senator SHOEBRIDGE: Is that made up of apartments?

Mr Jackson: It's living-in accommodation. So it's not a dormitory, but it's for the new recruits that live on base.

Senator SHOEBRIDGE: How do we best refer to those so that we don't get confused?

Mr Jackson: LIAs: the living-in accommodation.

Senator SHOEBRIDGE: Will a heritage and archaeological assessment be undertaken, and will those site protocols be established for the living-in accommodation?

Mr Jackson: I'll ask Mr Jorgensen to go into the detail, where we have it. Otherwise, on that particular project, it's not being managed by us; it's being managed by the Department of Defence.

Senator SHOEBRIDGE: Sorry, the living-in—

Mr Jackson: Accommodation is managed by the Department of Defence directly.

Senator SHOEBRIDGE: Sorry, you're saying that's done by the Department of Defence, not by you? But you have a role in it?

Mr Jackson: Not in the living-in accommodation, we don't, Senator. No.

Senator SHOEBRIDGE: What about the 62 townhouse developments?

Mr Jackson: We can answer some questions on that, and Mr Jorgensen will endeavour to do so.

Mr Jorgensen: Yes, as the managing director mentioned, we're managing, on behalf of Defence, the construction of 62 low-density houses along Bundock Street. That adjoins the boundary of the site. We're fairly early on in the planning work for this site. At this stage we've done some work around the civil engineering aspects, the architectural aspects and a number of site investigations and contamination requirements, and, of course, we've started some community engagement. The project is still required to go through the Public Works Committee, and that's not expected until around 2023. We're also working with the Department of Defence on the requirement for some environmental planning assessments required to go into the department of climate change.

Senator SHOEBRIDGE: What environmental investigations have you completed for the site?

Mr Jorgensen: I don't have that information at hand. I could take that question on notice.

Senator SHOEBRIDGE: By all means. Have the investigations that you've undertaken been shared with the local council, Randwick City Council, and have they been made publicly available to residents?

Mr Jorgensen: I don't quite have the full detail there. I know that, through the Department of Defence, we've shared some information with the council. We've also shared quite a bit of information with the community through some community sessions.

Senator SHOEBRIDGE: Are you intending to undertake a full environmental impact study as part of your planning process?

Mr Jorgensen: I'm not sure a full environmental impact assessment is required on the 62-house site—

Senator SHOEBRIDGE: Why not?

Mr Jorgensen: but, working closely with Defence, obviously, given that we're managing on behalf of them, we'd take that into account with whatever is required for the larger site.

Senator SHOEBRIDGE: Sorry, so you're proposing a 62-townhouse development on the edge of the site, overlooking neighbouring properties, on an environmentally sensitive site, with potential contamination, and you're not going to do an environmental impact study?

Mr Jackson: If I can assist, Senator. The project will be referred through the EPBC process, through the Department of Climate Change, Energy, the Environment and Water. As part of that process, the department determines whether or not a full environmental impact statement is required.

Senator SHOEBRIDGE: But the EPBC process is only where you're going to have some significant impact on a listed or similar species or environmental community. I'm asking you—

Mr Jackson: It does go towards other issues around heritage—

Senator SHOEBRIDGE: I'm asking you whether, given you've got a 62-unit townhouse development on the edge of a site in a highly settled part of an extremely populous city, on land that's potentially contaminated or known to be contaminated, and that has significant environmental values, why you're not going to do an environmental impact study.

Mr Jackson: As I just explained, that part is part of the broader EPBC process, and the department will determine what level of work needs to be done as part of the initial EPBC assessment and then see if an EIS will be required. I do go to my previous comment, where we are a project manager on this; we are not the decision-maker nor the authority with respect to what does or does not get done. I suggest that it would be more efficient for you to direct these questions to Defence, who are on tomorrow.

Senator SHOEBRIDGE: I can see how you might think that.

CHAIR: Senator Shoebridge, I'm just mindful, given the evidence by the witness, whether you may want to consider asking these questions tomorrow, when the Department of Defence will be here.

Senator SHOEBRIDGE: No. I think this will have to be dealt with. These are the project managers for the site. They have the obligation to manage the project from conception through to completion.

CHAIR: Defence Housing Australia have been, I think, fairly clear that from their perspective they're not in a position to answer your questions.

Senator SHOEBRIDGE: They said they can't on the 991-unit development, but they are the project manager for the second development.

Mr Jackson: We take our direction from the client, who is the Department of Defence.

Senator SHOEBRIDGE: You don't take direction on what contamination studies and what environmental studies to undertake. You're the project manager. Are you saying you just passively accept from your client whether or not a contamination study is needed?

Mr Jackson: No. That's absolutely not what I'm saying. I think it's an unfair assumption to draw that line. What I'm saying is: we are employed by the Department of Defence to provide work for them, and I think these questions are better answered by the Department of Defence.

Senator SHOEBRIDGE: Are you going to undertake a contamination study? Have you undertaken a contamination study?

Mr Jackson: A contamination study isn't a part of a normal suite of documents that would be done on any development to ensure that the ground is suitable for its purpose.

Senator SHOEBRIDGE: Have you done one for this development?

Mr Jackson: I'll check with Mr Jorgensen whether we have organised one. I do know that Defence have, of their own volition, undertaken a number of studies—particularly around contamination, heritage and the like—which they are the owners of.

Senator SHOEBRIDGE: Have you got a contamination study for this development, Mr Jorgensen?

Mr Jorgensen: I'm happy to take that on notice and provide the exact information. What I can say is: there have been some environmental studies completed for both projects on the site and they do indicate that there are considerations under the EPBC Act that need to be addressed. As the managing director said, we'll be going through that EPBC process and providing the appropriate studies to support that process.

Senator SHOEBRIDGE: You told the community in a fact sheet that your detailed site investigation discovered heavy metals, asbestos, hydrocarbons, PFAS contamination in groundwater, potential pesticide or herbicide and also a low probability of unexploded ordnances. It's not unreasonable for the community to be saying, 'Show us the contamination study', given the information you've told them. Will you show the community the contamination study?

Mr Jackson: I think the statement you're referring to was actually from the Department of Defence, as opposed to us—was it not?

Senator SHOEBRIDGE: It's got Australian Government Defence and DHA Defence Housing Australia at the top of it. That's you, isn't it?

Mr Jackson: We are DHA, Defence Housing Australia. Yes.

Senator SHOEBRIDGE: You've told the residents that there are heavy metals, asbestos, hydrocarbons, PFAS contamination, potential pesticide or herbicide and even a low probability of unexploded ordnances. Residents

are saying, 'Show us a contamination study before you start digging up that land right next to us.' I'm asking on their behalf: will you do it?

Mr Jackson: It would be normal practice as part of the EPBC referral for contamination studies that have been completed and a range of other studies that have been completed to be made available as part of public consultation. Yes.

Senator SHOEBRIDGE: They're only made available if you've done it. I'm asking you: have you done a site-specific contamination study for the development?

Mr Jackson: We are—

Senator McAllister: Senator Shoebridge, I think one of the challenges you are encountering is that this is a project in the preliminary stages of planning. In delivering the project, Defence will, of course, engage with the entities that are responsible for providing the approvals, and those entities will provide indications of the kinds of information that will be necessary. I think that you are assuming certain things. The officials are, of course, able to tell you what they have done to date, but to assume that that is the full extent of all of the work that will be done in the course of progressing the project is simply incorrect.

Senator SHOEBRIDGE: Minister, I'm not assuming; I'm asking. I'll break it down into two simple questions. Have you done a contamination study at the site?

Mr Jackson: We personally have not done one, no, but we believe the Department of Defence have done a contamination study for the site, hence the nature of their release.

Senator SHOEBRIDGE: Will you provide that contamination study to the council and the local residents?

Mr Jackson: That will be a decision for the client, being the Department of Defence.

Senator SHOEBRIDGE: Do you have a mitigation strategy in place to ensure the health of the local residents if you start digging up land with the kinds of contamination noted in your own fact sheet?

Mr Jackson: Senator McAllister very helpfully pointed out the preliminary nature of where we're at with the project. There will obviously be a detailed mitigation strategy for the entire project throughout its construction—work health and safety. The project has to go through the public works committee for review, and I'm sure the public works committee, who are very detailed in their forensic study, will also ask these questions and ensure that work has been done.

Senator SHOEBRIDGE: Can you provide on notice the details of the author and the date of the contamination study you're referring to?

Mr Jackson: I will take that on notice.

Senator SHOEBRIDGE: Has a remediation action plan been developed?

Mr Jackson: Given the final product has not been designed, it would be premature for that to be done because it will be aligned to the outcome that is being built as opposed to the generic plan.

Senator SHOEBRIDGE: Do you accept that an inevitable element of a housing development such as 62 townhouses will involve the excavation of soil?

Mr Jackson: Yes, it will.

Senator SHOEBRIDGE: You're aware, aren't you, that there are large numbers of preschools, primary schools and high schools in the immediate surroundings of this site. Can you point to any study available to the local residents that will show they will be safe and protected from potential contamination as a result of the excavation for this development, given the contaminants you have acknowledged exist?

Mr Jackson: There are two issues there. The excavation per se doesn't necessarily link to contamination, and the excavation will have to be done with the engineering design work that is yet to be undertaken. The contamination report will also reflect the level of work that needs to be done to safely remove any identified contamination of the site. To answer your question: we can take that on notice and provide you that information.

Senator SHOEBRIDGE: Thank you.

Senator DAVID POCOCK: Thank you for your time here tonight. I'm keen to learn a little bit more about your proposed North Lawson development.

Mr Jackson: Yes, I can give you some high-level information. I'm sure you'll have some follow-up questions.

Senator DAVID POCOCK: Looking at the proposed development: you're proposing to develop 47.16 hectares, which is nearly double what the National Capital Authority recommended; is that correct?

Mr Jackson: Firstly, yes, it is correct that we are proposing to develop 47.1 hectares and not develop the other 85 hectares of the site. The original NCA approval was for stage 1 of the project; that is my understanding. There would've been a supplementary application at a later date. At the moment the proposal before the department is for 443 lots, leaving, as I said, about 85 hectares of land to be retained. From a provisioning perspective, which is why we do these developments, we need to, as Mr Jorgensen said at the start, provide the ADF with accommodation throughout Australia as part of the provisioning requirements. The ACT is a significant user of ADF members, and probably in the order of about 150 to 200 of those 443 houses will be for ADF members and their families. You'll no doubt be aware that housing supply in the ACT is challenging at the moment. As part of the broader proposal, it has gone through the EPB submission and has been lodged, and we received a decision on 7 October from the department, who identified the site as being a controlled action under their legislation. There were three possible outcomes: an uncontrolled action, so we can go off and do what we wish; a controlled action, which is the middle of the ground; or a prohibited development. They have chosen controlled action, which is consistent with what we thought. They have, in turn, requested that we complete an environmental impact statement on that site. That is consistent with the process that I was explaining to the previous senator.

Senator DAVID POCOCK: Is there a time line for that?

Mr Jackson: As I said, the original decision came down on 7 October. We are waiting for additional information from the department, who will give us some guidance as to the level of information we didn't submit the first time around that they'll need for the EIS; we anticipate that, hopefully, some time in the next couple of weeks. We think, depending on the request, it could take four to six months to prepare that work. In our original submission we submitted a lot of information over and above the minimum requirements to try to be as helpful as possible, particularly around the heritage—Indigenous as well as flora and fauna—for the site. The department will no doubt have some additional requirements. We will submit that, and then it's back with the department for it to consider in the fullness of time.

Senator DAVID POCOCK: When DHA acquired North Lawson from Defence, how much was it required to pay for the land?

Mr Jackson: In the order of \$15 million.

Senator DAVID POCOCK: Has that transaction taken place? Have you paid for the land already?

Mr Jackson: Absolutely, yes; we purchased the land quite some time ago. It's also adjacent to the ACT government's development in Lawson. They've recently sold a block of land and have developed quite a large portion of the non-Defence land out there, which is very similar in its geographics to our site.

Senator DAVID POCOCK: Just for my understanding: your understanding was that the area the NCA said was probably appropriate—you're proposing to develop double that, but your understanding was the NCA had said, 'Okay, this is stage 1 and we'll give your more land down the track', and you've proposed to do it all at once?

Mr Jackson: It's not a case of giving us more land down the track. As the owner we would have put a submission in for what we thought was appropriate at the time. It was a staged development, so the NCA approved what was in front of them at the time. They now have a new development in front of them. One of the earlier submissions we did was in the order of the high 500s. We scaled it back because we thought (a) it was excessive and (b) it was impacting on some of the flora and fauna on the site. We do it primarily for the purposes of providing provisioning for the ADF members. Should a typical land developer seek to develop the site, I'd be fairly confident that that density would be significantly higher.

Senator DAVID POCOCK: I've got a bunch of other questions but I'll put them on notice. Thank you very much for your time today.

CHAIR: That concludes our line of questioning for this agency. Thank you for appearing before today's Senate hearing.

Australian War Memorial

[17:14]

CHAIR: Welcome. Do you have an opening statement?

Mr Anderson: No. I'm very conscious of your time. I don't have an opening statement.

CHAIR: Thank you very much.

Senator CANAVAN: Thanks for appearing today. I have some questions on proposals for the memorial to commemorate frontier wars. In asking these questions, I do want to place on record and recognise the hurt that especially First Nations people felt in those times. And I do think that should be reflected in some form of

memorial. I do note, Mr Anderson, under the media releases section of your website, an article titled 'Will the Australian War Memorial tell the story of colonial conflicts?', published on 27 January 2014. That article states:

... the Memorial has found no substantial evidence that home-grown military units, whether state colonial forces or post-Federation Australian military units, ever fought against the Indigenous population of this country.

Is that statement still the position of the Australian War Memorial?

Mr Anderson: That's correct, Senator, with regard to military units, correct.

Senator CANAVAN: Later on in that article it also states:

As defined in the Australian War Memorial Act 1980, the Memorial's official role is to develop a memorial for Australians who have died on, or as a result of, active service, or as a result of any war or warlike operation in which Australians have been on active service. The definition does not include internal conflicts between the Indigenous populations and the colonial powers of the day.

Again, is that still the position of the Australian War Memorial?

Mr Anderson: It certainly is.

Senator CANAVAN: Thank you very much. Just to be clear, you are saying, if I am not getting this wrong, the Australian War Memorial Act does not provide a function for the War Memorial of including internal conflicts between the Indigenous populations and the colonial powers of the day?

Mr Anderson: It also goes into defining, under our act, military history, and that military history is defined as two things. It's both those wars and warlike operations that Australians have been engaged in, and the history of the Defence Force. The definition under 'Defence Force' includes any naval or military force of the Crown that was raised in Australia prior to the establishment of the Commonwealth of Australia. So it does go back a fair way and does actually also include those forces raised by the Crown in Australia, both naval and military.

Senator CANAVAN: So that's the definition of 'Defence Force' and the interpretation: 'Defence Force raised in Australia before the establishment of the Commonwealth'. I have the act in front of me. Under section 5(1)(e) of the act, you have the function of disseminating information relating to a number of things, including Australian military history; is that correct?

Mr Anderson: That's correct.

Senator CANAVAN: How does that link in with the definition of 'Defence Force'? 'Defence Force' is not listed in that particular section.

Mr Anderson: The Defence Force is listed, where it says:

"Australian military history" means the history of:

- (a) wars and warlike operations ... and
- (b) the Defence Force.

Senator CANAVAN: The key thing, though, is that section 5(1)(e) mentions Australian military history; it doesn't include or capture, necessarily, before the Commonwealth. Do you see where I'm going?

Mr Anderson: I see where you're going in terms of the definition of 'Australian military history', but it does two things. It expands the definition of 'Defence Force' to being that pre-Federation, but the act also goes on to say the memorial has broad powers under 6(1) of the act, which gives the memorial the general power 'to do all things necessary or convenient to be done for or in connection with the performance of its functions'.

Senator CANAVAN: Yes, that does link back to its functions, though. I suppose we could go round and round on this. I'm not sure about you, Mr Anderson, but I'm certainly not a lawyer. Has the War Memorial asked for or received legal advice about the definition of the functions there in the act and/or your ability to capture providing a memorial for the frontier wars, given those functions?

Mr Anderson: The memorial did, back in 2013, seek advice from the Solicitor-General on the interpretation of the act.

Senator CANAVAN: There has been no advice since 2013?

Mr Anderson: No.

Senator CANAVAN: The conclusion on your website that I read out before—that the definition does not include internal conflicts between Indigenous populations and the colonial powers of the day—was presumably based on that 2013 legal advice?

Mr Anderson: I believe so.

Senator CANAVAN: I know it goes back a while, but I appreciate that. That being so, I am struggling to understand on what legal basis the War Memorial would now be considering, I believe, or planning to showcase the frontier wars. The legal advice seems to indicate that that's not a function under your act.

Mr Anderson: The Australian War Memorial has, since about 1986, had frontier violence in its galleries. Successive councils since 1986 have interpreted the broader functions of the Australian War Memorial to enable it to tell that story as it relates particularly to pre-colonial forces—those forces raised in Australia prior to Federation—and the impact they had on Australians. That has been the interpretation. It can just—

Senator CANAVAN: I've been to the Australian War Memorial many times—it has been a little while—and I agree with you that there are the Boer War exhibits. Can you tell me exactly what exhibits you're referring to?

Mr Anderson: For instance, prior to the development taking place, we had what were called the 'colonial galleries', and within those colonial galleries we covered the Boer War, the Boxer Rebellion, the Sudan—

Senator CANAVAN: I remember that.

Mr Anderson: and we also included frontier violence in that section. For example, we had some lithographs and other things relating to Slaughterhouse Creek. They've been in there at least since 1986.

Senator CANAVAN: Are there any plans for the War Memorial to take legal advice on the current plans?

Mr Anderson: There are no plans simply because we believe that we have the discretion available to us to do this.

Senator CANAVAN: On what basis do you believe you have that discretion, if you haven't taken legal advice?

Mr Anderson: On the basis of the legal advice that was provided in 2013, which did give us the broad powers under subsection 6(1) of the act, which gives the general power 'to do all things necessary or convenient' with regard to the performance of its functions.

Senator CANAVAN: With all respect, I thought we had gone over that, and you agreed with the conclusion that—this is your quote, not the War Memorial's: 'The definition does not include internal conflicts between Indigenous populations and the colonial powers of the day.' That's pretty clear to me. What has changed since then, if that was based on the legal advice?

Mr Anderson: A couple of things have changed, frankly, in terms of the Australian War Memorial's engagement with the public and our understanding of Australian military history. Australia's understanding of our mission is to lead the nation's commemoration and understanding of the Australian experience of war.

Senator CANAVAN: The vibe has changed. This is about the law. I'm asking if you're complying with your act and the law. We pass certain laws here in this parliament that you, as an independent statutory agency, must comply with. With all due respect, saying that somehow the understanding has changed is not a very firm basis in law. What different advice have you received to draw what seems to be a totally different conclusion than what you published just eight years ago?

Mr Anderson: It's important to note that in 2013 we sought advice, and that advice did provide the broad powers to interpret the functions of the memorial and for the council to determine the functions of the memorial. Peacekeeping is one example—that was not considered war or 'warlike'; however, council took the decision that some of those peacekeeping operations were worthy of recognition at the Australian War Memorial, and they have subsequently been acknowledged. That's the exercise of the same broad powers or functions that council has been exercising since 1986.

Senator CANAVAN: Given that you have quoted from, or at least referred to, the legal advice quite specifically here today, could you table that legal advice from 2013?

Senator McAllister: I think you understand the constraints that have been accepted by the Senate for a very long time in providing legal advice.

Senator CANAVAN: I'll ask specifically if you, minister could respond with the public interest immunity you're relying on there not to provide such advice. I'm happy for you to take that on notice. I also make the point that there is a well-established principle that, once officials start referring to legal advice for justification, there is normally the publication of at least a summary of that advice. The confidentiality normally has to include a strict confidentiality, not being able to cherry-pick from it for what might be—

Senator McAllister: I'll take it on notice, and I appreciate—

Senator CANAVAN: self-interested purposes. I want to go to an FOI document that was released by the Australian War Memorial in the 2020-21 financial year, titled '*AWM PWC report—key talking points*'. In those talking points composed by the War Memorial were included:

With more space as part of the Development Project will you be including frontier wars in the galleries?

This was clearly a question in these talking points. The talking points propose the answer:

Aboriginal and Torres Strait Islander peoples have a longstanding tradition of defending Country, and continue to serve with honour among our military forces. We are committed to telling their stories in the context of the Memorial's charter and throughout conflicts.

I just want to clarify here: in those talking points, what is the charter? Is that something different than the functions of the act that we've just been through?

Mr Anderson: No, it's not.

Senator CANAVAN: So you're referring just to the functions of the act?

Mr Anderson: The functions of the memorial act, yes.

Senator CANAVAN: Okay. Moving on to a related but somewhat different issue, I'm sure you're aware the budget has provided \$5.8 million over three years to establish an independent Makarrata commission to oversee the process of agreement-making and truth-telling. Have you submitted, or are you intending to submit, any of the proposed showcasing of frontier wars to the Makarrata commission?

Mr Anderson: We're not proposing to, no.

Senator CANAVAN: I'm going back now to the War Memorial media release, or article, on your website from 2014. In that it says:

It is important to note that the state police forces used Indigenous Australians to hunt down and kill other Indigenous Australians ...

Will those aspects of the frontier wars be part of the planned showcase?

Mr Anderson: I imagine they would. In fact, one of the largest paintings we currently have in the Australian War Memorial is an APY Lands painting, which is in the start of the galleries, and that's called 'Country and Culture will be protected by spears'. That painting, at the top of it, features spears coming inwards to acknowledge that, prior to the European settlement of Australia, Aboriginals were often at war with each other. It's certainly an acknowledgement.

Senator CANAVAN: I'm sure you're aware of the article in the *Australian* over the weekend about these issues. A spokesperson for the Australian War Memorial is quoted in that article as saying:

Frontier violence is a part of our story as a nation and all cultural institutions have a role to play in telling our story.

That same newspaper said that the minister was unavailable to comment on the issues we've gone over today. Did the War Memorial liaise with the minister's office before providing its response?

Mr Anderson: My understanding is that the questions came to us, and we responded to the questions put to us.

Senator CANAVAN: Directly?

Mr Anderson: Directly.

Senator CANAVAN: You didn't liaise with the minister's office on your response at all?

Mr Anderson: No, Senator.

Senator CANAVAN: I'm sure also that the War Memorial is aware that funding has been approved to build a Ngurra complex in Canberra. The budget paper says this will be 'a learning and knowledge centre, a national resting place, and a new home for the Australian Institute of Aboriginal and Torres Strait Islander Studies'. Have you had any discussions with the builders of the Ngurra about how they will showcase domestic conflicts and how you might work with them?

Mr Anderson: Very preliminary discussions just to get a sense. We've had Craig Richard, the CEO, into the War Memorial to give us a briefing on the general details of the Ngurra precinct, and we certainly asked him whether or not frontier violence would feature, and he told us that it would.

Senator CANAVAN: This one might be for the minister—or other officials. I haven't been here all day. I'm referring to the portfolio budget statements for Veterans' Affairs. From the advice I've been given, there's not a single mention of the words 'Aboriginal', 'Torres Strait Islanders', 'Indigenous' or 'First Nations'. This is quite

strange given the plans of the War Memorial and other cultural institutions to showcase frontier conflicts. Is there a reason there's no mention of Aboriginal peoples in anyway in the PBS for the veterans' affairs department?

Senator McAllister: I'll take it on notice. I obviously was not personally involved in the preparation of the PBS. I'm representing Minister Keogh here.

Senator CANAVAN: You'll probably have to take it on notice, but how many times has the Australian War Memorial been involved with discussions directly with the minister in talking about showcasing frontier wars? If so, on what dates did those discussions occur, and were any notes taken at the meetings? Could you provide them to the committee? I'm happy for you to take that on notice.

Mr Anderson: Thanks.

Senator CANAVAN: It seems to me that there's been a change in the interpretation of the legal advice from 2014 to today. The interpretation that you've got now of using section 6(1)—has that been discussed recently at your meetings of council?

Mr Anderson: It was certainly part of a paper that was presented to council—the legal historical paper that was prepared on—

Senator CANAVAN: When was that?

Mr Anderson: The most recent council meeting was back in August.

Senator CANAVAN: Did you have any discussions with the minister or the minister's office before that?

Mr Anderson: When the chairman and I called on the minister, when he took up his position—I know it was 15 June—we were the ones who raised this. We were the ones who raised what the memorial was doing, what our priorities were and what our processes were. It was raised by us.

CHAIR: Thank you very much, Senator Canavan.

Senator CANAVAN: Could I just quickly ask if you could table that paper that was at the August meeting?

Mr Anderson: It's already been FOIed.

CHAIR: Thank you very much. I hand over the call to Senator Thorpe.

Senator THORPE: Thank you, Chair. I think the gargoyles have been there for a while, Matt, so you might want to check how long they've been out and get some legal advice about why there are black gargoyles with dirty water running out of their mouths. Anyway, I'll get on to my questioning. Previous questioning to the War Memorial was on something that I've certainly been passionate about since my time in here. The reasoning for not having the frontier wars mentioned, or the excuse from the government in those times, is that it was bound by the Australian War Memorial Act, and that's what was prohibiting this from happening. Certainly Senator Canavan asked about that. Given that legislation hasn't changed, and we're now doing the frontier wars, finally, after over 200 years, is it a case that the act was never a barrier and it was just a government covering up genocide?

Mr Anderson: I can't speak to the act being a barrier, but what I can speak to is that since 2013, when that response was provided, the Australian War Memorial—as I say, we've always had the discretion in the broad powers under the act, or the interpretation of those broad powers. But it's important to note, too, that in the process of the memorial development, we've engaged in extensive and national consultations relating to what people would like to see in the galleries and what they would expect to see in terms of the finished works and the like. It's fair to say, certainly since 2018-19, amongst other issues with regard to the galleries—greater representation of the Navy, greater representation of women, greater representation of the home front—people have raised with us and with our teams greater representation of frontier violence in the galleries. I would just state that that's 'greater representation'; it already was represented in the galleries since 1986 at least. It's been in our travelling exhibitions, it's been in our publications, it's been in our talks, it's been in our papers. It's been a thing we have been acknowledging. In fact, I think it was first raised in 1979 that the memorial would need to seriously consider it. So it's been an ongoing debate, but I just wanted to stress that it's been in the galleries at least since 1986.

Senator THORPE: You heard me refer to the gargoyles of Aboriginal people outside the war memorial that have dirty rain water running out of their mouths. As part of the redevelopment, will those colonial gargoyles be removed?

Mr Anderson: With regard to those gargoyles, they're no longer water features, first and foremost. Secondly, when they were most recently restored or refurbished, there was a long consultation with Indigenous communities related to whether they stay there, and if they do stay there, under what circumstances do they stay there? The overwhelming position—there were of course differences of views—was that where they are located inside the

commemorative area, basically at the foot of the Tomb of the Unknown Australian Soldier, brought great respect on the Aboriginal man and woman that are featured in those motifs. Most importantly, when they were reinstalled they were reinstalled in a culturally appropriate way, including a smoking ceremony to welcome them formally to the space. That's what we did. They're no longer water features; they are actually figureheads guarding the Tomb of the Unknown Australian Soldier.

Senator THORPE: Thank you. I've been Indigenous, black, First Nations—every name that we get given to by the colonial project, which changes depending on the government. Can you tell me who the Indigenous community is in the consultation that took place? Who are the Indigenous people?

Mr Anderson: If I could take that one on notice—it predated me, but I'd be happy to provide you with the details of the consultations and who they were with.

Senator THORPE: That would be great, thank you. You said the decision around the gargoyles was based on community consultation. What's the story behind the gargoyles? Is there going to be a story around what those gargoyles were put there for in the first place, and their history?

Mr Anderson: They've been there since the memorial opened on Remembrance Day 1941. They've been permanent features inside the commemorative area. We speak to that, but, if there's something specific you'd like in terms of the artistic interpretation of every single one, I'd be happy to get that for you.

Senator THORPE: It's just that, given they've been there since the establishment of the War Memorial, which was at a time where—well, it still is the situation in this country today. First Nations people are the afterthought, and usually when we're included in something there's an agenda behind it. In terms of the gargoyles, information as to why they were made water features and why they were that descriptive in the War Memorial, without any other information or dedication to frontier wars—except for two dirty gargoyles that represented the blacks. Was there any racism behind having two dirty, black gargoyles at the front of the War Memorial as part of that time, that era, and should we be telling that story too?

Mr Anderson: If that's the story, of course we'd tell it, but I don't know that that is the story. I'm happy to go back and do the homework on the installation of the features in the commemorative area, who produced them, why they were produced. But, certainly, the one thing I can say is that they were a product of that time. I can speak to the contemporary leadership of the Australian War Memorial, including my predecessor, that, when the gargoyles went back in, they went back in with full consultation and appropriate cultural treatment to ensure that they were actually put back in a dignified, respectful, thoughtful way, in consultation with the local Indigenous community.

Senator THORPE: In terms of the frontier wars and having the frontier wars finally recognised in an official capacity within the War Memorial, where did that decision come from? Did that come from community or the directors of the War Memorial or government? Where did that push come from?

Mr Anderson: As I was saying before, as we've been going through this community consultation process around the initial business cases, detailed business cases, EPBC processes, National Capital Authority processes and others, one of the things that were brought up regularly was the community's expectation that in the new galleries there would be a deeper exposure of the nature of the frontier violence in Australia's history. So it's been driven as much in that community consultation. But I think also it's just building on what we already had.

If I can just restate, and also if I can put this into perspective, the precolonial galleries, as they are called—and they will now be called the 1914 galleries—are about 408 square metres of space. That's what we're talking about. In those 408 square metres of space we'll also discuss the Boer Wars, the Boxer Rebellion, Sudan, and the New Zealand wars. In that process, the gallery teams will be stood up in late 2024, early 2025, and those gallery teams include a number of advisory groups. One of those is a veterans advisory group who are going to make sure that it actually tells the stories in the way they'd like the stories to be told. But it also includes an Indigenous advisory group, and there's an accessibility advisory group. So all the things that we're doing right now with the other galleries will also be applied to the pre-1914 galleries.

Senator THORPE: Great. Labor announced the funding for the Makarrata Commission. Who will be tasked with truth telling? Will you be working with the Makarrata Commission in this development? If yes, how will you do that?

Mr Anderson: It hasn't been decided, but my priority is engaging with the Indigenous advisory group in the first instance. I also have an Indigenous liaison officer at the Australian War Memorial who provides advice and assistance to me. The first thing I'll be doing is taking his advice on how best to engage.

Senator THORPE: In terms of the information about the frontier wars, which was an act of genocide to the First People of these lands, are you hoping for people to provide information on the number of massacres? I've

been part of the rallies outside the War Memorial with a banner that has hundreds and hundreds and hundreds of massacres. And non-Aboriginal people would stand by and cry when they saw how many hundreds and thousands of massacres there were. So, where is information going to come from about the frontier wars?

Mr Anderson: It'll come from the community, it will come from academics. With the pre-1914 galleries, we'll be doing exactly the same thing that we've done with all the other galleries. We go to academics, we go to groups and we go to special advisory groups. We actually go far and wide to try and gather as much information as we can, to ensure, as the memorial always has, that whatever we portray in our galleries is the truth.

Senator THORPE: Is there a timeline on that?

Mr Anderson: Yes. We're hoping to establish the gallery teams in 2025. These galleries are not expected to open until 2028. So the memorial development project is over nine years, and 2028 is when these galleries would be opened.

Senator THORPE: Of the \$550 million that's been allocated, how much of that will be for frontier wars?

Mr Hitches: I can say that the amount of money is about \$80 million worth of gallery funding and that's broken into several portions and several galleries. I will have to take on notice exactly what it is for the pre-1914 gallery, but it is in the order of somewhere between \$5 million and \$10 million in that area for everything that's in the pre-1914 gallery.

Senator THORPE: I'll just ask one more question, in the interests of time. There's nothing on the War Memorial website about the announcement or the new plan. If we want community to provide information, which we've all got and we've been screaming about it for 200 years, how are you going to get out and let people know that this is happening? Also, congratulations on it happening. I think it's a wonderful thing.

Mr Anderson: Thank you. The gallery design process for all our galleries involves community outreach, it involves travelling road shows, it involves focus groups and it involves online. We did an awful lot of online over the last couple of years, because of COVID. It will be all of the normal things we do to engage the community, to engage all those interested groups, to engage academics and to engage curators about the best ways to tell the stories and what's the best technology to use in the telling of those stories. Part of the gallery design process has also indicated to us the way in which people want to receive their information—how much of it is interactive and how much of it is tactile, how much of it is display based, how much of it's digital, how much of it can they take with them, how much can they gain before they actually get there?

Senator THORPE: Could you update your website to reflect that as well?

Mr Anderson: With pleasure.

CHAIR: Senator Chandler?

Senator CANAVAN: Sorry, I've got a couple of questions. I tried to message you, Senator Ciccone, but you mustn't have received it. Is that okay?

CHAIR: I haven't received it but fire away.

Senator CANAVAN: I just have a couple of quick clarifications regarding this August paper that came up last. I'm just thinking about it. You took that to the meeting in August. Can you tell me when the war memorial started drafting that paper?

Mr Anderson: It was a resubmission of a paper that had been drafted—I don't know the exact time.

Major Gen. Dawson: In the previous August it was first submitted to the players, so that's August 2021.

Senator CANAVAN: Did you receive advice or take advice from the Solicitor-General?

Mr Anderson: Not on that paper, no.

Senator CANAVAN: Was any legal advice provided for the paper?

Mr Anderson: No, it was a paper that was largely driven by the team in our history unit to try to draw together all of the information. It was almost a compendium of all of the issues surrounding frontier violence and the extent to which it's been considered by the memorial since Geoffrey Blainey first raised this issue in 1979 and tried to bring it all together in one place.

Senator CANAVAN: Are any of you lawyers? From what the senator said, this paper said that under section 6(1) of the act—

Mr Anderson: The senator referred to the legal advice—

Senator CANAVAN: She referred to the act. Did any lawyers provide advice for the paper?

Mr Anderson: That wasn't the point of it, but, no, we didn't send it out for independent legal advice.

Senator CANAVAN: It just seems very strange, given how anomalous this paper seems to be compared to your 2014 edition and you haven't got any legal advice at all on what seems to me to be a reinterpretation of your act. You haven't got any legal advice.

Mr Anderson: There was no legal advice on that paper. It was—

Senator CANAVAN: Finally, that FOI request you mentioned, I've had a look and I don't think it's been published. I think this was to do with the August paper.

Mr Anderson: Yes, it was.

Senator CANAVAN: It was subject to an FOI request, but it hasn't been published, so I ask you to provide that to this committee separate to the FOI process. Could you take that on notice?

Senator McAllister: We'll take that on notice.

Senator CHANDLER: I have a couple of questions about the redevelopment. Could you, broadly speaking, provide an overview of where we're at and how we are tracking to our key goals?

Mr Anderson: One of the real challenges and the great delights has been to remain open during the development, and I can report that since we reopened the doors in November last year we've had over 400,000 through, 50,000 schoolkids. All of the early and enabling works have been completed. They include all of the demolition works and the excavation. They have excavated the equivalent of about 50 Olympic swimming pools, and 9½ truck and trailer loads have been removed from the site. We have engaged contractually the two head contractors for both what's called main works package 1, which is the southern entrance and the front of the building, and main works package 2, which is around the side. That's the Bean building, essential energy plant and also the research centre. They have been engaged, and we will hopefully within the next two weeks engage the final major works provider, which will be Anzac Hall and the glaze link. We are starting to see things come out of the ground, certainly at the front of the memorial, and we are hopeful that by early next year they'll be coming out of the ground at the front, the side and the back.

Senator CHANDLER: I was there on the weekend. I went for a visit on Sunday, not necessarily pre-empting questioning you today but just for something to do in Canberra. It was very evident that there is a lot of work going on there at the moment, but it's great that members of the public can still come in and enjoy the space at the same time. Are we meeting all of the milestones? Is everything being done in a timely fashion to the budget that was set for the project?

Mr Anderson: We're certainly within budget and within the total time frame of by 2028 and we are certainly tracking well. To give you an idea of the milestones, we are planning to have the southern entrance and the parade ground concluded in 2024. We are hoping to have the Bean building, the research centre and the central energy plant all done in 2024. We are hoping to have the glaze link, the glass that comes out of the back and joins Anzac Hall, and that upper gallery completed in the first of 2025, the lower gallery completed in the second half of 2025, and that's when we'll go back into the main buildings and start the gallery work. Once I've got all those curators and all the historians back that are currently working on Afghanistan, Iraq, Syria peacekeeping and the like, they'll then be free to start turning their hand to the gallery space that we are creating inside the main memorial building. But we're certainly within the \$550 million and we're certainly within the 2028 deadline.

Senator CHANDLER: You said that you're within the total time frame. Does that mean that all of the steps have been achieved within time to this point, or have there been a few lags and we've had to try to catch up?

Mr Anderson: I'll throw it out in a minute, but certainly one of the things we did last year was that we decided the acceleration. The program had always involved building the main works packages and then going into the main building and starting to do some more excavation and other work. We took a decision last year to accelerate that, come into the main building and do that simultaneously. That has allowed us to effectively catch up on time that was lost through COVID and through finding rocks and other bits and pieces—the various things that you discover. When you start doing work on a building that was built during the Great Depression, you start realising that there are things you need to shore up and fix up in addition to what you've already found—all those latent conditions. But in terms of the program itself, I'll ask—

Mr Hitches: We have had some delays, which are mainly around COVID and supply-chain issues. And especially with digging the large excavations, there were more in-ground problems than we expected. There's a lot of contaminated soil, a lot of very hard rock. But by breaking up the projects and being able to stagger them, we're still very much on our time frame to get to the end milestones.

Senator CHANDLER: Thank you very much. That's all from me.

CHAIR: Senator Shoebridge, I understand that you've got some questions that relate to a document.

Senator SHOEBRIDGE: Well, I might start somewhere, and I'll show the document in the middle.

CHAIR: I was just going to flag, if it's possible, for you to maybe show the War Memorial the document, just in case—

Senator SHOEBRIDGE: I will.

CHAIR: because there are some details there—

Senator SHOEBRIDGE: I'll go through a process, and I won't be tabling it until we've got—

CHAIR: Yes, I'm just mindful that I don't want to table something that's—

Senator SHOEBRIDGE: And I may actually seek to table it with redactions.

Is the War Memorial, in this financial year, receiving any financial support from weapons manufacturers?

Mr Anderson: The financial support we're receiving this year is from Boeing.

Senator SHOEBRIDGE: How much?

Mr Anderson: This year it will be \$144,384.

Senator SHOEBRIDGE: What's that for?

Mr Anderson: Part of it—in fact \$100,000 of that—is to enable the memorial to acquire major artworks by Aboriginal and Torres Strait Islander artists that depict defence of country and commemorative Indigenous service. This is going to occur over a two-year period.

Senator SHOEBRIDGE: And Boeing's one of the world's largest arms manufacturers and indeed has an interest in nuclear weapons and a variety of other weapon systems, doesn't it?

Mr Anderson: Yes, it would.

Senator SHOEBRIDGE: Those weapons kill soldiers, correct?

Mr Anderson: They would.

Senator SHOEBRIDGE: Do you think it's appropriate to receive funds from arms manufacturers at a memorial that's seeking to commemorate the service, the sacrifice and the deaths of soldiers?

Mr Anderson: The Australian War Memorial is three things. We are of course the memorial you speak about—the wonderful commemorative area with the rolls of honour with 103,000 names of our fallen and the Tomb of the Unknown Australian Soldier. We're also conceived as a museum whereby we are able to house exhibits as being intended but also to help people understand the nature of that service. And the support that's provided by defence industry to the Australian War Memorial relates specifically to the museum function, the education function, such that, as I often say in various speeches, the point of the War Memorial is to do two things: (1) to make people think and (2) as Lord Gowrie said when he opened the Australian War Memorial in 1941, when people leave the Australian War Memorial they should utter 'never again'.

Senator SHOEBRIDGE: How can you be consistent with 'never again' when you're accepting funding from corporations that benefit from the next war and from arming and providing munitions for killing people in previous wars? How can that be consistent with the 'never again' theme?

Mr Anderson: Because the defence industry that provides support to the war memorial—

Senator SHOEBRIDGE: And sells weapons to kill the people being commemorated in the War Memorial—

Mr Anderson: They also sell weapons that sustain and equip the Australian Defence Force in the defence of our borders and the defence of our values and our interests.

Senator SHOEBRIDGE: In the last three financial years, what other weapons manufacturers has the War Memorial obtained funding from?

Mr Anderson: It would be Lockheed Martin Australian. It would be Thales. It would also be Northrop Grumman. But if you give me a couple of seconds I'll run through them: Lockheed Martin Australia, Northrop Grumman, BAE Systems, Boeing, Thales and Leidos Australia.

Senator SHOEBRIDGE: Can you, on notice, provide the exact sums that were provided in each financial year?

Mr Anderson: I believe I would be able to.

Senator SHOEBRIDGE: I'll show you a document—I think the secretariat has a spare copy—that was produced by your organisation under FOI. You'd be familiar with it? It's the international contributions compliance certification form for Lockheed Martin.

CHAIR: Before you do that, Senator Shoebridge, could I just ask the director to confirm for me, and for the benefit of the committee: is it a public document? I know it's gone through an FOI process, but are you happy for the document to be tabled as a public document?

Mr Anderson: It's a document that actually belongs to Lockheed Martin. I think that's the point I would make. It's a Lockheed Martin document.

CHAIR: Forgive me if I'm wrong, Senator Shoebridge, but you've obtained this document through an FOI process?

Senator SHOEBRIDGE: I've obtained it from somebody who obtained it through an FOI process. And it's referenced in your FOI logs.

Senator McAllister: Sorry; I couldn't quite hear that.

Senator SHOEBRIDGE: It's referenced in the organisation's FOI logs.

CHAIR: As in the War Memorial's log?

Senator SHOEBRIDGE: Correct. For the moment, though, before we get to tabling it, I might just address it so they've got it in front of them. This is a compliance certificate—you'll see on page 2—that was signed and agreed to by the War Memorial. Do you see that? I won't mention the person's name, but you'll see the person's name? It was acknowledged on 7 February 2018. Do you see that, on page 2?

Mr Anderson: Yes.

Senator SHOEBRIDGE: That's saying that they acknowledge and certify that they are duly authorised by the recipient organisation to execute this agreement and certify compliance. Do you see that?

Mr Anderson: Yes.

Senator SHOEBRIDGE: Do you see on the first page, in paragraph No. 3, that it says 'the recipient organisation'? Just for the clarity of the transcript, the document defines 'the recipient organisation' as the Australian War Memorial. It says: 'The recipient organisation is not an agency, organisation, association or instrumentality of the Australian government, any political party in Australia or a public international organisation. It is not otherwise owned, in whole or in part, or controlled by an Australian government or any Australian political government or government official or an official of a public international organisation.' That's plainly wrong, isn't it?

Mr Anderson: You'll notice also that that was the reason why, immediately beneath that, what we noted was: 'The memorial is a statutory authority of the Australian government, with an independent governing council.' That was the point that we made.

Senator SHOEBRIDGE: Yes, but that note is wildly inconsistent with the statement that it's not an agency, organisation, association or instrumentality of the Australian government, which it plainly is.

CHAIR: Senator Shoebridge, just for some clarity: is it the case that you're seeking for the witness to make comment on a document not from the War Memorial?

Senator SHOEBRIDGE: Executed by the War Memorial, correct. Executed by and on behalf, by somebody who said that they were duly authorised by the recipient organisation to execute it. So, yes, that is exactly correct, Chair. It was wrong to execute this document. It was executed knowing full well that the War Memorial was an agency, organisation, association or instrumentality of the Australian government, wasn't it? That's the case, Mr Anderson, isn't it?

Mr Anderson: I'd argue that it was executed noting that the memorial declared itself as a statutory authority of the Australian government, with an independent governing council.

Senator SHOEBRIDGE: The purpose of having this limitation on behalf of Lockheed Martin is so that Lockheed Martin is not seen to be making financial contributions to governments, or any agency or association associated with a government, that it's also selling weapons to. It's an integrity measure. Do you understand that?

Mr Anderson: I understand that.

Senator SHOEBRIDGE: And you've breached the integrity measure. On one view, the War Memorial has got lower integrity measures than Lockheed Martin, an arms manufacturer. How do you explain that?

Mr Anderson: I explain it by us being very upfront in the execution of this document and by explaining in this document the Australian War Memorial's statutory function and standing as a statutory authority of the Australian government, with an independent governing council—made upfront, made in bold and, in this case, made in red to draw attention to the circumstances under which it was executed.

Senator SHOEBRIDGE: The reason why Lockheed Martin require this certification is to prevent the appearance that they're gifting money to governments whom they've also got arms deals with. You've used this money—Lockheed Martin's money—to defray other costs that would otherwise be met by the Australian government. You're undermining the integrity measures, even of Lockheed Martin, by accepting this money and falsely executing this certificate, aren't you?

Senator McAllister: Senator Shoebridge, I think the official has made clear that the document contains a qualification inserted by the War Memorial to clarify the status of their organisation. I recognise that you, essentially, are asking the official to agree with a set of assertions that you are putting or interpretations that you are placing—

Senator SHOEBRIDGE: I'm giving the official an opportunity to defend the organisation. That's what I'm giving to you, Mr Anderson: an opportunity to defend your organisation from the obvious conclusions from this. Here's your chance.

Mr Anderson: I repeat, the memorial provided a clarification of its standing and its status in this document when it was executed. You also mentioned that this was something that would otherwise have been funded by the Australian government. One of the reasons that we actually engage with sponsors is to do those things over and above the sorts of things that we couldn't normally do. In this particular case, and correct me if I'm wrong, Ms Bennie, Lockheed Martin was supporting the podcast, or was it the—

Ms Bennie: It's likely the centenary program of the First World War.

Senator SHOEBRIDGE: How many of these certificates has the War Memorial executed?

Mr Anderson: I'll take that on notice. I don't have that answer in front of me.

Senator SHOEBRIDGE: Can you provide copies of the certificates that have been executed by the War Memorial for Lockheed Martin?

Mr Anderson: I'll take that on notice.

Senator SHOEBRIDGE: Have you provided similar certificates for any other arms manufacturer when you've received funding from them?

Mr Anderson: Not that I'm aware of.

Senator SHOEBRIDGE: But you'll take it on notice?

Mr Anderson: Of course.

Senator SHOEBRIDGE: And you'll give details and provide those certificates?

CHAIR: The witness has already agreed that they'll take it on notice. I am mindful also that it's six o'clock and it is the start of our dinner break. If you have any other further questions, I suggest you—

Senator SHOEBRIDGE: What I'll do is seek to table this, but I'll seek to do so with the contact information and the personal details redacted.

CHAIR: Could I just suggest that maybe we come back to it after the break, once I've had some advice from the secretariat. I'm still mindful that there are some other personal details here of individuals and I'd rather get advice from the secretariat beforehand and we can deal with it after the dinner break.

Senator SHOEBRIDGE: But I made it clear that I'm seeking to table it with redactions of that personal information—contact details and names and the like.

CHAIR: Understood, Senator Shoebridge, but for my own peace of mind I'd rather get advice.

Senator SHOEBRIDGE: I'm comfortable for you to get advice.

CHAIR: We can deal with it when we come back from the dinner break.

Proceedings suspended from 18:02 to 19:06

FOREIGN AFFAIRS AND TRADE PORTFOLIO**In Attendance**

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

Australian Trade and Investment Commission

Mr Xavier Simonet, Chief Executive Officer

Mr Daniel Boyer, Deputy Chief Executive Officer, Trade and Investment

Ms Philippa King, Deputy Chief Executive Officer, Policy and Programs

Mr Sam Guthrie, General Manager, Government

Ms Samantha Palmer, General Manager, Visitor Economy and Client Programs

Mr Garth Taylor, Head, Tourism Research Australia

Mr Jay Meek, General Manager, Trade

Ms Carolyn Conner, Head, Investment Strategy

Mr Martin Mane, General Manager, Digital and Information Technology Services

Mr David Tonkin, Acting Chief Operating Officer

Ms Heather Cotching, Chief Economist

Mr Ben Wyers, Chief People Officer

Simplified Trade System Implementation Taskforce

Mr Randall Brugeaud, Head

Ms Christie Sawczuk, Deputy Head

Mr Daniel Curtis, Head, Strategic Policy and Regulatory Reform

Ms Julia Wells, Head, Digital, Data and Design

Ms Nicole Henry, Head, Business Engagement and Program Management

Export Finance Australia

Mr John Hopkins, Managing Director and Chief Executive Officer

Ms Sonia Kammel, Chief Financial Officer

Ms Amanda Copping, Chief Customer Officer, Project and Structured Finance

Mr John Pacey, Chief Credit Officer

Ms Felicity Shaw, General Counsel

Mr Nic Frankham, Head, Corporate Affairs

Tourism Australia

Ms Phillipa Harrison, Managing Director

Mr Bede Fennell, Executive General Manager, Corporate Affairs

Mr Mark Craig, Executive General Manager, Corporate Services

Ms Susan Coghill, Chief Marketing Officer

Mr James Premadas, Commercial Finance Manager

CHAIR: Good evening, everyone, and welcome back. Before we move to our next witness, dealing with a matter from the previous witness, the Australian War Memorial, there's a document that Senator Shoebridge wanted to table, with redactions, which the committee has agreed to accept. I just wanted to table that for the benefit of the committee and its members.

Senator SHOEBRIDGE: The first two pages are tabled, with the three redactions?

CHAIR: It's just two pages, with the redactions.

Senator SHOEBRIDGE: Thanks. I appreciate that.

CHAIR: You're welcome. On that note, we now move to the Australian Trade and Investment Commission.

Australian Trade and Investment Commission

[19:06]

CHAIR: I would like to welcome Senator the Hon. Don Farrell, who is the relevant minister for this portfolio. Welcome, Minister. I also would like to welcome the CEO of the Australian Trade and Investment Commission, who is here tonight, and his officers who are here at the table. Would you like to make an opening statement?

Mr Simonet: Yes, please. It's a very short one.

CHAIR: No worries. Go ahead. And, Minister, did you have an opening statement you would like to make?

Senator Farrell: Not on this occasion, thank you.

Mr Simonet: Thank you, Chair. Austrade is Australia's Commonwealth agency responsible for promoting international trade, investment and education and for tourism policy. As the world reopens, Austrade's role has never been more critical.

In this context, our priorities this year are: connecting Australian companies to the world and enabling them to grow and diversify internationally—one in five jobs in Australia come from export; connecting international investors to Australia and helping them build pipelines of quality investment—one in 10 jobs in Australia come from foreign investment; implementing the export market development grant, EMDG, scheme, which came into effect in July 2021, and conducting the review announced by the Albanese government—the new scheme provides upfront funding and certainty and cuts red tape; advising the government on tourism policy and leading the promotion of international education—in this capacity, Austrade continues to drive the implementation of the THRIVE 2030 visitor economy strategy; supporting simplified trade system reforms, including the simplification of cross-border regulations and government processes; and, lastly, supporting Australians overseas via our consular staff, who are always on hand—most recently, this has involved our teams in Europe assisting with the humanitarian crisis spilling over the borders from Ukraine.

Our work is delivered through our extensive network. We have a presence in 107 locations globally, of which 66 are outside Australia. I thank all our Austrade teams for their work and for their commitment.

CHAIR: Thank you very much for that opening statement. I will now hand over the call to Senator Brockman.

Senator BROCKMAN: Thank you, Chair. It's good to be at this committee. I don't often get a chance to get away from being chained to another committee. I've got a few questions about the live export trade and particularly our trade relationships with the Middle East. What's the role of Austrade in supporting our live export trade?

Mr Simonet: Before I hand over to my colleague Daniel Boyer, I'd like to emphasise again the importance of Austrade in helping exporters, particularly in the context of the tension with China, but also COVID, in finding new opportunities and to grow and diversify.

Mr Boyer: We do assist exporters in live animal trade. I don't have any data with me at the moment about the number of exporters we've assisted, but I'm happy to take on notice any particular questions you've got, if that's okay?

Senator BROCKMAN: I'm not so keen to learn about numbers; I'm more keen to learn about the kinds of things you would do to assist the trade in export destinations such as the Middle East. But also, obviously, we do live export into a number of South-East Asian countries. What's the kind of role you play in facilitating those markets?

Mr Boyer: We have a standard set of trade services that we provide. I might ask my colleague Mr Meek to expand on these in a second. Basically they go to providing information and intelligence on new markets, then providing connections through our extensive network of offices overseas into those markets, where they're needed, and then, on occasion, following up regulatory challenges with our colleagues from the department of agriculture, who are obviously very involved in those sorts of processes as well.

Senator BROCKMAN: Mr Meek, I'm happy for you to answer, but I do want it focused on the live export trade rather than more generally in terms of what Austrade does.

Mr Meek: Our service offering is standardised across all industry sectors about advice, connection and support. That's how we operate. For the live export trade, we would be providing detailed market advice, in the example you've given, to the Middle East. If we'd been supporting companies there about the entry requirements and what the market conditions are, we would be connecting those businesses to potential customers. We would also be working through support mechanisms with shipments, if they need it.

Senator BROCKMAN: So you are currently potentially working with companies on the lookout for export opportunities in overseas markets for live export?

Mr Meek: Opportunities, more broadly, are what we focus on as part of our mandate—to obviously provide that to Australian exporters. I can't talk about the specifics for live export trade; we can provide that on notice.

Senator BROCKMAN: Okay, if you could take that on notice and give me the specifics. Has Austrade been advised of the government's decision to ban the live export of sheep and, if so, when?

Mr Meek: I can't give you a specific response on the date of that. We work closely with DAFF. I could take that on notice and come back to you.

Senator BROCKMAN: Would you have been informed by the government of that decision, or would you have found out through the media?

Mr Meek: I'll take it on notice—just to get clarity on it, to be honest.

Senator BROCKMAN: Has your mandate changed, based on that decision?

Mr Meek: Well, obviously, if there is the inability for a product or service to be exported, we would obviously cease doing support for that product.

Senator BROCKMAN: Have any officials met with government or business representatives about this decision? Have you met with the government to talk about this decision? Have you met with current exporters to talk about the impact on markets?

Mr Boyer: We'll take it on notice, but I'm not aware of having any specific discussions. Usually, that would be handled by the department of agriculture rather than by Austrade.

Senator BROCKMAN: So, even though it impacts markets, you wouldn't expect to have a conversation with the government about it?

Mr Boyer: I'd need take it on notice. I think the decision pre-dates me in this job, at least. My apologies. We will get a time line for you in terms of when we found out, if that's okay?

Senator BROCKMAN: Okay. Would Austrade receive representations from foreign governments about policy positions?

Mr Boyer: On occasion, but often they flow through the Department of Foreign Affairs and Trade, and potentially the department of agriculture has a network of counsellors overseas too. Invariably, policy requests or feedback flow through those two departments rather than through us. Sometimes they come to us and we'll make the relevant agencies aware of them.

Senator BROCKMAN: Would the Department of Foreign Affairs inform you if a government had made a representation on a trade related issue?

Mr Boyer: Yes, invariably they would. That may happen at post or it may happen back in Australia.

Senator BROCKMAN: But you would be aware of it?

Mr Boyer: I'm not aware of any of those representations in this case but, as I said, I don't have any background on the decision—

Senator BROCKMAN: But if those representations had been made—I haven't asked about live exports in this capacity yet—by a foreign government or government related entity, would you expect to have heard about it?

Mr Boyer: We would generally expect to hear about it, yes—usually through the cable system, if we're not at post in the relevant place.

Ms King: I think it depends on the circumstances as well. As Mr Boyer said, often our teams work very closely with foreign affairs at post. If there's a particular issue running that, for example, a foreign government has a particular concern about and will be making representations, those representations will most likely be made to the DFAT officials at post, but it would be logical for the DFAT officials to connect with the Austrade officials if there's a trade application. Likewise, I'm sure, there will often be an interdepartmental process established. If there are trade applications, again our officials will be involved in those processes and those discussions.

The other thing too is we will be feeding into those discussions the perspectives of business and industry, so it's a two-way thing. Often we'll hear from DFAT the representations that they may be getting from government, and we will be feeding into that process the representations that our people, particularly in market, might be getting from business. It would be a very routine thing for DFAT and Austrade, being part of the same portfolio, to work together on a particular policy issue, particularly one that foreign governments might have a concern about or an interest in.

Senator BROCKMAN: I take it from your slightly pre-emptive answer, Mr Boyer, that you have not yet had any direct representations from government or foreign business entities related to the live export trade.

Mr Boyer: I'll correct myself on notice. I haven't personally; I'll correct myself on notice and get—

Senator BROCKMAN: Is anyone else at the table aware of any representations?

Ms King: No.

Mr Meek: I'm not aware of it.

Mr Boyer: I think between the three of us we would have heard, if we had.

Senator BROCKMAN: What about you, Minister?

Senator Farrell: Nobody's approached me about it.

Senator BROCKMAN: Alright. I might get one of my colleagues to ask that question of DFAT and see if they've had any representations.

Senator Farrell: Do you think somebody has made an approach?

Senator BROCKMAN: I'm asking the question.

Senator Farrell: I'm just trying to answer your question. If you think that somebody has made an approach, I am happy to have it investigated and see whether something should have come our way. Certainly I have not had any approach and, from what I can see, none of the people at the table have. But if you think there's something we ought to know about, please tell us and we'll check it out.

Senator BROCKMAN: I'm just asking the questions. Has Austrade had any communication—

Senator Farrell: I'm just trying to help.

Senator BROCKMAN: Thank you, Minister. Has DFAT had any communication with Austrade about the proposed live export ban on sheep?

Mr Boyer: Not that I am aware of.

Mr Meek: Not that I'm aware of.

Senator BROCKMAN: Have you received any instructions or guidance from any minister of the government, or any member of staff of a minister, regarding the inclusion or involvement of live exporters and representative bodies related to live export in business delegations accompanying a ministerial visit?

Mr Boyer: Not that I'm aware of.

Senator BROCKMAN: Can you take that on notice, to confirm that?

Mr Boyer: I'm happy to take it on notice.

Senator BROCKMAN: Has Austrade been instructed not to invite live exporters to any trade delegations?

Mr Boyer: No.

Mr Meek: No.

Senator BROCKMAN: What was Austrade's role in determining the invitation list for the business delegation that accompanied the Assistant Minister for Trade during his visit to Vietnam?

Mr Boyer: Apologies, it predates my time in this role. Ms King, did you have any engagement?

Ms King: Our post worked closely with the assistant minister and with DFAT at post obviously. Mr Guthrie, who is here, might have some further information. As would normally be the case, we worked with DFAT on the program. Because the assistant minister was keen to support Australian businesses who had commercial interests in Vietnam and we were enthusiastic about him doing that, we worked with his office to identify Australian businesses who were active in Vietnam and who would benefit from his presence in Vietnam and the types of events and program he was undertaking in Vietnam when he was there. We identified and put forward a range of companies that would align with the sorts of events he was undertaking. We worked closely with the DFAT post as well of course and our Austrade people in market and put some recommendations forward. Ultimately we issued invitations to those businesses to attend the business delegation with the assistant minister.

Senator BROCKMAN: Given the significance of the live cattle trade to Vietnam, were live exporters and/or the peak body, the live export council, on your list to the minister?

Ms King: I would have to take that on notice and double-check because I wasn't that close to the details of exactly who was canvassed as potential invitees to the delegation.

Senator BROCKMAN: Would someone in the room have that information?

Ms King: I could ask Mr Guthrie if he has that information. No. We're very happy to take that on notice and get that to you.

Senator BROCKMAN: If so, I would like to understand why they weren't invited to participate, given their importance to our trade relationship with Vietnam. I will leave it there, thank you.

CHAIR: I give the call now to Senator Green.

Senator GREEN: Thank you, Minister, and thank you for being here, Austrade. I have some questions about the Simplified Trade System Implementation Taskforce. I'm fairly new to this committee. I wonder if you could for the committee's benefit outline what the Simplified Trade System Implementation Taskforce is and why it was essentially established.

Mr Brugeaud: The Simplified Trade System Implementation Taskforce was established on 1 July 2021. We were created to conduct an integrated response to the emerging cross-border trade environment and that is intended to effectively make the rules simpler, make the services more integrated, have higher levels of digitalisation and make Australia more competitive on the global stage.

Senator GREEN: When you said it was established in 2021, did you mean established within Austrade? Was there a project or a task force similar that was being worked on by other agencies before it came to Austrade?

Mr Brugeaud: That's correct. A range of task forces and measures had been applied over more than a decade to—

Senator GREEN: I am talking about this project particularly.

Mr Brugeaud: do you mean this particular task force?

Senator GREEN: It had a life before Austrade, didn't it?

Mr Brugeaud: There was a simplified trade system agenda that was announced in the October budget 2021 and that was preceded by a task force that was created in the Department of Immigration and Border Protection. They had a trade single window multi-agency task force in late 2017.

Senator GREEN: In 2017?

Mr Brugeaud: Yes.

Senator GREEN: So there has been some work around this space since about then. Which agencies have been involved or are involved?

Mr Brugeaud: At this point, there are 29 Commonwealth agencies.

Senator GREEN: Okay, that's a lot; you don't have to name them all.

Mr Brugeaud: But the reality is there are a smaller number that have a direct and intense interest in the cross-border trade transformation—that is, the department of agriculture, the Department of Home Affairs and the border force industry infrastructure, PM&C and DFAT.

Senator GREEN: I appreciate people with your expertise and skill probably understand implicitly what a simplified trade system means but what are the outcomes that the task force is seeking? What are the KPIs that you are looking for?

Mr Brugeaud: It is to create an environment that makes it easier for businesses to conduct cross-border trade in Australia. That is both import and export and it is intended to, as I've mentioned in my earlier comments, make the cross-border trade rules simpler through regulatory reform. It is to create more integrated services. So rather than needing to go to multiple agencies to import a car, have it such that there are fewer, and digitise what are very heavily manual processes at this point in time.

Senator GREEN: So when you say 'create an environment', it is not about the vibe; it's about regulatory reform, amending or producing legislation or regulations if needed. Is that right? You might need to verbalise your agreement, because Hansard won't pick up your nods.

Mr Brugeaud: Yes. Very specifically, there is a regulatory reform agenda which looks at the 200-plus regulations. We have baselined these as part of the first year of the task force, so a proposal to simplify the regulations. A trade single window or a tell-us-once service—as it is being described—is an important part of the proposal that we would put forward, and make the processes that currently occur that require many agencies to be involved to have fewer agencies involved.

Senator GREEN: In regulatory reform—looking at pieces of legislation that need reform, enacting that reform—you spoke about digitisation as well of systems and processes. What has your baselining work shown in key performance metrics? How are you tracking around some of the things that you want to achieve?

Mr Brugeaud: We are looking at the performance of Australia globally, so we're looking at international counterparts. We are looking at examples of good practice, trade modernisation agendas. We are also looking

internally to determine what are the current processes that businesses need to navigate in order to move a container offshore or to import an air shipment onshore.

Senator GREEN: How does Australia rank at the moment in international trading cross-border?

Mr Brugeaud: There are a range of indicators and indices, as you would expect. There is one that is often referred to, the World Bank's trading across borders index. Australia over the course of the last decade has dropped from position 27 in 2010 to position 106 in 2020, and there are a range of other measures.

Senator GREEN: But that is the big one, isn't it? That is the metric that the rest of the world looks at as well, that we dropped from 27th in the world down to 106th, did you say, in 10 years?

Mr Brugeaud: That is correct. I will say, though, that the index has been discontinued; there was a change in the methodology in 2016.

Senator GREEN: To be fair, I don't think a change in the metric has caused that dramatic decline.

Mr Brugeaud: What we are saying is that Australia is falling behind the rest of the world. Unless we move forward, we will fall behind, because most of our partner countries that we trade with are progressing simplification agendas of some form.

Senator GREEN: You talked about the trade single window. I think that is the correct term, isn't it?

Mr Brugeaud: It has been described as a tell-us-once service. The concept is that we have a facility that allows traders to provide information fewer times to government, so if they have information about their business they shouldn't need to provide the same information to the department of agriculture as they do to Border Force. The intention is to create an environment that allows that information to be provided once and then shared amongst the agencies that need access to that to make decisions.

Senator GREEN: Have there been attempts to deliver a trade single window in the past before your task force? You spoke about that work in 2017.

Mr Brugeaud: There have been a range of commitments made over more than a decade in relation to creating a more integrated and simplified trade environment.

Senator GREEN: What I am going to is there has been some key criticism from industry groups about the lack of progress here. We are lagging behind the rest of the world when it comes to digitisation. You would have seen some of the criticism, I suppose, in your time. The Australian Chamber of Commerce and Industry's Bryan Clark said we have tried to inject positive support for reform over a key period of time and we're waiting for that to happen. So how are we restoring that trust with key industry about the progress that's happening here, because there definitely seems to be a lack of progress up until now?

Mr Brugeaud: I will say over the course of the last 16 or 17 months since the task force has been in place, we have been able to, for the first time, develop a comprehensive baseline of the current cross-border trading environment—that is, the 200 regulations I mentioned, the 145 systems. We have done comprehensive consultation with industry. We have consulted with more than 900 industry organisations. We have an industry advisory council that Mr Farrell reappointed earlier this year that has senior industry representation to ensure that this is codesigned with business.

Senator GREEN: So in the last few months, what has the change been? You said there is a new—

Mr Brugeaud: In the last few months, since Mr Farrell has taken responsibility for the program, we have clearly continued our foundational work when it comes to some of the things that need to happen in order to enable us to present business cases to government, so economic modelling, analysis of legislation and so on. We made some adjustments to the program to ensure that we align with new and emerging strategies from the government. Trade 2040 is looking at trade diversification, product diversification, target market, tariff barrier removal. We are working closely with the Department of Foreign Affairs to ensure that we complement that work and, in fact, to enable that work to ensure that there is capacity to grow the size of the cross-border trade business in Australia through making it simpler and more efficient for businesses to conduct their business.

The other thing that we have done, and this has been a significant shift—to your point earlier about reorienting towards the business—is the proposals that have been put forward to government for cross-border trade modernisation since the taskforce has been established are focused on what needs to be in place to allow business to operate more effectively. It doesn't start with the premise that it is a biosecurity proposal or a border security proposal or a revenue proposal; it is simply what needs to be in place to allow cross-border trade to be more efficient and simpler.

Senator GREEN: How much was spent on consultant reviews to reform the cross-border trade system and deliver a trade single window in the lead up to the taskforce being established? Do you have that information?

Mr Brugeaud: I don't have the figures when it comes to the amount of spend. I know there were a number of consultancies engaged as early as 2016 as far as our records go.

Senator GREEN: I want to be clear because we need to be precise about this. You don't have that information on hand, because that work was being done by other agencies?

Mr Brugeaud: It preceded the taskforce.

Senator GREEN: Okay. In terms of what the taskforce has done with consultancies, could you, perhaps on notice, produce a list of contracts with the cost for consultancies directed at cross-border trade reform and trade modernisation, including for the trade single window?

Mr Brugeaud: We can provide that in terms of the simplified trade implementation task force. We can provide that on notice.

Senator GREEN: Thank you.

CHAIR: Senator Cadell.

Senator CADELL: I will continue the same line; there will be some overlap but not that much. The International Maritime Organization has said it's going to be mandatory to have this system in place for all ports by 1 January 2024. Do you currently believe Australia will be able to meet that deadline?

Mr Brugeaud: The Department of Infrastructure is responsible for delivering the maritime single window. However, we are coordinating that program with them and we are actively in discussions when it comes to their capacity to meet that deadline or not. The reality is a maritime single window, just as a broader digital window for trade, will have a series of steps in its implementation, and we clearly need to do more work with the department of infrastructure to determine how much of the maritime single window will be in place by the deadline—as you mentioned 1 January 2024—and what other features may be implemented after that date.

Senator CADELL: Thank you very much. What would be the impact on export and trade if we don't meet that deadline?

Mr Brugeaud: I don't know the answer to that question. I would need to check with the department of infrastructure.

Senator CADELL: That is not a worry. What have you been specifically tasked to do with the taskforce you are leading as part of the task force program and rollout?

Mr Brugeaud: I touched on a few of those things as part of my earlier evidence. One of the important roles that we have is to provide advice on regulatory reform, and that will be presented for consideration by the government with a series of short, medium and long-term options.

Senator CADELL: There are about 200 at the moment; is that right?

Mr Brugeaud: There are 200 regulations that are currently in place, and our analysis of those regulations has identified as a set of opportunities the government may choose to invest in remediating. We also are working on a business case for digital integrated trade environments, currently termed a 'tell-us-once service'. The concept of a single window is what it is looking to support, which is an investment the government recommitted in the October budget to deliver a business case for in MYEFO next year. We have a set of agency-led programs of work which are being coordinated by the task force. There's everything ranging from a digital verification program to very big programs of work, including taking farmers to market, which is the responsibility of the department of agriculture.

The task force is bringing these various streams together to ensure that we don't duplicate capability. If we have an account for trade, it shouldn't be an account for a given service; it should be an account for trade. If we have ways of identifying traders, we should make use of existing government capabilities such as digital identity, for example.

In addition to that, we're working through a program of work that is looking at opportunities to simplify the cross-border trade processes. Fit-and-proper-persons is a good example of an opportunity that exists. There are 12 separate fit-and-proper-person checks that exist between Agriculture, Border Force, and the Australian Taxation Office, so we are providing advice as to how we might simplify the fit-and-proper-person checks as a first case study for cross-border process organisation. We're also looking at the legislative environment to determine what data we can share, because data is going to be fundamental to a highly efficient cross-border trade environment. As I've mentioned earlier, there is economic analysis among a range of other investments government has made at this budget.

Senator CADELL: Is the digital service to take farmers to market being funded through the Simplified Trade System funding?

Mr Brugeaud: It was funded through the STS package. The STS task force coordinated integrating the advice that had that as a component of the proposal. The funding, though, is provided to the department of agriculture to deliver that outcome.

Senator CADELL: How much funding does Austrade get to deliver that?

Mr Brugeaud: For taking farmers to market, there is no direct funding for the STS task force.

Senator CADELL: So all that funding is in the department of agriculture? Is the funding profile going through there going forward?

Mr Brugeaud: That is correct.

Senator CADELL: What is your role in delivery? Is there none? It is just advice?

Mr Brugeaud: Our role is to look at all of the various investments that are being made across government and provide advice as to how these fit together. There are a standard set of features required for us to operate an efficient, modern cross-border trade environment, as I mentioned. We don't want to get into a situation where government is investing in duplicative capabilities.

Senator CADELL: Would farmers to markets have the same role?

Mr Brugeaud: Farmers to market is exactly the same role. We are working very closely with agriculture. We have 11 departments represented on the task force with secondees that are providing direct visibility of programs, and we work very intensively with the very big agencies in particular to ensure that we understand what they're proposing, what they're delivering and how it might need to be aligned.

Senator CADELL: Thank you.

CHAIR: Senator Fawcett, you have the call.

Senator FAWCETT: Who is responsible for governance within Austrade? Who looks after your webpage?

Mr Tonkin: We have a webpage team who maintain and enhance the information there as it becomes obsolete. I can tell that you have a question about it.

Senator FAWCETT: I tried to check your transparency about information on your webpage to check your latest portfolio budget statements. I've refreshed the page three times to make sure I'm not doing the wrong thing. The latest one here is from 2021, somewhat out of date. I'll use that one because it's the latest one you're prepared to show to the public. I go to page 79, where you talk about your contributions to linked programs, in this case with the Department of Defence. To the CEO or whoever wishes to take this: I looked back to past programs you've done with Defence around exports, particularly the Joint Strike Fighter program, which was a very successful, whole-of-government effort seeking to help Australian industry to win contracts in that. I congratulate you guys for your part in it. But my question is: have you had any meetings or correspondence with Defence about the AUKUS arrangement with the US and UK with the intention of looking at a similar whole-of-government program to support Australian industry?

Mr Simonet: As you've mentioned, it's one of Austrade's roles to support Australian defence exporters and help Australia build a sovereign defence capability. We work very closely with the Department of Defence, particularly on export controls, and we only support exports that have been approved by Defence. In terms of AUKUS, we're not part of the two task forces that have been put in place in the context of AUKUS, but, obviously, as part of the whole of government effort and discussions, we are involved in some of the discussions.

Senator FAWCETT: Can I just clarify that you've had no meetings with Defence about AUKUS, even in a preparatory sense, in terms of what Austrade's input would be to the AUKUS task forces and how you would encourage our industry?

Ms King: No, no. We have had discussions with Defence on AUKUS, of course. There's very strong interest on the part of industry in AUKUS. I think, to Mr Simonet's point, Defence is obviously where the locus of activity is on AUKUS at the moment. For us, our support to the defence sector is much broader and we work very closely with a number of defence companies, and we work very closely with the Department of Defence, more broadly, on defence exports. Obviously, AUKUS is relatively new. I can say that there is pretty strong interest on the part of the Australian defence industry and the clients that we work with, and Mr Boyer is closer to that, potentially, than I am in understanding where the opportunities might be in terms of AUKUS. At this stage, I would describe our discussions with the defence department as reasonably preliminary because they're very focused on the program and how that's shaping up, and you're really best to direct those questions to the defence department. From our perspective, we're interested to understand, of course, the same as our clients are, where the potential intersection is for us as Austrade, given the support that we provide to the Australian defence companies. We're interested to take those discussions further, and we've had some preliminary discussions with our counterparts in

Defence as part of the broader, strong collaboration that we already have with the Department of Defence, and we look forward to those continuing. I think that is probably an accurate characterisation of where we are currently at.

Senator FAWCETT: I'm happy for that as a characterisation. Could you take on notice to let the committee know how many meetings you've had, when you had them and what form they took? For example, were you just one of multiple stakeholders who came to a roundtable or were they targeted meetings? Could you give us a sense of the time frame and scale of engagement and, if you are in a position to, indicate what range of defence industry companies, or universities for that matter, are expressing interest and contacting you?

Ms King: I'm happy to take that on notice, Senator.

Senator FAWCETT: Thanks very much.

CHAIR: Thank you very much, Senator Fawcett. Now before I make another mistake, I'll double-check that, Senator Reynolds will have the call next.

Senator REYNOLDS: Thank you very much, Chair, and good evening. My questions relate to critical minerals, transition metals and rare earths, as they're variously called now, and the role of Austrade in facilitating companies overseas. I've had a look at the Critical Minerals Facilitation Office. They've got a placemat which I know you won't have here, but, obviously, in the strategy, our international efforts and support are very important. Can you give me a bit of an overview of what Austrade does, now, with this sector here and overseas?

Mr Simonet: Sure. I'm going to start and then hand over to Mr Boyer. The role of Austrade is important in terms of critical minerals, and our role is dual. The first role we have is to help Australian companies export and also drive investment into Australia. Actually the two are very connected in the sense that most of the time export clients who get into offtake agreements also, potentially, can invest in Australia as well. So that's part of our role. The other part of our role is to work with the rest of government and to inform government on the regulatory aspects. Critical minerals, a bit like hydrogen, is a very new industry and a very new sector and, obviously, there are regulatory elements that need to be understood and, particularly, standards as well. The role of Austrade is based on our experience with investors, or potential investors, and Australian companies—based on the feedback we're getting from our international network, our experience, our sectoral knowledge and expertise is to inform government policy, particularly the other government agencies that drive policy in that sector.

Senator REYNOLDS: Can you give me an idea of what your assessment is at the moment of the interest rate reduction act in the USA and its impact, potentially, on this sector and activities overseas? As a Western Australian Senator, I've engaged a lot with our sector in recent times, and it has been very clear that there's a lot of interest from either Australian producers or Australian potential producers here, and looking at what they do in terms of going offshore as a result of that. Obviously, it's an opportunity, but if we're not very agile, it could be a great threat to our emerging industries here.

Mr Simonet: I'm going to ask Mr Boyer to comment on that. As a broad assessment, I've been travelling quite a lot since the borders have reopened and I led a number of delegations with ministers—to the US with former minister Tehan and, a few weeks ago, to Korea with Minister Farrell. There's a lot of interest from foreign governments and foreign companies in critical minerals and in Australia as a source of critical minerals, and in the opportunity for Australia to be a superpower in that sector. The war in Ukraine and the tensions with Russia have certainly emphasised the importance of having a stable, long-term supplier, which would also be a like-minded country such as Australia. There's really strong interest.

Senator REYNOLDS: I understand there's strong interest, but having interest and having a plan to exploit that now are two different things. Particularly with what is happening elsewhere, and in the United States, where they're throwing billions of dollars at this and at our companies, is there any particular strategy at the moment that you are looking at—perhaps this is a question for the Minister—in terms of what your assessment of the US act is and how we can be a little more fleet of foot to deal with this?

Senator Farrell: I was fortunate enough to be in Washington when the so-called inflation reduction act was passed in the American senate and then subsequently in the United States Congress. I think it's fair to say that it came as a little bit of a surprise, even in the United States, that that legislation went through. There was a particular Democrat senator who was opposing that legislation—he suddenly switched his view and that legislation went through.

We have subsequently had some negotiations with the United States, particularly in relation to the IPEF agreement—the Indo-Pacific Economic Framework. Those discussions have taken place with the trade ambassador, Katherine Tai, and the commerce secretary, Gina Raimondo. In terms of agreements between Australia and the United States in that respect, I think that will probably provide the basic framework for the

overarching discussions that take place between us and the United States. What I think America has realised—and what I think the Europeans have now realised—is that the previous discussions which have looked at getting this product from China are no longer sustainable, and we all need a diversified trading arrangement. Our discussions both with the United States, the EU and, as Xavier just mentioned, Korea, is all about a diversified trading arrangement. There is great interest in this product.

Senator REYNOLDS: Minister, just on that: I know there's great interest and there has been increasing interest, but specifically in relation to the IRA it obviously provides huge opportunities for us as an FTA partner, but the question is how. Yes, it did come in suddenly, but industry is now looking to that and looking to perhaps move some of the processing they were thinking about doing in Australia offshore into the United States. It's now a matter of not only how do we respond rapidly to the opportunities to bring things here but also how do we make sure that we do not end up with a lot of our processing that we've been trying to attract here going elsewhere? I believe it is a very real danger. Unexpectedly quick but it is, nonetheless, a very big danger to our industries.

Ms King: If I could add to that. It's a good question for DFAT as well because DFAT is coordinating with the industry department as well. We have fed in some perspectives from industry, which, to your point, is recognising the pros and cons of the Inflation Reduction Act. To the point that you raised, there are potentially some big advantages associated with the tax incentives for electric vehicles if you use critical minerals from FTA partners, for example, yet there is some caution on the part of Australian industry. Some of those perspectives have been fed into that broader consideration that DFAT is leading on. DFAT is coordinating those views with industry and other departments. It's a good question to direct to them, to be honest, in terms of that overall understanding.

Senator REYNOLDS: Thank you. So I'm not bogging down things here, I might put a number of questions on notice. In particular, I need to understand where this government is now going as a whole-of-government approach and where Austrade fits into that—if you could take that on notice. Also, your relationship with the Critical Minerals Facilitation Office, how that relationship works and with industry. I'd ask the same thing on notice as Ms King has suggested for DFAT, how they're bringing that whole-of-government approach. At the moment there is more to bring together.

Mr Simonet: If I could add something: I've been at Austrade for a year and a half, and we've been working on critical minerals for some time—since I started at least. We've been working with governments to support the expansion of this sector. What we do is very practical. It's helping businesses connect to opportunities, whether it's Australian companies connecting to offshore opportunities or international investors. I think 1½ years ago the discussions were very theoretical about this new opportunity because of the geopolitical context but also because a lot of companies have been able to travel to Australia, and Australian companies have been able to travel overseas since the borders have reopened, with the practical opportunities that are happening now to connect the two.

Senator REYNOLDS: That's terrific. Thank you. If you could take that on notice as well in terms of some practical examples but also, in a more substantive way, how that is coming together with the critical minerals office, DFAT and others in some more tangible information.

Mr Simonet: As an example, we're leading trade missions specifically with critical mineral companies to key markets.

Senator REYNOLDS: Thank you. I have two questions on notice. One is the ethical certification scheme for critical minerals and rare earths. There's a lot of work that's being done in that area now. Obviously that's very important. I understand that you may be aware of this. Is that something you are promoting? There are a number of standards being touted. What is Australia looking at, and when you engage with companies are you looking at that in terms of advice for companies? That may be a question more appropriate for DFAT. Also the interaction with critical minerals, modern slavery reporting but also in terms of whether you're providing any support or engagement on companies' responsibilities for modern slavery reporting. There is a lot of it in the supply chain, from extraction through to production. If you could take that on notice as well.

CHAIR: Thank you very much, Senator. I'll hand over to Senator Green.

Senator GREEN: I've got some questions about Tourism Research Australia and some of the funding and work you are doing. The minister and I are big fans of tourism, particularly in my part of the world. I've got some questions later on for Tourism Australia around policy, but this is just about the research and the data. Mr Taylor, how does the research and data you compile assist tourism bodies particularly to understand the trends but also the opportunities for tourism?

Mr Taylor: Very simply, the data and the analysis we provide does two things. It tells us where we are now, and it points a way forward. For some examples of the things that we deliver now: we deliver monthly reports

from our national visitor survey. We deliver quarterly reports from our national visitor survey and international visitor survey. We deliver half-yearly reports and annual reports. We also have a series of insights documents that give us a sense of the status of the industry, which is broader than just the statistics. These are things that are happening in programs in the states and territories, things that are happening with industry, movements within the industry, movements towards accessibility, First Nations inclusivity and diversity across a range of products as well.

We have a range of insights products that look at this, and one of our products is called the *State of the industry* report. We have another insights document referred to as the *Tourism investment monitor*. That's an annual report. It shows where investments from foreign sources and Australian sources are going into some of the key areas of tourism. We also have a range of other insights documents around employment and businesses, on whether employment is growing and whether businesses are growing and in what areas.

Senator GREEN: I'm interested to understand the capacity you have to collect that data. It sounds like the more data we have the more information for people in the tourism industry to make choices about investment in the future. In the budget there was some recent funding allocated to support the modernisation of your analytical offerings; I think it's about \$4.7 million. What are you going to be looking at? Different data sets or different areas and things that can assist even further?

Mr Taylor: That's a really good question. It comes back to your first question about what we deliver. We deliver a range of products that tell us where we are. That's helpful but it's a little bit in the rear-view mirror. What industry, policymakers and business decision-makers are looking for is a bit of predictability. What is happening in the future? With a prediction, with a sense of what's happening in the future, you do need more granular and more timely data. You also need a sense of tying it to what humans are doing in the real economy. This is a sense of tying the demographic data together with the psychographic data. One of the projects we are working on is tying psychographic and demographic data together to tell us how human behaviours—what we understand from marketing behaviours, what we understand from product development behaviours, what we understand from transactional behaviours in the economy—link to what we are seeing with travel behaviours. If we are seeing cohorts engaging through those travel behaviours, is that likely to repeat over time? Once we understand the repeating over time, we get some form of prediction. That's one product that will come out of the enhancement program.

Another thing that we're looking at very closely is mobility data—telecommunications data that shows us movement around the economy. Movement is at the core of tourism statistics. If you don't tour, you can't be a tourist. If you don't travel, you can't be a traveller. Movement is at the centre. Mobility data from a telecommunications network is as granular and refined a dataset as we're aware of. We've been working with this dataset for about 2½ years. We, with this dataset now and the data science we've put behind it, are looking to take that to the next level, to use that as the synthetic profile of movement for our statistics and, from that, give a more granular sense.

Senator GREEN: When you're talking about telecommunications and mobility data—say I'm a reef operator in Cairns and I'm thinking about the next 12 to 18 months. What information does that give you at that operator level? Is it 'we know people are coming to Cairns and then driving up to Port Douglas because there's that connection there, or is it that people are flying into Sydney and getting a connecting flight through to Cairns, and maybe we should think about whether there are some direct flight opportunities from other cities?' Do you understand what I mean?

Mr Taylor: That's exactly where that data goes to.

Senator GREEN: Great!

Mr Taylor: With a more refined view of those movement profiles, you understand where there are gaps of service in the market—where there might be products to be developed for those gaps. You also get a sense of your supply capacity, because you see the movement, which is effectively a demand capacity, and you start to understand, once you match that with some sort of equilibrium modelling against your supply capacity, where those gaps might be. New product development, new investments and new employment along that supply side are the sorts of outcomes that we would expect to see.

Senator GREEN: Do you get information from airlines and then, conversely, do you give that information back to airlines?

Mr Taylor: We do and we do—yes and yes.

Senator GREEN: Good.

Mr Taylor: The airline data is on that supply side. We are really rich on the demand side. We understand the travel and the traveller cohorts really well. We think the mobility data can connect with the supply side much more closely. We think that's what industry is demanding from us. We work closely with the industry through the peak bodies. And we have this sense of delivering some form of prediction about what the future is likely to hold, particularly in the near term—that three-to-six month period. We think that, by tying the supply and the demand together through more granular data sources, you're most likely to be able to deliver that pattern of behaviour which then gets to prediction.

Senator GREEN: Am I right that one of the reasons why the data is necessary now, and that prediction is actually really important, is that we are coming off a two-year period of uncertainty for businesses and the tourism industry? They haven't all recovered, or there's still some recovery there, and so, the more certainty that we can give businesses with data and the research that you're providing, the more that might alleviate some of the nerves in the industry at the moment.

Mr Taylor: I think that is fair. This is the worst downturn in the visitor economy that could be imagined, and we are still recovering from it. There is certainly good news about the domestic visitor economy, but, in international travel and international education, there's still some recovery to go. So it is a time for recovery, but there are other reasons that are driving this.

Senator GREEN: How are you working with data around business events? As I said, I live in Cairns, and even I've seen the conferences starting to come back, but not to the level that they were pre COVID. Where are you getting that information from, and how are you using it?

Mr Taylor: The government committed an additional \$2 million to ensure that business events are included in international and national datasets. That will be a refined product that will be coming out of Tourism Research Australia over the next two years. But you're right about business events. Business events are important to our economy for many reasons, but the three main reasons, as you pointed out, are that businesses get together and they talk. They talk about what's happening and they share ideas, and what we know from research is that, when businesses get together, they talk about innovations and new products. It's like a tide coming in. They all float upwards; everyone's better off. It's called multifactor productivity, and everyone's better off because of it.

But business events are really important for our cities, as well. For some reason, we've seen in our dataset, where we have a very rich view—20 years of data on the national visitor economy—that business travel and overnight stays in cities are directly linked in the data, even though they're completely disparate in our dataset. Business travel supports our cities, particularly through the weeks, and we need vibrant cities so they can host the big events on the weekends, and other things. We need vibrant cities. So business travel goes hand in glove with vibrant cities and vibrant city visitor economies. There are other reasons to support business events, and that is why I imagine the government has committed that \$2 million—to get those datasets established.

CHAIR: This is your last minute for questioning, Senator.

Senator GREEN: Thanks. There's also some funding that's been provided around attracting workers. Are you responsible for the marketing strategy for the tourism industry?

Mr Taylor: I'm very happy to pass that to Ms Palmer.

Senator GREEN: Hello, Ms Palmer. It is the biggest issue at the moment in the tourism sector, all throughout Queensland particularly. I'm sure it is in other states, but that's where I have my experience. I even saw an ad today saying, 'Come and work in regional Queensland so you can spend your weekends on the reef.' What are the strategies that are being employed, and how are you being supported with funding?

Ms Palmer: We're really pleased that the government has provided \$8.2 million over the course of the next few years for us to undertake that marketing. The industry is very focused, as you say—your question is very well put in that respect. We're focusing on a number of areas—first of all, to attract young workers into the industry and the various sectors that make up tourism. We are also working with our state and territory colleagues, who are already doing quite a bit of work in this area, including through providing grants, for instance, to the Young Tourism Network or their local and state Tourism Industry Council to do that work at a very local level. And with our marketing campaign and activity here, we don't want to duplicate. We want to work collaboratively and effectively with our colleagues. We also have other work to do in promoting the decision that government has made around the additional work rights that pensioners have. We know that's been very much welcomed by industry, particularly as those workers often travel around with their own accommodation. Also we're working on employing and supporting businesses to employ people with disability.

Senator WHITE: Following up on what you said about business and business travel, have you found that working from home has changed the way people are travelling—say, not working on Mondays and Fridays, or working from home? Has that changed the way business travel has been operating, do you know?

Mr Taylor: It was one of our concerns, one of the research areas that we focused on. For the reasons I mentioned to Senator Green, business travel is so important for other reasons—those spillover benefits, productivity benefits that you get from having conferences and seminars, that sharing of ideas, testing of ideas, innovating in products. It adds more to your economy. So, we were watchful in our research to see whether business travel wouldn't return. We weren't sure whether it was a behavioural thing or whether it was just a response because of COVID. And what we've seen in the data this year is that very slowly but surely business travel has continued to grow through the year. We saw it plateau a little bit in May and June but then spike again in July and August. Figures will be out on Friday, and they will show more growth in business travel. That indicates to us that perhaps business travel is now on a growth trajectory somewhere back towards 100 per cent of where it was. I can update the committee with the very latest figures that business travel, compared with pre-COVID, is now at 82 per cent of where it was. So, it is coming back, but the Zoom calls, the videoconferences that have become so ubiquitous in all of our lives will probably hang over for awhile. So, it is one that we will continue to watch and update the committee on.

Senator WHITE: To ban Teams or something like that?

Mr Taylor: Perhaps we could do that! But that might be—

Senator WHITE: Who could possibly say that! So, are the airlines matching the capacity need? It strikes me that they might not necessarily be meeting capacity.

Mr Taylor: Domestic airline capacity got to above 100 per cent back in May and June this year and then tapered a little bit with demand and is currently at around 90 per cent of where it was pre-COVID. But that is not unusual. It seems to be moving up and down around the 100 per cent mark, above and below, depending on demand. International is responding to demand. International aviation capacity is of the order of 50 per cent of where it was pre-COVID—a little bit below that, actually, at 45 per cent. That is also in line with the demand from international, which is growing, but it has been a lot more steady growth than the domestic traveller cohort.

Senator WHITE: Thank you.

Senator CHANDLER: I have a few questions about trade diversification. I know we've touched on that briefly with a few other questions tonight, but my questions are more broadly around that. What action has Austrade been taking over the past 12 to 18 months to assist exporters in diversifying their markets?

Mr Simonet: I'm just going to give a broad context. I come, firstly, from a business background—before joining government a year and a half ago—and diversification in my company was not new. It's really what businesses need to do—have gross and diversification strategies. Diversification is not just about diversifying from one country. It can be about a channel. It can be about a supply. It can be about the reliance on a product. Our job at Austrade is to support businesses and make sure that they understand the need for growth and the need for diversification, and that they look at it from a holistic perspective, rather than just from a simplistic point of view.

Senator CHANDLER: Are there any particular business sectors or sizes of business that have been requesting more support in this regard, or that Austrade has noted requires more support to diversify?

Mr Simonet: In the context of the trade tensions with China, obviously diversification became urgent—

Senator CHANDLER: Indeed.

Mr Simonet: for some businesses and some specific sectors, and I'm going to hand over to Mr Meek and Mr Boyer to give some more details.

Mr Boyer: Senator, obviously the quite publicly affected goods that were picked up in the trade tensions with China became an immediate focus for us: wine, seafood—or some areas of seafood—and timber in particular. We worked pretty hard to find new markets and to provide intelligence as quickly as we could. I think I was actually in China at the time, and I think I was doing probably five or six webinars with affected industry a week about what was happening in China at the time. We did similar sorts of work with other markets as well to help them expand. I think the challenge and what a lot of people perhaps don't grasp about diversification for a business is that they're having to re-create supply chains, customer relationships and market scales that they potentially can't re-create quickly or easily. It's easier with some businesses. Certainly, the ones that are focused on commodities found homes a little more quickly. I'm not saying that it was easy, but it was easier for that group. For industries like wine, where there's a heavy reliance on product differentiation and an enormous and a very thirsty market in

China, shifting out of China just became really, really challenging. So we worked very hard over some time with a lot of exporters, and Mr Meek can probably give a bit more detail about some of the outcomes that we achieved through that.

Senator CHANDLER: What I'm particularly interested in is how you are measuring the success of those strategies, or the work that you're undertaking with various businesses and industries.

Mr Boyer: We're actually doing some work at the moment on the success of our diversification work. But, immediately, one of the ways that we measure success is the same way that we set our KPIs as an agency, which is the number of commercial outcomes and the value of those commercial outcomes. So in the course of our focus post November 2020—Mr Meek might have the numbers close to hand. I can see you've highlighted them, actually.

Senator CHANDLER: If you could share that data, that would be great, Mr Meek, thank you.

Mr Meek: Yes. In terms of our KPIs, we're measured by the number of outcomes and value, as Mr Boyer said. We had a target last financial year of 500 trade outcomes and achieved 912, with a value of \$1.1 billion. Specifically, in terms of some of the problematic businesses that were affected, agribusiness and food were a fair component of those outcomes because of the effort that we wrapped around, and that was underpinned by the Agri-Business Expansion Initiative program that was put in place to help that diversification occur.

Senator CHANDLER: We obviously know it has been a pretty tough couple of years for our exporters. Has Austrade's mandate been changed or amended by the new government in relation to trade diversification?

Mr Simonet: No, Senator, diversification is an important topic with the new government as well. I want to emphasise again the role of Austrade. We are a very practical delivery agency and we connect practically, commercially, businesses in Australia to opportunities overseas. We leverage a very strong offshore network of about 600 specialists, sectoral specialists, who are well connected to industry overseas and have specific sectoral expertise. That's why we were able—during COVID and in the context of the tensions with China, despite the lack of travel—to very quickly connect Australian exporters impacted by the trade tensions to commercial opportunities.

Senator CHANDLER: So there hasn't been any change to your mandate with the new government?

Mr Simonet: No.

Mr Boyer: Perhaps I can add to Mr Meek's numbers because I think they paint quite a good picture of the way that Australian firms have displayed a fair amount of resilience. Last year we saw 205 outcomes come out of ASEAN, which is a 60 per cent increase on the previous year. That was obviously a market of focus for our clients that were affected by the China trade actions. Likewise in South Asia, we saw a 68 per cent increase in the number of outcomes and a fourfold increase in the value of those outcomes to \$240 million. In North-East Asia we saw a doubling of their export outcomes to \$65 million. That's obviously not the total exports to those markets. It's the ones that Austrade played a part in.

Senator CHANDLER: Have you been directed to establish any new staffing positions with a specific focus on trade diversification with the incoming government?

Mr Simonet: My primary role and the role of our management team is to allocate the resources with a focus on aligning with government priorities and making sure that we work with business and deliver for business. So we constantly challenge ourselves on how we can optimise our resources and prioritise to make sure that, in terms of the sectors we focus on, but also the countries and geographies we focus on, we align with government priorities. One more comment, if you don't mind, on diversification. We started talking about diversification a lot in the context of the tensions with China but at the moment when we travel internationally as part of our work, we realise that diversification is actually a big topic worldwide—

Mr Boyer: On everyone's lips—

Mr Simonet: in terms of energy security and in terms of food security. Again, that's where Austrade has got a key role to play and Australia can become a superpower in terms of agrifood and a superpower in terms of energy.

Ms King: I'll also just add that from a government priorities point of view, part of my team is the government and policy area and has responsibility for linking the sort of core trade and investment areas—which, of course, Mr Meek and Mr Boyer run—with government policy and priorities of the government, which is a core responsibility of us as a government agency. To your point—while Mr Simonet, of course, is right in saying our priorities haven't changed under the new government, because diversification remains a constant focus and priority—the government, as part of that consistent focus on diversification, is pursuing new FTAs. So as part of

that, they're negotiating an EU FTA and the government has an ambitious timetable there. As that agreement comes to conclusion, we will look carefully at what opportunities are there for us and whether that involves additional resources.

There are other things. As we look at the UK and India FTAs as they come to completion and ratification, we look at what the opportunities are there. Again, they're key diversification measures that will require us to look carefully at what the resourcing is within our agency and how we implement and advocate those for Australian business to make sure that we're taking advantage of those opportunities.

As we work with the Department of Foreign Affairs and Trade on the trade 2040 task force that the government has committed to as its key diversification strategy and implementation going forward, we'll think about where those opportunities are. To Mr Boyer's point, sorry, Mr Meek—it was your point, wasn't it, Jay?—about South-East Asia where the fast-growing markets are. Or was it yours?

Mr Boyer: No, it was mine!

Ms King: Sorry! It was a good point! Where those fast-growing market opportunities are, our responsibility is to adjust our resources as well and also to feed that input into the government's overall diversification, so that it remains a dynamic strategy. And as business is able to take advantage of those opportunities, government directs its resources to best assist business to take advantage of those opportunities.

Senator CHANDLER: From the sounds of things, there hasn't been a change in your mandate. There hasn't been any requirement to employ new staff beyond the normal ebbs and flows that you would have in staffing arrangements when you're working in a dynamic space. You are always going to need to make those changes. Beyond the \$4 million that has been committed in the budget to develop this—did you just say task force, sorry, or strategy?

Ms King: That's DFAT. There are no resources for Austrade because it is fundamentally core business diversification for us. I think that might be DFAT; so you'd have to direct that question to them, is my understanding.

Senator CHANDLER: And working on the free trade agreements that, again, were in train under the previous government—

Ms King: Correct, yes.

Senator CHANDLER: there hasn't necessarily been any sort of reset in strategy for Austrade following the election.

Ms King: No, not a reset in strategy. We will continue to always look at our resourcing and where we direct it et cetera to take advantage of diversification opportunities, essentially, is how I would put it.

Senator CHANDLER: I do have a couple of other questions in this area but I might pop them on notice, in the interests of time, because I know Senator Caddell has a short line of questions he would like to ask.

Senator CADELL: We'll get through about two of the questions, and then we'll be putting the rest on notice too. Outside of EMDGs, are there any other programs Austrade are receiving administered funds for, currently—trade information systems, TradeStart or anything like that?

Mr Simonet: I would just say a word before handing over to someone who can give more details. EMDG remains our core program. The program has been adjusted to reflect changes that were needed after strong consultation with business and stakeholders and to have a program that is closer to our stakeholders and our clients.

Ms Palmer: Senator, just to clarify your question, EMDG is an administrative grant program. We have some tourism recovery grant programs that are continuing—they have been running for some time—and we have some new grant programs that were announced by the government in this most recent budget as well.

Senator CADELL: Where's the funding for TradeStart network currently? Is there a profile going forward or is that—

Mr Boyer: It's not in administered; it's in departmental.

Senator CADELL: And Trade Information Service?

Ms King: The Trade Information Service funding comes through the Simplified Trade System package of funding.

Senator CADELL: Can I ask for, on notice, the funding profile over the forward estimates for the departmental program or is that not through—

Mr Boyer: For both TradeStart and TIS?

Senator CADELL: Yes.

Mr Boyer: Yes.

Senator CADELL: Thank you very much. Very quickly, on page 79 of the portfolio budget statement it identifies an average staff level reduction from 1,208 to 1,155. That's 53 less. How is that going to be achieved?

Mr Simonet: I'm going to give a very quick broad overview before handing over to my colleague Mr Tonkin. During COVID, we were asked to do much more than our core work, particularly to deliver grant programs and support initiatives in the context of the emergency crisis response to COVID. Our budget grew from about \$250 million to \$1.2 billion, particularly in the context of the tourism grant programs but also IFAM to support exporters of agrifood. A lot of those programs are terminating now that we're in a post-lockdown world. I will hand over to Mr Tonkin to give a few more details.

Mr Tonkin: The intended reduction in ASL is linked directly to programs finishing.

Senator CADELL: Like international trade assistance, that sort of thing?

Mr Tonkin: That's right. We have a program where we have ongoing and non-going staff to meet those needs, so we flex up when we need the additional manpower to deliver these programs and we don't have the ongoing costs and obligations of having permanent staffing. That's what I think adds to the effectiveness and nimbleness of our ability to take on these programs at fairly short notice, deliver them and then reduce back to the normal operating size. I can indicate that, for our overall staffing levels in June 2021, we had a total of 1,205 staff. That means staff that are onshore and offshore, and locally engaged staff as well. That increased in the next 12 months, to June 2022, to 1,371 staff. Then, in September 2022, it reduced, down to 1,340 staff. If you take the base as 1,205 staff, it increased for these programs mainly, by 166, and now it's sinking back by 31 staff at this moment. It's going in the direction that it would normally take when these programs naturally end.

Senator CADELL: So no-one is going to be sacked?

Mr Tonkin: No-one is going to be sacked, other than for the usual reasons people are sacked!

Senator CADELL: And there will be no reduction in overseas missions—no change in that profile?

Mr Simonet: Senator, we constantly challenge ourselves and optimise our resources and allocate our resources to the sectors, countries, missions, posts where they're needed. That's constant work; that's part of the ongoing task of Austrade. There will always be adjustments as part of the normal work we do.

Senator CADELL: Chair, given your direction, I'll be happy to put the rest on notice.

CHAIR: You're a good man. Thank you very much. On that note, we will go to tea-break. Thank you to Austrade for appearing this evening, and enjoy your evening.

Proceedings suspended from 20:31 to 20:45

Export Finance Australia

CHAIR: Welcome. Would you like to make an opening statement?

Mr Hopkins: I would, thank you. Export Finance Australia is the Australian government's export credit agency. We've been in existence for over 65 years in one form or another and we have a current mandate to support Australian exporting businesses, including businesses in the export supply chain. We also finance Indo-Pacific infrastructure development that provides benefits to Australia. Over the past 10 years we've provided more than \$9 billion in financing, supporting almost 700 customers and touching 100 different countries. This has supported over \$30 billion in exports and projects. We're a self-funding agency who has returned a dividend to government each year over that 10-year period.

CHAIR: Thank you very much. When you say 'self-funding', how are you funded?

Mr Hopkins: We fund ourselves through the markets. In fact, we've recently been out obtaining US\$1.5 billion in funding to support our business activities.

CHAIR: How does EFA support government-stated trade policy objectives, including supporting things like trade diversification?

Mr Hopkins: Trade diversification is an extremely important element of what we do. As a market gap financier, particularly for SME businesses wanting to enter into new markets, often banks will be hesitant to lend to customers who are trying to get access to new markets. This is where we can step in and provide financing that sets those businesses on a path to eventually getting the banks involved in their business again. It gives them that kick they need to get into some of those new markets, which can be quite challenging.

CHAIR: Does this diversification include things like products or markets? Can you elaborate a bit further if it does, just for the benefit of myself and some of the new members of this committee?

Mr Hopkins: Sure. We're a financial institution. Our products are loans, bonds and guarantees primarily—sometimes insurance. We also have the ability to provide equity in very limited circumstances on the national interest account, but primarily we provide loans, bonds and guarantees to support businesses.

CHAIR: How does EFA work with other government agencies to ultimately drive better outcomes for our exporters?

Mr Hopkins: We work across government primarily with our sister agencies Austrade and Tourism Australia; we all sit in the DFAT portfolio of agencies. In the lifecycle of a business, they may present themselves to Austrade early on and, eventually, when those businesses need finance to expand into different markets they'll come and see us. If we're working on larger projects or transactions we will look for opportunities to help those smaller businesses access opportunities that come out of those larger financings; that can be in conjunction with Austrade. In relation to some of our core mandates around critical minerals and Defence, we work closely with the Critical Minerals Office and also with Defence on supporting defence exports.

CHAIR: When you say 'supporting businesses', I'm assuming small or large—or is there a certain size that you target?

Mr Hopkins: No; we support businesses from the very small businesses with loans of up to \$100,000 right up to very top-tier corporates. We recently assisted Telstra with the significant acquisition of Digicel Pacific, a telecommunications business in PNG in the Pacific. We work right from the very small end up to the very large transactions.

CHAIR: Which markets do you see as the largest opportunities for our exporters both in the short-term and—I don't know if you're able to elaborate for the long-term?

Mr Hopkins: We're very much focused on the Indo-Pacific region but we operate globally. We go where our customers have a need. While we target certain markets, we're really customer driven. At the moment, there's a lot of activity in Vietnam, for example, so we're spending a lot of time and energy in that country, and we're seeing opportunities come out of that. But there are other opportunities that we're seeing across the region—Taiwan, Singapore, India, Papua New Guinea, the Pacific islands—really very much customer driven.

CHAIR: What types of opportunities do you see with Taiwan?

Mr Hopkins: Energy, clean energy—there are opportunities there in those spaces. We look at a range of export opportunities and also infrastructure opportunities, so both parts of our mandate. We can provide either direct exports or we can be supporting infrastructure that's particularly needed in a country, often alongside other export credit agencies and other commercial financiers.

CHAIR: What types of businesses do you try and support? I've got a particular interest in agriculture. I just wanted to see if there were businesses of that ilk that you also try and support in helping them export their produce overseas, particularly in Asia.

Mr Hopkins: We go across the span of industries. Agriculture is one—wine, food and beverage. In terms of technology, we support businesses in engineering. Australia has a competitive advantage, I very much think, in the mining and resources space, so there's a lot of technical capability that we support with companies looking to provide that expertise overseas. Across the range, we have a mandate to support all of Australia's export-capable areas, and we do that.

CHAIR: Do you work with the peak bodies of various industries or just directly with businesses?

Mr Hopkins: We do. We've got very strong engagement in terms of relevant stakeholders. Maybe my head of corporate affairs can provide some detail as to our engagement activities.

CHAIR: Maybe on notice. If you can provide it in the area of agriculture as well, I'd be interested to see what you can provide me with. Senator Cadell.

Senator CADELL: Minister or Mr Hopkins, has the Minister for Trade and Tourism provided you with a statement of expectations?

Mr Hopkins: We're still operating on the existing statement of expectations, but DFAT are currently in the final stages of working with the minister on a new statement of expectations. Once the minister has approved that, I expect we will receive it and respond accordingly.

Senator CADELL: I hope they will be great expectations! What ministerial directions have you received since 1 July 2022?

Mr Hopkins: I'm not sure if we have received—we do receive transactional directions from time to time. That's why I'm a little hesitant in relation to the activities—

Senator CADELL: Do you want to take it on notice?

Mr Hopkins: Yes. Thank you.

Senator CADELL: You were talking about how you go to bonds, you go to markets, yourself. I was not aware of that. Do you know what your WACC, your weighted average cost of capital, is across your portfolio?

Mr Hopkins: I might ask my chief credit officer to respond.

Mr Pacey: I'd have to take the exact figure on notice.

Senator CADELL: That's fine. What changes are you seeing across all the risks with the current geopolitical market volatility in terms of prudential capital risk and credit risk, with the war going on and all those sorts of things? How are you seeing the risk profile in the world?

Mr Hopkins: It is obviously a very challenging global market at the moment. You don't have to look very far to see all the statistics that are coming out around inflation, interest rates and other things like that. But what we are seeing is a very resilient export market. I think Australia is particularly well positioned at the moment in terms of energy, food—as you discussed earlier—and products that the world is looking for, particularly around critical minerals, lithium, graphite, those sorts of products. So, while we're seeing a very challenging geopolitical world, I think Australia is well positioned to take advantage of some of the opportunities that exist within the world at the moment. We are doing our best to try and support those opportunities as well.

Senator CADELL: Do you weight those risks differently? Do you see one as being the standout risk at the moment for your activities?

Mr Hopkins: No. We look at a range of risks when looking to support a company. Obviously credit risk is a big one. Environmental and social risk is another. Jurisdiction risk is another area that we look at. Obviously, like any financial institution, we look across a range of risk factors when making a decision to finance a company.

Senator CADELL: And there's been no change of mentality, no change in approach, since the change of government in May, on that risk management?

Mr Hopkins: No. We operate as a prudent financier or financial institution would.

Senator CADELL: Do you use any external consultants to provide advice to support decisions when you're going through your assessments?

Mr Hopkins: We do from time to time, particularly around environmental and social requirements.

Senator CADELL: Is that presented directly to the board?

Mr Hopkins: The summary is often presented to the board. For particular technical aspects of some of the transactions that we're engaged in, particularly large project financing transactions, specialists are used to assess the technical capabilities of companies that are entering into certain transactions.

Senator CADELL: Have there been any recent presentations to the board on risk and compliance or any of these things?

Mr Hopkins: Risk is an extremely high priority on the board. We have a board audit risk committee that discusses risk exclusively, like any organisation like us should. It's certainly an area of very strong focus. Cyber risk, no doubt you would appreciate, is a very strong focus of our board at the moment, along with all the other risks that we manage.

Senator CADELL: On notice can you provide what consultants you use for these external reports?

Mr Hopkins: I'm happy to provide that.

Senator CADELL: We are keen to get through because of the time. What impact has the passage of the Climate Change Bill 2022 had on your approach to risk?

Mr Hopkins: This has been an incremental change for us. As an international financier we take account of a lot of environmental and social risks in relation to transactions already. It has legislated a requirement to focus on the Paris Agreement and Australia's emissions reductions targets, but essentially it has been an incremental step. You would appreciate that the financial markets themselves are moving very quickly to assess risk in this space, and we are following.

Senator CADELL: Has that bill changed your risk appetite statement?

Mr Hopkins: There are constant adjustments to our risk appetite statement. That, again, is a prudent thing to be doing. There are always new risks that present themselves and are considered by our board, and we adjust our

risk appetite statement accordingly. Environmental and social risks are clearly some of those areas, as well as, as I mentioned earlier, cyber risk.

Senator CADELL: When was the risk control matrix last updated by you guys?

Mr Hopkins: We certainly discussed it at the last board meeting. There would have been changes flagged at that board meeting. I can say that it would have been changed at our last board meeting. The exact date escapes me at the moment.

Senator CADELL: Would it be okay if on notice I got those changes?

Mr Hopkins: Yes.

Mr Frankham: It was 20 October.

Senator CADELL: On your website you say that a key risk is social risk. How do you define 'social risk' and how do you measure it?

Mr Hopkins: I'm going to ask my Chief Credit Officer to answer that.

Mr Pacey: Social risks are impacts on people. In particular, human rights is a key risk that we consider in transactions that we assess, which is particularly relevant for larger projects. We would do a human rights assessment where relevant.

Senator CADELL: Since May how many projects have you assessed and rejected on the grounds of not meeting the environmental and social benchmarks?

Mr Pacey: I don't have an exact figure with me. I can take that on notice.

Senator CADELL: Just on that—

Mr Pacey: As part of our normal risk assessment process, we decline projects or transactions that don't comply with our environmental and social standards. We have a policy on our website and the procedure.

Senator CADELL: That's not a problem. Who audits you guys on your application of the International Finance Corporation performance standards? They are certified standards. Who audits that for you?

Mr Pacey: We have a commitment under our environment policy to have an independent review of the application of our policy and procedure periodically. The last review was done in October 2021, and that's available on our website. There was a commitment to make that public. That's an assurance audit. That concluded that we were materially in compliance with our policy and procedure.

Senator CADELL: Is that the same for the Equator Principles?

Mr Pacey: Yes. We have two benchmarks: the Equator Principles and the OECD common approaches.

Senator CADELL: Are you now requiring companies who seek your support to provide advice on their scope 1 emissions?

Mr Pacey: Sorry, I don't quite understand the question.

Senator CADELL: When people come to you for finance, do you ask for a report on their scope 1 greenhouse gas emissions?

Mr Pacey: Well, under our policy and procedure—and you've mentioned the Equator Principles—we consider emissions impacts on transactions where they're relevant.

Senator CADELL: What about scope 3?

Mr Pacey: We consider scope 1 and scope 2 under our benchmark.

Senator CADELL: But not scope 3?

Mr Pacey: At the present time, we apply the international standards, which is known as the IFC performance standard, to assess resource efficiency and pollution, and that provides for scope 1 and scope 2 emissions assessment.

Senator CADELL: I'll go back to the Climate Change Bill, as both of these questions apply to that. It mentions, and you've raised, compliance with the Paris Agreement and targets. How is that affecting your work in practice? Is it reducing numbers; is it making things harder to avoid; or is it business as usual?

Mr Pacey: We have updated our policy and procedure for the changes to the legislation and to have regard to Australia's emissions targets. We apply the OECD common approaches and the Equator Principles to transactions, and they're internationally recognised standards of environment and social risk assessment. They both apply the same benchmark to projects, which is the IFC performance standards. We have had that commitment for some

time. We consider how a project is compatible with the country's national climate commitments under the Equator Principles.

Senator CADELL: If a company comes to you, and they're compliant and giving you numbers, is there an independent assessment to see that their emissions are what they tell you, or is it taken on face value? What do we require—a GREP standard?

Mr Pacey: In a major project, which we would call a 'category A' project—that's one with potential for significant environmental and social impacts—we would have an independent environmental and social consultant who would represent the lenders. They would examine the company's environmental and social impact assessment and apply for the lenders, if it met our benchmarks.

Senator CADELL: In making any assessment, what weighting is given to emissions reduction versus with EFA? What weighting is given to their emission reductions worldwide and in Australia versus other considerations?

Mr Pacey: Climate risks are one of a number of risks we would look at in a project. There are human rights risks; there are Indigenous peoples; there's the management and systems. It's one of a number of risks. I can't say one is more important than another.

Senator CADELL: That's okay.

Mr Pacey: To comply with our policy, they have to meet the benchmarks.

Senator CADELL: EFA has provided support for a fuel terminal tank in Fiji. What was the nature of that support?

Mr Pacey: I'm not—

Senator CADELL: Maybe you haven't!

Mr Hopkins: We might have to take that particular transaction on notice.

Senator CADELL: What about the airports in Fiji for air transport services?

Mr Hopkins: Yes, we did provide support for that.

Senator CADELL: What was the nature of that?

Mr Pacey: It was in the nature of capital expenditure.

Senator CADELL: Previously, environmental activists have taken action on air transport. At Heathrow, we've seen a ban on their expansion and that sort of stuff. Was the application of flight and greenhouse gas emissions of flight taken in to account on the Fiji airport?

Mr Pacey: I would have to take that on notice.

Senator CADELL: I'm told the EFA has provided a loan to the Solomon Islands Electricity Authority to build transmission lines. Is that correct?

Mr Pacey: Yes.

Senator CADELL: Would you be able to confirm that such a project, if it connects to fossil fuel generation, wouldn't be applicable anymore? Does it have to be renewables?

Mr Hopkins: It doesn't have to be renewables, no.

Senator CADELL: Does it have to reduce emissions?

Mr Hopkins: No, we can support transactions that fit within the risk parameters that we set for ourselves as an organisation. On balance, no, that is not an automatic exclusion.

Senator CADELL: I'm going off a little bit, but I have a question about carbon based businesses who are trying to diversify or transition—use the word you want. The question around WACC was that they're going to markets with a heavy carbonised industry; even though they want to get four, they're getting charged a premium of 6.87 per cent, not even filling full bond markets, let alone debt markets. Is there a role for Efic now, with the expanded Paris mandates, to look at these businesses and international trade and help them diversify by lowering their WACC, lowering their debt levels?

Mr Hopkins: We are operators, a commercial financier, so we can't provide concessional or discounted finance. That would be a challenge for us as an agency. We lean into other abilities such as new markets, which I talked about before, and sometimes longer tenures. My colleague Mr Pacey runs an environmental and technical team, where you can actually look at the technical capabilities of companies and make an assessment on risk over and above what a bank might take so that we can lend to those sorts of companies. They're the kinds of things that

we can lean into, but actual discounted or concessional financing is not something that we can do. It's not part of our mandate.

Senator CADELL: What's the size of your book?

Mr Hopkins: We have about \$7 billion of exposures at the present time.

Senator CADELL: Do you know your—I won't ask about commercial—

Mr Hopkins: Yes, it's roughly half and half between the commercial account and the national interest account.

Senator CADELL: Okay.

CHAIR: Senator Pocock.

Senator DAVID POCOCK: To start with, I was after some figures, but I might have to put them on notice. I'm keen to look at the proportion of your existing projects that are funding coal, oil or gas. Would you have that available, or should I just—

Mr Hopkins: About nine per cent of our current exposures are in that space that you talked about.

Senator DAVID POCOCK: What would the exposure to renewable projects be as a percentage?

Mr Hopkins: I don't have the exact number, but that's certainly a growing area. The pipeline that we have at the moment certainly has a much larger number of those types of transactions than it has had in the past, in wind, solar and bio and, particularly, in the energy space.

Senator DAVID POCOCK: Senator Cadell had a question about guidance from ministers, so I just wanted to confirm that there's been no ministerial guidance as to a shift in projects that should be funded, given the climate bill.

Mr Hopkins: No. On our commercial account, we have an independent board, so we report to that board. It does contain a government member—the DFAT secretary or their alternate—and we are guided by them. Occasionally, when a transaction doesn't fit our commercial account criteria, we refer it to the minister for his consideration, and he may issue us with a direction to enter into that transaction, where there is a national-interest reason to do so.

Senator DAVID POCOCK: How often would that happen?

Mr Hopkins: I can give you a recent example. We financed a rare earths refinery for Iluka, in Western Australia. Given the size, it was a \$1.25 billion transaction, and, given the size of the transaction, we didn't really have the balance sheet to be able to provide that kind of loan. We obviously considered that, in consultation with our colleagues in DFAT and broader government, as a transaction that has a strong national-interest case to present. We presented that transaction to the minister and the government, and ultimately they directed us to support that transaction. That's probably a good example of the national interest account at work.

Senator DAVID POCOCK: Interesting. That makes sense. Are your operations now guided by the Paris Agreement and commitments under that?

Mr Hopkins: We have to have regard to the Paris Agreement when we're looking at transactions or financing transactions. It's a key component of one of the many areas that we have to look at as a financier and when we are looking to support businesses or projects.

Senator DAVID POCOCK: Yes, you can look at it, but are you really tied to that? If it doesn't fit that, can you still then—

Mr Hopkins: For example, if there were emissions related to a project that made the project not sustainable for the longer term, or might result in the project becoming a stranded asset where we couldn't get our money back, that might be a circumstance where we might not be able to support a particular transaction.

Senator DAVID POCOCK: But if it were a fossil fuel project, you could still go ahead with it?

Mr Hopkins: We can support the full range of Australia's export industries, including those in the fossil fuel sector.

Senator DAVID POCOCK: So there's no sort of plan to phase out fossil fuel projects, given the commitment—

Mr Hopkins: I think the market is phasing out those projects in any event.

Senator DAVID POCOCK: Yes.

Mr Hopkins: So what we are seeing is, certainly in the energy sector, a greater number of renewable projects coming to us looking for finance. We are seeing that trend, and that trend is continuing, and we are seeing it not just here in Australia but also overseas. We are following that trend as we're looking for opportunities.

Senator DAVID POCOCK: You are following the trend; you're not trying to set the trend?

Mr Hopkins: No, these are good transactions. There are a lot of like-minded agencies looking to support those transactions. We are, similarly, trying to support them, because they provide opportunities for Australia and Australian businesses. So, for us, it's a natural fit.

Senator DAVID POCOCK: That sort of answers my questions. I'll put the dollar figure stuff on notice so we don't waste everyone's time. Thank you very much.

CHAIR: Senator Cadell, did you have some follow-up questions from your earlier questions?

Mr Hopkins: Senator, if you don't mind, the chief credit officer has a correction, just in terms of my half-and-half on the National Interest Account; he just wants to correct the record.

Mr Pacey: It's just: approximately, of that \$7 billion, the commercial account's \$1.6 billion, and the National Interest Account, \$5.4 billion.

Mr Hopkins: Apologies for that.

Senator CADELL: I'm just seeing in my scrawl that you said, as to earlier questions, there was an updated policy and procedures thing that you've gone through; is that a public document?

Mr Pacey: Yes, it is.

Senator CADELL: Is it on the website?

Mr Pacey: It is on our website.

Senator CADELL: Going to the \$2 billion Critical Minerals Facility, where we touched on the critical minerals with Iluka; that is what—\$1.2 billion?

Mr Hopkins: It is \$1.25 billion.

Senator CADELL: Is there any indication if you will be going to market for more funds, or might government be topping that up? Is that something we might be doing?

Mr Hopkins: That's a matter for government, but, ultimately, we have our National Interest Account which sits outside that. That facility is part of the NIA. So we have the ability to tap the NIA, outside that facility, should there be an immediate or urgent need to do so.

Senator CADELL: Are there any current projects or grants in the approval pipeline of the Critical Minerals Facility?

Mr Hopkins: We don't provide grants—

Senator CADELL: No, nor loans.

Mr Hopkins: I might ask Ms Copping, Chief Customer Officer, Project and Structured Finance.

Ms Copping: The answer is yes, there are a significant number of critical minerals projects that are in our pipeline, and, whilst we don't comment on particular projects that are in the pipeline due to their commercially sensitive nature, I can say that we have issued 10 support letters for critical minerals projects that we are currently considering.

Senator CADELL: If we are going through tender, can you, without identifying corporates, again give the stage of each one? Are there draft feasibility studies? Are they at different stages?

Ms Copping: The reason we work with companies and issue these support letters is that it then provides them with the opportunity to go and crowd in private sector finance and raise additional finance. The projects are at various stages of development as they work through their commercial arrangements, their environmental arrangements, other finance et cetera. And they've spread.

Senator CADELL: Do you have visibility of where they are in that process? Have they got DAs in? Are they approved? Are there environmental standards waiting or FID?

Ms Copping: It depends. As I said, it is a diverse mix across that pipeline. They are the ones where we have issued support letters. We have had discussions with over 50 potential critical minerals.

Senator CADELL: Over 50—wow! And one took \$1.25 billion.

Ms Copping: To clarify, the \$1.25 billion was in relation to one project. We've also provided two other loans to take it up to, in total, just under \$1.5 billion.

Senator CADELL: The other ones were much smaller.

Mr Hopkins: They are on the national interest account. We're also looking for commercial account opportunities in that space as well.

Senator CADELL: Again on the Climate Change (Consequential Amendments) Bill, are there any different factors that have to be considered under the Critical Minerals Facility or is that the same as the EFA?

Mr Hopkins: It applies the same as to our other transactions.

Senator CADELL: Has anything changed with any loans? Has the new government upheld all the loans that were previously made with those three critical minerals? Has there been any change in that profile?

Mr Hopkins: No change.

Senator CADELL: Do we do rounds? I don't know how this goes. Are there rounds for critical minerals funds or is it ad hoc by application?

Mr Hopkins: No, it's by need and application. But, as my colleague said, we're out in the market looking for opportunities. We are not just passively sitting back.

Senator CADELL: Do you have to compete for these opportunities?

Mr Hopkins: Yes, we do.

Senator CADELL: Really?

Mr Hopkins: We're competing with other international financiers all the time and cooperating with them. We're out to promote Australian interests and that means Australian financing. It follows with Australian business, so that's what we're trying to do.

Senator CADELL: That's good. Is the Critical Minerals Facility involved in any way in developing or feeding into the 2023 critical minerals strategy?

Ms Copping: The critical minerals strategy is the responsibility of the Critical Minerals Office and the department of industry. We have a close relationship with them and we have regular dialogue with them, but ultimately they have the responsibility for—

Senator CADELL: You're feeding it into it, though?

Ms Copping: We continue to talk to them about projects that we're seeing.

Senator CADELL: What information can you give on the \$1 billion Value-Adding in Resources Fund within the National Reconstruction Fund? Does that fall under your remit at all?

Mr Hopkins: No.

Senator CADELL: Thank you very much.

CHAIR: I just want to say thank you, again, for your attendance this evening. I know you've been hanging around most of the day. So thanks again, Mr Hopkins and your team, for appearing before estimates.

Tourism Australia

[21:19]

CHAIR: Welcome. Would you like to make an opening statement?

Ms Harrison: Thank you very much. If you don't mind, I would love to make an opening statement.

CHAIR: I'd love that. Thank you very much.

Ms Harrison: Thank you for the opportunity. Firstly, I want to briefly take the chance to provide an update on the state of tourism and the work that we do at Tourism Australia to support the industry as we recover our visitor economy. As a reminder, Tourism Australia is the federal government agency with responsibility for driving international tourism demand to Australia. We work closely with Austrade, who have responsibility for the supply and policy side of the tourism equation.

There's no doubt that the last two years have been the most challenging in our history as a sector. Pre-pandemic, we welcomed 9½ million international visitors to Australia, spending \$45 billion a year, and the tourism industry made up one in 13 jobs. In March 2020 the industry came to a complete stop. There have been a couple of turbulent years, but I'm really pleased to say that we are now on the road to recovery, with borders opening in February of this year.

There's plenty of hard work ahead, but we're prepared and much of the work is already under way. Throughout the pandemic, Tourism Australia remained active in all of our 15 markets around the world to keep the dream of an Australian holiday alive. We trained 80,000 agents a year through our Aussie Specialist program. Our PR

teams were as active as they ever were, securing media coverage for Australia. We kept our commercial partners focused on us and we increased our engagement with the Australian industry to ensure that they were ready when the world opened again. We were ready to go with a tactical campaign to build on the momentum as soon as international borders did reopen.

That activity was ultimately building up to our new global campaign, Come and Say G'day, which launched last month at a critical time for our tourism industry. This campaign is about reminding the world of everything that they know and love about Australia so that when travellers start thinking about their next international holiday we are at the top of their consideration list. Destinations globally are trying to rebuild their visitor economies. They're all vying for the same lucrative travel dollar as we are here in Australia.

I'm pleased to say that Come and Say G'day has been really well received. In just the few weeks since we launched we've generated 2,800 media mentions, which have an estimated advertising value of more than \$34 million. The short film that we produced as part of the campaign has been viewed 101 million times across all channels, and all of that saw a spike in our website, Australia.com, of 55 per cent. While there are still plenty of challenges in our industry, our focus at Tourism Australia remains firmly on getting international visitors to return to our shores, and we're confident that our new global campaign will help us do just that.

CHAIR: Thank you very much for that very positive opening statement.

Ms Harrison: No problem.

Senator COLBECK: Minister, with that—as the chair has said—positive opening statement and the sector working very hard to recover, and with international visitor numbers, as we've already heard earlier this evening, sitting at about 55 per cent—and I think flight levels are something similar—why did the government decide to cut the budget of Tourism Australia by \$35 million in the recent budget? Why would we be cutting funding to such an important agency at a time when our competitors are actually spending more?

Senator Farrell: Thank you for that question. I think the way to look at what this government has done is to look at the totality of what we've done in the tourism sector. Ms Harrison talked about our new project, which we've launched. Phillipa and I had the pleasure of being in Japan, where we launched that particular project, and now it has been launched around the world—and is getting a very positive response. We're doing the things that we should be doing as a nation to encourage people to come to Australia.

I spent the last three years pretty active in this sector. Senator Green mentioned some of the things that we'd done before, particularly in Far North Queensland.

We took to the Australian people, at the last election, a proposal on how we saw that we could rebuild the tourism industry after what has unquestionably been the worst two and a half years in its history. Not everywhere in the tourism industry, but lots of places and lots of families—particularly small businesses—lots of individuals, workers, were really badly affected in this time of the pandemic. I took a range of policy proposals to the election which basically saw us spending more money on tourism and not less money on tourism. If you take out the funding for JobKeeper and JobSeeker, of course, I think it's probably true that in the totality of the tourism budget we're spending more under this government than was spent under the previous government. I think looking at one aspect of the spending is not a terribly fair way to look at what this government has done.

I see my role as trying to rebuild confidence in the tourism sector. Only on Friday of last week we had a tourism roundtable in Adelaide where all of the people involved in the tourism sector came together in a very positive way. We're looking forward and not looking backward. My job as tourism minister is to rebuild that confidence. What has happened in this sector is that because of the lockdowns, because of the closures a lot of people who had made this sector their major source of employment found that it was an unreliable source of income. Regrettably, when job shortages occurred in other more stable parts of the economy, those people left the industry and, to a large degree, they haven't returned. For instance, we no longer have backpackers. We no longer have the number of overseas students living and working in Australia that we used to have. Of course, it has continued this issue of labour shortages. We took a set of proposals to the election that tried to address each of these issues as we saw them as the priorities.

I suppose, fundamentally, in answer to your question, we have not reduced spending in the tourism sector. We have redirected funding. We've redirected it based on what I and the government believed were the key areas. To give you one example: caravanning. The caravanning industry believe that if we supported them they could get a boost as we come out of the pandemic. And all of the evidence—

Senator COLBECK: Senator, I will come to those programs. There was \$48 million worth of additional funding commitments that you took to the election—

Senator Farrell: Yes.

Senator COLBECK: I doubt that the sector expected that \$35 million of that was going to be cut out of a key marketing campaign at a point in time when we are competing with the rest of the world. Having been minister for international education previously, I understand the importance of the international education market. Having been in the tourism portfolio, like you previously, while we're trying to recover our international business our marketing campaign is really important. I doubt that the sector would have expected that \$35 million of the \$48 million was going to be cut out of our marketing campaign. I do acknowledge the new campaign which has just been presented by TA.

Senator Farrell: And we're fully funding that campaign.

Senator COLBECK: But that's coming out of TA's existing funding allocations. We're cutting TA by \$35 million at a time when Japan's tourism marketing budget has increased by 40 per cent since 2019, South Korea's by 57 per cent and New Zealand's by eight per cent. We're cutting \$35 million out of our marketing budget when other key competitors are increasing theirs.

Senator Farrell: We launched our new campaign in Japan, Ruby the Roo. We launched it on the day that Japan opened for business. I think we've been pretty strategic in the way we've spent our tourism dollars.

Senator COLBECK: I would congratulate Tourism Australia for the initiative of pursuing that date for the launch of the campaign.

Senator Farrell: Good, you should.

Senator COLBECK: I have to say, yes, absolutely, you mark every one up that you can get, because it's earned, it's deserved and it's very much appreciated.

Senator Farrell: If you ask Ms Harrison, she might be able to tell you how many hits we've had on the website. You've got them all?

Senator COLBECK: I thought it was 101 million views.

Ms Harrison: Yes, that's the short film.

Senator COLBECK: I was listening to the introductory statement—a 55 per cent increase in web activity.

Ms Harrison: Correct, yes.

Senator COLBECK: Good metrics. I think it's a well-targeted campaign, and I notice you've effectively launched it twice, because you launched it in Japan and then you also launched it in the US—so two key markets.

Senator Farrell: I would say we've probably launched it a few times. We certainly launched it, Senator, in Japan; then Ruby jumped over to Singapore, and we launched it there; then Ruby jumped over to London, and we launched it there. Then the big launch, as you say, was in New York. I would in fact say we launched it four times.

Senator COLBECK: I'm acknowledging the points I've seen, so perhaps I need to look more closely. But I think it just bears the point about our key competitors in this market, and I have named a number of them. Do we have any information on other markets, competitors, that have increased their budgets? Do we keep some note of that?

Senator Farrell: You're not asking me that question?

Senator COLBECK: No, I'm not.

Ms Harrison: We do keep an eye on competitor activity; it's an important part of what we do. Destination marketing is a competitive space, and there's been some incredible marketing activity. They've really stepped up over the last couple of years. One of the things that we do to compete is to make sure that we are creative and that our creative really cuts through. That's why we launched with Ruby the Roo, that's why we use the talent that we do and that's why we lean into our very distinctive assets so that we take the most of what we do. But, yes, we do keep an eye on our competitor set. It's a pretty competitive world out there, but I think through all of those measures we do manage to cut through.

Senator COLBECK: Reading from the previous budget, the previous government provided \$45 million additional funding to Tourism Australia for additional advertising in crucial markets, direct partnerships for activities with trade wholesalers, airlines and the media to drive international demand back into key regions. That was \$15 million for the first, \$25 million for the second, \$5 million to extend business events, and for Australia's highly successful bid fund—and that is a really important part of the market. Which of those activities will have to be decreased?

Ms Harrison: During our annual operating planning, we worked on dual-pathing our plans because the additional funds were allocated but not appropriated, so we had two plans. Some of the activity that we won't do

this year—we've had to adjust the levels of investment across our 15 markets. I guess the biggest change there is that we have had a substantial reduction in our planned spending in China. The reason for that is because two-way travel is not possible, so that has taken the bulk of the adjustment. We undertook a national experience content initiative during COVID, where we produced assets for 1,400 tourism businesses across 57 jurisdictions around Australia. We had proposed to extend that, but we will now wind it down. I think we have pretty comprehensively covered Australia with that program, and it's been incredibly well-received across the country. One of the other things that we proposed was a program of regional tourism missions overseas. Our states and our regional tourism marketing organisations are taking the heavy lifting on that one, but I would like to reiterate that our business events, market, place in market and the Australian Tourism Exchange are unaffected. The business fund will continue.

Senator COLBECK: Your media agency modelled the funding required for Australia to be competitive, specifically to have a share of voice higher than our current share of the market, and that determined that approximately \$45 million per annum is needed to reclaim and diversify our international tourism demand—which is, after all, what we've been talking about seeking to achieve, including through questions tonight—and that would allow Tourism Australia to increase marketing activities across 14 high-potential markets: Singapore, Japan, South Korea, New Zealand, Taiwan, Canada, Germany, India, Italy, France, Scandinavia, Ireland, Switzerland and the Netherlands, with those markets identified based on historic performance and future potential post COVID. Is that right?

Ms Harrison: We work in the 15 markets that offer the best opportunity for inbound tourism to Australia. Pre COVID that made up 80 per cent of the inbound business. We work with our media agency, UM, to determine what media weighting will achieve the cut-through that we need to get to our high-yielding travellers, which is our key target focus. We're always reassessing that, and my job as managing director of Tourism Australia is to make the most of the resources that we do have. That's what we're doing across our 15 markets at this moment in time. As I said previously, a large chunk of our budget went to China. While travel is not possible to China, we are able to do a pretty significant job in our other 13 markets.

Senator COLBECK: But you did say in your opening statement that you'd maintained your activity in those markets, although there was some reduction in China, and that was, I think, our largest tourist market pre COVID.

Ms Harrison: It was. Spend and visitation—that's correct. When I say we maintained our activity during the closure—we do a number of things. We don't just do big brand campaigns. We have our Aussie Specialist Program that trains people on the ground. We have our PR activity. We do a lot of content. We have our social media channels. All of that activity in China and Hong Kong is still ongoing, which is the approach that we took in all of our markets when we were closed. What it means is, when we do reopen and when two-way travel is possible, we have a primed and warmed-up audience that we can start working with to convert that business into actual people coming to Australia.

Senator COLBECK: On the Ruby the Roo campaign, how long has that program been in planning?

Ms Harrison: We started planning it about 18 months ago. It's been in production for almost two years. It was interesting trying to produce and film over the last couple of years, with La Nina and state borders being what they were, but we got there and we were ready to launch in October this year.

Senator COLBECK: Some of the traditional vision of the country might have looked a little different with all the water about.

Ms Harrison: Yes.

Senator COLBECK: In what period of time is the \$125 million to be expended?

Ms Harrison: Over the next two years, FY23 and FY24.

Senator COLBECK: What proportion of your budget will that take up?

Ms Harrison: Our appropriation this year is \$181 million, and next year it's \$170 million. So it's \$125 million of that—if anyone can do the maths better than me!

Senator COLBECK: What is the phasing of that, then—more this year, as we start, than next year?

Ms Harrison: Yes. It's about \$60 million in media spend this year and \$50 million next year, and then there are some centralised costs as well.

Senator COLBECK: Do you have some details on the production costs?

Ms Harrison: I do. Our production costs were \$17 million, which is around 12 per cent, which for a media campaign is much lower because we are doing it over a two-year period. Typically, it's about 20 to 30 per cent production versus media.

Senator COLBECK: Does that include the costs of the two key stars?

Ms Harrison: The talent? Yes.

Senator COLBECK: I was going to say Ruby!—but Rose Byrne and Will Arnett.

Ms Harrison: It does, yes.

Senator COLBECK: Can we divide that out?

Ms Harrison: I can. Rose Byrne and Will Arnett were paid \$1.2 million each for their role in the campaign, and what that included was a two-year usage of campaign materials, which is very unusual. We usually are able to secure only one year of rights. It includes all the publicity and social media that they do on our behalf, including the behind-the-scenes videos, the case study films, social media posts, Q&A videos—for example, they came to our event in New York, they crossed live to London, they posted on their socials. Rose Byrne went on Jimmy Fallon, and Will Arnett went on James Corden. So we really to lean into celebrity to maximise the impact of our campaigns, and it's one of the ways that we build our fame for the campaigns without having to pay for it. We find that these contracts are incredibly lucrative for us. In fact, we've done some research, and we know that campaigns have a two-to-three-times-higher recall if they have the right talent in them.

CHAIR: Senator Colbeck, I was keen to pass the call around. Do you have a few more questions?

Senator COLBECK: I do have a few more.

CHAIR: With respect to this campaign or more broadly?

Senator COLBECK: Specifically on the campaign—that's the key thing that I've got for the committee.

CHAIR: If it's okay with you, I might hand the call over to Senator Green and come back to you, given you've had almost the last half an hour on this.

Senator COLBECK: You've been very generous, Chair.

CHAIR: I have been very generous to you, of course! But I'm happy to hand over to Senator Green now.

Senator GREEN: Thanks, Ms Harrison, and thanks, Minister. Obviously, I come from a tourism hotspot. That's where I live, and there's a really positive energy, I can say, on the ground about what the government's doing and also about the campaign. I have a few questions about the campaign. Senator Colbeck has, helpfully, covered off some of the things I was keen to understand. I wanted to know how you're measuring the success of the campaign.

Ms Harrison: We think long and hard about our KPIs. Our ultimate KPI is spend of international visitors in Australia. So how do you go from the activities that we do to ladder up to that big number? We have layered KPIs that really indicate the future success in achieving that number. For example, in the early days—so right now—is the campaign itself creating impacts? We've talked a bit about our views. We have targets around how much media we want to earn. We have social engagement scores as well. Then we look at how many people are engaging with our website, our channels and all that sort of thing. The next step is whether people are taking action and moving towards a holiday in Australia, six months on. How our partner campaigns doing? We have around 150 commercial campaigns rolling out over the next 12 months. We have targets in place for them—that's actual bookings for Australia. We also do some research at that point to say whether consideration for an Australian holiday has increased—we have some targets around that—whether an awareness of an Australian holiday has increased and, finally, what our spend is, and whether we have achieved our spend targets for the year.

Senator GREEN: Okay. Cost of the production and, I'd say, the fairly cheap talent you got for the prominence.

Senator COLBECK: Cost effective!

Senator GREEN: Very cost effective! Thank you, Senator, I wouldn't want to call Rose Byrne cheap! It feels like she donated a bit of her time to get this done.

Ms Harrison: You know, we're so lucky we have so many talented Australians around the world who want to work with us because they love their country and they want to help us.

Senator GREEN: For that production cost, how many assets did you create? Because it's not just one short film, is it?

Ms Harrison: Thank you for mentioning that because there's a lot of focus on the short and the 60-second TV advert that we do in that moment, but it's like an iceberg; there is so much content that we create. I might actually take this opportunity to hand over to our Chief Marketing Officer, Susan Coghill, who is here at her first estimates—

Senator GREEN: Welcome!

Ms Coghill: If I look a little nervous, that's why.

Senator GREEN: No, what a fantastic time to arrive.

Ms Coghill: Thank you.

Ms Harrison: to talk about what sort of assets we create as part of that \$17 million.

Ms Coghill: An iceberg is the perfect analogy for what we do. Of course, we have the big fame-building assets at the top, which is not just the short film and the 60-second TVC; we cut that down to 30, 15 and 10. We also then cut the video assets by state and region. We do passion points for people who are interested in aquatic and coastal experiences or the outback. Then, of course, we have a range of print and outdoor. We had our studio releasing artwork over the last six to eight weeks or so, and there have been something like 20,000-plus pieces of artwork that we've distributed.

Senator GREEN: Wow.

Ms Coghill: Through the breadth of the campaign, we also do a significant amount of content marketing. We will work with our state tourism partners to make sure that we're telling the breadth and depth of the Australian holiday story. A really great example of that would be a partnership we did with Le Figaro in France. It launched the same week the rest of the campaign launched. It was a 70-page special edition all around holidaying in Australia. Then, through the rest of our channels, our BAU is always on channels, continuing the messaging.

Senator GREEN: Great. I just asked that question because I wouldn't want anyone to be confused that the \$17 million production costs resulted in one final ad. It is of very high quality, but there are thousands of assets, isn't there?

Ms Coghill: A plethora, yes.

Senator GREEN: I'm particularly interested in the Japanese market. For one of the assets you actually got another actor to be involved.

Ms Coghill: We did, yes: Maryjun Takahashi. She is a lovely, talented up-and-coming star in Japan. Part of the beauty of doing the CGI animation was that in certain markets where it made sense, we were able to relatively easily dub and to leverage local talent. Not only did we have an asset that connected wonderfully with the local market but in some markets we were also able to leverage the talent relationship for greater PR.

Senator GREEN: Maybe Ms Harrison or even the minister—you were there in Japan to launch the campaign. Why is that market so important for this campaign and, I guess, for getting Australian tourism back on track?

Ms Harrison: Japan has always been an incredibly important market for Australia. It had its heyday in the eighties where it was about 800,000 a year, and it dropped down to about 350,000. It was on the rise again up to about 500,000 just before the pandemic. We just see it as a must-win market. It's a market that our industry love. We think there's a really good opportunity in that market at the moment, because we are seen as a safe destination but also an incredible holiday destination. We think we've got a moment in time where we can win back the hearts and minds of the Japanese market. I would caution that they are not very intrepid travellers, so the build is going to be slow, but I do know that they will be back.

Senator GREEN: That's why they want to come here, right, because we're a safe place to come to?

Ms Harrison: That's correct.

Senator GREEN: We're relatively similar, in terms of public safety but also COVID measures and vaccination status.

Ms Harrison: Absolutely, yes.

Senator GREEN: Are there any other languages or was Japanese the main one?

Ms Coghill: Japanese, Korean, German, and then we did it in French and Italian, I believe, as well.

Senator GREEN: I also noticed that there was a real nod to First Nations culture and language in the ad. Can you talk a little bit about that decision, Ms Harrison? It occurred to me, even with the words, 'There's no place like Australia,' that there really is no place else that you can get an experience like you can with First Nations Australians. Was that a key decision, to lean into that new type of tourism?

Ms Harrison: Yes, absolutely it was. I think we do have a unique selling point as Australia. We have the oldest living culture on earth. We have an incredible story to tell. It's always featured as part of our marketing, but we think that there's a moment in time now to really tell that in a much more authentic way. There are many more tourism businesses that are Indigenous owned. It's a key pillar of ours.

We know that when we tell the world about what an Indigenous experience can be they want more of it. There is latent demand for our Indigenous tourism offering in Australia, and we've been working really hard as an organisation to tell that story in an authentic way.

Senator GREEN: Is there work to be done in developing those experiences? What I understand, with my work around the reef, is COVID was an opportunity where operators looked inward, so they had an opportunity to develop experiences that they might not have done before. I got a chance to go to Green Island and I got an Indigenous tour of the island from two rangers. That is a new experience, I've never had that before. Is there still some work to do, to make sure that we're getting the most out of those opportunities and creating the jobs in that area?

Ms Harrison: Yes, I think there's always an opportunity for more tourism experiences in general. Where we work, in that space, is we have a collective called Discover Aboriginal Experiences. We have worked with a range of experiences to make them export ready, and we market them globally as part of our signature experiences collective. It's a great program and we're always looking for new members.

Senator GREEN: I have one last question, and it might be a controversial one. How did you choose the geographical areas featured in the film?

Ms Harrison: Like the Great Barrier Reef?

Senator GREEN: I'll preface this by saying it must be very hard, Ms Harrison, to keep all of the fantastic tourism destinations in Australia happy. I was very pleased, and I know our operators in Cairns and Far North Queensland were pleased, to see the reef featured in the first couple of seconds. But does your research show you the areas and destinations that need to be featured in an ad to get people to travel here?

Ms Harrison: Yes. We spend a lot of time thinking about what we might feature. As you would imagine, we have 300,000 tourism businesses and many more experiences around the country. At this opening moment in time we focused on our icons, and the Great Barrier Reef is certainly one of those. In the 60-second ad, we have an opportunity to portray six or seven experiences. We have to lean into our icons, but you'll notice that we also did some experiences that stretch people. We did oyster shucking in the Freycinet Peninsula, for example, as part of that ad.

Senator COLBECK: Very commendable.

Ms Harrison: There you go! It's an incredible thing to do. I would say we work with our states and territories really closely on that. Every year, we spend in our planning half a day with each of them and talk about what experiences are up and coming in their region, what they think we should feature. So there is always a constant dialogue in those experiences.

Under the iceberg, as we just talked about, that's where we tell the depth and the breadth. We've got only a few seconds to grab people's attention. That's why we need to be iconic and distinctive at the top, but then we tell a wider story through all of the campaign work that we do.

Senator GREEN: Great, thank you. I'm looking forward to you coming back to estimates in six or twelve months time and to hear about the reach of the campaign. I guess we'll see what the success rate is then. So far the feedback we've had locally is everyone's really proud of it, and they're open and ready to go.

Senator COLBECK: Did the campaign require ministerial sign-off?

Ms Harrison: Yes. Well, we kept the minister across it, yes.

Senator COLBECK: But is there a threshold for campaigns of this type that would require a ministerial sign-off?

Ms Harrison: Anything over \$3 million requires ministerial sign-off. A lot of the media et cetera for the campaign was already signed off under our UM contract.

Senator COLBECK: When was that ministerial sign-off provided?

Ms Harrison: For the campaign?

Senator COLBECK: Yes.

Mr Fennell: This is an ongoing conversation with our minister's office. In the previous government, as we commenced, as Philippa said—18 months, two years ago, we started the campaign—and we provide regular progress reports of where we're going. If there are individual contracts over \$3 million, then it goes through the minister, but most of those weren't to that amount, so we just provided regular updates pre-election, and then post-election the same cadence of updates.

Senator COLBECK: Is there a final sign-off required—

Mr Fennell: No.

Senator COLBECK: or is it a progressive process for elements of the campaign?

Mr Fennell: Yes.

Senator COLBECK: When was the final sign-off provided for the campaign?

Mr Fennell: There's no final sign-off as such. I think it's just progress reports.

Senator COLBECK: Is there a last element that was signed off?

Mr Fennell: Not really, no. As we hit key milestones in the campaign, we provide an update, but we only get sign-off on contracts when they're over \$3 million, and most of the individual contracts would not have been that.

Ms Harrison: I might just hand over to Mark Craig.

Mr Craig: What we have done over the last 18 months is: at every board meeting, we've taken the board through the campaign development and we've taken them through the estimated budget. I can't remember the exact date, but earlier this year we got full sign-off for all spend for FY23 at the board meeting.

Senator Farrell: I might say TA were kind enough to come and show me the ad, and I was blown away with it. They did a terrific job.

Senator COLBECK: I don't have any argument there. Thankfully, I think we're all in furious agreement about the quality of what we've got. You said the board provided a final sign-off for the spend for financial year 2022-23?

Mr Craig: Yes. As we've gone forward, the board have signed off initially on the production costs, the production element, and then earlier this year they signed off on all the media and the activations around that, such as the events in Japan and New York.

Senator COLBECK: You mentioned the final sign-off. When did that occur?

Mr Craig: It could have been the April board meeting, but I'd have to take that—

Ms Harrison: We did the annual operating plan, so it would have been the April board meeting. We can give you the exact date of that.

Senator COLBECK: So the program, the project, the campaign, was effectively in the can by April?

Ms Harrison: Yes. I mean, it's a movable feast.

Senator COLBECK: I'm just trying to get a sense of time lines. That's all. I'm not trying to create a trick question. I'm just trying to get some time lines straight in my head as well. At what point, Minister, were you given your preview?

Senator Farrell: Sorry?

Senator COLBECK: When did you get your preview?

Senator Farrell: When it was almost done. I would say certainly before—

Ms Harrison: May. Late May.

Senator Farrell: we went to Japan—yes, about late May. I can get the exact date for you, Senator. But there was still more work, I think it would be fair to say.

Senator COLBECK: So pretty soon after coming into the portfolio, effectively—

Senator Farrell: Yes, that's true.

Senator COLBECK: was when you were aware of the whole program.

Senator Farrell: Yes.

Senator COLBECK: Okay. So TA would not have been aware at that point in time that they were going to suffer a \$35 million cut to their budget?

Senator Farrell: No, they wouldn't. That was a budget decision.

Ms Harrison: But we did, as I said, dual-plan, because we knew that it was a possibility that there would be some changes with an incoming government.

Senator COLBECK: Yes, and I think by that stage we all knew that the government had made commitments for \$48 million of extra funding, but we didn't understand that \$35 million of that was coming out of somewhere else in the portfolio. I've got a few other questions, Chair, in relation to staffing and some budget stuff, but I might bung them on notice.

CHAIR: On that note, thank you very much—Senator White, sorry! Senator White has a few questions.

Senator WHITE: No, I've only got one or two. Can I ask you about airline capacity. Clearly you can have as many hubs as you like, but, if the capacity doesn't come to where we are, which is at the end of the spoke, then not really—we are at the end of the spoke; we're not in a hub. What are you doing to drive airlines to return to fly to Australia?

Ms Harrison: Airline capacity is currently sitting at about 59 per cent of pre-COVID levels. It's going to build. It's building at the moment. But, honestly, the best thing we can do is provide a commercial proposition to those commercial carriers that they are going to make money on those routes. That's the best thing we can do. How do we do that? The states work really in lock step with their airports, who provide the commercial incentives. Where we come into the picture is that we have an overarching view. We work as team Australia and we provide opportunities for airlines and airports to get together. An example of that is that we have a new aviation hub at the Australian Tourism Exchange that we've had for the last couple of years. We just coordinated a large Australian presence at World Routes in Las Vegas. And, then, when there are new routes that offer a great opportunity for inbound tourism to Australia, we come in with our marketing dollars to create demand in those markets.

Senator WHITE: Sure, because when there's limited space but greater demand, the airlines actually maximise their return per seat, don't they? So in some ways it's not in their interests to have too many seats, because they can get more dollars per seat—and they work that out to the minute dollar.

Ms Harrison: We spend a lot of time talking to our airline partners, and I don't get the sense that they're just trying to maximise per-seat revenue. They've got real restrictions around getting aircraft back in the air. It takes 10 minutes to park an A380 and six months to unpark it. They've also got real issues around staffing and the restart. So I think it is restart issues rather than trying to constrain capacity, because competitive forces are going to come in and negate that opportunity at some point anyway.

Senator WHITE: At one stage, there were about 43 airlines that had air service agreements to come to Australia. Do you know how many of those 43 are currently flying here?

Ms Harrison: I'm not across the air service agreements to Australia. That's not something that Tourism Australia manages.

Senator WHITE: Of the 13 markets that you're promoting in, are there any major carriers that aren't flying in here or aren't talking like they're going to maximise their capacity? I know you have to take China out of the equation. But, of those other 13 markets that you're doing your promotion in, what's the—

Ms Harrison: I think Japan is a good example. We were just in Japan, and I was talking to ANA. They have some real issues with pilots at the moment. Because they have to fly over Russia, they have to have extra pilots on all of their European flights, so they've just got no staff at the moment. All airlines have different issues, but I can tell you that Australia is strategically important to a lot of those carriers, and they do want to re-establish. It's just a matter of time.

Senator WHITE: Thank you.

CHAIR: On that note, that concludes today's proceedings. The committee is due to recommence its examination of budget estimates tomorrow, Wednesday 9 November 2022. I want to take this opportunity to thank Ministers McAllister and Farrell for their attendance today, as well as all witnesses who have given evidence to the committee. I'd like to also thank Hansard, Broadcasting—thank you very much—and also the Secretariat for all their help today. I'd also like to remind everyone that the committee has set 18 November this year as the date by which senators are to submit written questions on notice, and 16 December of this year as the date for when we are expecting the return of answers to questions that have been taken on notice. I now declare the hearing adjourned.

Committee adjourned at 22:06