



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Estimates

(Public)

WEDNESDAY, 31 MAY 2023

CANBERRA

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FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Wednesday, 31 May 2023

Members in attendance: Senators Birmingham, Cadell, Canavan, Ciccone, Davey, Fawcett, Green, Lambie, Paterson, Roberts, Shoebridge, Steele-John, Van and White

DEFENCE PORTFOLIO**In Attendance**

Senator McAllister, Assistant Minister for Climate Change and Energy

Defence

Mr Greg Moriarty, Secretary, Department of Defence

General Angus Campbell AO, DSC, Chief of the Defence Force

Afghanistan Inquiry Response Taskforce

Rear Admiral Brett Wolski AM, RAN, Head, Afghanistan Inquiry Response Taskforce

Army

Lieutenant General Simon Stuart AO, DSC, Chief of Army

Major General Richard Vagg DSC, Head, Land Capability

Associate Secretary Group

Mr Matt Yannopoulos PSM, Associate Secretary

Mr John Reid, First Assistant Secretary, Enterprise Transformation and Governance

Ms Rowena Bain, First Assistant Secretary, Ministerial and Executive Coordination and Communication

Air Commodore Pat Keane AM, CSC, Director General Military Legal Service

Major General Sue Graham, Head, Business Transformation

Air Force

Air Marshal Robert Chipman AM, CSC, Chief of Air Force

Air Vice-Marshal Catherine Roberts AM, CSC, Commander, Defence Space Command

Air Vice-Marshal Wendy Blyth AM, Head of Air Force Capability

Australian Signals Directorate

Ms Rachel Noble PSM, Director-General

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

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

Mr Dale Furse, Chief Operating Officer

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

Ms Deanne Sowers, First Assistant Director-General, Cyber Threat Intelligence

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

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

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

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

Capability Acquisition and Sustainment Group

Mr Chris Deeble, Deputy Secretary

Ms Francesca Rush, Chief Counsel Commercial and First Assistant Secretary, Australian Industry Capability

Mr Gavin Rawlins, First Assistant Secretary, Joint Systems

Major General Jeremy King CSM, Head, Joint Aviation Systems

Air Vice-Marshal David Scheul OAM, Head, Air Defence and Space Systems

Major General Jason Blain DSC, AM, CSC, Head, Armoured Vehicles

Major General Andrew Bottrell CSC and Bar, DSM, Head, Land Systems

Air Vice-Marshal Gerald van Leeuwen AM, CSM, Head, Guided Weapons and Explosive Ordnance Delivery

Mr Tom Brennan, Acting First Assistant Secretary, Strategy, Planning and Independent Assurance

Mr Andrew Staines, First Assistant Secretary, Procurement and Contracting

Dr Simon Atyeo, Acting First Assistant Secretary, Procurement and Contracting

Chief Information Officer Group

Mr Justin Keefe, Acting Chief Information Officer
Major General Murray Thompson AM, CSC, Head of ICT Operations
Mr Peter Alexander, First Assistant Secretary, ICT Delivery

Defence Finance Group

Mr Steven Groves, Chief Finance Officer
Mr Samuel Volker, First Assistant Secretary, Budget and Financial Services

Defence People Group

Ms Justine Greig, Deputy Secretary
Mr David Nockels, First Assistant Secretary, People Policy and Culture
Dr Paul Robards AM, Acting First Assistant Secretary, People Services
Major General Wade Stothart DSC, AM, CSC, Head, People Capability
Rear Admiral Robert Plath AM, Head, Recruitment and Retention

Defence Science and Technology

Professor Emily Hilder FTSE, Acting Chief Defence Scientist

Defence Strategic Review Implementation Taskforce

Mr Tom Hamilton, Deputy Secretary
Ms Amy Hawkins, Acting First Assistant Secretary, Policy and Engagement

Guided Weapons and Explosive Ordnance Enterprise

Air Marshal Leon Phillips OAM, Chief of Guided Weapons And Explosive Ordnance Enterprise

Joint Capabilities Group

Lieutenant General John Frewen AO, DSC, Chief of Joint Capabilities
Major General Jason Walk, Commander, Joint Logistics
Rear Admiral Sarah Sharkey AM, CSC, RAN, Commander, Joint Health
Major General Ana Duncan AM, CSC, Head, Cyber Warfare
Rear Admiral David Mann CSC, Head, Joint Capability
Mr Andrew Byrne, First Assistant Secretary, Guided Weapons and Explosive Ordnance Division
Major General Douglas Laidlaw AM, CSC, Head, Joint Support Services Division

Navy

Vice Admiral Mark Hammond AM, RAN, Chief of Navy

Naval Shipbuilding And Sustainment Group

Rear Admiral Wendy Malcolm AM, CSM, Acting Deputy Secretary
Ms Stacie Hall, First Assistant Secretary, Naval Shipbuilding and Sustainment Enterprise Headquarters
Mr John Chandler AM, CSC, CSM, First Assistant Secretary, Submarines Division
Ms Sheryl Lutz, First Assistant Secretary, Major Surface Combatants and Combat Systems Division
Rear Admiral Steven Tiffen AM, CSM, Head, Maritime Sustainment Division

Nuclear-Powered Submarine Taskforce

Vice Admiral Jonathan Mead AO, RAN, Chief of Nuclear-Powered Submarine Taskforce
Rear Admiral Matthew Buckley CSC, RAN, Head, Nuclear Powered Submarine Capability
Ms Megan Lees PSM, First Assistant Secretary, Nuclear Powered Submarine Executive
Ms Alex Kelton, First Assistant Secretary, International Policy and Agreements
Ms Alison Petchell, Acting First Assistant Secretary, Program Delivery and Industry

Security and Estate Group

Ms Celia Perkins, Deputy Secretary
Mr Dan Fankhauser, First Assistant Secretary, Infrastructure

Mr Peter West, First Assistant Secretary, Defence Security

Strategy, Policy and Industry Group

Mr Hugh Jeffrey, Deputy Secretary

Ms Sue Bodell, Acting First Assistant Secretary, International Policy

Ms Amanda Toms, Acting First Assistant Secretary, Strategic Policy

Mr Stephen Moore, First Assistant Secretary, Defence Industry Policy

Vice Chief of the Defence Force Executive

Vice Admiral David Johnston AC, RAN, Vice Chief of the Defence Force

Air Vice-Marshal Stephen Chappell DSC, CSC, OAM, Head, Military Strategic Commitments

Air Vice-Marshal Robert Denney AM, Acting Head, Force Design

Department of Veterans' Affairs

Ms Alison Frame, Secretary

Mr Stuart Smith AO, DSC, Deputy Secretary, Veteran and Family Services Group

Ms Teena Blewitt PSM, Acting Deputy Secretary, Enabling Services and Commemorations Group

Ms Kate Pope PSM, Deputy President, Veteran and Family Policy Group

Ms Gwen Cherne, Veteran Family Advocate Commissioner

Ms Leanne Cameron, First Assistant Secretary, Mental Health and Wellbeing Services Division

Ms Traci-Ann Byrnes, First Assistant Secretary, Client Engagement and Support Services Division

Ms Natasha Cole, First Assistant Secretary, Client Benefits Division

Ms Rachel Goddard, First Assistant Secretary, Chief Operating Officer, Commemorations Division

Mr Glen Casson, Chief Financial Officer

Mr Mark Harrigan, First Assistant Secretary, Royal Commission Implementation Division

Ms Kerrie-Anne Luscombe, General Counsel

Ms Alison McLaren, First Assistant Secretary, Stakeholder Engagement and Communications Division

Professor Jenny Firman AM, Chief Health Officer

Ms Veronica Hancock, First Assistant Secretary, Veteran and Family Policy Division

Ms Liane Pettitt, Assistant Secretary, Parliamentary and Governance

Ms Elaine Tse, Acting Assistant Secretary, Community Policy

Mr Brian Eastman, Acting Assistant Secretary, Policy Development

Mr Mark Brewer, Assistant Secretary, Veterans' and Families' Hubs

Mr Dylan Kurtz, Assistant Secretary, Wellbeing Policy

Ms Laura Sham, Assistant Secretary, Chief Information Officer

Mr Nick Stanton, Deputy Chief Financial Officer

Mr Mark Kalleske, Assistant Secretary, People Services

Ms Amanda Taylor, Assistant Secretary, Litigation and Advice

Ms Peta Langeveld, Assistant Secretary, Corporate Legal

Ms Thy Huynh, Senior Executive Lawyer, Royal Commission Taskforce

Ms Sarah Kennedy, Assistant Secretary, Client Programs

Mr Wayne Perry, Assistant Secretary, Provider Engagement and Management

Mr John McKinnon, Assistant Secretary, Commemorations

Mr Luke Brown, Assistant Secretary, Legislation Improvement Team

Mr Tim Bayliss, Director War Graves, Office of Australian War Graves

Australian War Memorial

Mr Matt Anderson PSM, Director

Ms Anne Bennie, Assistant Director, Public Programs

Major General Brian Dawson AM, CSC (Ret'd), Assistant Director, National Collection
Ms Leanne Patterson, Assistant Director, Corporate Services
Mr Wayne Hitches, Executive Project Director
Ms Helen Petrovski, Chief Finance Officer

Committee met at 09:02

CHAIR (Senator Ciccone): I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. We'll be in continuation with the Department of Defence. As I stated yesterday morning in my opening statement, there is information about the protection of witnesses. If anyone is interested in having a look at that opening statement, please get in touch with the secretariat, who will provide you with the relevant information as well as the due date for when answers to questions taken on notice need to be returned and also when senators need to submit written questions on notice.

Department of Defence

[09:02]

CHAIR: Secretary or Minister, did you have anything for us this morning?

Mr Moriarty: No, thank you, Chair.

CHAIR: I thought I'd just check in. Senator Paterson, I'll give you the call.

Senator PATERSON: I want to return to the Operation Resolute discussion from yesterday. I'm interested in both the operational side of it and the budget side of it if the relevant officials could come forward. I'm particularly interested in understanding table 3 under 'Operation summary' on page 15 of the Defence portfolio budget statement, where it's talking about the net additional cost of major operations. For Operation Resolute, under table 3 on that page, the estimated actual net additional cost for 2022-23 was \$84.7 million, and for 2023-24 it's \$77.5 million. Is that the same number that we were talking about yesterday under the no-win, no-loss principle?

Mr Groves: I think I was actually referring to the \$77.5 million for 2023-24.

Senator PATERSON: Yes, that's what I'm asking about.

Mr Groves: Sorry, yes.

Senator PATERSON: That is the same one. So that is additional funding for Operation Resolute that has been made available to Defence because of increased requirements of Defence to support the operation.

Mr Groves: That's correct.

Senator PATERSON: I know I asked you this yesterday, but can you shed any light—or can any operational person who can shed light come forward—on exactly what was the need for that and what caused that increased demand?

Gen. Campbell: Operation Resolute is the ADF's contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests. This includes dealing with illegal maritime arrivals, prohibited imports and exports, maritime tourism, illegal exploitation of natural resources, compromises to biosecurity, illegal activity in protected areas, maritime pollution and piracy, robbery and violence at sea. Through Operation Resolute the Australian Defence Force also contributes to the whole-of-government effort of the joint interagency task force, Operation Sovereign Borders, to protect Australia's borders and offshore and maritime interests. Resolute is undertaken by ADF force elements placed under the command of the Commander of Maritime Border Command, Rear Admiral Justin Jones. The cost of Operation Resolute will modulate depending on the requirements of Maritime Border Command for ADF, typically asset support, whether air or sea asset support, in response to the scale and challenges of that variety of maritime security concerns that I read out earlier.

Senator PATERSON: Yes, that is what I am seeking to understand. What has changed that has facilitated that extra demand?

Gen. Campbell: I think that work on the support through Operation Resolute to Operation Sovereign Borders is an area that has been in recent months higher than a background average of recent years, but it really does depend on the whole combination of the different challenges and the capacity of Maritime Border Command and its Australian Border Force air and sea assets to support or be supported by the ADF.

Senator PATERSON: So OSB is the main driver of the need for additional funding?

Gen. Campbell: Sometimes it is OSB and sometimes it is concerns for the integrity of Australia's natural resources.

Senator PATERSON: What is it in this instance?

Gen. Campbell: I will check with the chief financial officer for the periods in which the additional resource expenditure has been identified.

Mr Groves: The \$77.5 million was for the 2023-24 financial year. We had estimated actuals for 2022-23 in that same table that you were referring to earlier around \$84.7 million. From memory, it's been fluctuating around that level for a while. I do not have the detail for previous years, but it has been up around that level for a while.

Senator PATERSON: I have the numbers. What I want to know is what's driving it. My understanding from the CDF's evidence is that it is primarily Operation Sovereign Borders. Is that your understanding too, Mr Groves?

Mr Groves: In the main for Operation Resolute that is my understanding.

Senator PATERSON: I imagine you won't be able to answer this here, but on notice could you break down what proportion of that \$77.5 million and indeed the \$84.7 million in the previous financial year was due to Operation Sovereign Borders and what was due to other operations under Resolute?

Gen. Campbell: That might be difficult in that all of the force elements that are assigned to the patrol boats and aircraft undertake aspects of all of the different civil maritime security response challenges. The most reasonable thing would be to say that mostly the scale is driven by Operation Sovereign Borders but there are times when other elements of this variety of civil maritime security challenges also lift the contribution that we might make. If there are periods in which the Australian Border Force might have a vessel that is no longer able to undertake its mission, we might have to add one of our own. Similarly, when they have all vessels operating, we might reduce.

Senator PATERSON: Let's see what you can do on notice. Go away and reflect on that, and I'll look forward to seeing what you can provide. But you mentioned in a previous answer, CDF, that the tempo or the requirements have been higher in recent months than they have been in previous years. What do you attribute that to?

Gen. Campbell: I think that it's our contribution towards the Sovereign Borders role.

Senator PATERSON: But why have you been required to contribute more in recent months than you have been in recent years? What's the change in circumstances or environment that has required that?

Gen. Campbell: The detail of that response would be more authoritatively given by the Commander of Maritime Border Command, Rear Admiral Justin Jones, but the contribution we make is based either on our understanding of the intelligence picture of illegal maritime arrival movements or intentions or people-smuggling intentions or otherwise, by our judgement of the degree to which we are realising a deterrent effect to mitigate the intention of people smugglers and persons who might have an inclination to travel.

Senator PATERSON: Does that mean there is a higher risk of illegal maritime arrivals now than there was previously?

Gen. Campbell: That's something that Commander Maritime Border Command would be the right authority to assess.

Senator PATERSON: Can a relevant official who can speak to that come forward?

Gen. Campbell: We don't have Commander Maritime Border Command here. He works for the Commissioner of the Australian Border Force, having been seconded from the Australian Defence Force.

Senator PATERSON: We've previously had evidence in this session of estimates from Admiral Noonan on this question. If Admiral Noonan is available, can he come forward? If someone who has knowledge of this is available, can they come forward? I don't mind who it is, but these are uniformed personnel who are under your authority, and I would appreciate their assistance.

Gen. Campbell: Admiral Noonan completed his duties in the Australian Defence Force in July of '22. Admiral Hammond is now our Chief of Navy. I'm happy to return to the question you ask and see if I can answer it, but, as I say, the authoritative answer would be from the Commander Maritime Border Command.

Senator PATERSON: These are your people that are on these operations. Are you saying you can't speak to the activities of your own people?

Gen. Campbell: You're asking for a judgement with regard to the reasoning that the Commander of Maritime Border Command has sought to draw either additional or fewer assets from the Defence Force. That's why I say it's rightly a matter that he is the authoritative respondent to.

Senator PATERSON: Are you saying that you don't know? It's not within your knowledge? They didn't tell you? They just said: 'We're going to need a few more ships. Can you provide them for no reason?'

Gen. Campbell: No. I'm saying that I'm very conscious of where the right authoritative response to the Senate committee is, and it is to the Commander of Maritime Border Command. As I say, I will give you a reply—

Senator PATERSON: Well, that's what I'm seeking.

Gen. Campbell: but the Commander of Maritime Border Command is the appropriate authority.

Senator PATERSON: You have made that point, and I do understand that, and I have asked questions in Home Affairs on the same question, but I am interested in your evidence. So I really would appreciate your assistance. Let's go to the evidence from February last year, where Admiral Noonan said:

... Navy provides five patrol boats per day in support of Operation Resolute. We also provide one large-hulled vessel for up to 300 days per financial year and one vessel as an operational response vessel at 72-hours notice to move. We have met that requirement consistently and without break in accordance with the Chief of Defence Force's preparedness directive.

Have there been any changes to that provision of Defence assets?

Gen. Campbell: We are now in a setting in which we are providing to Maritime Border Command eight Royal Australian Navy vessels, with an additional two vessels that are able to be committed should they be required but are hence on a stand-by positioning.

Senator PATERSON: Can you break down those eight? Is that the five patrol boats or is it an increased number of patrol boats or is it other vessels? What makes up that eight?

Gen. Campbell: I'll ask Air Vice-Marshal Chappell to give you detail of the specific vessels that are deployed at sea today.

Air Vice-Marshal Chappell: The current vessels, as CDF has described as eight, are five patrol boats and three other warships or large-hulled vessels, and the additional vessels that are on a recall ability for the commander of Joint Task Force.

Senator PATERSON: So that's an increase in the evidence from February, when there was only one large-hulled vessel made available?

Air Vice-Marshal Chappell: That's correct. That's at the request of Commander OSB and Maritime Border Command.

Senator PATERSON: What was the reason for that increase in resources being requested?

Air Vice-Marshal Chappell: As CDF described, that's best a matter for Maritime Border Command, OSB and Home Affairs. However, it is based on their intelligence assessments. We have provided those requests in accordance with the commander's—

Senator PATERSON: What do their intelligence assessments say?

Air Vice-Marshal Chappell: I'm not at liberty to say. I'd refer you to Home Affairs.

Senator PATERSON: Why are you not at liberty to say?

Air Vice-Marshal Chappell: They're classified intelligence assessments. They are made by the authority of the home affairs department and Operation Sovereign Borders.

Senator PATERSON: Would it be fair to say that it's because of an increased risk of illegal maritime arrivals?

Gen. Campbell: I would summarise the Commander of Maritime Border Command's intention in seeking the additional vessels so as to ensure the realisation of an effective deterrence and response effect. That's what he's doing.

Senator PATERSON: But something has changed, and only since February. This is only a few months ago. What events have occurred between now and February that have led to this?

Gen. Campbell: His judgement that he would require additional vessels to realise those effects.

Senator BIRMINGHAM: Deterrence was pretty effective previously, wasn't it?

Senator McAllister: I can see the very political point that is being sought to be made, but perhaps I can offer the committee this: the government has made very clear our intention to maintain strong border protection settings. The advice that has been provided to you from officials is twofold. It's that, where additional resources are requested, they are being provided; and that the lead agency for this lives in the Home Affairs portfolio, not in this portfolio, and that, if you are seeking the kind of information you are seeking, you're going to need to ask questions there. I think the officials have sought to be quite helpful.

Senator PATERSON: Thanks, Minister. I am grateful for their assistance. I'm grateful that we finally got that answer about the increased resources that have been provided. But, of course, this is the appropriate place to ask it because this committee has an interest in what the demands are on the ADF. We now know there are increased demands on the ADF in order to support Operation Resolute. That should be of concern to all of us because those resources were not required before and because of the evidence we had yesterday, as we've known for some time, that this is the most dangerous strategic environment since World War II and we are now devoting more resources than we had to before to border protection, which appears to be clearly linked to a change in policy.

Senator McAllister: You are asserting that. I don't believe that that's the evidence that's been put before you, Senator Paterson.

Senator PATERSON: What is the other reason why? What's the reason for the increase in operational tempo if not a change in policy?

Senator McAllister: As indicated, the questions around the operation need to be directed to the appropriate agency.

Senator PATERSON: I think that it's quite clear what's happening here. Thank you, Chair. I can move on to other matters, if you like, or you can rotate the call.

Senator BIRMINGHAM: I have one question off of Senator Paterson's. You've outlined the increase in maritime vessels. Is it only in the maritime domain that there has been an increase in ADF resources?

Gen. Campbell: Has there been an increase in ADF resources?

Senator BIRMINGHAM: Applied to Operation Sovereign Borders. I'm following on from Senator Paterson.

Gen. Campbell: Resources in terms of money, or are you talking about vessels? If there's an increase in vessels—

Senator BIRMINGHAM: We know there's an increase in budget to meet the costs. We know there's an increase in vessels in the maritime domain being deployed to assist. Is the increased budget being deployed in any other assets or personnel to provide additional support to OSB?

Air Vice-Marshal Chappell: The increase in assets does include an additional maritime patrol aircraft. That is not new, necessarily. The requirement or the request from the relevant commander at Operation Sovereign Borders will wax and wane depending on a number of factors. At the moment, it will have one to two maritime patrol aircraft available to the commander. As a steady state there's generally one on a recall, but that has waxed and waned over the years.

Senator BIRMINGHAM: But at present that's at two?

Air Vice-Marshal Chappell: It's at two at the moment; that's correct.

Senator PATERSON: I should clarify: I said before that the evidence I was referring to from Vice Admiral Noonan was from February this year, but it was February last year, which in fact demonstrates the point even more strongly. It was prior to the election and prior to the policy change.

Moving on to another matter, which is the existence of Hikvision and Dahua cameras in the Department of Defence. I submitted a question on notice on 29 November asking Defence whether or not they had these cameras on any Defence sites. The answer that came back to me on 7 February was that there was one system at one site, which was in the process of being removed. However, in information provided to the *Australian* newspaper on 14 February, the media said that in fact there were 42 cameras on Defence sites. Can someone explain to me the reason for the disparity between the information given to the *Australian* newspaper and the answer provided in the question on notice?

Ms Perkins: As we discussed at the last session of estimates, we've been looking at this issue for some time now. Our initial approach was to use our Garrison Estate Management System, the database where we record details of all the physical assets on the estate. The answer to the question on notice you refer to there came from that interrogation of data. We've since, and I think I mentioned this at the last estimates, at that direction of the Deputy Prime Minister, undertaken a much more detailed physical audit of every part of the estate. As that work progressed, as we went out and looked more closely at that diversity of the estate, at points in time the number that we've been in a position to count has changed. We believe we're now in a definitive position.

Senator PATERSON: What's that definitive number?

Ms Perkins: We completed the full physical audit of the estate a little while ago. We found more devices than we had registered. We now have a complete register of a little over 10,000 individual devices in a smaller number of systems. As we did that work, we found additional devices by manufacturers of concern. The total number of

devices was 435. We removed as many of them as we could immediately. Sometimes they were in locations where we needed specialist equipment to get to them. In some cases, we needed to leave them on for work health and safety or other reasons. We are now working through a process of getting to complete removal of devices, and we are on track to have that completed by 30 June.

Senator PATERSON: You told me in response to a question on notice that there was one. You told the media there were 42. But there were in fact 435?

Ms Perkins: Yes.

Senator PATERSON: That's extraordinary.

Ms Perkins: The estate is a vast and complex thing. The full physical audit was difficult to undertake, which I think I've mentioned before. That involved a physical survey of 30,000 built structures. We took the direction from the Deputy Prime Minister seriously to look in lots of places we perhaps hadn't before. When you think about the estate, it's not just office buildings and aircraft control towers but day care centres and homes. As we looked at shops and coffee points, we've had the opportunity now to both record a much better set of data and start, in that really vast swathe of places, a replacement program. By 30 June the number will be zero.

Senator PATERSON: I welcome that. I'm glad that will happen. I think it is the right thing, in response to the questions on notice I submitted and the media coverage, that the DPM ordered that audit. I'm glad we got to the bottom of that. But it does make me wonder: had these questions never been asked, would we have unknowingly wandered on, not realising we had over 400 devices from, as you say, manufacturers of concern? That's extraordinary. Would Defence have come across this in any other way had these questions not been asked?

Ms Perkins: As I've said in testimony to this committee before, the security policy and guidance that we use is kind of the other way around. We first focus on what is most sensitive, and we use a system of risk assessment and accreditation when we're making choices about those more sensitive sites. As we've done this work, starting in 2008, late last year and through this year, at every point, we've asked ourselves questions in line with government security policy. None of the devices that we found were internet connected, and that's a really important security control. When I look at those last few devices that we're working through now, I see they were almost entirely in places that we would consider of low security concern—day care centres, for instance. Often we'll have a day care centre on a base. We wouldn't have paid as much attention from a security perspective, because it's not located where we're operating more sensitive capabilities. The 100 per cent physical audit gave us the opportunity to look at sites where we would have been less focused with the security lens on, and will we'll move to the endpoint.

Senator PATERSON: I accept both of those points you make. It is much more dangerous if they are internet connected, and it is obviously of more concern if it is in a sensitive area rather than a less sensitive area. Nonetheless, you're removing them all, so you recognise that there is a risk. Let's not pretend that these are perfectly fine products to have; otherwise, you wouldn't be removing them, right?

Ms Perkins: We are moving with the rest of the government on the government's direction to remove those devices, yes.

Senator PATERSON: Which is appropriate.

Senator McAllister: It is appropriate and a direction that could have been given much earlier by a previous government but wasn't.

Senator PATERSON: Yes, and these questions could have been asked earlier by a previous opposition but also weren't. It wasn't till I asked about this and revealed their existence that action occurred.

Senator McAllister: I am simply making the point that I believe this was canvassed at the last estimates, including the fact that opportunities were provided to your government as early as 2018 to deal with this matter. Within a handful of months of coming to government, the DPM ordered a comprehensive and holistic assessment of the Defence supply chain. It's appropriate that that has occurred, and the officials are explaining to you what they are doing, but I do think it is just worth placing the direction of your questions in some context. I will point out that former senator Kitching also asked questions about this matter.

Senator PATERSON: As I've said before, I welcomed the DPM's instruction to conduct this audit and I welcome the government's decision to remove these devices. I've repeatedly publicly said that. But, of course, it only did occur after this came to media attention, which occurred as a result of the audit that I conducted.

I will move to a broader issue. Through the Defence Industry Security Program and the accreditation program for defence industry. Has Defence given any thought to whether or not it's appropriate to have these kinds of devices in defence industry and whether or not that should be a requirement for accreditation?

Ms Perkins: We have. We are working closely across government on the policy settings that will be appropriate for these issues. The broader Commonwealth security policy is managed by the Attorney-General's Department and, as I think we've discussed here before, technical security determinations are made based on the input from the authorities for that—for example, about consideration of foreign manufactured devices. We had some experience in working through these and we would take advice from the relevant security agencies, which would include ASD, the Australian Cyber Security Centre, ASIO and so forth.

The Attorney-General's Department have recently stood up a technical security forum as a subelement of the government's security committee, and in that forum we're working through what might be the necessary policy adjustments. What we continue to do in Defence, as I've said, is to make risk based judgements on the technical security of devices in the instances of where they fit. What the policy setting might need to be into the future is under active discussion and consideration.

Senator PATERSON: Defence industry have approached me and asked me: 'If we have these cameras, should we get rid of them? Is it likely to be a requirement of accreditation in the future?' What clarity can you provide for them? Some are contemplating new site fit-outs right now and are wondering if it is a good idea to go for these cameras or maybe a more expensive but safer alternative.

Ms Perkins: When we work with companies on their accreditation and the physical accreditation of their space, that's a really joined up process. There is no whole-of-government policy guidance at this point. When we work with companies, again, that would be based on what kind of work they were doing in what kind of facility. We would share with them the approach we're taking and the risk assessments we've been undertaking. I want to thank my colleagues in our CIO organisation, because we've done some additional supply chain assessments in order to have confidence in the devices we will be replacing these devices with moving forward.

Senator PATERSON: That sounds sensible.

Mr Moriarty: A number of defence industry players have approached me on similar issues, and I've been very clear in drawing to the attention of all of the defence industry players that I've spoken to our policy, the steps that we have taken and the direction the DPM gave us.

Senator PATERSON: I think that's appropriate. Ms Perkins, you said there isn't a whole-of-government policy on this. Minister, shouldn't there be a whole-of-government policy? If it's not safe to have in a childcare centre on a Defence base, surely it's not safe to have in defence industry working with the government to provide the future capability that we need, some of which is highly commercially sensitive, some of which involves classified information.

Senator McAllister: I'll take notice the specific approach. As I've indicated on a couple of occasions, I am not sworn to this portfolio. I'll take your question about the government's intentions in that regard on notice, but again I observe that the DPM has indicated a comprehensive examination of defence supply chains to ensure that Defence is not using devices, products or contractors of concern. The balance of your question as to how broadly that might extend I will take on notice and discuss with the DPM.

Senator PATERSON: Thank you. I appreciate that.

CHAIR: Senator Shoebridge, you have the call.

Senator SHOEBRIDGE: It is nice to see you all. It feels like only yesterday we were all in this room together! Amongst other conclusions in the *Defence strategic review* was that Defence's current approach to capability acquisition is not fit for purpose and the ADF's current force structure is not fit for purpose for our current strategic circumstances. They were pretty tough findings about the current state of the ADF, would you agree, General Campbell?

Gen. Campbell: They were tough but fair.

Senator SHOEBRIDGE: Yes. And that hasn't happened overnight; it's been a fairly lengthy process that has seen, yes, changes in our strategic environment but also real difficulties emerge in acquisition projects and investment in technology. Some of those issues have had quite a lengthy genesis, would you agree, General Campbell?

Gen. Campbell: I think it's very fair. The DSR emphasised the need for a variety of processes that could appropriately move capability at the speed of relevance. We have Mr Hamilton, the vice chief, here if you would wish to speak about more detailed aspects of either DSR or our capability development planning.

Senator SHOEBRIDGE: We may come to that in a bit. One of the measures the government has adopted—and I might put this to you, Secretary—is for a DSR advisory board to ensure that there is an external advisory

panel for the recommendations and the change to help ensure that cultural change, that structural change. That's one of the measures that the government's put in place, isn't it?

Mr Moriarty: Yes, the government has appointed an oversight panel.

Senator SHOEBRIDGE: The three appointments to that panel were former secretary of Defence Dennis Richardson, former secretary of Finance Rosemary Huxtable and former deputy secretary of DFAT Richard Maude. Is that right?

Mr Moriarty: That is correct. The co-leads of the DSR are also involved in that oversight work.

Senator SHOEBRIDGE: The former secretary of Defence, Richardson, was secretary when the—I think we now acknowledge—disastrous decision to spend billions and billions of dollars of public money on the French submarine deal was put in place. He championed it aggressively inside the department and out, and that ended up being a \$3.4 billion cul-de-sac, didn't it? It was \$3.4 billion that we literally just burned. He was the secretary, wasn't he, when that strategic decision was made?

Mr Moriarty: The cancellation of the attack class program was taken by the previous government because it acknowledged that our strategic circumstances had changed, and a different capability platform was required.

Senator SHOEBRIDGE: But the secretary at the time that \$3.4 billion—I have a word here that I won't use—decision was made, when that \$3.4 billion mistake was entered into, was Dennis Richardson, the person that you've just put on the external advisory panel to change things. Is that right? That can't be right.

Mr Moriarty: The government's view is that Mr Richardson is a very experienced former secretary of this department with a wealth of experience in a variety of senior roles. He can bring some very considerable skills to overseeing the work of the DSR implementation task force and the broader work of the department.

Senator SHOEBRIDGE: But wasn't Mr Richardson also the secretary who pulled the BAE frigate tender out of the dustbin and whacked it on the shortlist for a project that's now blown out to \$45 billion and counting, that's 18 months delayed and that should never have been put on the shortlist because it was a thought bubble? It wasn't an actual in-the-water design. Wasn't he the same person who did that—pulled it out of the bin and whacked it on the shortlist? Wasn't that the same Mr Richardson?

Mr Moriarty: I've spoken about the government's view of the qualities that Mr Richardson will bring to this work. I have nothing further to add.

Senator SHOEBRIDGE: Wasn't he the person who did that? He chaired the committee that pulled, for heaven knows what reason, the BAE frigate project out of the dustbin and put it on a shortlist of three. It has ended up signing Australian taxpayers up to a \$45 billion and counting defence project that the ANAO recently wrote a scathing audit on. Is that the same Mr Richardson who just got appointed to the external advisory board? Is that the same one?

Senator McAllister: Senator Shoebridge, I've suggested this before, but the way in which you ask your questions in a combination of colourful opinion and then seeking fact makes it very difficult for officials to answer you because they may not answer without, in some way, implicitly endorsing the many characterisations that you've embedded into your long preamble. If you would like to contemplate how to phrase a question to Mr Moriarty that he may actually answer, I invite you to do so.

Senator SHOEBRIDGE: Is it the same Mr Richardson who, for reasons that we don't know because it's not documented, chaired the committee that put the BAE hunter frigate on the shortlist? Is that the same Mr Richardson?

Mr Moriarty: Mr Richardson, the former secretary of the Department of Defence.

Senator SHOEBRIDGE: Is it the same Mr Richardson who was the secretary while all of these problems on acquisition and capability delivery had their genesis? Is it the same Mr Richardson who was in charge of the department while it all went off in the wrong direction, which is now—and I pointed to the findings in the *Defence strategic review*—having to be redirected. It's the same person, is it, who's going to oversee the DSR? Is that the same Mr Richardson?

Mr Moriarty: I've dealt with that question.

Senator SHOEBRIDGE: Was it on your advice that Mr Richardson was put on this advisory panel?

Mr Moriarty: The government came to a view about the appropriateness of the people that it would like to oversight the work.

Senator SHOEBRIDGE: Was it on your advice, Secretary? Did you give advice that this change agent, secretary Richardson, be on the advisory panel?

Mr Moriarty: The Deputy Prime Minister, I understand, spoke to the Prime Minister about the appropriate people to oversight this work.

Senator SHOEBRIDGE: What was the process for shortlisting, if there was a shortlist? Or was it just a captain's pick? Was it a captain's pick by the Deputy Prime Minister, or was there an actual process?

Mr Hamilton: The process for proposing names included advice provided by the department but was a matter for government decision.

Senator SHOEBRIDGE: Was there a shortlisting process undertaken by the department to get the names? You say there was a process. What was it?

Mr Hamilton: We provided advice to the government which comprised the names that are on the independent oversight body. Those names were considered by the government, and they agreed to those individuals who are on the panel.

CHAIR: One minute, Senator Shoebridge.

Senator SHOEBRIDGE: So the three appointees were the only names on the list, and those names were generated from a process inside the department. Is that what happened?

Mr Hamilton: There are five members of the oversight body: former secretary Richardson, former secretary of Finance Huxtable, former deputy secretary of foreign affairs Mr Richard Maude as well as Sir Angus Houston and His Excellency Stephen Smith.

Senator SHOEBRIDGE: You know the three names I'm referring to—the three names that were announced in the last week. Those three names were generated inside the department from a list that only had those three names on it that went to the Deputy Prime Minister. Is that what happened?

Mr Hamilton: Ultimately the government decided on the members of the panel that were announced by the government.

Senator SHOEBRIDGE: You know that's not the question I asked, and it's a very simple question. Did the department pick the three names, put them on a list with only three names and give it to the Deputy Prime Minister? Is that what happened?

Mr Hamilton: We considered suitable candidates who would bring expertise to oversight of government direction. Those names were considered by the government, and they are as announced by the government.

Senator SHOEBRIDGE: This is a list—

CHAIR: Thank you, Senator Shoebridge. Your one minute is well and truly over.

Senator SHOEBRIDGE: You said five minutes.

CHAIR: I said one minute. Senator Lambie, you have the call.

Senator LAMBIE: Thank you, Chair. I've got some questions on submarines for Vice Admiral Mead and for Vice Admiral Hammond, if I may. I just want to go into the first Virginia class submarine that went into service almost 20 years ago in 2004. I understand there have been a number of different variants with different capabilities. I think they are referred to as blocks: block 1 to block 5. Can you tell us which submarine block we are seeking as part of the US AUKUS procurement?

Vice Adm. Mead: The exact allocation of submarines that will be transferred over to Australia is still to be determined by Australia and the US, but we are looking at those submarines having over 20 years of service life remaining.

Senator LAMBIE: I didn't ask you about the number. I've got those. I want to know what block you are looking at getting them from: block 1, 2, 3, 4 or 5?

Adm. Mead: The name of the submarines and which submarines they are, which would then determine which block, has yet to be determined.

Senator LAMBIE: Hang on! You gave evidence to Senator Wong last year that you were spending \$300 million to put the details of the program in place, so—

Adm. Mead: The \$300 million was the money allocated to the Nuclear Powered Submarine Task Force for an 18-month period, so that we could conduct our activities. I understand your question. We are working with the US. We're doing a lot of discussions to work out which of the actual submarines would be transferred over to Australia. That submarine may not even have been delivered or commissioned yet in the US Navy right now.

Senator LAMBIE: I'm talking about Virginia class, and I'm talking about the blocks. In terms of the Virginia class, which block are you replacing them with? I'm not talking about the new ones that you're ordering—whatever that's going to look like in however many years. I'm asking you: out of what blocks—

Adm. Mead: The US have commissioned approximately 21 Virginia class submarines in blocks 1 to 4, and they are now building block 5. We are working with the US to determine which actual submarines will be the ones transferred across to Australia in the early 2030s.

Senator LAMBIE: Are we setting the requirements or are we just getting what's tossed out to us?

Adm. Mead: We're working with the US to transfer across and allocate a submarine which would meet our requirements. We have written to the US highlighting what our high-level user requirements are for the Virginia class submarines.

Senator LAMBIE: So you are waiting?

Adm. Mead: We are working. We're working with the US. It is a complicated process that we need to go through here. We want to get this right, obviously. We know that we are aiming to be sovereign ready in the early 2030s. We have about 10 years before the first submarine would transfer across. We need to do this right, we need to do it in a methodical manner and we need to do it in a safe and secure manner, but we also need to do it at speed. I understand your question, Senator, but we just haven't finalised the detail with the US yet.

Senator LAMBIE: How much has actually been spent out of the \$300 million that was allocated to the task force in the financial year of 2022-23. How much was spent between last year and this financial year.

Adm. Mead: It's \$114 million at the moment, but I can come back to you with the actual number. We had 18 months; that's for the past 12 months.

Senator LAMBIE: You can take this on notice: how much has Defence spent on business class or first class fares for the AUKUS program since you started exploring the idea of nuclear powered submarines as a replacement for the French version? Could you also break down, for flag officers, name and total cost on airfares and how much you have budgeted for travel over the next six or seven months?

Adm. Mead: I'll take that on notice.

Senator LAMBIE: Thank you. Regarding the submarines themselves, will they be new or second-hand?

Adm. Mead: The first two submarines which will be transferred will be submarines that would be operating with the US Navy. As I mentioned before, they would probably have a life of about 20 years remaining on them. The aim is to acquire a submarine for the Royal Australian Navy which has already conducted its tests and evaluation and which is a proven product. The US will do a maintenance package on that submarine beforehand. The aim is to provide Australia a leading-edge submarine capability that is in service.

Senator LAMBIE: Will you purchase them through the US Foreign Military Sales program?

Adm. Mead: We're just finalising details and the exact mechanism by which those submarines would be transferred across to Australia. Obviously, FMS is one option. We do need to work through, though, with Congress and the administration what is the best way to do that.

Senator LAMBIE: One of the stated advantages of going through the FMS is to get a better price; is that correct?

Adm. Mead: There are various mechanisms to transfer. Remember, Senator: there is no precedent. The US has never transferred across a nuclear powered submarine to another navy before. We want to do this in a safe and secure manner. We obviously want to get value for money out of this as well. I understand your question, but we are working very closely with the US on this matter.

Senator LAMBIE: I want to go into the Congressional Research Service paper that's being done on the Virginia class program. The average price of a Virginia class submarine is \$4.3 billion. Are you coming up with that sort of figure? You've just come from the US—

Adm. Mead: The number that the Congress comes up with is a broad one, for instance, where they're buying batches of 10 and they've established an industrial chain. We're working with the US on what it would cost to transfer a US Virginia class to Australia.

Senator LAMBIE: I presume that you've had talks with the US on account of getting second-hand submarines and you'll be paying no more than the depreciated book value for those submarines?

Adm. Mead: We have had in-depth discussions with the US on all those aspects—also on transferring across supplies, spares, training, how we would do this in an effective manner and how we would do this safely.

Senator LAMBIE: When will we know which submarines we will be getting? You're saying that's going to be at the end of the 18 months. You had 18 months to get all this right.

Adm. Mead: Just for clarification, the 18-month consultation period essentially finished on 14 March 2023, when the leaders made the announcement.

Senator LAMBIE: So how come we don't have more details?

Adm. Mead: We are in the execution phase right now. You are correct, Senator, that I do not have the answers for everything to do with the nuclear powered submarine program. We're working very hard with the US, with the UK, with the states, with the International Atomic Energy Agency, with industries and with academia to flesh out all the answers that we can to deliver these submarines—something that has never been done before—in a safe and secure manner in order to protect the people of Australia. Each day we work on these issues, Senator, and I can give you a guarantee—an absolute commitment—that we are doing this in Australia's national interest. Some of these are very complicated matters, as you would understand.

CHAIR: You have two minutes, Senator Lambie.

Senator LAMBIE: Can you please table a summary integrated master schedule for the program? I'm not talking about the \$300 dollar one on your website. Can we have a look at the \$300 million one the taxpayer paid for?

Adm. Mead: I'll take that on notice.

Senator LAMBIE: When I look at what the US has got, for the size of it, it has got stuff all. They must know that. In terms of their 26 SSN-688 class boats, their SSN-21s and their SSN-774s, for a big military over there, it's not a lot. Surely that must be startling to you, and I have to ask: do you seriously think they can get this build done in the time that you need it done? With that small number of subs, between the boats, I think we've got a real problem. Has anybody asked the US whether it is right to fend for itself? It's going to put itself first, and that is a real worry.

Adm. Mead: I was over in the US as recently as mid-April. I've had discussions with the ambassador over there and with Congress. I went to the Pentagon, and I walked all the corridors. I spoke to my counterparts. I went to Norfolk, which is the biggest shipyard in the world, where they have nuclear powered submarines. There is overwhelming commitment in the US administration and the bureaucracy to support Australia in transferring nuclear powered submarines to Australia. There is significant momentum in establishing the submarine rotating forces in Western Australia from 2027. This commitment was made in September 2021. It was reiterated again by the world leaders in March 2023. I can only reiterate what the US is telling me and what the US is saying publicly: they are absolutely committed to this program, as we are.

Senator LAMBIE: Thanks, Chair. I'll come back to Admiral Mead—

CHAIR: In your next iteration. There will be plenty of time. Thank you. Senator White, you have the call.

Senator WHITE: I want to ask a few questions about workforce and numbers and what's happening. Can I ask you to confirm what the ADF permanent workforce strength was at the end of 2012-13.

Ms Greig: In 2012-13 it was 56,159.

Senator WHITE: What was the permanent workforce strength as at the end of 2021-22?

Ms Greig: It was 58,206.

Senator WHITE: I've asked for those two points just to see what the growth is over 10 years. By my calculations, the growth over 10 years is about 2,000.

Ms Greig: I need to do the maths. It would be around that, yes.

Senator WHITE: It's probably 2,100 or 2,050—something like that. You'll recall the previous government announced its target to grow the Defence Force by 18,500 by 2040. When was that exactly? When did they make that announcement?

Ms Greig: It would have been in March 2022.

Senator WHITE: The new target increase for defence workforce of 18,500 by 2040 would require defence to grow by about 1,000 personnel per year. That's net—isn't it?—because there's a turnover rate? It's 1,000 per year.

Ms Greig: Can I add a bit of context to help the question. The growth of 18½ thousand was to come into effect from 2024-25. It is largely growth in the Australian Defence Force, but there is also growth in that figure for the Australian Public Service workforce. On the growth path, much of the growth was in the first decade, but there also growth in the second decade. When you look at what the growth requirement is by year, you could use

the figure of 1,000 additional a year, but it varies by year and it also would vary by the capabilities. The workforce was analysed and married to the capabilities as presented in the previous structure plan.

Senator WHITE: It was frontloaded, wasn't it? So it's more at the front end, or am I missing something?

Ms Greig: It is slightly more at the front end. The 12½ thousand of the 18½ thousand were allocated over the 20-year period. We had not allocated the 6½ thousand. There was still work to be done on some of the emerging and new capabilities and working through what that meant for the workforce composition. The 12½ thousand was allocated, but not the six.

Senator WHITE: I think your point is that it's not evenly distributed. So when I say 'a thousand', that's taking the raw figures, but, in fact, it was frontloaded, and there'd be more in the first few years according to what you're saying. That's right, isn't it?

Ms Greig: We'd allocated the 12½ thousand, so what I'm saying is that, over the first decade, a larger proportion of that 12½ thousand was allocated, but we haven't allocated the 6½ thousand.

Senator WHITE: Whichever way you cut it, even if you changed it later on, and said, 'We can't make this,' it's still greater than the 200 on average that were actually recruited over the previous 10 years, isn't it?

Ms Greig: Yes. It was a significant uplift in really supporting the workforce requirements for a big uplift in capabilities, yes.

Senator WHITE: Yes, but you hadn't been able to achieve them previously?

Ms Greig: In terms of the ADF, each service chief sets us a recruiting target each year. In meeting those targets, we've had relative success in some years, but it has been progressively harder in the last two to three years.

Senator WHITE: When you looked at this target of 18,500 and then 12½ thousand in the time frame—the first 10 years—that was a big target compared to the targets you had previously, wasn't it? It was really asking you to achieve the workforce growth in two years that it took Defence to achieve over the last 10 years.

Ms Greig: From 2024-25?

Senator WHITE: Yes.

Ms Greig: That is the big uplift in recruiting targets at this point. The thing we've been doing in preparation for that is a significant reform to our ADF recruiting system, in order to support increased recruiting targets, but also, in terms of attracting the skill sets that we need going forward, with an equal weighting on retention. Of course, the growth is not just resident in recruiting but, obviously, retention plays a very big part.

Senator WHITE: Yes. I'll get to that.

Mr Moriarty: I think the issue of the workforce for the ADF, but, more broadly for the defence organisation, is a challenging one for us. That's why the government has identified workforce as one of the priority areas under the Defence Strategic Review. Mr Marles and Minister Keogh have also put a lot of effort into working with us on how we can grow the workforce and also on some of those retention initiatives. The government has certainly acknowledged that we won't be able to deliver the ADF that we need to deliver if we can't improve retention and recruitment. Our ministers are giving us guidance on how we should approach some of those issues.

Senator WHITE: That's the essence of what I was going to get to. You need a plan to do this. You can't just declare that we're going to have 18,500 new people without actually having a stepped-out plan, having funding, having a realisation of the market that you're in, understanding why people are leaving the ADF, how you have a retention plan—all of those things. You need a plan, don't you? You can't just declare, 'This is what we're going to do.' Is that right?

Ms Greig: Yes. We can talk a bit more on the significant recruiting plan, but—

Senator WHITE: I think there's a plan now, but I want to cast back. Was there a plan when the 18,500 figure was announced so grandly?

Ms Greig: The work, in terms of the 18½ thousand, was a workforce analysis against the Force Structure Plan. In terms of what has happened since, in April last year we established the recruiting and retention team to look, in a focused way, at what else we needed to do to in support of recruiting and retention.

Senator WHITE: But at the time that 18,500 was announced by the former government, there was no plan, was there?

Ms Greig: We had a strategic workforce plan that was developed to accompany the Force Structure Plan. We are now updating the strategic workforce plan, given changes in circumstances.

Senator WHITE: I think you're probably missing points in time here. That all happened after the fact, didn't it? Suddenly, the government has announced 18,500 and you've got to scramble to try and figure out how you're going to do that and what you're going to do, and then put in place a plan. The plan didn't come first and then the announcement; the announcement came first. Am I getting that right?

Ms Greig: The analysis was undertaken quite comprehensively in support of the 18½ thousand, with a view to recruitment reforms and putting in place more in terms of retention initiatives. The big effort, which I think you're pointing to, was in around April last year, when we were very attuned to increasing separation rates, particularly in some of our critical category areas, both for the ADF and for the Public Service.

Senator WHITE: How have you been tracking against your recruitment targets?

Ms Greig: I might pass to General Stothart.

Major Gen. Stothart: Perhaps I could just let you know that we did release a Defence Strategic Workforce Plan in 2021. That plan had been worked in concert with the capability plans that had occurred through the Defence Strategic Update and the Force Structure Plan, as Ms Greig has said. So, there was a strategic workforce plan being worked in concert with the capability plans that were occurring as well, and that plan was released in 2021. Consequently, as Ms Greig has said, we will need to recast that strategic workforce plan in light of the DSR and the capability decisions to come.

In terms of achievement of recruiting targets, it has been a challenging period for us for recruiting and in retention. As recently ago as financial year 2017-18 we achieved 98 per cent of our targets. In financial year 2018-19 we achieved 96 per cent of our targets, and since then we've had a drop-off in our achievements. In financial year 2020-21 overall we achieved 88 per cent. In financial year 2021-22 we achieved 76 per cent. And this financial year, year to date, for the end of the financial year we forecast that we will achieve around 73 per cent of our recruiting targets.

Perhaps I could just explain that the raw numbers of targets are increasing for us as we try to grow. The raw numbers of achievement are holding relatively steady, but as a percentage they are dropping, because we are trying to recruit more people. I wanted to give you that for a bit of context. We are in challenging circumstances, and we are not achieving the recruiting targets that we would like to.

Senator WHITE: Did Defence receive any extra funding to achieve the recruitment and retention drive that you're embarking upon?

Ms Greig: In terms of the funding around the 12½ thousand, no, that was internal reprioritisation.

Senator WHITE: What does that mean, 'internal reprioritisation'—taking money from somewhere else to fund extra bodies?

Ms Greig: As part of the Force Structure Plan and looking at capabilities, the workforce components were also part of that prioritisation and reprioritisation through the Force Structure Plan.

Senator WHITE: So, at the same time that you're having difficulty recruiting people—which is what I understand your evidence to be—you're also losing people, aren't you? It's about retention. What are the current separation rates in the ADF and the department's APS workforce?

Ms Greig: The current ADF separation rate is 11.4 per cent, and the APS separation rate is 12.4 per cent.

Senator WHITE: Are these normal levels? Or are they higher than normal?

Ms Greig: They're higher than the five-year average, which is why we've injected significant work into retention initiatives, most recently particularly looking at helping through the ADF family health benefit. We've been putting particular effort into supporting the education of our ADF and APS members—providing for greater flexibility in accessing education support as well as widening eligibility, because we know that is one of the factors that helps retain and engage our people. Most recently we have put in place the ADF continuation bonus, because we know that those who are separating are at particular peaks—at four years, at eight to nine years and then again at 12 years. We're trying to bring that cohort forward. We know that we've got hollowness in our ranks between that four- and eight-year period and it is a way to try to retain that critical group who are our future leaders.

Senator WHITE: Do you think the measures that have been implemented by the government are helping to address that challenge? For example, looking at it more closely, talking about bonuses, looking at where there are weaknesses. Do you think all those things are going to make a difference?

Ms Greig: We look at the workplace behaviour of the ADF and APS very closely. We can see for the APS workforce that the separation rate has started to come down. It's fallen about 1.5 per cent over the last year. That's a broad measure. We're still worried about our critical occupations. In terms of the ADF, we think we are seeing a

plateau, but we are doing pretty strong evaluation over the next two years to really measure and learn again what the impacts are on the things that we've been putting in place.

Senator WHITE: When you say 'measure', are you doing exit surveys and things like that? How are you measuring it?

Ms Greig: We use what I call hard measures and the soft measures. Hard measures look at the data. What areas of the workforce are separating, staying, retaining? What does it look like in terms of any workforce risks? The softer data is the survey data. We conduct annual climate surveys and also, as you suggest, exit surveys. It's a combination of those things to look at what impacts those initiatives are having.

Senator WHITE: So it's not just the ADF, it's also the APS. Where are they all drifting to and what's your summation at the moment as to why they're drifting? They're not all going to the ASD. Last night they told us their massive success story.

Ms Greig: Twelve months ago we were very concerned about the separation of our APS workforce. It was the highest rate I'd seen in my time. The labour market was an obvious factor. The second issue was that we were seeing early retirements. That was absolutely the case. The third factor was we were seeing higher transfers to other Commonwealth agencies, and the combination of those things. Given a lot of that workforce has now retired, that may be one factor as to why the separation rate has come down somewhat, in addition to what we've been trying to do to support our critical occupations.

CHAIR: Senator Paterson?

Senator PATERSON: I have some questions about DJI drones if the relevant officials are available. On 30 March I submitted a question on notice about this, which was due for response by 1 May but has not been received yet. I wonder if officials have that answer to hand.

Senator McAllister: Was this through the parliament or through the committee?

Senator PATERSON: It was through the parliament.

Senator McAllister: Sometimes our accounting for these two streams of questioning is different.

Senator PATERSON: Understood.

Ms Perkins: I can certainly answer questions on DJI drones. I'd start by saying that the way we manage drones is quite a complex set of different kinds of capabilities. I'll talk from a security perspective. I don't have visibility of the question on notice that you're referring to but we will take that on notice for you.

Senator PATERSON: Do you know how many DJI drones Defence is operating?

Ms Perkins: Defence is currently operating no DJI drones.

Senator PATERSON: That's a good technical answer but how many DJI drones does Defence have?

Ms Perkins: I don't have a number for you. We could take that on notice. As I said, we would offer for the committee that we believe there were some hundreds being used for a variety of uses across Army, Navy, Air Force, the Defence Science and Technology Group and some of the cadet elements.

Senator PATERSON: If you don't have visibility of the number, who would have visibility of that?

Ms Perkins: I think what would be best is for us to take that on notice. In my evidence there, there are currently none. After we looked at the DJI drone issue, the secretary and CDF issued a directive to seize their operation. We've sent that out. I know that we have looked at where they are and how they were being managed and we've asked everyone to stop using them. Because they are a small consumable device, they can be locally purchased and people have been using them, for instance, in cadet units.

Senator PATERSON: I will look forward to that full detail on notice. But, just quickly, you said you're not familiar with the question on notice, so it obviously has gone to someone else to provide the answer. If not you or your team, who would be looking after it?

Ms Perkins: Can we get back to you on that?

Senator PATERSON: Alright. As you said, the secretary and the CDF have issued a direction that they be grounded, which was reported in the *Australian* on 5 May. The Pentagon took the same decision in October last year. Why was it only in May this year that we took the same decision?

Ms Perkins: As I mentioned when we were speaking earlier, Commonwealth security policy and Defence security policy work in a slightly different way to the way our Five Eyes partners sometimes operate. We undertake technical risk assessments based on the equipment we might be using and where and how we might be using it to determine if there's a technical risk. My understanding of the United States Department of Defense

ceasing to use these derives from a slightly different kind of framework. It's based upon a Department of Commerce methodology they use around foreign devices, and my understanding of the listing of DJI is it is based on a number of factors, primarily around what they call their Entity List, DJI's engagement with the PLA and involvement in civil use in China.

Senator PATERSON: Yes. As I understand it, there are two separate directions in the US system, which originate from different agencies for different reasons. It was already a sanctioned company previously, because of its involvement in the mass surveillance and human rights abuses of Uyghur people in Xinjiang in cooperation with the Chinese government. Then, a subsequent assessment was also made. The US government believes that the company is effectively controlled by the People's Liberation Army, and that is what led to the hard band that was announced in October—there were previous restrictions. But my question still stands, regardless of whether they have gone about it in different means or for slightly different reasons. Nonetheless, our closest security ally made a decision in October last year that they could not be safely operated and it wasn't until May this year that we came to a similar conclusion. What's the reason for the lapse in time between those two decisions?

Ms Perkins: I couldn't give you a specific reason. We're constantly looking at our security settings. As I said, our system is based on risk assessment of a device in use and where and how it's being used. The minister mentioned earlier the broader review of supply chain security. We're working through that now. The Defence supply chain is extremely complex and has many hundreds of millions of items in it. I also mentioned earlier the work with Attorney-General's on the technical security forum. So we're working through these issues at pace. As I say, I think it's important that first we review the security risk assessments. Then we can make some broader judgements.

Part of the supply chain review that we're undertaking will be looking really closely at the security systems in the United States and the United Kingdom so that we can benchmark and learn best practice approaches that they might be using which are different to ours. We do this routinely, and I think we have a really good spirit of cooperation to keep learning from each other, but, as I said, we have quite different systems. The United States has a domestic manufacturing base, and this is a constant and active process across government.

Senator PATERSON: Were there any communications with our American friends after their decision in October? Is there a mechanism by which that kind of information is shared?

Ms Perkins: No, there's not a direct mechanism. We routinely engage with security officials. You'll appreciate the very large volumes of information across very many different capability types, so, while we routinely engage, I'm not aware of any direct communication from them to us on this issue, but we do monitor decisions they take and then work them back through our policy settings.

Senator PATERSON: But in this case obviously action was not triggered by them, given that they took this decision in October and we didn't take the decision until May. The decision did appear to be taken after the questions on notice that I submitted and also after a media inquiry from Ellen Whinnett at the *Australian* newspaper went into the defence minister's office. Was it in response to a direction from the defence minister's office that the drones were grounded?

Ms Perkins: I'd have to take that on notice.

Senator PATERSON: Perhaps the CDF or the secretary can assist, given that they made the direction. Did the minister's office direct you to do that?

Mr Moriarty: I think the CDF and I took the decision just based on the information that Ms Perkins and others provided to us. I'd need to check. I don't recall any direction from the minister.

Senator PATERSON: Ms Perkins, when did you provide that advice to the CDF and the secretary?

Ms Perkins: I've been working this with my colleagues who have the elements using these devices. We worked that up. I'm just trying to find the date on which we got the direction out there. Again we started with a risk assessment—and we did that on these devices some time ago—about how we thought they might be accruing risk to us. Then on the balance of the information we were able to work with the secretary and CDF's offices on a joint directive—I'm just struggling to find it here—

Senator PATERSON: The media reported the directive on 5 May. I don't know when that was issued, but that was when it was reported.

Ms Perkins: It was issued on 5 May.

Senator PATERSON: So when did you provide the advice?

Ms Perkins: We were working that in the background. I was working on the broader policy issues around supply chain security and technical risk. My colleagues in Army, as one of the core leads—and, as I said, drones are treated in a range of different ways—

Senator PATERSON: I'm sorry to interrupt—

Ms Perkins: I personally didn't provide specific advice on that directive.

Senator PATERSON: Right. I understood from the secretary's answer that that advice was provided by you or your team. Is that correct, Secretary? Was it in writing?

Mr Moriarty: I think it was iterative. We've discussed these issues with Ms Perkins and also others in the department over quite a period of time.

Senator PATERSON: Sure, and I imagine there had been lots of ongoing discussions. But at any point was any written advice provided that the drones should be grounded?

Mr Moriarty: I'll take that on notice.

Senator PATERSON: Okay. If you could provide the date of that to the committee, that would also be helpful. There is a broader policy issue here, which is that this does appear to be a little bit reactive. In the case of the cameras and now in the case of the drones it seems that, after questions get asked, work gets done and decisions get made. I'm thankful that the right decisions are being made to manage these risks, but how are we proactively assessing these so that we don't just have to wait for the next round of questions on notice or the next media inquiry to get rid of the next high-risk authoritarian technology vendor, Secretary?

Senator McAllister: Senator Paterson, I think I've already provided evidence about the supply chain security audit—and the officials are in a position to talk through how that is unfolding—but I make the point I made earlier that these are not new issues; they were canvassed by both government and opposition senators while the coalition government was in place and they were not addressed in a systematic way. In contrast, a systematic approach has been requested by the DPM, and officials can talk you through how that is unfolding.

Ms Perkins: Thank you, Minister, and thank you, Senator. We do have a different security system to the United States. We work closely across government to understand how threats and risks might evolve over time and how we need to respond to that. Our technical risk based system has served us very well, but in response to the Deputy Prime Minister's directions we've been working through a comprehensive approach that will undertake in multiple phases to look deeply into the defence supply chain and to establish the policy criteria to deal with emerging threats and risks. It's important in doing that that we understand that this will cut across really important equities across government. I've mentioned already the intelligence led advice on how threats accrue. That's critical to us. But we'll also work closely with colleagues in other parts of government on broader security settings, our obligations under free trade agreements and so forth, so it'll be complex work.

What we've proposed to the Deputy Prime Minister is a multiphase approach. We'll start by doing some work with our colleagues in the United States and the United Kingdom on their systems. We'll be working through those policy settings. We'll be working with capability managers across Defence to sample elements of their supply chains. Really importantly, much of our supply chain is in fact managed by our industry partners. We've been doing work for some years to eliminate those supply chains and to understand where risk might accrue and whether our security settings are appropriate. So we'll be starting from a strong base, but I'd just stress to the committee that this will be detailed and complex work, probably running into the hundreds of millions of items throughout the defence inventory.

Senator PATERSON: I appreciate it is a big task, but it's also a very important one. Given the strategic environment we're in, we cannot be relying on a potential adversary state to supply key technology used by our men and women in uniform, with all the risk that that entails. So, if we are in agreement that there is a need for a more proactive system that assesses these risks, when can we expect that that will be in place and that we will not have to keep thinking of the next high-risk technology company to submit questions on notice about?

Ms Perkins: As I said, we've proposed an approach to the Deputy Prime Minister. We did that in deep consultation across all of our capability managers, our delivery agencies and our logistics agencies to make sure that we'd fully understood the complexity and the pace at which we can deliver, but we're going to move really fast.

Senator PATERSON: When did you put the proposal to the DPM?

Ms Perkins: I think it was last week that we finalised the advice. We've been working on it for a number of weeks.

Senator PATERSON: What's the process from here? Is this a decision for the DPM? Does he need to take it to cabinet or NSC? What's the process?

Ms Perkins: No. I believe this is absolutely a direction the Deputy Prime Minister has already given us. We've proposed an approach to this work. We're starting work now, and we'll adjust, obviously, based on his advice.

Senator McAllister: Just to confirm that, Ms Perkins, my understanding is that the advice has been provided to the DPM and that he will consider it.

Senator PATERSON: That's good. So, by the time we come back to estimates in a few months' time, should we expect this to be in place and operating as intended?

Senator McAllister: I think the timing is a matter for the Deputy Prime Minister, and it is dependent on his response and his evaluation of the advice that's been provided to him and the options that are before him.

Senator PATERSON: Yes, and that's why I direct this to you, Minister. I assume the DPM would want to move pretty swiftly on this. It's a serious issue. Can we hope and can we expect that, by the time we come around to estimates next time, we will have seen progress and there will be a new system in place?

Senator McAllister: I think that the officials have given you advice that this is complex work that requires the department and the services to engage with what is characterised as an extensive, diverse and complex supply chain. I don't intend to put a time frame on it. Those are questions for the DPM, and the officials have indicated that that advice is before him.

Senator PATERSON: I will look forward to any progress that you are able to report at the next estimates. Thank you, Chair.

CHAIR: Thank you, Senator Paterson. I have to move the call along. Senator Van, you have the call.

Senator PATERSON: Sorry, Chair, I thought the official was seeking the call there.

CHAIR: I understand that, but I have to move the call along. We can come back to it.

Senator PATERSON: Was it in relation to the questions I was just asking or to another matter?

Lt Gen. Stuart: It was in regard to your question on notice.

Senator PATERSON: Chair, with you discretion?

CHAIR: Just very briefly, please.

Lt Gen. Stuart: That came to me, Senator. Can I confirm whether or not you've received that response?

Senator PATERSON: No, it hasn't been received.

Lt Gen. Stuart: I can share that with you separately.

Senator PATERSON: That'd be great. Can you share it now? What's the number?

Lt Gen. Stuart: It is PQ23-000015.

Senator PATERSON: Sorry, I meant the number of drones, not the question number.

Lt Gen. Stuart: Sorry. The total number of drones—

Senator McAllister: Lieutenant General, I appreciate that a response has been prepared and that the Senate can expect a response to Senator Patterson's question shortly.

Senator PATERSON: So you're not able to provide that information now?

CHAIR: I think the minister has provided a response.

Senator LAMBIE: Why doesn't he just give the information in front of him now, because that's the go here. That's how it works in here.

Senator PATERSON: Is there any reason why it couldn't—

Senator LAMBIE: Do you have a number?

Lt Gen. Stuart: I don't have a number from the department, but from an Army perspective it's in the order of 450. But Ms Perkins's evidence is—

Senator PATERSON: Thank you. I appreciate that.

CHAIR: Okay—the same as we had before. Senator Van, you have the call now.

Senator VAN: Secretary, in your opening statement yesterday you said to the committee that the total value of military assistance committed—this is to Ukraine—is over \$500 million. You say 'committed'. How much has been delivered?

Mr Moriarty: I'll ask the appropriate officials to join me.

Mr Jeffrey: Senator, Australia's military assistance to Ukraine is in four key lines of effort. It is valued at over \$500 million. That's not an exact figure but a broad figure. The key lines of effort are, first, gifting Australian equipment from ADF stocks; the second is gifting equipment purchased from the Australian defence industry suppliers; the third is providing or channelling funds to Ukraine through our international partners; and the fourth is training Ukrainian soldiers, in the United Kingdom.

Senator VAN: Can you give me the breakdown of those first two lines of effort, please.

Mr Jeffrey: Sure. On the first one, which is gifting Australian equipment from Defence stocks, the list includes Bushmaster Protected Mobility Vehicles—

Senator VAN: How many of those have been delivered?

Mr Jeffrey: As you will be aware, in our previous answers to this committee we've said that we don't comment on the exact number and delivery rates simply because, for operational reasons, we don't want to tip off obvious actors about delivery times and the numbers and amounts. The majority of the things that I'm talking about have been delivered, but not in total.

Senator VAN: So over half?

Mr Jeffrey: Yes, over half.

Senator VAN: Over a year—

Senator McAllister: Senator Van—

Senator VAN: Minister, I'm directing questions to the official.

Senator McAllister: Excuse me. At any moment the minister at the table can appropriately respond to questions.

Senator VAN: Be my guest, Senator.

Senator McAllister: I simply wanted to draw your attention to the guardrails that Mr Jeffrey is putting around the information he may provide to the committee. I think that this committee has previously canvassed the sensitivities about providing operational information, and I'd ask you to phrase your questions in a way that respects the constraints on what Mr Jeffrey may provide. But you should continue with your questions.

Senator BIRMINGHAM: That's true, Minister, but governments of both persuasions have been happy to publicly announce the scale of commitments being made, and it is reasonable to test whether those commitments are being delivered and whether they're being delivered in a timely manner. Nobody is seeking to unpack the operational end of how they are being used, when they are being used, where they are being used, whether they have been destroyed or otherwise. They're all reasonable operational elements. But it does feel as though the cloak of having respect for those operational elements is in some ways a shield for not actually giving clear advice in terms of the progress of delivery against publicly declared commitments. I think that's a reasonable one to be pursued and to be pursued as far as we reasonably can.

Senator McAllister: Senator Birmingham, the officials will assist as far as they possibly can. I was simply observing that the official provided Senator Van with an answer, and Senator Van pressed again for further detail. I'm asking him to observe the constraints described by the official. But let's continue with questioning and see where we may land.

Senator VAN: Minister, I appreciate your input. I can get that operational information from Ukraine, and I do quite regularly. I could push numbers whenever I wanted to in a public forum. This department is answerable to the Australian people via the parliament; that is in this forum. Yet there's ducking and weaving on this issue because those Bushmasters have not been delivered, and I think Mr Jeffrey just confirmed that. Can I now go to—

Senator McAllister: I do not accept the characterisation of the many epithets that you applied to the department. Can we just resume questioning?

Senator VAN: That is what I was seeking to do, and you interrupted. I take you to Budget Paper No. 2. Page 91 says 'Additional assistance to Ukraine'. There's nothing for this financial year or any of the forwards, yet you were saying that the government will provide \$189.6 million over two years to deliver additional assistance. Then you go through all this material that you're not willing to give us more detail about. That means there's no new money in this budget for assistance to Ukraine. That's correct, isn't it?

Mr Jeffrey: The CFO, Steven Groves, will answer that question in respect of the PBS.

Senator VAN: I may suggest, while he's making his way up here, that that money was committed in the October budget. Is that correct, Mr Secretary, or do you need the CFO to answer that as well?

Mr Moriarty: That is my understanding, but the CFO will correct me if that is not the case. Regarding the assistance to Ukraine, the government has said that it's firmly committed to continuing to support Ukraine. It's appropriate, at appropriate points in time, for ministers to consider what additional support we might provide. Updates on the situation in Ukraine are regularly provided to Mr Marles. I'm sure the Prime Minister also has reporting available to him that updates him on the situation in Ukraine. I think it's fair to say that this issue remains of considerable concern to the government, and the government is continuing to look at what it might appropriately do to support Ukraine.

Senator VAN: Thank you, Mr Secretary. We've had that same answer from you for the last—this is the third estimates we've had that. Mr Marles has been on *Insiders* and has said twice over the last six months that he's considering aid. Other than Operation Kudu, what assistance has been provided to Ukraine in the last six months? And you don't need to name numbers—just a capability.

Mr Jeffrey: If we're just talking about the list of areas, in addition to the Bushmasters—

Senator VAN: Let's stick with that first line of effort that you mentioned.

Mr Jeffrey: there are M113 armoured vehicles, both the personnel and the logistics variants; 155-millimetre M777 howitzers, which, as you know, are the most effective battlefield howitzer in the world, and corresponding 155-millimetre ammunition; numerous anti-armour weapons and ammunition; uncrewed aerial systems and other weapons components; demining equipment, including hand-held detectors, blast suits, radars and mine rollers; and soldier equipment, including body armour, helmets, cold-weather clothing, radios, binoculars, medical kits, combat rations and optical sights. On defence industry, Australia has procured \$32 million in equipment from the Australian defence industry, including numerous uncrewed systems. Defence has also supported industry to provide equipment to Ukraine directly through commercial arrangements—for example, Electro Optic Systems. In terms of the third and fourth, we're contributing \$18 million to the UK to purchase and deliver military assistance.

Senator VAN: Did you say 18?

Mr Jeffrey: Eighteen million.

Senator VAN: That's not a lot.

Mr Jeffrey: We are contributing \$24.2 million to NATO to purchase and deliver Ukrainian fuel, medical supplies and counter-drone capabilities. We're also working with France, as you may know, on the manufacture of 155-millimetre ammunition for the howitzers. As you will all be aware, there are supply chain constraints around that critical munition.

Senator VAN: I am very much aware of that.

Mr Jeffrey: It is very important. Then, on training support, there is a rotational force of 70 ADF personnel training Ukrainians—

Senator VAN: Thank you. I was hoping to keep to that first line of effort.

Mr Groves: Just to go back to your question, as outlined on page 91 of BP2, the cost of that measure that was outlined will be met from within the existing resources of Defence.

Senator VAN: So the drones that were promised on the anniversary—the \$33 million—can you confirm, Mr Jeffrey, that they were 20-year-old Navy ScanEagles?

Mr Jeffrey: I'll take that on notice.

Senator VAN: Given most of the things you outlined in that long list—things that the previous government committed to Ukraine—and given that President Zelenskyy and Ambassador Myroshnychenko have been calling for more aid for Australia and given that many analysts and commentators, including the good Senator Shoebridge's brother and retired Major General Mick Ryan, have all been saying this government has abandoned Ukraine of late, how do you defend the fact that this government has done nothing for Ukraine since coming to government?

Senator McAllister: I reject the premise of the question. The government is committed to standing with Ukraine. They are defending themselves—

Senator VAN: But you're not doing anything about it.

Senator McAllister: in the face of an illegal and immoral war. On October 27, as you've already alluded to, in our first budget there was an announcement about further military assistance, including the Bushmasters.

Senator VAN: Which are still not delivered.

Senator McAllister: Senator Van, may I continue my answer, and then you may continue your question. The government will continue to evaluate how we can best support the people of Ukraine. It is a conflict of genuine significance for us and for the globe, and we are committed to supporting it.

Senator VAN: But not in a significant way for such a significant conflict.

Senator McAllister: I don't accept that characterisation. I've already pointed you to the measures that were contained in our first budget, where you would expect them to be contained. Further support will be provided when it's assessed that we may provide it.

Senator VAN: Then how do you answer the condemnation by Major General Ryan and Michael Shoebridge and other analysts out there that you have, in fact, abandoned efforts to support Ukraine?

Senator McAllister: As I've indicated to you, we stand in solidarity with Ukraine, and that is reflected in provisioning of support for Ukraine, as outlined to you by Mr Jeffrey and explained very clearly in our October budget.

Senator VAN: This is now the May budget estimates.

CHAIR: Order, Senator. Please allow the minister to finish her response.

Senator VAN: Sorry, I assume she had.

CHAIR: Order, Senator. Please allow the minister to finish.

Senator McAllister: Since coming to government, our government has nearly doubled the military contribution to Ukraine. These are important investments, and, as I've indicated, we will continue to support, when we judge that we may appropriately provide additional support. We'll continue to monitor the evolving situation and provide additional support where we can.

Senator VAN: Have you finished? May I now respond?

CHAIR: You have the call, Senator Van.

Senator VAN: There is so much condemnation out there for this lack of support. There is so much call from Ukraine for more support. The calls from Ukraine are becoming quite deafening, whether they're from President Zelenskyy himself or many other MPs. It's becoming quite deafening, and the Australian people are beginning to hear this, and it's becoming quite embarrassing that Australia is not supporting Ukraine. Hiding behind operational secrecy is not being answerable to the Australian people. I'd ask, Secretary, that, before the next time you appear, you consider that and prepare to be answerable to the Australian people. I have more questions on this topic, but I'll cede the call.

Senator McAllister: That was quite a long speech. May I respond by simply saying that I don't accept the characterisation that you've put to the committee in your speech, which did not conclude with a question. The government is committed to supporting Ukraine. We remain in close contact with the Ukrainian embassy and other partners to understand how Australia can best support Ukraine. Substantial resources have been provided in the October budget, and we continue to assess the situation.

Senator VAN: That's your version.

CHAIR: Senator Shoebridge, you have the call now.

Senator SHOEBRIDGE: Returning to questions on the advisory board, I understand now that the department has chosen its own external advisory board, from the answers that are given. What possible relevant expertise, in terms of delivering defence capability and defence programs, does the former deputy secretary of the Department of Foreign Affairs and Trade, Mr Maude, have? What expertise does he bring to the table that's going to turn Defence around?

Mr Hamilton: The members of the oversight panel were chosen for a range of experiences, ranging from strategy through to capability through to defence operations through to government administration. That's appropriate for a review that was wide-ranging in its remit and looked at all aspects of Defence operations, not just capability. It also looked at strategy and how we do strategy in Defence. And, very importantly, the review emphasised the role that Defence plays in contributing to broader Australian statecraft, including diplomatic efforts. The panel is a very appropriate body to provide oversight of that wide-ranging strategic body of work.

Senator SHOEBRIDGE: The defence review, to recap, found Defence's current approach to capability acquisition is not fit for purpose. It found that the ADF's current force structure is not fit for purpose. And you've appointed, on the oversight panel, a former deputy secretary of the Department of Foreign Affairs and Trade and a former secretary of the Department of Finance. What skills do either of those individuals bring to those really hard, complex challenges that Defence is facing?

Mr Hamilton: I'll say two things in response to that. They are complex challenges and the government has given us direction in response to them. But it's also a selective quoting of the *Defence strategic review*, which also talked about the importance of recasting Defence strategy, the importance of making sure that all Defence planning is aligned to our strategic environment, the importance of reform of our acquisition processes and the importance of working more effectively across government. So I think it is a very appropriate body of people, with expertise across that range of areas, to provide oversight of the government's direction to Defence in relation to the review.

Senator SHOEBRIDGE: Former defence minister, former CDF, former secretary and then two people without any related defence experience—that is the advisory board. And each of those—a former minister, a former secretary and a former CDF—was part of the problem. They were all making critical decisions when the whole thing started going off the rails. That's the advisory board, isn't it: a bunch of people who were complicit in the problem or don't have anything to bring to the table to fix it. That's the advisory board Defence has chosen for itself, isn't it?

Senator McAllister: Perhaps I can go back to evidence that I provided yesterday about the origin of the DSR, because I would characterise it this way: the government has recognised that our strategic environment has changed and that it is difficult. It is a difficult environment and it requires a response. It commissioned the review in that context, and, as Mr Hamilton indicated to you just now, the recommendations, therefore, go to quite a broad range of factors in terms of how we might pursue our interests and ensure that our Defence Force is aligned to those pursuits. That is relevant because of the nature of your questioning, which I think suggests a far more narrow set of concerns that are not reflective of the origin of the review.

Senator SHOEBRIDGE: Why don't we just look at one aspect, the personnel aspect, that has been highlighted as a major challenge in the *Defence strategic review*. When Mr Richardson was secretary in 2010-11, there were targets to increase personnel from 59,000 by at least two or three thousand. Yet at the end of his time as secretary, it had gone backwards by a thousand over five or six years. What expertise does Mr Richardson bring to sort out the personnel problem, other than a record of failing on the issue?

Mr Moriarty: I think we already provided an answer to the senator's question about the range of skills and expertise that Mr Richardson, we believe, brings to the task. The government has chosen Mr Richardson among a group of people with a broad range of skills, and we're looking forward to working with the oversight panel to implement the government's direction to Defence on the *DSR*.

Senator SHOEBRIDGE: Secretary Moriarty, why don't we look at your 'success' on personnel. You started off as secretary in September 2017. The best numbers we can get for when you started, for the 2016-17 financial year, are 58,680 ADF personnel. Despite six years now of recruitment targets, which were meant to be increasing the numbers by well over 1,000 every year, it's gone backwards. There are fewer people in the ADF now than when you started as secretary. Are you the person to fix this?

Mr Moriarty: My contribution is a matter for my ministers and the Prime Minister.

Senator SHOEBRIDGE: Do you accept that you failed? When you kicked off, there were 58,680 people in the ADF. Every year, recruitment targets have been failed. Sitting right here now, the best data we get from the budget is that there are 200 fewer people in the ADF than when you started: 58,473. Do you accept that you've failed on recruitment?

Mr Moriarty: Senator, you've heard the evidence this morning about the recruitment challenges facing the ADF and the Department of Defence. These are significant, and they impact our organisation. We are working to develop plans and strategies with the support of the government to grow the ADF. I'm committed to working with the ADF to address those challenges.

Senator SHOEBRIDGE: Do you accept your responsibility in this place? You've been secretary that whole time, and the numbers have gone backwards. Instead of going up by thousands, they've gone backwards. Do you accept any responsibility for that?

Mr Moriarty: I've worked with the CDF and other members of the Defence leadership to try and grow the ADF. It is a complex set of challenges in the personnel space, and we are endeavouring to put the ADF and the broader Defence organisation on a positive growth path.

Senator SHOEBRIDGE: General Campbell, do you accept any responsibility for this year on year on year failure under your watch?

Gen. Campbell: I'm accountable to the minister for my performance and I'm accountable for the performance of the Australian Defence Force.

Senator SHOEBRIDGE: You're accountable to the parliament in the course of budget estimates. We're the institution that give you the money. Do you accept personal responsibility for the year on year on year failure to meet that just that one aspect of your job, personal recruitment?

Gen. Campbell: I have offered my reply, Senator.

Senator SHOEBRIDGE: Can you explain, Secretary, what the genius plan is that's going to increase recruitment between 2023-24 and 2024-25 by almost 4,000 personnel in accordance with the budget estimates? What's the genius plan that you've got that's going to turn around a decade of failure in this space with almost 4,000 personnel in just one year? What's the plan?

Senator McAllister: Perhaps I will ask Secretary Moriarty to step through the arrangements that our government has asked to be put in place to improve recruitment. But perhaps I'll say this: all of the officials at this table work now for the government that has been elected and are working to the direction of the minister. They previously worked for a previous government. You will know, because you observed it, that we were critical of decisions taken by the previous government on a number of questions. I think, in asking officials to respond, we need to take in the context of their operating environment, which is that they work within the context of the directions of the government of the day. This government has asked them to bring much greater focus to the question of recruitment and retention. We talked about it a little bit this morning in evidence already, but I will ask the secretary to step through it.

Senator SHOEBRIDGE: It's going to bring on almost 4,000 personnel in one year, after more than a decade of comprehensive failure. What's the plan for that jump of almost 4,000 personnel, according to budget estimates, between 2023-24 and 2024-25. Please tell.

Ms Greig: If we can start with recruitment—because, as we discussed earlier, it's recruitment, retention and developing our workforce—central to the plan is increasing the speed in terms of how we recruit. We're currently transitioning to a new recruitment model. The centrepiece of that is that we will recruit from application to enlistment within 100 days. That is a significant reduction of time so that we're maximising the applicant pool that are applying to us, so we're saving that applicant pool; we're not losing those people to other organisations and industries. So the transformation of recruitment is key. General Stothart, who's currently leading that reform, can talk in detail on that. The retention piece, as I've discussed, is equally important, because if we are going to hit those targets then we have got to reduce that separation rate by about two to three per cent. General Stothart, I'll pass to you on the recruitment plan.

Major Gen. Stothart: It is a challenging employment environment for Defence. We are not immune to that in the Australian economy. There are a number of external factors that have been buffeting us for some years. There is a change in our recruiting model that is characterised by four or five different characteristics. The first is that we are shifting our model from one which is centralised and requires individuals to come into our recruiting centres to one that is decentralised, where we are attempting to take recruiting to the people and particularly those demographic areas that are of most interest to us, that show the highest propensity to serve in the Australian Defence Force. What our market research is showing is that the young Australians and less young Australians in the target demographics for us maintain a high propensity to consider service in the Australian Defence Force, and that has remained relatively stable over the last few years. What is occurring in that cohort, in an environment of full employment, is that that cohort has many different options and choices being placed before it in ways that have never occurred before. Guaranteed university offers before you've finished your year 12 or your higher school certificate are occurring very regularly now for university entry, so the marketplace has become more competitive for us. So the first aspect of our recruiting model change is to go deeply into those demographic areas and take recruiting to those people in a more decentralised way than we've done before, including in regional and rural parts of Australia.

The second aspect of the new recruiting model is around volume, and that is that we need to achieve our targets, particularly in areas where those targets are harder to attract or those areas of the economy where the type of people we're after have skill sets that are quite heavily in demand across the whole economy. There are some specific aspects that we're adopting to attract those people. One of the problems with our recruiting model at the moment is that it takes too long. We have a number of checks that we need to go through. There are a number of aptitude, psychological, security and safety checks that need to be done to make sure that we're taking in people who are fully aware of what service will entail and are prepared for the demands of that service and that they have every opportunity to succeed as fully as they can. We're going to speed up the process by looking at how we can do things concurrently, better aligned and with better ICT systems to see where every candidate is through the process.

The last piece I wanted to talk about was candidate care. The more time it takes us, the more options people have and the more we lose people through that process. The new model will have more customised care for individuals to sort of concierge them through the process to assist them with what they need to do next and how we can help to get that done and do as much as we can to them to get them through the process. We are very confident that this will improve our recruiting achievement, albeit within the difficult circumstances that we face. That is one of a number of initiatives that we are taking to address what Minister Marles has called the personnel crisis that we know we are under.

Senator SHOEBRIDGE: Hearing all of that, I think that's really tinkering at the edges of the core problem. None of that, even if it were all put in place, would come close to meeting your recruitment goals, even just for 2024-25, would they? It's not even going to come close. You're not pretending you're going to meet that goal, are you?

Mr Moriarty: Senator, it's our goal.

Senator SHOEBRIDGE: You've missed every goal for the entire time of you being secretary. You've got this goal that is magically going to increase recruitment by almost 4,000 in 2024-25, and that tinkering-at-the-edges response is your plan. Is that that what I am to understand?

Senator McAllister: The government's view is that this is a challenge that is substantial and for which there isn't a silver bullet. There isn't an easy answer, but we have made a start, including by establishing a retention bonus and by appointing the first Chief of Personnel, which was recommended in the strategic review. We've initiated a review into the arrangements for housing for personnel and, as the officials have discussed, a range of other initiatives to support people in their transition into defence and to retain them. This is a long-term challenge. We don't pretend that it is easy to resolve, but the DPM has indicated that it is a priority for him and has directed officials to start work on that.

Senator SHOEBRIDGE: Minister, your government, at the request of the people surrounding you, have promised hundreds of billions of dollars on nuclear subs, frigates and missile systems to defence. The evidence would suggest that they have no capable plan of delivering anything like the personnel required to operate those. Do you see this as a fundamental mismatch?

Senator McAllister: I see the issues around personnel to be central to the recommendations that have been put before us in the *DSR*, and that is reflected in the weight placed on it by the DPM.

CHAIR: Thank you very much, Minister. Maybe you should get some recruitment forms to hand out to some senators. Maybe they want to join the ADF. On that note, we'll break for tea.

Proceedings suspended from 11:02 to 11:17

CHAIR: We'll continue with our program this morning.

Senator LAMBIE: Vice Admiral, I just wanted to go back over the 1, 2, 3, 4 or 5 blocks. I just want to note that the life of the Virginia submarine is 33 years. Your statement that we are to get a boat with 20 years of life really means that we are after a submarine built after 2020. So does that mean we are after one of the youngest blocks, either 3 or 4, but not 1 or 2?

Vice Adm. Mead: We will probably be looking at Virginia blocks 3 or 4.

Senator LAMBIE: If you are looking at blocks 3 and 4, there's the steel issue that occurred between 1985 and 2017. That would only leave block 4. I'm coming to the steel and rust problems shortly, but I'm assuming that you are taking that into account.

Vice Adm. Mead: We are taking in the lessons learned from the US and the way that that they have seen and have had to sustain and any of the defect issues that have arisen through all of the Virginias that they have produced and sustained. We'll make sure that the Virginias which are transferred to us—and I'll just elaborate on that. The plan is that two Virginias would be transferred to us and then we would buy one off the production line. That's the composition of the three Virginias. But we will make sure that we get the best Virginias for Australia.

Senator LAMBIE: What do you say to the fact that they are having problems with refits and maintenance and that spares are still a big issue, though? If they are having those problems, we will have much bigger problems, because we are not in control of any of the supply chain, are we? We've seen this in the past with the supply chain if we're heavily reliant. Whether it's vehicles, ships, subs or whatever, if we do not have our own supply lines for spare parts and we're relying on another country to supply that, that has always fallen into an issue. Are there any plans to make any of those spare parts here, especially with 3D printing and that? Are we looking at any of this?

Vice Adm. Mead: Senator, you are correct in your first statement there. The US is experiencing some challenges in its ship maintenance yards and its ship production facilities. A lot of that is really just a legacy of

COVID. They are investing money into both of those programs there, and that will obviously assist Australia as submarines are transferred to us. The Australian government has committed \$30 billion to invest in Australian industry, and part of that will be supply chains. As we look to do the maintenance on US Virginias, and when the Virginias are operating out of here in 2027 at HMAS *Stirling*, we would obviously begin to develop our own supply chains, in preparation for the time that Virginias are transferred to us in the thirties. So I absolutely agree with you that we do want to establish Australian supply chains, and not just that; we want Australian companies to be injecting their componentry into US supply. It's a vision that we also have with the UK in SSN-AUKUS. So we truly see this as a trilateral program.

Senator LAMBIE: Okay. You were the director of future submarines capability development in 2011—is that correct?

Vice Adm. Mead: No. I wasn't.

Vice Adm. Hammond: That was my role in 2011.

Senator LAMBIE: Yes, it was. My apologies, gentlemen. You'll remember the Navy's response to Cyclone Yasi hitting Queensland in 2011?

Vice Adm. Hammond: I was serving in the department, but I wasn't involved at the time in that particular aspect.

Senator LAMBIE: Okay. But isn't the case that, when Queensland needed the Navy, it failed them because HMAS *Tobruk*, despite their being told it was a duty amphibious ship, was incapacitated at the time?

Vice Adm. Hammond: Yes, I am familiar with the story around Navy's inadequate response to Cyclone Yasi, which was essentially due to sustainment shortfalls in terms of performance of the Navy of the day. That occurred two years into our seaworthiness journey, the seaworthiness program which was established, I believe, by Vice Admiral Russ Crane. That system is now much more mature, and I would differentiate the seaworthiness system from the SUBSAFE program, which is decades old and which underpins the availability and performance of both our conventional submarines and the US submarine capability. They're two very different systems. The SUBSAFE program is extremely mature.

Senator LAMBIE: You say that we've matured. I just want to take a comment from the *Sydney Morning Herald* in 2011 in reference to Cyclone Yasi. It says:

The state of the amphibious fleet came to light in February when Mr Smith asked the navy if HMAS *Tobruk* could be deployed to Queensland to help in the aftermath of cyclone Yasi.

He was furious when told:

... that not only was *Tobruk* unseaworthy, but that HMAS *Manoora* and its sister ship *Kanimbla* were riddled with rust ...

The *Manoora* was in such a bad state that it was later decommissioned. Is it fair to say that the *Manoora* and *Kanimbla* were rust buckets?

Vice Adm. Hammond: That is not how I would characterise it. I understand that was the media characterisation of the day. What I would point to is that was a key point, a key moment, if you like, in the department's journey around seaworthiness. The system that has been built since 2011—the system for which I am the accountable steward now—is much more robust. I think our fleet availability, including through the COVID-19 pandemic, has been exceeding benchmarks in almost every respect.

Senator LAMBIE: So what you're saying is that, unlike previously when we purchased the submarines from the US, we won't go through the same situation where they are already full of rust and of very little use? The US is having itself. If I may table some pictures here, Chair. They are just pictures of submarines. They come straight off the internet. They are not anything official. I'm just wondering if I can table them. I've got copies there for them. They are pictures off the internet showing the rust issues that they already have. The US Congressional Research Service has reported that the Block I through to Block IV Virginia suffer from poor operation availability and, due to issues with the boats, their refits are taking longer than planned, they have too few parts, so they are always cannibalising other boats. Is this correct?

Vice Adm. Hammond: I am the Chief of the Royal Australian Navy, not of the United States Navy. What I can talk to regarding the US Navy commitment to working with us on our nuclear-powered submarine program is that unlike the *Manoora* and *Kanimbla*, which were more than 20 years old when they were acquired by the department, as Vice Admiral Mead has said, the nuclear submarines that will be acquired from the US Navy will have gone through a material maintenance program prior to being transferred to the Royal Australian Navy and they will have more than 20 years of life left. The discussions I've had with the US Navy is that they will be

focused on giving us a robust, reliable nuclear-powered submarine capability and will be working with us on building our own skill sets and capability to sustain and operate the submarines into the future.

Senator LAMBIE: So let me get this right. You won't be purchasing any that were built with a substandard steel, because they are full of rust. That was between 1985 and 2017. That will give you Block IV, wouldn't it? That would only leave you Block IV and above to purchase. Is that correct?

Vice Adm. Mead: As I mentioned before, we haven't decided on which actual submarines. Certainly, the intent is to get the best submarines we can with US as part of the transfer. Three weeks ago, I was in the Newport shipyard where there was a submarine in maintenance, in dock. We did a tour. I spoke to the commanding officer. I spoke to the crew. I spoke to the staff at the shipyard. They were all very satisfied that the submarine was going to be delivered out on time and with all of its defects in place. The US has got a vast commitment on its nuclear-powered submarine program, both in production and sustainment. We are working with them to transfer two of their best submarines to Australia.

Senator SHOEBRIDGE: You did have the defects in place, I assume.

Senator LAMBIE: You don't want to know about the defects.

Vice Adm. Mead: The defects are rectified.

Senator McAllister: I do think Senator Shoebridge is attempting to assist.

CHAIR: Well, I would appreciate it if you went through the chair, first of all. Senator Lambie does have the call. I would appreciate it if we go back to Senator Lambie, because she does have a few minutes left.

Senator LAMBIE: I am assuming you have the pictures now. Do you have the pictures?

CHAIR: We are just printing them off.

Senator LAMBIE: You will know what I'm talking about here when you see the pictures. I want to ask you about the acoustic cladding that keeps ripping off. I understand that the cladding flaps and makes noise at high speed and it's also pretty obvious there will be a loss of smooth flow over the hull, which could cause hull resonance and propulsion noise as the turbulent water feeds into the propeller. This is all just commonsense. We know this. You must know all this as well. You say you're not going back, like we did with the *Manoora* and *Kanimbla*, but, seriously, you still can't say, 'That's it. We don't want anything but a Block IV and above,' to the US. We know the problems you have had. We don't want to be picking up the pieces. How much do we have at the table here? You've got to ask, seriously, we can't go back to that. Are we not learning anything? Do you want to explain to me about the flapping cladding, the smooth flow and the propulsion noise when we have rust falling off the side of these? Even the US is struggling to maintain these and get a grip of this.

Vice Adm. Hammond: I can talk to the acoustic cladding and the challenges around adhesives. To be honest, the Virginia class submarines are one of the fastest nuclear submarines in the water. It is fair to say, as evidenced by the photographs, that sometimes the acoustic cladding and the adhesive material used to hold it to the steel hull are challenged. Those photographs, I submit, look to me like a submarine that has just completed an extended period of operation at sea, an extended period of operations. I suspect it was heading into port to have those issues addressed. When you complete an operational patrol, quite often in excess of 50 days underwater, and you have been operating at both at low and high speed in challenging environments, it is normal to proceed into port to address defects, including these. I admit that a Collins class submarine does not enjoy the same speed profile, so we don't face the same challenges with acoustic cladding. But this does not surprise me. Again, this is indicative of a hard-working submarine coming back off patrol ready to go into port.

As Admiral Mead said, the US Navy operates one of the largest, if not the largest, nuclear-powered submarine capabilities in the world. It is the most lethal, in my view, and I have first-hand experience, being a graduate of the US submarine commanding officers course. They are highly capable. This fleet has been challenged from impacts, primarily caused by the COVID-19 pandemic, which shut down workforce mobility and had significant impacts on supply chain. I understand the US Navy are still working to remediate those issues. As we cast our eye 10 years into the future, when we will be operating our first nuclear-powered submarine, I am sure these issues will be worked through. It would not surprise me if the US Navy do not commit to the names of those vessels for some time to come. But I am confident they are leaning into this partnership and looking forward to working with us to set the Royal Australian Navy of the future up for success.

Senator LAMBIE: First of all, I would be using common sense and I would be going to Block IV. I would not be discussing anything else with the US but Block IV. Because, I am telling you, submarines should be able to start patrol and end without these problems. I think we all know this. The only way you will avoid half these problems is by going to Block IV, where those steel problems are not from Block I, II and III. That would be a

good start. Otherwise, isn't it true that we will just be getting rust buckets again? We go around the same thing. Someone has to be calling the shots at the table—seriously.

Vice Adm. Mead: We are sending teams over to the US to the yards.

Senator LAMBIE: I don't mean the teams. I want someone sitting at the table to put their foot down a little harder because, quite frankly, it looks to me like the US is walking all over the top of us.

Vice Adm. Mead: We are working with the US to identify what is the best mix of submarines that we transfer to Australia.

Vice Adm. Hammond: If I might add, next year it will be 30 years for me since I have qualified in submarines. I have conducted operational patrols in British nuclear submarines and in conventional Australian submarines. I have conducted a number of patrols and, frankly, I stand by my comments. That is indicative of a hard-working submarine returning from a patrol. The US Navy is the benchmark in submarine capability, in my view.

Senator GREEN: I have questions regarding the advanced strategic capabilities accelerator. Welcome. From the outset, can you explain to me exactly what the Advanced Strategic Capabilities Accelerator does, particularly for someone like me? I'm not that familiar with the work that is done in this space. If you could step that out, that would be great.

Prof. Hilder: The Advanced Strategic Capabilities Accelerator is a new entity that will replace the current innovation system within Defence and will focus on taking a strategic approach and directed approach to pull innovations into capability. So this is about taking new ideas and, in a focused and strategic way, bringing those into defence capability.

Senator GREEN: So I can have a reference point to other programs that might be doing similar work, what is it essentially replacing?

Prof. Hilder: It's taking aspects that have been covered by the Next Generation Technologies Fund and the Defence Innovation Hub to this point.

Senator GREEN: They seem to be separate programs. Very briefly, what were the two different roles?

Prof. Hilder: They are two separate programs. The Next Generation Technologies Fund has focused on the low-TRL activities, so things at the early stage of development, in that early stage of innovation. Whereas, the Defence Innovation Hub, that Mr Moore can speak more to, has focused on working more closely with industry at the higher technology readiness level.

Mr Moriarty: If I could, this was an initiative of the government who identified that our innovation programs were a bit disparate. It was difficult to see how they all meshed together, so the government asked us to look at developing a proposal for an entity that would be focused on delivering capability more quickly to the war fighter, to pulling through some of those innovative ideas from Australian defence industry and delivering them. So the work that's been done, that the Minister for Defence and the Minister for Defence Industry have driven, is really looking at combining programs but, in addition to that, giving what is now known as ASCA more of a mandate and a role to actually work with industry to pull through some of that capability for the war fighters. We've got defence industry policy, CASG and Defence Science and Technology all contributing to that ASCA outcome.

Senator GREEN: That was essentially one of the other questions I had. From a nuts and bolts point of view, who's involved and who's in charge of driving that work?

Prof. Hilder: ASCA sits within the portfolio of the chief defence scientist, with Defence Science and Technology Group and ASCA there together so that you have all of the activities that the CDS is capability manager for—innovation, science and technology—so that we benefit from having a coordination of those activities together. But there's oversight from the Vice Chief of Defence Force in terms of making sure that we are focusing on the most important priorities for Defence and, then, the Deputy Secretary CASG as well as the CDS. So it's a much more coordinated approach that takes into account everything from identification of priority problems through innovative solutions to those problems linked through to acquisition of military capability.

Senator GREEN: So it's bringing together the three separate parts of the department under one—

Prof. Hilder: It's a much more focused approach so that we're thinking about innovation through to capability rather than as a separate activity that hasn't always had the appropriate insertion point to be able to pull it through.

Senator GREEN: And this is the point I was keen to get to—that is, understanding where we've come from and now the difference with this program. I've heard stories before, and it's probably come up in previous estimates over many years, about the way that companies and industry deal with Defence when they do have innovation or they're working on some innovation and providing technologies to the Defence Innovation Hub

only to find out that there's no necessary acquisition pathway or integrated investment program for them to essentially roll their innovation through to. So did you get feedback from industry informing this new body that they wanted that connection between innovation and capability?

Prof. Hilder: Across November and December 2022 we did have consultation with over 150 participants from industry and other external parties which has shaped how we have developed the Advanced Strategic Capabilities Accelerator. We have had significant feedback from industry and we've engaged with them since the announcement on 28 April this year. We will continue to engage as we shape the accelerator.

Senator GREEN: Stepping out the role of CASG in this, we wouldn't want companies or industry wasting their time. What assurances have you been able to give in this new process that the connection between the innovation part of the project and the capabilities is working, that you're listening to industry and, if they're going to put their time and effort into developing innovation and technologies, that there's some sort of pathway through to capability?

Mr Deeble: There are a number of different dimensions here that I'd like to step through quickly. It's a collaboration between the CDF group, the ASCA organisation and CASG. I note that the *Defence strategic review* has stated that the acquisition process now needs to get that speed to capability, making sure it's relevant and able to support the ADF to meet the demands that we've discussed here over the last two days with respect to the DSR. That means we have to change the way in which we do business. My background before coming back into defence was working in industry and with small-to-medium enterprise within industry, looking at these very issues. What I'm hoping CASG will bring to the table is being able to support setting up these innovative projects for success, and that we will have the right commercial arrangements that are flexible, timely and agile. Working with the CDF group, that can then support being able to bring those capabilities that are required by defence through much more rapidly.

There's another link with industry policy in the defence industry development strategy, which is looking at the full spectrum of innovation through acquisition and sustainment into export. I have responsibility for the export policies around various aspects of that—working closely with Spy Group, I look at the procurement part of that equation. My goal is to work across these boundary conditions to be able to support innovation being pulled through into capability, setting up those innovation programs for success and, in the longer term, working within the policy framework to look at having the procurement policies that would underpin, taking them right from that continuum from innovation, acquisition and sustainment into export opportunity.

It's a great collaboration. It does mean that we're going to have to do business differently. My goal is to be able to bring some of the lessons I've learned out of industry to the table to guarantee that what we're doing supports that much-faster innovation cycle, delivers capability outcomes to the ADF, and supports industry with export opportunities in the longer term.

Senator GREEN: I understand the government had an election commitment, originally referred to as the Advanced Strategic Research Agency. Professor Hilder, you said there was some industry consultation that occurred. What was the thinking around the name change from commitment to delivery? Is it to better define what is actually being done?

Prof. Hilder: This was about making sure that the focus of this activity better reflected that it is about capability acceleration rather than being a research agency. This was as has been approved in the cabinet submission.

Senator GREEN: The strategic review suggests that—how are you pronouncing it?

Prof. Hilder: ASCA. We're also using 'defence accelerator'.

Senator GREEN: It calls for the acceleration in the defence strategic review but also suggests that it could be set up outside the department. Is there a plan at the moment to keep it within defence? Is that necessarily something that needs to be maintained?

Prof. Hilder: I think the key word there is 'acceleration'. In setting it up where we are, it's allowing us to get it up and running as quickly as possible and not create any transition issues for industry, so that we can continue to engage with industry as we have before. It's really important that it is closely engaged with the Australian Defence Force and also with our other innovation, science and technology activities and our acquisition specialists within Defence. So this was quite a deliberate decision at this point, but recognising that there will be a review in 2027-28 that will look at whether it is in the best place to have the maximum impact.

Mr Moriarty: If I could add, the Minister for Defence Industry is very keen to see how it stands up and how it develops. He will come to review, obviously in consultation with the defence minister, about whether it's achieving what he and the government hope it can. We welcome the opportunity to stand up the organisation and

bed it down, but the Minister for Defence Industry and the Minister for Defence are going to keep a very close eye on whether it's achieving the objectives that government has set for it.

Senator BIRMINGHAM: I want to read you some quotes first and then put some questions to you. Firstly from the UK Minister for Defence People and Veterans to the House of Commons on 11 May 2022 in regard to support for Ukraine:

We have sent more than 6,900 new anti-tank missiles, known as NLAWs—next generation light anti-tank weapons—a further consignment of Javelin anti-tank missiles, eight air defence systems, including Star Streak anti-air missiles, 1,360 anti-structure munitions and 4.5 tonnes of plastic explosives.

A further quote from 2 May 2023 in a question posed to the UK Defence Secretary:

[We] were the first country to donate modern main battle tanks. We have now completed delivery of this matériel and training package, which included a squadron of Challenger 2 tanks, along with their ammunition, spares, and armoured recovery vehicles; AS-90 self-propelled guns, sufficient to support two brigades with close support artillery; more than 150 armoured and protected vehicles; and hundreds more of the most urgently needed missiles, including for air defence.

There are multiple media reports from 12 May this year of the UK defence secretary, Secretary Wallace, confirming that the UK has delivered long-range Storm Shadow cruise missiles to Ukraine. Indeed, there's a full research briefing from the House of Commons library on military assistance to Ukraine since the Russian invasion. Secretary, why is Australia so much more secretive about the actual delivery of our military assistance to Ukraine than the United Kingdom is?

Mr Moriarty: I don't accept that we're being secretive. We are delivering the equipment in a methodical way. As Mr Jeffrey said earlier this morning, we have delivered a substantial amount of what the government has committed. What we seek to protect—and I think the senators very much appreciate this—is how many vehicles are delivered on what days, via what routes, into where. It is really important to protect that information, not just in terms of vehicles but the range of equipment. The government is concerned to be transparent with the Senate about the way in which we are approaching that gifting. The gifting is ongoing but the commitments that have been met, I would suggest, are well and truly on their way to meeting the government's commitment of delivery. I would appreciate the committee's intelligence about particular delivery schedules and the details of those. I know you're not seeking that, Senator, Birmingham. We are trying to describe it in general terms. The commitment is there and we are continuing to regularly and methodically deliver the material that the government has committed.

Senator BIRMINGHAM: There is a far greater level of transparency in the quotes I just gave. They are just a handful of quotes from what the UK government has told the UK parliament, and therefore the UK people, about its actual deliveries than there is in the responses that the Australian government has been able to give to questions that have been placed on notice in a manner in which you are able to frame the information appropriately. Instead what we receive is simply in relation to the totality of military assistance from the Australian government to Ukraine, and that for operational security reasons Defence will not comment on the delivery status of specific capabilities to Ukraine. It's on the totality. How is that an acceptable level of transparency when cast against what the UK is doing—not going to the specifics of individual operational elements; not talking about individual schedules of delivery; but at least confirming that they have got the job done and got what's been promised delivered to Ukraine?

Mr Jeffrey: As I mentioned in my earlier remarks, the majority of the equipment list I read out to you today has been delivered, and we would expect that the great majority of it will be done by the middle of the year. We can take on notice if you want individual confirmation of what has been delivered. But again, our concern is not to go into the specifics, though with the commitment that we have delivered the bulk of it and will expect to do so by the end of the financial year. The question of delivery schedules, of course, is complicated by the fact that government doesn't make a decision on day one to deliver X amount. Those decisions are made sequentially over time, so delivery dates obviously change from the start when the decision is made.

On comparisons with the UK, I just remind the committee about the parameters on which we provide assistance to Ukraine. The first is that we want to do so with capability that makes a difference. That depends on judgements about what we are confident will operate in the environment and can do so with a reasonably effective sustainment requirement. We are very reluctant to put equipment into the field that we are not confident can be sustained or are able to help with its sustainment. The second issue is that of course we want to provide assistance to Ukraine's defence without jeopardising ADF readiness. You would appreciate that that's a key requirement for any prudent management of this issue from a defence perspective. The ADF is a highly capable military but limited in size, and we have to be very judicious about what we provide.

The third element is that we want to provide support as quickly as we can. You will be aware we are providing support through a combination of C-17 airlift and commercial airlift. We're a long way away and the logistics trail from here is much more challenging than it is if you're in Europe, but we are trying to do so in a way that's as quick as possible, again, without compromising airlift that is necessary for the Australian Defence Force here in Australia.

Senator BIRMINGHAM: Are you suggesting that the UK has different parameters? Obviously they have different logistical issues at the end, but in terms of the parameters you spelt out, in terms of it actually being equipment relevant to Ukraine, being able to be sustained by Ukraine, those types of parameters you spelt out, surely they're the same for our partners in the UK as they are for us?

Senator McAllister: I don't think the official is in a position to provide comment about another government's policy, describing to you—

Senator BIRMINGHAM: He did actually reference in his response—

Senator McAllister: May I finish my answer, then you may ask another question. He's providing information about the approach taken by the Australian government. Mr Jeffrey may want to comment further.

Senator BIRMINGHAM: The totality of UK support to Ukraine is now greater than \$5 billion US dollars. Is that your understanding? Is that the rough order of magnitude?

Mr Jeffrey: I haven't looked at the precise figure of UK assistance. I can take it on notice if you wish.

Senator BIRMINGHAM: They're the second largest contributor after the US aren't they?

Mr Jeffrey: Yes. We've obviously talked closely with United Kingdom about our mutual approaches to supporting Ukraine's defence. We strongly support the United Kingdom's robust approach to support of Ukraine and its leadership in the international domain, and we engage closely with it on how we can best tailor our support in a way that is complementary with our partners.

Senator BIRMINGHAM: By comparison with the UK's second largest contribution, more than \$5 billion US dollars worth of US military assistance, Australia's \$500 million, Australian dollars, is worth about \$320 million US dollars. So the UK's assistance is obviously much more consequential, as befitting a country of their size and geographic locality and those things. That's a statement of fact, isn't it?

Mr Jeffrey: Sorry, what's the question there?

Senator BIRMINGHAM: Just confirming that the scale of their assistance is much more consequential in terms of the war that is being waged? Ours is important; I'm not underplaying ours; but they are a bigger country, they should be doing more, it's in terms of their geography—all of those factors. It's \$5 billion versus \$300 million.

Senator McAllister: I think you're inviting the official, again, to pass judgement on the policies of the UK government. I understand the direction of your questions, Senator Birmingham, but I wonder if it's necessary to ask it in quite that way.

Mr Jeffrey: In relation to the question, on a pure numbers basis the United Kingdom's assistance to Ukraine's defence is greater than Australia's, but I think that the role that Australian governments, this government and the previous Australian government, have provided in support of Ukraine is symbolically important. We are a non-NATO member. We are one of the largest non-NATO members. We are not in the region of Europe. You would expect that NATO members and members of the European Union would prioritise the support of Ukraine. But to have Australia, which is an important Indo-Pacific country, lead on providing support to Ukraine's defence is symbolically very important. As you know, we regard the conflict in Ukraine as not just an attempt by Russia to subjugate a neighbour but rather a broader assault on the international system. The reason for that is that this is a permanent member of the Security Council that has invaded another country with territorial ambitions. It has a territorial claim that it's seeking to enforce through force. It has made civilians a tool of that conflict. And of course it has threatened to use nuclear weapons if it doesn't get its way. Those are all profound abrogations of particular responsibilities of permanent members of the Security Council. We do think it's important that countries that are not in the region nevertheless support the principles underpinning the international order that are at play here.

Senator BIRMINGHAM: Thank you, Mr Jeffrey. We agree with every aspect of that strategic analysis in terms of the UK's role, Australia's role and the broader scenario that this is not just a territorial conflict but an assault on the rules based order. The reason I was drawing the comparison between the scale of the UK contribution and Australia's in not anyway to belittle Australia—we'll come to the scale of Australia's again shortly—but to the reality that their greater transparency about what is being delivered is also, therefore, more

consequential to any operational impacts in Ukraine; yet they are being more transparent than the Australian government. They are giving clear updates about what has or has not been done. Yes, in some cases we have greater logistical challenges, particularly with heavy vehicles. That's acknowledged. Again, we should be clear about how those are being addressed. In this place it's hard to scrutinise how those are being addressed when we're not getting any transparent answers about the progress that's being made. So we're going to try a little in that space, given that we've now got the evidence as to how other countries are treating this. Our very first military assistance commitment to Ukraine was made way back on 1 March 2022, after the war was announced. That was an announcement of \$70 million in assistance, including missiles, weapons and a range of non-lethal military equipment and medical supplies. That's more than 15 months ago. Has that been fully delivered?

Mr Jeffrey: I'll need to take that on notice. The \$70 million referred to, from memory, was acquitted in a range of different forms of assistance. So I'll need to get back to you with a breakdown of how that assistance was acquitted.

Senator BIRMINGHAM: Obviously I could work through the full table. Just a couple of weeks later there was the additional \$21 million in further assistance, which was meant to be material from existing ADF stocks. That's the way that was described. If that was material from existing ADF stocks, surely we should be able to say clearly now that it has been delivered. Something that was promised around 15 months ago from existing stocks, not heavy vehicles, should have been delivered by now, shouldn't it?

Mr Jeffrey: As I said, I'll take that on notice. But just referring to my earlier answer around the fact that we expect all of the assistance currently committed will be delivered by the end of the financial year. But I'll take on notice what we can provide to you in terms of commitments of individual tranches of assistance.

Senator BIRMINGHAM: Because isn't the greater threat to Ukraine's success in the war a failure of countries to live up to their promises of assistance rather than transparency about the assistance provided? That would be the greater threat: not actually following through. That's why it's important that we have confidence that our promises are followed through in that regard.

Senator McAllister: Senator Birmingham, you have received advice from Mr Jeffrey about the implementation of commitments, about the expected timetable for completion and that the schedule is on track. Those assurances have been provided to you and that information has been provided to you.

Senator BIRMINGHAM: I would like the department to look back to question on notice 149 from budget estimates 2022-23, when a detailed table of what assistance has been promised was provided. Against any military assistance where we received the status not provided in the interests of maintaining operational security, I would ask the department, in light of the transparency of our partner nations, to rethink that but certainly to do better than QON62 provided to the Senate, which doesn't even detail the promises, let alone the delivery against those promises. Could you take that on notice and reflect upon the evidence we've heard here.

In terms of the scale of Australia's assistance, are we the largest non-NATO contributor of military assistance to Ukraine?

Mr Jeffrey: I think the phrase I used was 'one of the largest non-NATO contributors'. We are certainly up there. But if you take in Sweden, for example, which is not yet a member of NATO but probably soon to be one, I don't think we're quite as large as NATO. Then you have to measure against other forms of assistance. Japan, for example, has provided a significant amount of financial assistance. So it depends how you break it down. But we are certainly a very significant and one of the most significant non-NATO members.

Senator BIRMINGHAM: One of the more significant. You're using sensitive words there, Mr Jeffrey, and no doubt you're using sensitive words because you're conscious that even as recently as 4 May the Prime Minister was still making the statement 'We are the largest non-NATO contributor.' Even the ABC's fact-checkers have found, and I quote, 'that doesn't stack up.' Have you counselled the Prime Minister against repeating, as he so often has, that statement?

Senator McAllister: I think those are questions for PM&C, Senator Birmingham, but the officials may have something to add. I think they've been very clear about the evidence, which is that Australia is one of the largest non-NATO contributors.

Senator BIRMINGHAM: How would you measure it, Mr Jeffrey and Mr Moriarty? If you had to say where Australia sits in terms of non-NATO contributions, where is it now?

Mr Jeffrey: Just as I have. If you combine the range of assistance that we've provided—and I mentioned earlier in testimony the four key lines of effort that we've looked at—in terms of that range of assistance, we are one of the most significant, one of the most important, contributors. You could be a very large contributor financially, but obviously what Ukraine is prioritising at the moment is not just financial assistance but also

assistance that makes a difference on the ground. So it depends on how you measure significance. We have sought to design the assistance to Ukraine with the resources accorded by government in a way that maximises our support to Ukraine's defence, and that is according to those four lines that I've talked about.

Senator BIRMINGHAM: Thanks, Mr Jeffrey. I think the Prime Minister could take a lesson in nuance from you in terms of the statements that he's making in that regard.

CHAIR: Last question.

Senator BIRMINGHAM: In terms of the information you just took on notice before, I ask officials to look carefully and consider during the lunch break whether they can provide greater clarity to this committee about what has been delivered to date. We have still got many hours to go today. I understand that you will want to look carefully at it. There's no doubt that you know the answers, but can you look during the lunch break at whether the Australian government can provide today a higher level of transparency around deliveries to date than has been the case please?

Senator McAllister: Senator Birmingham, of course we're always happy to answer questions. The officials in fact have already answered a series of questions about the delivery schedule. We'll see what can be achieved, but I do draw your attention to the evidence that has already been provided this morning.

CHAIR: Thank you very much, Minister. Senator Shoebriidge, you have the call.

Senator SHOEBRIDGE: Secretary, remember yesterday that you said you would be looking for the correspondence and would take on notice providing to the committee the two pieces of correspondence you have received in the last few weeks from PwC providing assurances. Have you been able to find that correspondence and can you provide it to the committee before 4 o'clock today?

Mr Moriarty: I'll continue to consider that matter, Senator.

Senator SHOEBRIDGE: It's extremely topical. There's significant national debate on it. We're talking about the two pieces of correspondence that you were happy to speak to and that you received in the last few weeks from PwC. Will you give that commitment to provide them to the committee today?

Mr Moriarty: I'll continue to consider that matter, Senator.

Senator SHOEBRIDGE: Why won't you give them to us? You obviously have them. Why won't you give them to us?

Mr Moriarty: I'm working through the implications.

Senator SHOEBRIDGE: Is it embarrassing? Is that the implication? What are the implications you're working through?

Mr Moriarty: It's not embarrassing, Senator. I'm simply working through those issues, and I'll get back to you.

Senator SHOEBRIDGE: What are the issues? What are the issues you're working through? You got two pieces of correspondence from PwC in the last fortnight. What are the issues?

Mr Moriarty: I'm thinking about the range of issues that may apply to me providing that correspondence.

Senator SHOEBRIDGE: What are the issues?

Mr Moriarty: I'm thinking—

Senator McAllister: I think the official has answered your question. He's contemplating the scope of issues that might be engaged by the provision of the correspondence.

Senator SHOEBRIDGE: Minister, this has all the hallmarks of stonewalling and preventing this committee from doing its obvious job. This is correspondence—

Senator McAllister: I don't accept that characterisation. Mr Moriarty has indicated to you that he's considering it.

Senator SHOEBRIDGE: Secretary, have you received the Shearer report on the security implications of climate change—the climate risk assessment?

Mr Moriarty: The department has received an ONI national assessment on climate. It was produced by the Office of National Assessments.

Senator SHOEBRIDGE: Right. Was Andrew Shearer the lead author on that, as I think the now Prime Minister indicated he would be?

Mr Moriarty: Mr Shearer is the head of that organisation.

Senator SHOEBRIDGE: Have you received that report?

Mr Jeffrey: Yes, we have received the report.

Senator SHOEBRIDGE: When was it completed?

Senator McAllister: I think questions in relation to the report ought to be directed to the organisation that produced it. There are a range of reasons why that is so. In addition to the fact that the portfolio responsible for it would ordinarily be the portfolio that answered questions in relation to it.

Senator SHOEBRIDGE: Secretary, you know the report was commissioned—in the words of the Prime Minister—to look at the impact on Australia's national security of climate change. Climate change and the instability that it causes are core Defence issues, aren't they?

Mr Moriarty: It is a very important Defence issue.

Senator SHOEBRIDGE: Were there recommendations for Defence in the ONI's report?

Mr Moriarty: I'm not prepared to go into the contents of a classified report which has been provided to the government.

Senator SHOEBRIDGE: General Campbell, do you agree with the calls of former defence chief Chris Barrie that a declassified version of the report should be released so that the public can have a debate on it and we can build confidence in the security response to climate change?

Gen. Campbell: It's a matter of a government decision with regard to the releasing or the redacting of a classified ONI national assessment to become a publicly releasable document.

Senator SHOEBRIDGE: Putting that report to one side, do you agree with the assessment of former Defence Force chief, Admiral Chris Barrie that climate change is the biggest single threat to Australia's national security? Do you agree with that assessment?

Gen. Campbell: I would rather it was characterised as a national security issue, as it is described in the Defence Strategic Review.

Senator SHOEBRIDGE: Minister, the government released a declassified version of the Defence Strategic Review in order to have some kind of open dialogue with the public. Why aren't you releasing a declassified version of the ONI's review of the national security risks of climate change? Why one thing for the DSR and another for the ONI?

Senator McAllister: I have already indicated to you that questions about this report need to be directed to the portfolio in which it originated.

Senator SHOEBRIDGE: You're the assistant minister for climate change and energy. Did you get a copy of the report?

Senator McAllister: I answered questions for many hours in another room in relation to that portfolio.

CHAIR: Senator Shoebridge, you are fully aware that the minister is representing the Minister for Defence today in her capacity and that's why she's here today. If you need to ask those questions at another forum, I suggest you do that.

Senator SHOEBRIDGE: Putting to one side the specifics—which I understand, secretary, you won't divulge—has Defence responded in any meaningful way to the issues raised regarding the national security risks from climate change that were identified by the ONI or have they been siloed?

Mr Moriarty: I won't respond directly to the material contained in the ONI report for the reasons I've said, but I would like to ask Miss Perkins to talk a little bit about what Defence is doing to respond to climate change challenges for us, but also for our neighbourhood—our regional neighbourhood. Those challenges are real and they are ones that Defence takes seriously.

Ms Perkins: In my role as the estate steward—we manage 2.8 million hectares of Australia, which is the Commonwealth's largest land holding, and we take our environmental responsibilities incredibly seriously. Defence has for many years, including in the *2023 Defence strategic review* and the *2020 Defence strategic update*, recognised climate change as a serious strategic issue. It's an important planning issue for us both in management of the estate and capability in Australia and in how we work in the region. We've been working for many years on our climate response, and our work is currently being guided by the government's legislation towards carbon net zero. In doing that work, we're working very closely with the other leads—the Department of Climate Change, Energy, the Environment and Water and the Department of Finance—on the APS and whole-of-government response. We're really proud of the work we're doing. We've been accounting for our emissions now

for some years. We've already reduced our greenhouse gas emissions from our 2005 levels by 22 per cent, and we believe we're well on target to meet the 43 per cent target by 2030.

One of the recommendations in the *Defence strategic review* is for Defence to accelerate its energy transitions and to come back to government in 2025 with a plan. I hope we can do that before 2025. We're working now on a Defence climate net zero strategy, which will be our response to the government's legislation, and that's going to have a number of really important lines of effort. There are a number of underpinning policies. In 2021, we developed the Defence climate and disaster resilience policy. In December 2022, we finalised the Defence Future Energy Strategy, and the energy transition plan, as I said, is under development.

The capability managers work right across Defence for all the places where we can seek to reduce our climate emissions and manage the estate and our capabilities. To give you an example of that, one of the projects I have oversight of is a renewable energy and energy security program that's working around the country to bring online solar and battery, essentially, including in remote locations. That's a \$64 million program. And, as we've done that work, we are learning more, and we'll continue to roll out energy efficiency solutions around the country. So we're in a positive place towards the 2030 target, and we'll work very hard to be a big contributor to the Public Service's contribution to the government's net zero strategy.

Senator SHOEBRIDGE: But of course, Secretary Moriarty, that in no way addresses the issues that the ONI was tasked with to look at the security threats—the regional security threats, in particular, but also the national security threats—from climate change. By all means, reduce Defence's emissions and deal with the vegetation on Defence property. Do all that. This is about what happens when there's a climate-led emergency causing instability in the South Pacific, there are terrible fires in Australia, and there's climate-led instability in Indonesia. How is Defence going to respond to that? Are those matters that you're seeking to address—apart from what Ms Perkins dealt with?

Mr Moriarty: They are matters that the DSR highlighted—that the ADF, the defence organisation, is increasingly going to have to be able to respond to challenges in our region. Particularly in the Pacific, where there are vulnerable countries, we are doing more. The pattern of our engagement in the region to help countries respond to natural disasters, to those impacts on their fragile ecosystems as a consequence of those disasters, is increasing. The ADF is thinking more. We have an increased pattern of engagement to respond to those. The ADF has been very active and I think very successful in helping the states and territories respond to natural disasters in our country over recent years. This is an issue that is very important in our planning, and it's part of what we now consider the business that we will be doing, particularly increasingly in our region.

Senator SHOEBRIDGE: Minister, the Prime Minister said, when commissioning this report, that it would be 'an urgent climate risk assessment of the implications of climate change for national security, which will be an enduring feature of Australia's climate action.' How do we know it has been implemented? How do we even know the scale of the risk when your government keeps the report and everything about it secret?

Senator McAllister: Senator Shoebridge, this is not a reasonable line of questioning to pursue here. I have indicated to you that questions about that particular piece of analysis ought to be directed to the agency that produced it. And in relation—

Senator SHOEBRIDGE: We were told—

CHAIR: Allow the minister to finish, please.

Senator McAllister: You have also heard from officials that this matter was contemplated as part of the Defence Strategic Review. You have also heard evidence from officials about the ways that the physical impacts of climate change and the transition risks associated with climate change mitigation are being managed and dealt with in the Defence Estate. So I don't accept your characterisation of the state of engagement by this portfolio, but I do request that if you have particular questions about a piece of work produced in another portfolio that you should really direct your questions there.

Senator SHOEBRIDGE: Secretary, given how critical climate risk is, was the ONI review provided to the authors of the *Defence strategic review* report?

Mr Moriarty: I'll take that on notice.

Senator SHOEBRIDGE: Thank you.

CHAIR: Senator Lambie.

Senator LAMBIE: Thank you. Could I please have the Navy back? I want to talk about the Hunter class frigates. Who wants to talk to me about that? It would be fabulous. I have some questions about Defence's procurement of the Hunter class frigates. The Auditor-General released a report called *Department of Defence's*

procurement of Hunter class frigates. It criticised Defence's procurement process for the Hunter class frigates. The Auditor-General noted:

Defence's procurement process and related advisory processes lacked a value for money focus, ... Contract expenditure to date has not been effective in delivering on project milestones, and the project is experiencing an 18-month delay and additional costs due in large part to design immaturity.

The Auditor-General recommended that Defence:

... improve: compliance with record keeping requirements; and advice to government on whole-of-life costs and value for money.

What were the reasons for the delay of the Hunter class frigates and how can Australians be confident in Defence's ability to manage procurements relating to expanding Australia's defence capabilities for the future?

Mr Moriarty: Senator, you have raised a very important ANAO report which I'd just like to mention briefly before I ask Ms Lutz to talk about the work that's going on with the Hunter project. Defence has accepted the findings of the ANAO's report and has agreed to its recommendations. We're very committed to making improvements in our record keeping and to complying with the requirements levied on us.

There were two recommendations, and the department has agreed to both. We recognise that achieving a value-for-money outcome is important. It isn't solely, of course, determined by price; a range of other factors must be taken into account in such assessments. But it was an important report and we need to look at what steps we need to take to improve our compliance and to improve our record keeping. There is ongoing work to look at the circumstances that led to some of those decisions and practices so that we can improve our procedures. I'll just say that in relation to the ANAO report.

Senator LAMBIE: That's okay. How long is it going to take you to look at doing that?

Mr Moriarty: I am—

Senator LAMBIE: It's great to have recommendations, Mr Moriarty, but when will they be completed?

Mr Moriarty: I'm hoping to receive some further advice in July in relation to the circumstances which applied to those particular issues, and then some advice on how we can improve our arrangements to rectify and address some of the issues raised in the ANAO report. But in terms of the particular matters around the Hunter program, as it exists at the moment, I'll ask Ms Lutz to update the senator.

Ms Lutz: In relation to some of the remarks that you made in terms of the budget overrun, there is no budget overrun. When we went into the original contract with BAE Systems, it was expected that there were certain topics that would not be contracted at that time. That's why you'd see in the ANAO report that it has been reported that we have not exceeded the approval value for the BAE Systems contract. We have also not got a real cost increase or used any contingency for the current approved phase. The current approved phase is a design and production phase. Those aspects of the contract that we have since negotiated and included in contract change proposals mentioned in ANAO report include integrated logistics support, a land based test site and some of the licence fees.

Of the 93 contract change proposals, 36 are costs impacting as reported in the report; 31 of those are an increase; five are a decrease. Of those increases, the \$693 million, \$422 million relates to the 18-month delay which was reported in June '21 and is reported in the major projects report for 2021-22. That related to the COVID impacts and also related to the design maturity. It was determined at that stage that that was when we'd change the cut steel date from end of '22 to mid-2024, the start of batch 1 date. So the \$422 million that is included in that \$693 million of contract changes is to build four additional scheduled protection blocks. They were originally going to be used in batch 1. They are now going to be used in ship 1 due to the prototyping that has been successful that started at the end of 2020 and is ongoing.

Where we have built five prototype blocks in various stages, two of them fully assembled, that has improved the process. That has determined how we utilise the Hunter 3-D design in our shipyard to the best and most efficient processes, and also build up the skills of our workers. We have also transferred 10 of our 12 design zones to Australia. That means Australia now controls the design. Seven of those zones have been through detailed design. Two are complete and ready for production. We are also on track to hold our preliminary design review in July of this year.

Senator LAMBIE: I want to go back to the budget because the budget did blow out. It was \$30 billion and now it's \$45 billion.

Ms Lutz: No, that is not correct.

Senator LAMBIE: That's not correct? Why is that?

Ms Lutz: In the various shipbuilding plans, when the cost estimate went to government, it was originally \$44.3 billion in June 2018.

Senator LAMBIE: I want to go into the naval architecture in it because this has been a problem. The Hunter class frigate design is approaching fundamental naval architectural limits on weight and stability and, accordingly, is in danger of exceeding one or more platform limitations that substantially limit future capabilities. Since Defence announced the selection of BAE's Global Combat Ship Hunter Class Frigate Program 2018, how has the design and weight of the ships changed? Has there been an architectural change since 2018? Because there was an issue with them in the architecture. I imagine that's in the hull? Correct me if I'm wrong?

Ms Lutz: The issues were that, in mid-2019, there were increases in the weight of the ship, which have been reported previously at Senate estimates, and some of the in-service weight growth margin was compromised. We have done a hull change which has not impacted the internals of the ships or the layout of the ships and that has given us a higher in-service weight growth margin. So we're now tracking all of our margins including the weight growth margin, power, cooling and stability. They have all being stable since our system definition review was completed end '21. We are meeting our baseline or exceeding our performance requirements, so we're on target to meet them for batch 1.

Senator LAMBIE: So from doing all that, what is the weight of the Hunter-class frigate? Have you got to that or is that anticipated for that weight?

Ms Lutz: That has been mentioned previously. We are still at lightship weight of 8,200 tonnes, which was reported a year ago.

Senator LAMBIE: What effect will the weight and design of the Hunter-class frigate have on speed, the noise and signature of the ships? Is there any impact there?

Ms Lutz: We have done the modelling. Our performance requirements are to meet the Type 26, which is the global combat ship—that is, the reference ship 4. We will meet whatever the Type 26 achieves in terms of performance requirements, plus taking into account modifications for our platform. Our platform was always 500 tonnes heavier than the reference ship design.

CHAIR: Last question please, Senator Lambie.

Senator LAMBIE: When you do this weight and design stuff, you use a splash pool or something for that. What do you use for your hull when you are doing that stuff, when you are looking at it when it's smaller? We have the Australian Maritime College and all the expertise out there. Are you not using them? That is where the question is going. Are you not using them at all for any of this stuff? Are you using them for any of this? When you do the architectural changes on a small scale and you add weight and that, do you have to use those float pools, or whatever they are—the same thing they've got down there?

Ms Lutz: There are pools that the reference ship design has used in the United Kingdom.

Senator LAMBIE: What I'm asking you is why are we not using our own? Why are we using it over there when we have the capacity to use it here in Tasmania?

CHAIR: Senator Lambie, please allow the official to answer. I will then hand the call to the opposition.

Senator LAMBIE: Thank you, Chair.

Ms Lutz: The reference ship design was based on all of the data gathered in the UK. Our minor design change to the hull has gone into the models. We have not used the pools here. We use the models, because the models are based on the data that has been gathered by the type 26 and validated in the models.

Senator BIRMINGHAM: Just want to follow-up on where Senator Van and I were earlier today. The Defence budget measures that were outlined in No. 2, additional assistance to Ukraine, the \$510 million that you have cited in terms of support, that is all fully announced, fully committed, already known support to Ukraine, isn't it?

Mr Moriarty: What was the question, Senator Birmingham?

Senator BIRMINGHAM: We see in budget paper No. 2 of additional assistance, the \$510 million that you have cited in responses as to the quantum of the budget and commitment, are all already known and announced measures of support. Is that correct?

Mr Moriarty: That is my understanding.

Mr Groves: That is correct.

Senator BIRMINGHAM: So any additional support would require additional budget—yes?

Mr Groves: Any additional support would require a decision from the government to make that support, and whether that is additional funding would be a decision for government.

Senator BIRMINGHAM: Indeed, so any additional support now would require government to either give additional funding to Defence or for Defence to have to somehow offset it at a time, or as we established yesterday, you are looking for \$1.8 billion of savings over the forward estimates that are yet to even be identified. So are they the only two pathways if there is to be additional funding?

Mr Groves: They are the two pathways.

Senator BIRMINGHAM: Indeed. What additional requests has the government received from Ukraine?

Mr Jeffrey: Obviously, we're in constant conversation with the Ukrainian government through their very good and active ambassador here. They're obviously very determined to ensure that they can maximise support from their international partners. Their interest is, as you would appreciate, Senator, unlimited. They want everything that they can, and they want it as soon as they can get it. The committee doesn't need reminding that Ukraine and the Ukrainians are fighting for their survival, and they want as much as they can get. We completely understand and empathise with what they're doing. We engage with them closely because we're seeking to tailor our support consistent with what they prioritise the most and what we can do within the envelope that we have.

There are some things that they seek which we have developed as part of Australian defence industry input into ADF capability which we believe, as I've said before, would have problems with sustainment on the battlefield, or which may not be at the level of development that could support export to Ukraine at this time. But it's an ongoing conversation. As the Deputy Prime Minister has said, the government will support Ukraine for as long as it takes, and for that reason we provide regular advice on the basis of our conversations with the Ukrainians about how we can best provide that support.

Senator BIRMINGHAM: Did the government receive any representations from Ukraine following the budget expressing their disappointment in the fact that there was no new commitment towards Ukraine in the budget?

Senator McAllister: The government is regularly in contact with Ukraine and representatives from Ukraine. I think Mr Marles has spoken publicly, quite recently, about the fact of his conversations with the ambassador and with counterparts. He has also indicated that these matters are best worked through in dialogue with Ukraine. As you'd understand, Senator, he declined on that occasion, as I probably will also now, to speculate about the kind of support that might be provided in the future. But, as Mr Jeffrey has indicated, they understand that our commitment is to stand with them as long as it takes and until they are able to resolve this conflict on their terms.

Senator BIRMINGHAM: We're here at budget estimates. The government handed down the budget that we are scrutinising in May, and it contained no new announcements and no new additional military assistance to Ukraine. I've certainly had representations from the Ukrainian community, and others—and I know Senator Van and Senator Fawcett have also, and that many others will have—expressing their disappointment and concern at that absence of additional support. Has the government received similar representations?

Senator McAllister: I can't comment on private conversations undertaken between parties. I've indicated to you that the government's approach is to work through the requests that have been made with Ukraine and also to indicate that they understand our intention, which is to stand by them.

Senator BIRMINGHAM: What is that intention—to save up an announcement until the time where the Prime Minister is attending the NATO Leaders' Summit, and any further commitment has to wait for the PM's media schedule?

Senator McAllister: Senator, you can speculate about any manner of things, but I've made the government's position clear: we are working with Ukraine, counterparts are speaking regularly and the officials are speaking. It remains the case that the government has nearly doubled support to Ukraine since coming to government, and we'll stand with Ukraine and provide additional necessary support when we judge it appropriate. We're working through those issues, as the DPM has indicated publicly.

Senator BIRMINGHAM: What about at officials level? Mr Moriarty and Mr Jeffrey, have you had representations expressing concern that there has been no response to requests in terms of actually providing additional assistance in recent times, particularly in the recent budget?

Mr Moriarty: I've had no representations made to me.

Senator BIRMINGHAM: None made to you. Are you aware of any made to your department?

Mr Jeffrey: I've referred to the dialogue we have with Ukrainian representatives here in Australia, in Canberra. It's regular and cordial, but the Ukrainians are obviously, as I said, needing us and wanting us to move

as quickly as we can. They understand the constraints that we're operating under. We engage closely with them and, as I said, we use that engagement to inform departmental advice to the government. Of course, I'm not going to go into the content of that advice or into the conversations that we have with our diplomatic colleagues here in Canberra, but it is an ongoing and constant conversation.

Senator BIRMINGHAM: Again, even more carefully chosen words than usual, Mr Jeffrey. Amongst those conversations, if they're anything like the conversations the rest of us are having, I'm confident frustration and concern have been expressed about the failure to see new commitments made. Let's turn—and colleagues might want to chime in on this, because I know many are engaged—to at least one of the specific areas of ask from Ukraine, which is publicly known and has been publicly spoken about by their ambassador, and that is the request for the Hawkeis. How many Hawkeis has Thales now built?

Major Gen. Bottrell: Thales has now completed the construction of 1,098 Hawkei vehicles for the Australian Defence Force.

Senator BIRMINGHAM: Thank you, Major General Bottrell—1,098. And how many has Ukraine asked for?

Major Gen. Bottrell: Sorry, I'm not in a position to be able to answer that question.

Mr Jeffrey: The question of numbers for the Ukrainians is less about the number. It's more about: can we deliver this particular capability?

Senator BIRMINGHAM: It's 90, though, isn't it, Mr Jeffrey? I think that's even the number that the ambassador's spoken about publicly.

Mr Jeffrey: There have been media reports to that effect.

Senator BIRMINGHAM: Can you respond to those media reports?

Mr Jeffrey: Other than to acknowledge that they exist—

Senator BIRMINGHAM: You have received a request for Hawkeis from Ukraine, though, haven't you?

Mr Jeffrey: Certainly Hawkeis have been part of the conversation.

Senator BIRMINGHAM: They've been part of a conversation, which is a conversation around what more Australia can do to support Ukraine. That's right?

Mr Jeffrey: That's correct.

Senator BIRMINGHAM: Thank you. And we've now got 1,098 that have been built and around 90 that are being sought. So what's stopping us providing them?

Mr Moriarty: As the minister said before, it's really a matter for government as to when it considers and announces future support packages for Ukraine.

Senator McAllister: These are conversations that are ongoing. Officials and the Deputy Prime Minister have spoken publicly about the fact of those conversations and also made it clear that we're considering the best way that we can provide support. It's not for officials to prejudge any decision that might be made by government. We've provided you with information about the conversations that are taking place.

Senator BIRMINGHAM: Minister, Mr Jeffrey has made clear that one of the features of conversations with Ukraine is the speed of commitment and delivery. We canvassed some of that in a previous bracket in terms of existing promises, and I hope that Defence will come back this afternoon and enlighten us about the actual speed of delivery of those existing promises. But can't you see that at this point in time, for Ukraine, the failure to make a commitment to something now, where we have a stockpile of 1,098 vehicles sitting there, that they would be getting frustrated and that it is not helping them in terms of meeting a speed of commitment and delivery if we're going to hopefully follow through and actually deliver some of these vehicles.

Senator McAllister: Senator Birmingham, I've indicated to you that conversations are ongoing between our governments. It is a long-standing principle that such conversations are not publicly ventilated. It is in the interests of Australia and Ukraine to be able to progress these matters together. I have indicated that the government is considering how it might best provide support in the appropriate way. Officials have given you some sense of the factors that we consider. But you continue to press, to ask me or the officials to pre-empt a future decision of government. I'm simply not going to do that.

Senator BIRMINGHAM: Has a proposal been formally considered by government?

Senator McAllister: I think the indication I've provided to you is that conversations are ongoing.

Senator BIRMINGHAM: Has a proposal been formally considered by government?

Senator McAllister: I'll take that on notice.

Senator BIRMINGHAM: Mr Moriarty, surely you can help the minister with an answer?

Senator McAllister: I've taken it on notice, Senator Birmingham.

Senator BIRMINGHAM: Minister, if you have officials at the table who can respond to the question, then they should.

CHAIR: Senator Birmingham, I think the minister is very much versed in the rules of the Senate. She's already provided a response to your line of questioning.

Senator BIRMINGHAM: Has a proposal been prepared by Defence, Mr Moriarty?

Mr Moriarty: We're involved in ongoing conversations with about these matters.

Senator BIRMINGHAM: How many documents for the announcement of the provision of Hawkeis to Ukraine have been prepared?

Mr Moriarty: I'll take that on notice.

Senator BIRMINGHAM: Again, Mr Moriarty, I'm sure you have officials here, if not yourself, who would know the answer to that question.

Senator McAllister: Senator Birmingham, your question presupposes a decision of government. The official has taken it on notice.

Senator VAN: We have all seen the ads as we fly in and out of Canberra for 'free the Hawkei'. I assume you've all seen them as well. There is a large community based push for these. The Ukrainian ambassador has asked for these on numerous occasions. Yesterday, the Ukrainian Minister for Defence tweeted about them. I'm not sure if it's for Major General Vagg or Major General Bottrell, but is there anything stopping ADF providing Hawkeis to Ukraine?

Gen. Campbell: This matter has been dealt with by the minister. There is nothing more that we can add.

Senator BIRMINGHAM: To be clear, aside from a decision of government—

CHAIR: Order. To be fair, I think Senator Van has the call.

Senator BIRMINGHAM: I think we're working collegiately.

CHAIR: I heard Senator Van trying to ask a question. I'll leave it to Senator Van if he wishes Senator Birmingham to ask a follow-up.

Senator BIRMINGHAM: Aside from a decision of government, is that the only impediment? Government said yes, go tomorrow, there's no other impediment?

Senator VAN: Is there any technical impediment?

Senator McAllister: An answer has been provided to your previous questions in the following way. We continue to work with counterparts to examine what support might be provided. It is dependent on a range of factors, some of which have been talked through with you, evidence about which has been provided to you by Mr Jeffrey. We're not going to canvass the particulars of a particular platform or a particular form of assistance. Officials have indicated to you that these conversations are ongoing and that there are a range of matters that are considered in deciding what recommendations to make. Officials have indicated to you that these conversations are ongoing and that there are a range of matters that are considered in deciding what recommendations there might be.

Senator VAN: Thank you, Minister, but that was not the question that I asked. I asked if there are any technical impediments.

Senator McAllister: It is an answer to the question you asked, Senator Van. You may not like it.

Senator VAN: Then let me put it this way. Thales have delivered nearly 1,100 of them. How many of them have been deployed to the Army?

Major Gen. Bottrell: Defence has accepted 874 vehicles from Thales. Of those, about 500 remain at Thales in Bendigo. They've got further uplift work they need to have done. And 389 vehicles have been rolled out to defence units. You'd be aware that we are still working through the rectification of an ABS braking issue. We have an interim solution in place to allow training for defence to continue for the vehicle to achieve its full operating capability around the middle of next year.

Senator VAN: The braking issue is really only an issue when the vehicle is being driven on a road at speed, isn't it?

Major Gen. Bottrell: No. The ABS braking system can apply in any circumstance. In fact, the environment in which we discovered the issue was in an off-road circumstance.

Senator VAN: Does the Bushmaster have ABS?

Major Gen. Bottrell: Our version of the Bushmaster does not. We have an exemption under the Australian design regulations for that.

Senator VAN: Is there sufficient sustainment in the Army fleet that's currently being used? Or is that the reason only 380-odd have been deployed?

Major Gen. Bottrell: We are working very closely with Thales to rectify this issue. The vehicle is at a pretty critical status in terms of achieving its capability. The issue for us is, firstly, fixing this interim braking system, being able to prime our system with enough training and trained operators to be able to then roll the vehicle out and then to have sufficient repair parts in the supply chain to enable the rollout to defence. We are very thin across the board, partly due to COVID supply chain restrictions and partly due to the issue of the ABS braking system. Those issues combined have undermined our ability to achieve our full operating capability, which was intended to be achieved by the middle of this year. We've had to delay that because of those factors alone. We still do not have a root cause for the ABS braking issue. We're working very closely with Thales and their supply chain back into Europe. We hope to have that in place very soon. In the interim, Thales is rolling out an interim solution which will very shortly enable us to be able to lift the restriction on the use of the vehicle for training, but only over a very short period of time. It's quite an intensive process to continue to revalidate that interim solution until a final solution can be put in place, and we still don't have a date for that. It's quite a delicate balance right now.

Senator VAN: Thales is a French company, correct?

Major Gen. Bottrell: Thales Australia is an Australian company that has a French parent.

Senator VAN: The ABS unit is from a German manufacturer, correct?

Major Gen. Bottrell: That's correct—WABCO ZF is the German ABS manufacturer.

Senator VAN: Can the ABS be turned on and off by the operators?

Major Gen. Bottrell: The ABS can be disengaged, yes.

Senator VAN: If we were to send some to Ukraine, could those units be repaired in Germany on the way in?

Major Gen. Bottrell: That presupposes that we could actually sustain the vehicle if it was deployed. I think these are some of the considerations that are being considered inside defence while also trying to roll out the vehicle for defence. As I said, the capability is at quite a critical stage right now. Those factors that accumulate mean that we can't even roll it out to Defence, given those other factors, let alone sustain it on operations. So it's been my advice to Defence that we could not sustain this vehicle overseas, and we certainly couldn't sustain it if we were also trying to roll it out to the Australian Defence Force. Those factors together mean that, if it was to be deployed, my advice is that we would find it very hard to sustain that capability on operations, and I think that in itself would reflect on Defence.

Senator VAN: General, are you aware that both Thales and Ukraine have said that they would take responsibility for sustainment if they were given Hawkeis in the numbers that they've requested?

Mr Moriarty: As we said, we're aware of the issues that are being raised, and these are matters that are for the government to consider. General Bottrell has talked about some of the technical issues. We're aware of the comments from other countries. It really is an important matter for the government to consider, and to consider the whole range of factors. The government will decide on a future support package at the appropriate time, and that will be conveyed at the appropriate time.

Senator VAN: CDF, are there any plans to use the Hawkeis in any upcoming training exercises?

Gen. Campbell: As the Hawkeis are placed into units, they will just become part of the normal package of exercise training and activity that we undertake, and so you will progressively see the presence of Hawkeis in exercise activities over the coming years.

Senator VAN: Then, more specifically, will Hawkeis be deployed to operation Talisman Sabre?

Gen. Campbell: It's Exercise Talisman Sabre. I'll just ask General Vagg if he is aware.

Major Gen. Vagg: Senator, I'm unaware of that at this stage, noting that, because of the brake issue, we've got a safety constraint on the use of the Hawkei, limited to 40 kilometres an hour.

Senator VAN: But it would come as no surprise to you, or could you please take on notice whether or not they will be deployed to Talisman Sabre—

Major Gen. Vagg: Certainly.

Senator VAN: because I have it on good authority that there are 12 being deployed on that exercise.

Major Gen. Vagg: That may be very likely. I can take that on notice.

Senator VAN: Thank you. Are any of them going to have the NASAMS launcher integrated into them? You might also need to take that on notice if you don't know whether they're being deployed. Or, Major General Bottrell, you tell me how many of the 398 that have been deployed have had integrated in them the NASAMS launcher—the two-door model?

Major Gen. Bottrell: The high-mobility launcher for NASAMS—that integration work is currently happening. I would have to take it on notice, but I would be surprised if that was ready for fielding in Talisman Sabre. Our intent is, and we've been working, to try and have the interim solution rolled out to enable units to take some of the vehicles onto Exercise Talisman Sabre, but whether we're able to meet that schedule or not depends on Thales's ability to roll out this interim solution. As you can see, we are working on this issue literally day by day. I can't answer that and, if I can't answer it, I don't think anyone else could.

Senator VAN: With this braking issue, are the vehicles allowed to be registered for the road, or is it a defect that restricts their being driven on a road?

Major Gen. Bottrell: In conjunction with the capability manager Army, and Thales, we have applied restrictions to constrain them from being operated on public roads at this point in time, until we can be certain that the interim solution enables the vehicle to be operated safely. There was what we call a systems safety working group that occurred recently. Subject to that interim solution being implemented, that should allow us to be able to lift the restriction. But, again, we still have to have that delivered by Thales. So they should be able to be operated on public roads with no restrictions.

Senator VAN: Chair, I'd like to table a photo that I took from the car park of the Thales factory the Saturday before last that shows there's only a handful of the, I think, 400-odd that are parked there that are currently registered. I would assume they would need to be without defect for you to be able to do that. I'll just table that.

I might go to you, CDF, or to you, Minister. If Australia were being invaded, would we not use the Hawkei because of this OBS issue?

Gen. Campbell: I don't really go to hypotheticals. What's the answer to that? Australia would do everything it could, wouldn't it? And every other country would too.

Senator VAN: So we should be doing everything else to send signals to authoritarian regimes that are invading other countries?

Gen. Campbell: It's very clearly been presented here.

Senator McAllister: Senator Van, I will observe that in the previous parliament the opposition gave bipartisan support to the previous government's decisions in relation to Ukraine. It is a little disappointing that the line of questioning here seeks to make it such a partisan issue. You have been provided advice that there is engagement not only with Ukraine but also with other partners who are seeking to support Ukraine about the best way that the government may support them. You've also been provided advice about the government's approach in our first budget to provision for the support that was required and our ongoing commitment to working with Ukraine. You have heard the Deputy Prime Minister and other members of the government talk about this publicly.

Senator VAN: Thank you for that summary, but I've also heard—

Senator McAllister: Senator!

Senator VAN: Sorry, if you're going to keep going, please.

Senator McAllister: It is in our national interest, and we are absolutely committed to working with Ukraine to support them because it is of global significance.

Senator VAN: But you have done nothing about it.

Senator BIRMINGHAM: Minister, I just want to make it clear. We continue to provide bipartisan support to commitments and to deliveries. My question has been whether there are sufficient commitments and timely deliveries.

CHAIR: Senator Van, now that the picture has been circulated, did you have any other questions, or was that it?

Senator VAN: I was just raising the point that they are road registered, which was the point of tabling them.

CHAIR: We will be breaking for lunch. I'm mindful that there's an official who wants to provide further information to Senator Lambie's line of questioning. Is it something you'd like to do now, or will you wait until after the break when Senator Lambie is back in the room?

Senator McAllister: If the committee wants to break we can wait.

CHAIR: Thank you. We will now suspend for lunch.

Proceedings suspended from 13:03 to 14:01

CHAIR: Welcome back, everyone. I understand, Vice Admiral, you have got some answers to questions that Senator Lambie had asked earlier today. Is that right?

Vice Adm. Hammond: Thank you, Chair. It's context around the photographs that were submitted. I provided speculation in response, but I'd like to confirm that the two photographs are of Virginia class summaries. Each has a different coloured lei, which is a Hawaiian presentation which is part of the US submarine force practice of welcoming a submarine to a new port or from a deployment.

The submarine with the red and gold lei is USS *New Mexico*. That photograph was taken on the day she returned from a six-month deployment. That deployment included visits to Greece, Norway and Scotland—operations in the Mediterranean warm waters and as far north as the Arctic. It covered 38,000 nautical miles during the deployment and subsequently went into a maintenance period to address the wear and tear that you see in that photograph. Of note, 38,000 nautical miles is approximately twice the distance that one of our conventional summaries would cover in a six-month deployment. HMAS *Farncomb* conducted a six-month deployment last year.

The other photograph is USS *North Carolina*, also a Virginia class submarine. That photograph was taken at the conclusion of a seven-month deployment in the Indo-Pacific, so it might have covered more than 38,000 nautical miles. For the record, for both of the Virginia class submarines, the wear and tear is a result of extended operations throughout the Indo-Pacific or Atlantic.

CHAIR: Did you want to add anything, Senator Lambie, before I hand the call over?

Senator LAMBIE: I wouldn't mind. Vice Admiral, is it normal that they have a problem with the rust?

Vice Adm. Hammond: Once the anechoic tile peels off during an operational period, the surface of the pressure hull is then exposed to sea water. That is surface rust; that's cleaned off during the next period. The steel these submarines are made from, which is several inches thick, does not suffer from a corrosion issue that affects their operational capability. It's just a maintenance issue that has to be addressed.

Senator LAMBIE: Thank you very much.

CHAIR: Thanks very much for that, Vice Admiral. I'll hand over to Senator Shoebridge.

Senator SHOEBRIDGE: I was going to ask some questions about the Hunter class frigates and the ANAO report. Who is best for that? I might start with one of the most obvious questions. Page 33 of the ANAO report, paragraph 2.17, says the government gave Defence \$289.3 million for a competitive evaluation process for the Hunter frigates. First of all, how much of the \$289.3 million was spent?

Ms Lutz: You will see in the *2021-22 Major projects report* that \$122.5 million was spent on the competitive evaluation process participants. That also includes the resident project team and the project management. Of the \$289 million, \$45 million was a contingency—which doesn't get spent normally—and the remainder of the money was the project management team building up facilities and the combat management system.

Senator SHOEBRIDGE: So, in the end, how much was spent?

Ms Lutz: As reported in the *Major projects report 2021-22*, it was \$122.5 million.

Senator SHOEBRIDGE: Secretary, how is it that, with \$122.5 million, you didn't, in the second pass approval stage, assess value for money? How is it that, in a \$289 million budget, \$122 million is spent and you didn't do the core requirement under a tender evaluation process? How did that happen?

Mr Moriarty: The work that funds were spent on pursued the objectives the work was directed to achieve, so I'm comfortable that that work was appropriately funded and that the information sought was obtained there. You're making a broader comment about the approach and the concerns the ANAO identified in their report. Defence has accepted the findings of the ANAO report and agreed to its recommendations. There are opportunities—in fact, there are requirements—for us to improve. The department are very committed to complying with our statutory recordkeeping requirements and the other requirements that are levied on us, and we are working through what changes we need to make to ensure our project management meets the requirements. We are very appreciative of the relationship we have with the ANAO; it is a constructive relationship. They have

identified there were some deficiencies in our approach. Defence recognises that achieving a value-for-money outcome is important. We also recognise, as does the ANAO, that achieving a value-for-money outcome is not solely determined by the price and that other factors must be taken into account in all such assessments. It's also the position of the department that we provided advice to government which included an assessment against the evaluation criteria, which allowed our ministers at the time to take forward their submission for government consideration.

Senator SHOEBRIDGE: To quote directly from the ANAO report:

Defence did not conduct an effective limited tender process for the ship design. The value for money of the three competing designs was not assessed by officials, as the Tender Evaluation Plan (TEP) proposed that government would do so.

That is extraordinary. Your department has committed the people of Australia to a \$45 billion program, and you didn't even assess the competing tenders for value for money. That's not a little problem; that's a huge, glaring fail from Defence, isn't it?

Mr Moriarty: I've read the ANAO report. I think it is an important piece of work which will help us improve how we do our business and how we support the government. The decision of the previous government to proceed with the Hunter program was a decision of the government, so you are incorrect to say that Defence took a decision to proceed with the Hunter program; it was a decision of the previous government. During the previous government's consideration of those options, they had access to a range of information that went to the issue of value for money—including comparisons of the capabilities, comparisons of the Australian industry content plans and comparisons of the ways in which the industrial pathway was to be taken forward. I am very much acknowledging that a formal value-for-money assessment was not conducted. The ANAO sought to find evidence that there was a formal value-for-money assessment judgement made, and they have been unable to do that. But that doesn't mean that issues that go to value for money—that an assessment of financial and non-financial costs and benefits was not undertaken. There was a lot of work done on comparing the options that were put to government, which ministers then took forward for decision.

Senator SHOEBRIDGE: You chaired the committee that signed off on the recommendation to government for the BAE frigate, and you did so in gross breach of the Commonwealth Procurement Rules—and you know that now, don't you? You know that what your committee did and that what you signed off on was in gross breach of the Commonwealth Procurement Rules because you didn't do your core job, which is to assess value for money of the competing tenders. Do you accept that?

Mr Moriarty: Defence has said that value-for-money considerations were part of the advice that went to government. I accept there no formal value for money—

Senator SHOEBRIDGE: You didn't do it. The ANAO report says in seven different places that you didn't do it. Formal or informal, you didn't do it.

Mr Moriarty: I've read the report. I acknowledge there were deficiencies in the way in which we approached this. I do not accept your suggestion that the department did not take into account value-for-money considerations.

Senator SHOEBRIDGE: My suggestion is that the department you head and the committee you chaired grossly breached the Commonwealth Procurement Rules. Do you agree or disagree?

Mr Moriarty: I would say that the ANAO has taken the view that we should have formally included a value-for-money consideration in terms of the advice we were taking forward. I understand their position, and I think we've accepted that it's appropriate that those matters are dealt with. I also believe that the department provided advice to ministers which went to value-for-money issues and included the various capabilities of the options that were put forward, the Australian industry content plans and the differences between them, the affordability of the program and the affordability over the forward estimates. There are a number of issues that were information that was provided to government. I would like to think we will change our procedures to make sure that that formal addressing of the issue of value for money, as the ANAO has suggested is appropriate—that we will do things to improve our procedures moving forward.

Senator SHOEBRIDGE: You didn't assess value for money inside the department. Your committee that signed off on the report and the recommendation to government didn't assess value for money. It appears from the ANAO report that you expected the minister and governments to somehow assess value for money, but you never told them you didn't do it and you never told them you didn't comply with the TEP. That's what the ANAO found, wasn't it? You tried to duckshove it off to the minister, and you didn't even tell your own minister you were doing that, did you? That's what happened.

Mr Moriarty: No, no—

Senator SHOEBRIDGE: I know it's embarrassing, I know it's wrong, I know you signed the public up to a \$45 billion program and you don't even document your records, but could you answer the basic question. You didn't even tell your minister, did you?

Mr Moriarty: Senator, the TEP, as you say, which was not as you would expect—I was unaware that that TEP had not been conducted in a normal or a routine way. I still take the view that ministers were provided with information which allowed them to make a value-for-money judgement and that the department, in the consideration of its advice to government, took into account a range of factors which went to the issue of value for money.

Senator SHOEBRIDGE: Why did you, as chair of the defence committee on 15 March 2018, prefer BAE as the tenderer? I'm asking you because, for some mysterious reason as yet unexplained, the minutes of that meeting that record why you did this have been lost, or never recorded. So tell the Australian people why you, in that meeting, signed them up to a \$45 billion project.

Mr Moriarty: Well, the committee came to a view based on the information that was prepared for it and the expert advice that was provided, not just on that day but in terms of the work that had been done, and the work available to the committee led the committee to a view that the Hunter class frigate was the preferred option. We provided that advice to government. It was then the ministers of the day who took that decision forward for consideration by cabinet. But the information that was brought before the defence committee recommended, on a range of bases—most importantly, capability—that the Hunter class frigate was the optimum choice for our future frigate program.

Senator SHOEBRIDGE: We will come back to why it is that, out of three-quarters of a million documents—

CHAIR: Senator, we will come back to you. You will have an opportunity to ask—

Senator SHOEBRIDGE: just this set of minutes and another set of minutes are missing. Why, out of three-quarters of a million documents, are just these records missing?

CHAIR: Senator Shoebridge, you'll have an opportunity to come back to you. I'll now had the call to Senator Fawcett, who has been waiting very patiently.

Senator FAWCETT: Can I go to the Collins class submarine? Admiral Hammond, I assume you're going to be the best person to ask questions of. Over the last decade, we've seen very good performance and availability of the Collins class submarine post the rectification issues that flew out of the Coles review. The ABC earlier this month ran a program on the *Four Corners* program talking about issues with the Collins class. Would you care to put on the public record your response to the claims that were made during that program?

Vice Adm. Hammond: The discussion in the *Four Corners* piece included a number of interviews with commentators and me and a representative from Anduril as well. The interview that I conducted was about an hour and a quarter, sitting in front of a bright light in my office, and I think it amounted to a couple of minutes curated for the *Four Corners* show. That's the context behind the article, as I understand it. There was criticism of Collins class availability. For the record, we are achieving benchmark availability. I made that clear during the interview, and I was transparent about the challenges that we've had as a result of the COVID-19 impact on workforce mobility in Australia as well as on the supply chain, as well as the additional sustainment overhead that ASC had to deal with after the fire we had in HMAS *Waller*. For my part, we were very transparent about the challenges, about the capability, about the issues that we have overcome, and I remain impressed, frankly, by ASC and industry's response in achieving the availability that we did over the last couple of years, particularly during the pandemic. I highlight that we didn't dip below 86 per cent availability, which is a high distinction in any university that I've attended. When you put the challenges into context like that, I'm particularly impressed by our industry partners and the availability that we've achieved. And I'm proud that we're back achieving benchmark availability.

Senator FAWCETT: Could you confirm for the committee what you consider to be the benchmark availability. Is that three of six—

Vice Adm. Hammond: That's four submarines available to the Fleet Commander, of which two are likely to be in maintenance and the other two will either be available for operations or might be in a leave period. And that's currently the status of the force.

Senator FAWCETT: Is that benchmark set against global standards or against historic achievement within Australia?

Vice Adm. Hammond: It's a direct result of the Coles review—the targets that were set during the Coles review that you discussed with the ASC CEO last Friday, Senator.

Senator FAWCETT: Sure. In the 2023-24 PBS, the sustainment funding for Collins—not LOTE, just Collins—is \$717 million, which is an increase from the previous year. Do you expect that kind of funding will be required for the remaining life of type for Collins to keep the availability that you're currently getting?

Vice Adm. Hammond: I think this is something we need to watch very carefully. HMAS *Collins* is 26 years old, as is HMAS *Anzac*, which is one of our surface combatants. Just last week I signed an internal directive in Navy to review the sustainment provision against the current operating environment, and by that I also mean the economic environment, to ensure that we have sufficient sustainment availability for both of those classes of vessels in particular. They are the workhorses, if you like, in many respects of the Navy. It's important, as you know, to make sure that we provision enough sustainment to achieve the operational output expected and required of us by government.

Senator FAWCETT: I have two more quick questions on Collins before I go to LOTE for Collins. In terms of the maintenance workforce—the uniformed maintenance workforce, as distinct from ASC—where do you currently stand? Do you have any critical gaps?

Vice Adm. Hammond: I'd refer to earlier testimony in the Senate about the workforce challenges across the ADF. We're not immune. The size of the submarine force is still twice the size of the submarine force when I was commanding a Collins submarine many years ago. It is healthy in many respects, but we need to keep a weather eye particularly on our technical workforce, who work very hard to keep these submarines ready for all contingencies. And they're in high demand; they are high-quality, highly trained, highly experienced technical sailors—the men and women that sustain these submarines in uniform—and I'm focused on keeping every one of them in uniform and growing that force.

Senator FAWCETT: Could you give us a little more clarity around the particular initiatives that you are taking to keep those sailors in the service of the Navy? And could you, by extension, talk about your work with ASC to make sure their workforce remains stable? That's because they're a critical enabler for you, particularly in the context of Virginia class starting to absorb Australian personnel, and then, down the track, the work-up to the AUKUS submarines.

Vice Adm. Hammond: I'll go back a few years to when I was the Deputy Chief of Navy and we established the Navy Retention Initiative Payment, which in many respects is a precursor to the current ADF-wide retention initiative. That was targeted at the personnel who were approaching the end of their initial enlistment period, to encourage further service. That was very successful. The majority of people who were eligible to receive that retention payment accepted it. During the period leading up to the pandemic, we actually grew the permanent workforce in Navy by almost 2,000 people. We drove the separation rate down to the lowest it had been on record. Then the challenge of the pandemic arose and, as we heard earlier, it's a tough workforce—

Senator FAWCETT: Sorry, this is all very good, but we are quite limited for time. Could you specifically look at the particular measures that you're looking at to retain your workforce engagement with ASC and the considerations around the AUKUS submarines—the particular measures, initiatives and discussions you are having around those.

Vice Adm. Hammond: The submarine force is the beneficiary of a deliberately differentiated remuneration arrangement. That remuneration arrangement is reviewed periodically. That is currently under review in light of this year's announcements around the optimal pathway. Now that we have clarity around the size, scope and growth rate for the future submarine requirement, it's appropriate that we conduct that full review of remuneration. Of course, that is going to be, as is necessary, in partnership with broader Defence, and the new chief of personnel will have a key role to play. That's the principal mechanism: remuneration. Other initiatives have been rolled into that whole-of-workforce approach, some of which were spoken to by the Deputy Secretary of Defence People Group earlier this morning.

Senator FAWCETT: We may come back to you in the next estimates to see how you are tracking on some of those measures. Particularly, could you identify for us on notice any critical trades where you are short of people for the Collins class. With regard to the life-of-type extension for Collins, going back to the original scope, it was going to be all six, propulsion, diesel engines, generators, power conversion distribution systems and optronics, and I think there were two tranches, packages A and B. Has any of that changed as a result of DSR and the subsequent budget reprioritisation?

Vice Adm. Hammond: It's still six submarines. I'm going to refer to Mr John Chandler, in Naval Shipbuilding and Sustainment Group, for further detail.

Mr Chandler: For clarity of the committee, I work within the Naval Shipbuilding and Sustainment Group. I'm not part of the nuclear submarine task force. In terms of the LOTE scope for the Collins class, essentially Defence

is taking a risk based approach to defining the scope of that effort. It's really the most significant risks to extending the life of the class by one operating cycle of 10 years—

Senator FAWCETT: As I said to Admiral Hammond before, we are limited for time. ASC have on their website the last formally endorsed scope, which I understand they're in contract for, which included all those elements and all six boats. Could you clarify whether any of that scope is under consideration as part of the DSR or subsequent budget considerations?

Mr Chandler: The scope that's currently approved is for the design of the elements that you mentioned, plus the procurement of the long-lead items. I'm not aware of any of those being under consideration as part of the DSR.

Senator FAWCETT: Regarding the contract that is in place, I note in this budget it's \$160 million for 2023-24, which is an uplift from \$104 million last year. That funding is purely for NRE, or non-recurring engineering activities, around life-of-type extension. Is that correct?

Mr Chandler: Non-recurring engineering and long-lead item procurement.

Senator FAWCETT: Does it still provide the option for government to choose to descope the life-of-type extension, even after that NRE work is done?

Mr Chandler: Yes. The implementation of the Collins life-of-type extension, and the extent of that, remains a future government decision.

Senator FAWCETT: Given that we are expecting the first to be, I think, *Farncomb* in 2026, is there any indication as to when the decision will be made?

Mr Chandler: It will be in the coming period. Obviously, the decision needs to be made in time to commence the life-of-type extension for *Farncomb* from mid-2026. In terms of an indication of the government's inclination, there were a range of comments from the Deputy Prime Minister and the foreign minister in the wake of the AUKUS announcement to the effect that a full life-of-type-extension remains the intent.

Senator FAWCETT: With the contract that you have with ASC, is it just the one contract? As I look through AusTender for Collins writ large, I see about eight core contracts. My search hasn't been exhaustive, but so far I've come across 19 amendments, some of which are in excess of \$40 million, which is nearly half the allocated budget last year. How many contracts do you have with ASC relating to LOTE?

Mr Chandler: I did watch the testimony with Mr Wiley on Friday. Defence has one contract with ASC for support to the Collins class submarines. It's the same in-service support contract, head contract, that covers ongoing sustainment work, the life-of-type extension project and a range of capability upgrades, most notably the Sea 1439 phases projects.

Senator FAWCETT: You said you have one head contract. On AusTender there are eight core contracts, and then, as I said, I've found at least 19 amendments to those. I accept that the Coles review said that we shouldn't have an omnibus contract, that we should have more discrete contracting to improve productivity within ASC and value for money for Navy, but are all of those contracts under the ASDEFCON framework?

Mr Chandler: Yes. They're all under the one head contract. That head contract is reasonably flexible. It's a strategic contract that has been in place since 2012. It's quite a sophisticated contract. It does allow for additions to the contract scope. But fundamentally there is one head contract, an ASDEFCON based head contract.

Senator FAWCETT: With the contract specifically for life-of-type extension work, does that include, as per Defence's ASDEFCON framework—I think it's annex A—the FPS?

Mr Chandler: I'd have to take on notice the way that is represented. However, with the FPS terminology and OCD terminology—and I followed your questioning with Mr Wiley last week—essentially the approach with the life-of-type extension of Collins is to maintain the current functional baseline. I'll just use that in a plain English sense. It's born of a previous time, where that was captured essentially at a sub system specification level. But there is a functional baseline that ASC has been responsible for maintaining as part of the core services under the in-service support contract since its inception. If the intent of the LOTE project is to maintain that existing functional baseline, ASC was already managing it for us. So I don't believe it needed to be provided to them, because it's already part of their ongoing management, and the life-of-type extension project is driving to maintain that functional baseline.

Senator FAWCETT: Is your evidence to the committee today that the life-of-type extension is purely an obsolescence process? Previous testimony and statements by Defence and, I believe, governments have been that this is actually a capability uplift to make sure there is no capability gap whilst we're waiting—originally for the

Attack and now for the AUKUS submarines. Your statement appears to be at odds today. Could you clarify that your evidence is that this is purely an obsolescence exercise?

Mr Chandler: I'll say that the intent and objective of the LOTE project scope is to treat the highest risk to extending the service life of the class by one operating cycle. In looking to maintain the current functional baseline with new types of technology, there is always the opportunity to introduce additional capability in the course of, essentially, an upkeep treatment.

Senator FAWCETT: Chief of Navy, as the capability manager, what is your evidence to the committee today about whether the intent of LOTE was both making the boats available for another cycle and also a capability uplift? What is your evidence?

Vice Adm. Hammond: I'm focused on sustainability, availability and lethality dividends from the life-of-type extension. I think, as Mr Chandler highlighted, in retiring obsolescence we will gain a capability dividend. I see alignment. I don't see a point of difference. There's no point in having a submarine that's just able to submerge and stay safe. It needs to be able to remain undetected and achieve the aim as well. So my eyes are on all three: the availability, sustainability and lethality. They are the three pillars around which we have discussions as we get closer and closer to the life-of-type extension.

Senator FAWCETT: Even if you use the terminology 'a capability dividend', that will by definition change the design and integration requirements for the operational concept that you will have with an enhanced capability. Is it also your position that ASC doesn't require a functional performance specification or an OCD for the life-of-type with the capability dividend that will be delivered?

Vice Adm. Hammond: Effectively, that's correct. We're not changing the nature of our submarine operations. We're not changing the operational concepts that we apply. We are ensuring that we're still able to meet the contemporary submarine operational output in the contemporary operating environment through one more operating cycle.

Senator FAWCETT: Mr Chandler, I think you said you'd take on notice whether one had been provided. ASC's evidence was that they thought it had been. You're now telling the committee that you don't think it's required. There seems to be a deal of confusion there. Can you take on notice from Defence's part whether those annexes which are required as part of ASDEFCON have been provided, and if so the date when they were provided, and, if not, whether there was a deliberative decision to not provide them, and if so by whom and when?

Mr Chandler: Yes, I'm happy to take that on notice. I believe that's what Mr Wiley did as well. The reason I'm pausing is that I think that the functional baseline that ASC is maintaining has been part of their existing remit since the inception of the in-service support contract, so that would be the reason why it was not provided specifically for the LOTE project. I'm happy to take that on notice.

Senator FAWCETT: I'd be interested to understand if there are any other similar programs where we're seeing an uplift in capability where Defence is not following basic systems engineering process, which is at the very front end to provide to people who are doing that detailed design, both the operational concepts and particularly the FPS type of information. You can take that on notice as well.

Mr Chandler: I'm not sure I need to. I think we're following a quite orthodox systems engineering approach to the life-of-type extension project. The fact that the functional baseline we're maintaining is a particular form reflective of history. That it might not be the classical form of a functional performance specification in contemporary terms, is just a reflection of the passage of time. Essentially, I feel we are employing a fairly consistent systems engineering approach given the nature of the baseline that we're maintaining.

Senator BIRMINGHAM: What is the current budget estimate or envelope for LOTE?

Vice Adm. Hammond: \$4.3 to \$6.4 billion is the estimate for the LOTE project.

Senator BIRMINGHAM: That's the previously disclosed figure that remains the current project envelope. At, I think, the last estimates hearings there was some discussion. Vice Admiral Hammond, I think you outlined a number of the different cost pressures that were accruing, and Mr Moriarty, you indicated that the department would reassess that if required. Has there been reassessment of the cost envelope for LOTE?

Mr Chandler: I'm not aware of any reassessment of the cost envelope for LOTE. We continue with the design process which continues to refine the work for LOTE.

Senator BIRMINGHAM: Is there a need for a reassessment?

Mr Chandler: I'm not aware of any need at present to reassess the cost envelope for the Collins LOTE project.

Senator BIRMINGHAM: Are you confident that it can be, at this stage, delivered, subject to the work that you were just discussing with Senator Fawcett within that envelope as you've confirmed it remains of \$4.3 to \$6.4 billion.

Mr Chandler: I have no evidence to trigger a reconsideration of that envelope at this time.

CHAIR: Senator Roberts?

Senator ROBERTS: My questions are to do with the Army's electric vehicles. Since the publicly released information of electric vehicle conversion of the Australian designed and built Bushmaster, has the Australian Army progressed to test the operational feasibility of other Australian electric military vehicles in the field? I understand from Minister Conroy, who gave us a crossbencher briefing, that this is at concept stage at the moment, nothing more.

Lt Gen. Stuart: I'll begin, and then I'll hand to my colleague Major General Vagg for any further comments. The concept demonstrator that you referred to was part of our power and energy work, which involves some studies to understand how we can use alternative sources of fuel (1) to ensure an operational capability and (2) to reduce the logistic footprint that is created by bulk fuel. There are a couple of important points to note. Firstly, we were able to produce an electric Bushmaster, but that was to really test the parameters of power generation and how that work would translate into the design of the vehicle and to really test the art of the possible. Of course, the operating environment would probably require us to have a hybrid approach, similar to a hybrid passenger vehicle, with both solar panels and also the fuel that would be required. So it is on a path of development to determine how we can continue to operate vehicles and reduce the logistics footprint and, obviously, the output of those vehicles.

Senator ROBERTS: What progress has been made? What stage are you at right now?

Major Gen. Vagg: As the chief has alluded to, we produced the capability demonstrator with Thales. One of the limitations is power generation and storage and the distribution—which I think you'd appreciate—

Senator ROBERTS: Easy to understand that.

Major Gen. Vagg: for operational use. We've got a number of studies underway to look at power generation and electrification of various sizes of wheeled and tracked vehicles. Those studies are indicating that the technology won't be in a mature state until about 2030. We have plans from 2035 onwards to look at how we'll transition the broader Army fleet as we move across.

Senator ROBERTS: So the time frame is you're hoping to put something into operation by 2030.

Major Gen. Vagg: That's the time when the studies are indicating the technology will be mature enough so we can field it as an operational capability.

Senator ROBERTS: So at the moment there's no real understanding based on anything concrete—it's just studies at the moment. You haven't got a plan or deadline or date.

Major Gen. Vagg: As I said, from about 2035 we've got plans to look at starting to convert Army's fleets across to electric vehicles.

Senator ROBERTS: What are your findings on energy density? One of the advantages of hydrocarbon fuels like petrol and diesel and gas is that they have very high energy density—not as high as nuclear, but very high energy density. Sunlight is incredibly low.

Major Gen. Vagg: That's a good observation. To inform some of that work, we've got trials with electric vehicles that are occurring this year. We have 40 electric vehicles—civilian—that are operating in the ACT. From 2024 we'll look at a series of small, light commercial vehicles that will use hydrogen cells. We'll use those capability demonstrators to inform further work and how we'll look to operationalise that.

Senator ROBERTS: To what stage has the thinking gotten in terms of replacing the current diesel powered vehicles?

Major Gen. Vagg: Again, I go back to my first point. Looking at the levels of maturity for those technologies, we don't expect that to mature to where we can deploy it as a legitimate operational capability until about 2030.

Senator ROBERTS: Is there any way in which our concrete operational plans assume electric vehicles, say, by 2035? Are we going to be reliant upon these things being developed?

Major Gen. Vagg: I don't think we'd be reliant on them being developed, but that's a goal where we'll look to do that transition.

Senator ROBERTS: So it's a goal, not a plan yet.

Lt Gen. Stuart: If I can describe the approach, there are a whole range of emerging technologies that we need to understand, and then we need to test their application to the set of tasks that we need to provide for the integrated force. In some cases, I expect, those will be successful; in other cases they may not be. What we want is to be informed and take advantage of the developments in technology as they're developing. We work with both academia and industry to explore the art of the possible. We're not making any presuppositions about exactly when, because we just don't have the evidence or the data to support exactly where that technology may be. What we're working on at the moment in the case of electrification is that we think, based on the advice we've received, that technology—noting your point about energy density and the requirement to operate vehicles in operational situations—is probably toward the end of this decade. That is our estimation based on the work we've done so far and the advice from experts that we've been working with.

Senator ROBERTS: Have you deployed the vehicle in the wet or in the north or in the desert or put it through any arduous tests, or is it still very much a concept?

Major Gen. Vagg: It's still very much a concept.

Senator ROBERTS: What about battery charging? You mentioned that as one of your challenges. I think, from memory, on Friday afternoon the Minister for Defence Industry, Mr Conroy, said that you had some concepts for fast charging. Is that correct?

Lt Gen. Stuart: We'll have to take that one on notice. As I say, as part of the power and energy work we're doing, we're looking at a whole range of things, which include both power generation and power storage—which includes battery technology.

Senator ROBERTS: What would power generation involve—what sort of concept?

Lt Gen. Stuart: Solar, hybrid engines—

Senator ROBERTS: Solar panels?

Lt Gen. Stuart: and those sorts of things.

Senator ROBERTS: Hybrid using hydrocarbon fuelled engines?

Lt Gen. Stuart: Yes.

Senator ROBERTS: You're not far enough advanced, then, to discuss the recharging question for field operation?

Major Gen. Vagg: No. As I alluded to before, we're still looking at how that technology matures. That's one of the principal challenges that we need to overcome.

Senator ROBERTS: What's your early gut feeling? Much of the science on this and the application of the science on these technologies is still hypothetical—wish.

Lt Gen. Stuart: I don't think my gut feeling is particularly relevant. We'll follow the science and what can be demonstrated and how that can be applied to the work that we are required to do. But we think it makes a lot of sense to be understanding and to be working with experts on how we can apply new and emerging technologies to the business of Army in this instance.

Senator ROBERTS: I'm reassured now. Initially, I wondered if we were going to be dependent on something happening in the next few years, and I had visions of extension cords all across North Queensland and the Territory. That has put that to rest. Thank you very much.

CHAIR: I will hand over to Senator Lambie.

Senator LAMBIE: Thank you, Chair. CDF, I have some further questions on the US Leahy law. I assume since you've had 24 hours that you've been briefed.

Gen. Campbell: I haven't been in a position to be briefed on the issues that you've raised. I do want to answer your questions, but I am likely to be taking them on notice.

Senator LAMBIE: Okay. I'm going to ask some more questions. Other than that, if I can't get these questions, I am going to ask for a spillover on Friday. Seriously, you've got all these people in here, you've got a heap of them watching the TV monitors, you've got a whole battalion behind you and I still can't, after 24 hours, get what I need on this Leahy law. These are the questions I would like answered. Did anyone else, other than you, receive the advice from the United States embassy in Canberra on 21 March 2021 that the IGADF's Afghanistan inquiry had triggered consideration of the Leahy law in the United States? Who else knows about this? Did the then defence minister know about this? Does the current defence minister know about this? Was the advice from the US embassy that the Leahy law was triggered against units, individuals or both? Was it not in the public interest to inform Australians that the United States government considered Australia unfit to receive assistance from the

US defence force or US defence? And what assistance does the ADF receive from US defence that triggers consideration of the law? And does the ADF receive financial assistance from US defence or the US government more broadly?

Gen. Campbell: Okay.

Senator LAMBIE: I will now move on to the other questions.

Gen. Campbell: Senator, if you would like to go question by question, let's give it a go.

Senator LAMBIE: Sure.

Gen. Campbell: I received a letter from the United States defence attache here in Canberra indicating that, after the release of the Brereton report, that report, because it had credible information of allegations of what the United States would call gross violations of human rights, may—'may'—trigger Leahy law considerations in regard to the relationship between the United States armed forces and a partner unit or organisation—in this case, either Special Operations Command or the Special Air Service Regiment.

Senator LAMBIE: Was that directed from anybody in the US or anybody from here? I'm just a little confused. Where did it all start from?

Gen. Campbell: As I said, I received a letter from the defence attache of the United States armed forces based in Canberra to me, indicating that the release of the Brereton report and its findings may initiate Leahy law considerations.

Senator LAMBIE: Great. Could you table that letter to the committee, please.

Gen. Campbell: I will have to look to the 'release-ability' of that letter.

Senator LAMBIE: What about the other questions? Did the previous CDF, in the last government, know about this letter?

Gen. Campbell: The previous minister, do you mean?

Senator LAMBIE: Sorry—the previous minister.

Gen. Campbell: No, I don't think that this was an issue advised beyond the ADF.

Senator LAMBIE: You didn't think it was important enough to actually—

Gen. Campbell: Senator—

Senator LAMBIE: I'm just wondering—it's actually a pretty big matter.

Gen. Campbell: I will take it on notice, but I have no memory of the minister of the day being advised.

Senator LAMBIE: It's a pretty big matter. You don't think the defence minister of the day should have been advised that you'd received a letter from the attache?

Gen. Campbell: I think there's a difference between 'may' and 'does'. The defence attache was indicating that it may rather than it does.

Senator LAMBIE: Well, I would still want to know, if I was minister, if that was being flown to me from the US, which is supposed to—

Gen. Campbell: So I will take that on notice.

Senator LAMBIE: Do you know if the current defence minister knows?

Gen. Campbell: The minister—

Senator LAMBIE: Minister Marles?

Gen. Campbell: No, he does not know what I'm telling you here.

Senator LAMBIE: So the advice that you received in that letter—which I'm hoping that we can get a copy of?

Gen. Campbell: Yes.

Senator LAMBIE: That stated that the Leahy law was triggered—

Gen. Campbell: 'May'—

Senator LAMBIE: 'may' be triggered against units, individuals or both?

Gen. Campbell: I believe the law is in regard to organisations—units.

Senator LAMBIE: Not to individuals?

Gen. Campbell: To organisations.

Senator LAMBIE: How many Australian soldiers have had restrictions placed on them using wording about the Leahy law?

Gen. Campbell: I just want to be very clear here that we're now entering into that space in which privacy issues must be under consideration. I know of one member of the army whose employment arrangements—as in, posted position—were adjusted based on consideration of the question, in part, of whether Leahy law issues may emerge.

Senator LAMBIE: So there was only one individual?

Gen. Campbell: That's correct.

Senator LAMBIE: So it was not in the public interest to inform Australians that the United States government considered Australia unfit to receive assistance from US Defense?

Gen. Campbell: That's incorrect. As I've noted, the defence attache advised that it 'may' trigger—and that's quite a distinction from it 'does' trigger. The Leahy laws have never been triggered against organisations in the Australian Defence Force.

Senator LAMBIE: That's why I find this so bizarre, whether you use the word 'may' or not. 'May' is still a threat.

Gen. Campbell: It's an important distinction.

Senator LAMBIE: It's also a threat. I see 'may' as a threat. I thought there were more letters out there. If there's only one individual, that's a fair bit to slap an individual with.

Gen. Campbell: I think it would be reasonable for the casual reader of the redacted version of the released Brereton report, to wonder whether it 'may' indicate credible information of allegations of what is known in the United States system as 'gross violations of human rights'.

Senator LAMBIE: So, if it's only one individual, and this is supposed to be directed just at units, why did the individual get a letter and not the unit? It's your understanding I believe—that's what you said—that it doesn't go against the individuals: it goes against the unit. You're claiming there is only one. That is an individual; that is not a unit.

Gen. Campbell: No, that is the question of whether the unit has persons who have issues of credible information of allegations of unlawful conduct and what might be the most reasonable approach to managing that person in the circumstances of those allegations being raised.

Senator LAMBIE: You don't find it bullish of the US—I haven't seen the letter you received yet; I'm fascinated with that—that they're throwing this at us? Quite frankly, I find it atrocious. Now they're going to start dictating? Is this what is going to happen to our personnel? What is the US running here?

Gen. Campbell: Senator, I can assure you there was absolutely no dictate or threat or inappropriate conduct in any way, shape or form. I do say that any casual reader of that redacted document would say that it refers to credible information of allegations of unlawful conduct or, in the United States terms, 'gross violations of human rights'.

Senator LAMBIE: Even if it is 'may', I have to ask: why is consideration of US law being used to take action against Australian soldiers?

Gen. Campbell: This is all centred on the question of whether a unit is regarded as, in some way, being tainted by this question of allegations of unlawful conduct. In circumstances where such questions don't arise, then there is no uncertainty about the continuing relationship between Australian and United States special forces. So in those circumstances and recognising the importance of that relationship, in the interests of the service, an individual, with due care to his circumstances and opportunities and professional development, was posted.

CHAIR: Last question, please.

Senator LAMBIE: I want to get this right. A letter was written, and now we find out it's one letter to an individual. So a letter was written to an individual—this is how I see it—who may or may not feel threatened about somebody else's law from another country?

Gen. Campbell: No—

Senator LAMBIE: No, that is exactly what's going on here.

Gen. Campbell: No, it's not.

Senator LAMBIE: Yes, it is.

Gen. Campbell: No, it's not.

Senator LAMBIE: You are working in—quite frankly I find it really underhanded that you're doing that when there are ministers up here and we have prime ministers. This is the big law. You just crossed the line.

Gen. Campbell: Senator—

Senator LAMBIE: If you don't agree with me, we'll see what happens over the next few days.

CHAIR: Senator Lambie, order!

Senator LAMBIE: You have crossed the line.

CHAIR: Senator Lambie!

Gen. Campbell: What you've said is wrong, Senator.

Senator LAMBIE: We'll see about that.

CHAIR: Thank you very much, everyone. I'll hand over the call very quickly to Senator Steele-John and then I'll hand over to the opposition.

Senator STEELE-JOHN: Thank you, Chair. CDF, is Operation Augury still active?

Gen. Campbell: Yes, it is.

Senator STEELE-JOHN: Would it be accurate to characterise Operation Augury as an ADF operation which seeks to combat global terrorism and defend Australia's national interests and Australians more broadly?

Gen. Campbell: Yes, I think that's a reasonable characterisation.

Senator STEELE-JOHN: In financial year 2021-22, what was the cost of Operation Augury?

Gen. Campbell: I've got an expenditure from 2022-23. Is that what you asked for, Senator?

Senator STEELE-JOHN: Yes.

Gen. Campbell: It's \$4.3 million.

Senator STEELE-JOHN: And in 2021-22?

Gen. Campbell: I don't have those figures, but I believe that they would be quite similar.

Senator STEELE-JOHN: Would you be able to take that on notice for us?

Gen. Campbell: Sure, Senator.

Senator STEELE-JOHN: Thank you. Do you have a lifetime cost for the operation?

Gen. Campbell: I don't. We'll have to take that on notice, unless the CFO has that.

Senator STEELE-JOHN: Do you have that, CFO? No. Okay, take it on notice; thank you. In how many countries across the globe are forces that make up Operation Augury currently operating in?

Gen. Campbell: Senator, I'm going to have to take that on notice just to be confident of the number.

Senator STEELE-JOHN: Okay. Since its inception, has Operation Augury seen deployments of special forces beyond Afghanistan and Iraq? And, if so, to where?

Gen. Campbell: Again, I'll have to take that on notice.

Senator STEELE-JOHN: Okay. In 2022, can you tell us how many ADF personal were deployed as part of Operation Augury? If you can't tell us how many countries they were deployed to or where they were, can you just tell us how many people were deployed as part of the operation?

Gen. Campbell: In the financial year 2022-23, 43 ADF personnel were deployed on Operation Augury.

Senator STEELE-JOHN: Does the department have an estimation of the impact in terms of civilian casualties that have come from this operation.

Gen. Campbell: I'll take it on notice.

Senator STEELE-JOHN: Thank you.

CHAIR: I'll hand the call now over to Senator Van, but, before I do, I want to let the officials know that the committee has resolved to extend the Department of Defence here till 5.00 pm. We won't have a break at 4, but we will at 5.00 pm to allow change over between the Department of Defence and the Department of Veterans' Affairs. I thought I'd let everyone know with a bit more advance notice this time around.

Senator McAllister: At some point between now and five o'clock, I would require a break—not a very long break.

CHAIR: That is very reasonable, Minister.

Senator McAllister: I may not be the only one.

CHAIR: Okay. You know what? On that note, Minister, why won't we suspend very briefly now? We'll come back very soon. Sorry, David.

Senator VAN: Not at all. I'm more than happy.

Proceedings suspended from 15:05 to 15:14

CHAIR: We will continue. I now hand the call to Senator Van.

Senator VAN: Secretary, I think this goes to you. In both the PBS and in budget paper No. 2 there is a line item 'Enhancing Pacific Engagement'.

Mr Moriarty: Yes.

Senator VAN: It details no new money for that budget measure; however, it does say that \$923.9 million, so nearly a billion dollars, over the period 2023-24 to 2026-27, is being absorbed by Defence. Can you tell me more about that? It sounds like a cut to Defence to me.

Mr Moriarty: We obviously wouldn't characterise it that way. We are responding to a very important Defence priority, which is our—

Senator VAN: I have no doubt it is a priority; I am just wondering why there is no new funding for it.

Mr Moriarty: Our Pacific Step-up and the appropriate place that Defence plays in building our relationships with our Pacific partners are central to the government's broader objectives. We have really deep and longstanding security relationships across the Pacific. Senator, you are very well aware of the relationship with the Papua New Guinea Defence Force, the Fiji Military Force. There are a number of countries that don't have armed forces—they have police forces—but we have relationships with all of them, so this measure is looking to continue and to build on the work that we have done with our Pacific partners, both in infrastructure and in capability. I will ask my colleagues to talk more about that. But in terms of its importance to the DSR, perhaps Mr Hamilton might wish to add to that.

Mr Hamilton: The government has certainly recognised the importance of international engagement in its response to the Defence Strategic Review. The review set out the importance of how Defence, over time, has built its relationships with its international partners, including in the Pacific, and enhanced funding in support of this enhanced regional engagement was one of six priorities that the government directed Defence to find resources for across the forward estimates.

Senator VAN: As the secretary said, I am very much aware of the importance of the Pacific and our engagement there, and I think you will find bipartisan agreement on that. However, this government in its budget has said that it is so important that we are not putting any more money towards it; in fact, we are taking money from other things Defence does and putting it towards this. That doesn't sound very important to me.

Senator McAllister: Senator Van, I think you were here for some of the discussion yesterday about the broader approach to implementation of the DSR and the budget. We are very conscious that, under the last government, nearly \$40 billion of projects were added to the Defence pipeline without funding provided for them. We intend to do things differently. There are a range of reprioritisations that are necessary to align the work, the capabilities, the structure and the posture of the Defence Force to our strategic environment and, where they require reprioritisation, we are working through those. The Defence Strategic Review contained, as you know, a number of early priorities. The budget outlines further measures, and certainly the Pacific is an area that was highlighted in the review as an area of high priority, as the official has pointed out to you just now.

Senator VAN: Thank you, Minister. Secretary, can you tell us what was cut or, to use the minister's language, reprioritised to afford this measure?

Mr Moriarty: It's within the broad range of reprioritisations that we have described to the committee over the last couple of days. The government directed us to identify funds for its priorities, its six priorities, and we've done that. There's still some additional works to be done to identify particular offsets for the last \$1.8 billion, but it's within the broad envelope we've outline for the committee over the last two days. I'm very happy, if you would be interested, to go to how we are intending to spend that pie.

Senator VAN: No, I can read *Hansard* myself. I just note that I guess we will be asking more questions about that \$1.8 billion at the next estimates. Thank you, Chair.

Senator PATERSON: I have questions about vetting for security clearances. I think this is one for Ms Perkins and her colleagues. Ms Perkins, I'm not sure if you saw the evidence from the Australian Signals Directorate last night, but the director-general, Rachel Noble, said that continuing ongoing issues with the myClearance platform and AGSVA's processing of security clearances was contributing to a delay in getting onboard new ASD staff as part of REDSPICE. This is something that attracted media attention earlier this year

and was a topic of conversation at the February estimates. I had understood from the evidence that these issues were largely resolved and overcomes, so I was a bit surprised to hear the evidence last night that, a number of months later, it's still an issue. Can you give us an update?

Ms Perkins: Yes, I have seen reporting on exchange last night with ASD's estimates hearing, and I can give you an update on myClearance and its remediation. As we canvassed at the last estimates hearing, we experienced challenges after myClearance was launched. We have been working very hard on that since the first weeks of January. We would now say that the technical issues are largely resolved. We've had five major technical releases and 25 minor releases. The system is now working technically as designed. We have now processed more than 25,000 clearances through this new myClearance system, and we have this year to date in AGSVA processed well north of 53,000 clearances. We've technically remediated the system, and we are now processing cases faster than we were in the old system at this time last year. But, as we've described in this committee before, in the period of the first few months of the year, as we were working through that remediation, we have developed a backlog. We're now in backlog management, and the evidence that Ms Noble gave last night is the effect of that.

We are now actively in what I would call backlog management. We are throwing additional resources at AGSVA. We continue every week to look at new ways to manage that workflow, and we are working as hard as we can in a couple of ways. We've gone to all the agencies and asked them to help us to understand their highest priorities. REDSPICE is a high priority. We've been working with agencies on alternative options for staff. I know Ms Noble commented last night about using alternative security clearances. But our current estimation of our backlog remediation is that within six to nine months we will be back to those benchmark time frames.

Senator PATERSON: That means it's still quite a while to go to get that resolved. That basically means it will have taken longer than a year from when the new platform was developed before we get through the backlog caused by the new platform. How does a \$130 million piece of software like this get deployed and then take the best part of a year to fix and get to work again?

Ms Perkins: I would describe myClearance as somewhat more complex than a piece of software.

Senator PATERSON: Yes, fair enough.

Ms Perkins: It's an integrated system, and it deals with an exceptionally high-volume business process. This year we would anticipate that we will process probably close to 70,000 clearances, and it is of course an automated workflow that works between AGSVA and ASIO, who undertake a component of the vetting process. Part of the work we've done on remediation is to understand where these issues have arisen so we can prevent them in future. We have had Mr Stephen Merchant, a former deputy secretary of intelligence and security and a former intelligence community official, undertake an official review of the remediation work to give us a sense that the way we were approaching remediation was appropriate and to give us more advice. And we'll very shortly commence a postimplementation review to understand why we ended up where we did.

Senator PATERSON: How much has the system now cost the Commonwealth? Is it greater than that \$130 million figure that was reported? Or is it the same?

Ms Perkins: It's the same, and we're still within the funding envelope of that project. We have used the warranty period on the stand-up to work with our providers to work through these technical fixes. I've searched additional staffing from other parts of my business, so I think technically we've had more staff working on it, but we've paid no more for the rollout of the system.

Senator PATERSON: So, to the extent that anyone has had to wear this, it's Accenture that's worn the cost of the extra work required on it?

Ms Perkins: Yes, I think that would be a fair point.

Senator PATERSON: Do you have an updated table of the average processing times by clearance category?

Ms Perkins: Yes, I do.

Senator PATERSON: Could you take me through that briefly?

Ms Perkins: Certainly. For baseline clearance, the KPI is 20 days, and they're currently progressing at 34 days. For Negative Vetting Level 1, the KPI is 70 days, and we're currently processing at 105 days. For Negative Vetting Level 2, the KPI is 100 days, and we're currently at 152 days. Overall the positive vetting level is still beneath its KPI of 180 days, and for that broader cohort we're sitting at 168 days.

Senator PATERSON: Sorry—you'll just have to repeat that last one for me: the KPI for PVs—

Ms Perkins: Positive vetting—180 days, and we're currently sitting at 168 days.

Senator PATERSON: Okay, so we're at least ahead on the PVs.

Ms Perkins: Yes.

Senator PATERSON: Well, that's one positive thing. In ASD's case, their evidence was that it was 203 days for their PV applicants. You've said—and they said, and we all agree—that REDSPICE is a priority. How is it taking longer on average for an ASD PV employee, if the rest of the Public Service is below that?

Ms Perkins: We've been working closely with ASD on their cohort. And when I say 'positive vetting'—we of course vet for many customers, including ASD.

Senator PATERSON: I know—yes.

Ms Perkins: REDSPICE is treated a little bit differently. Under the REDSPICE agreement, where their cases are flagged as REDSPICE, they're treated as priority cases. They are in a different pipeline. We'll work with ASD to understand how they've measured that and whether that aligns with our measurement.

Senator PATERSON: Okay. Thank you. I look forward to updates in future rounds of estimates.

Senator FAWCETT: I want to seek clarity from somebody about the review of the defence industry policy. My understanding is that Minister Conroy announced earlier this year a review of defence industry policy. Could you briefly give us an overview of what the scope is, what the time frame is and who you are consulting as part of that?

Mr Moore: Certainly. The minister announced that we would review the defence industry development strategy. That commenced last year. At the start of that process we consulted with around 120 different organisations and individuals—further extensive public consultation at the start of that. We are now working up that policy and continue to consult within Defence and across government and also continue to consult with industry as we look at parts of that policy, testing some of those ideas with industry. In fact, that consultation continues.

Senator FAWCETT: Could you take on notice, of that group—120, was it?

Mr Moore: It was a little over 120.

Senator FAWCETT: Can you take it on notice to give us a list of who you consulted there, particularly giving us an idea of the spread of representative bodies versus SMEs versus startups versus primes et cetera.

Mr Moore: We can get that for you. It was a mix. We had a mix of small to micro businesses and industry associations. We spoke with state governments in that process, and primes as well. So it was quite a large spread of people, but we can get that for you.

Senator FAWCETT: Was that by invitation to them, or did you make an open call that companies could respond and have consultation with you?

Mr Moore: It was by invitation to people that we do regularly engage with, who we know have an interest in these policies, but we have not turned away people who have wanted to contribute. In fact, I've met with a number of CEOs of the last few months that have said that they want to contribute to the development of that policy, and that continues. I think we're meeting with people later this week that have indicated they'd like to input as well.

Senator FAWCETT: Sure. Mr Conroy is quoted as saying:

We recognise speed is of the essence ... I've been really clear with Defence and defence industry that I want a really hard-edged analysis of what are the key sovereign capabilities we need in this country, and where defence needs to make investments to sustain those sovereign capabilities.

Is that the key focus of this review?

Mr Moore: It certainly is a focus, but we are considering a range of issues as part of that policy development. I know that the minister has asked us to have a look at how we might be more targeted and detailed in our sovereign industry capabilities, but we'll also consider the sorts of things that you've heard evidence on over the last couple of days around workforce and innovation and how we can speed up procurement. So we'll consider a range of issues to support industry.

Senator FAWCETT: Have you read the *2016 Defence industry policy statement*?

Mr Moore: I certainly have.

Senator FAWCETT: On page 23, where it talks about the change from the first principles review to recognising defence industry as a fundamental input, it says:

There are some capabilities that are so important to Australian Defence missions that they must be developed or supported by Australian industry because overseas sources do not provide the required security or assurances we need. As such, it is critical that the industry base associated with these capabilities is maintained and supported by Defence as sovereign industrial capabilities.

So the whole plan was actually designed to achieve the very same thing Mr Conroy is talking about, which is changing the focus of our industry policy from Australian industry content to what the Australian industry capabilities are that we need them to have in order for us to achieve the following, which it talks about on page 24: protection of intent, independence of action, assurance of supply, essential skills retention and leveraging competitive advantage. They were the aims of *DIPS* 2016. What is different in terms of what you're seeking to achieve under this review from what was stated in *DIPS* 2016—because that seems to be a very comparable and, I would say, admirable aim. What are you going to do differently—because *DIPS* 2016 didn't work out as either those of us on this side of the lake or industry were expecting.

Mr Moore: I don't think at this stage I will prejudge what the policy will say. We are still working through those issues. I think what you've said there is not inconsistent with what Minister Conroy has said. Certainly, though, as with the DSR, we are looking at what the right priorities are for sovereign industrial capabilities, and we are working through that now. But there is still an intent and a need to grow Australian sovereign industry in the parts that the Australian Defence Force is going to need it the most.

Senator FAWCETT: Can I ask you how you're planning to go about that, because the intent in *DIPS*, as your then equivalent, I think, Kate Louis, was pushing, was to try and have an evaluation of what Defence needs industry to be able to do to meet all those sovereign action, independent action, type requirements. What Defence ended up doing was essentially conducting a survey saying: 'What can industry currently do?' and then trying to distil that down to: what do we think is nice and what we would like to support? So the priority was wrong. I'm asking you now: how are you going to go about resolving what these key priorities are?

Mr Moore: I understand that. What I think I'm saying is that we are still working through that and we'll present that as part of the industry strategy. I don't want to prejudge or assume what government might want us to do in that regard. We will present options to them and then build that into the strategy.

Senator FAWCETT: Is this a whole-of-government review of Defence industry policy, looking at what other departments think about it?

Mr Moore: We're certainly consulting with other departments, and the intent is that it is not developed in isolation.

Senator FAWCETT: Is the Department of Finance one of your stakeholders you're engaging with?

Mr Moore: I'm almost certain the Department of Finance has been consulted—I can check that for you—but we have consulted with a number of departments over the last few months. I would be confident in saying that if they haven't, they are certainly on our list.

Senator FAWCETT: There have been numerous inquiries into the relationship between government writ large, Defence and industry and procurement. One of the recurring themes—which probably came through most succinctly in the 2015 report of the Joint Standing Committee on Foreign Affairs, Defence and Trade into Defence procurement and exports, particularly, and also the 2020 report into the lessons of COVID around procurement for critical capabilities—were that the procurement rules are the root cause of failure to identify and to sustain sovereign Australian capabilities, specifically in section 4.4 encouraging competition and being non-discriminatory. In fact, Defence walked back its industry policy from the 2016 policy in another two iterations, and increasingly distanced itself from the concept of actually identifying and investing in particular capabilities, to the point where they were briefing Australian companies, saying: 'We are not going to choose you and we're not going to preference you, even if you represent a high priority, because of the procurement rules.'

Then, particularly in 4.5(c) the potential supplier's relevant experience and performance history, has been used by departments, not just Defence but ONI and others, to justify sole-source decisions they have taken even where the Commonwealth has spent taxpayers' money helping a small company to innovate and generate a disruptive technology or capability in line with a government policy intent. That part of the procurement rules has been used to disqualify them from being contracted by the Commonwealth.

What are you doing specifically to look at what I would call the failure modes in our industry policy if we are serious about having not just identified sovereign capabilities but then sustaining them with contracts as opposed to grants?

Mr Moore: Certainly the government has been quite clear to me and to my colleagues that reform to procurement needs to be part of our continuation of the strategy. We are working very closely with Mr Deeble and the work he's doing in that regard. I don't know if you want to add to that, Mr Deeble?

Mr Deeble: As I noted earlier when we discussed ASCA, we're looking at the continuum of work and how we can pool capability from innovation through into acquisition and sustainment, and ultimately to get export opportunity for those companies. That full continuum is now part of our consideration. The intent is that we will

be looking at procurement reform to dovetail with the DIDS priorities that are stated. That means we will have a different consideration of things like the Australian industry capability policy and the procurement policy and how that gets enacted through our ASDEFCON suite. We'll be looking at the global supply chain in that context so that we can create that continuum. So I think, to Stephen's point, that what we're trying to do now is stitch that together, and, where there is the strategy and the industry strategy coming through the DIDS, we're going to align our procurement strategy to enable that. When it comes to things like ASCA, we'll plan that continuum, offering more timely, more flexible arrangements to be able to haul that capability through into capability, which I think will address some of the issues that you noted.

Senator McAllister: Senator Fawcett, I think the advice from Mr Deeble emphasises the importance of the consultation work that they are doing. They're preparing advice to government, and I imagine these and many other matters will form part of that advice.

Senator FAWCETT: Thank you, Minister. You may or may not be aware that this has been an issue in how the Commonwealth, under both sides of politics, has run defence procurement for several decades.

Senator McAllister: I can tell from the nature of your questioning. Please continue.

Senator FAWCETT: A number of people today have talked about the ANAO report into the Hunter class. But paragraph 2.89, I think, actually brings all of this to a focus, because it says:

In its responses, Defence has conflated an industry policy objective (establishing a continuous naval shipbuilding program in Australia) with the achievement of value for money in procurement as required by the Commonwealth Procurement Rules ...

Defence had identified and government had approved shipbuilding as one of the priority sovereign industry capabilities that defence procurement was required to support, and yet, because the concept of capability is not reflected anywhere in the Commonwealth Procurement Rules, there was no ability to attribute the establishment of a sovereign capability as being value for money as opposed to the individual project. There are a whole raft of areas in ANAO's report, but this particular paragraph highlights the disconnect between audit agencies like ANAO; the Procurement Rules, which are run by the Department of Finance; the Department of Defence; and government, of whichever persuasion, which outlines the strategic priority. But all the enabling regulations and rules have not been lined up to make those work, and so we have failure modes. Mr Moore, can you give the committee an assurance that this review will specifically be getting the secretaries from the relevant departments together as part of the advice to government highlighting how reform can occur in this area? If not, then this review will be doomed to failure, like all the other reviews that we've had in the past.

Mr Moore: I can assure you that certainly we are talking to our colleagues across government, as I'm sure Mr Deeble is as well, to get at the sorts of things that you are talking about.

Mr Moriarty: Senator, Minister Conroy and Minister Marles have also been very clear that they want us to look at this whole range of issues, so I think we're in the process of looking at ideas—some of the ideas you have talked about, others. While we're in the process of developing advice and options for government, I just want to assure you that we are taking the work seriously and we are doing a lot of industry outreach and we are engaging with the other relevant departments.

Senator FAWCETT: Well, I wish you luck, Mr Moriarty, because Finance has been engaged, under multiple ministers and secretaries over the years, with very little change in the Procurement Rules. But, given the strategic requirements the DSU identify and the requirements to have elements of our industry that are fundamental inputs to our defence capability, this is something we need to get right and to get right quickly. Chair, I may be formally asking that we ask the secretary, Mr Moriarty, and the secretary for Finance to come and provide a briefing as to how they can resolve this impasse, which has been longstanding.

Senator BIRMINGHAM: To Senator McAllister's observation before, I can certainly testify to Senator Fawcett's persistence on this matter but also to the logic that he brings to it as well, which I think it will be worth trying to bring a conclusion to.

Senator McAllister: Honestly, I wasn't making any comment about Senator Fawcett. I'm very aware of Senator Fawcett's many qualities.

Senator BIRMINGHAM: No, no. Your comment was very valid.

Senator McAllister: We serve together on a number of committees.

CHAIR: I think it is fair to say they are genuine concerns. We will certainly have further discussion at our next meeting as a committee.

Senator SHOEBRIDGE: General Campbell, it was on 21 March 2021 that you received advice from the US embassy that the Brereton report had triggered Leahy Law considerations, wasn't it? It was well over two years ago.

Gen. Campbell: That is correct—may have triggered, yes.

Senator SHOEBRIDGE: Well, that it did trigger, it triggered Leahy Law considerations. That was the advice you received. That is the letter.

Gen. Campbell: I see it as 'may trigger'.

Senator SHOEBRIDGE: Having received that advice, you were aware, weren't you, that unless immediate action was taken that the United States Department of Defense could not engage in any training, equipment or other work with the SASR or special forces command? That was what they told you, wasn't it, that unless you remediated matters there would be no cooperation with special forces?

Gen. Campbell: Rather, I would say, that there was an interest in what Australia was doing with regards to the Brereton report. I think in good faith that such considerations were not triggered.

Senator SHOEBRIDGE: The fact is that the ADF ceased engagement with the US Department of Defense—or perhaps the other way round. I will start again. The fact is the US Department of Defense refused to engage with Australian special forces until you took remediation action because of the issue raised in the Brereton report. That was what happened, wasn't it?

Gen. Campbell: There was a precautionary period where we looked to our arrangements.

Senator SHOEBRIDGE: For how long was it, because of the issues raised in the correspondence from the US embassy, that there was no interaction between Australian special forces and the United States military? How long did that last for?

Gen. Campbell: I want to take that on notice.

Senator SHOEBRIDGE: We know that it went from at least March 2021 until into 2022.

Gen. Campbell: I just don't have the details. I have to take it on notice. If you have the details, please tell me.

Senator SHOEBRIDGE: I am going to try and help. It went through at least into the first part of 2022, didn't it?

Gen. Campbell: I don't have the details. As I told Senator Lambie earlier, I could go so far but I don't have enough information at this stage to be able to give you an accurate response.

Senator McAllister: To be fair to the witnesses, witnesses are able to take matters on notice.

Senator SHOEBRIDGE: But there could be few more high-profile and concerning issues that come across your desk than the United States embassy telling you, as the Chief of Defence Force, that because of allegations of gross violations of human rights by members of the special forces that they would not cooperate with or engage with special forces. That, surely, was a matter that would stick in your mind, General Campbell?

Gen. Campbell: Let's just start with alleged allegations. A lot of serious and important matters come across my desk. I am only going to say it once more politely: I do not know the dates; I will have to take it on notice.

Senator SHOEBRIDGE: What restrictions were there on the use of Australia's special forces as a result of the advice that came to you from the US embassy? What restrictions did that mean you had to place on the use of Australia's special forces?

Gen. Campbell: Again, I will have to take that on notice.

Senator SHOEBRIDGE: General Campbell, you must know. You're obliged to cooperate with this committee, and just a bland statement that you'll take it on notice is unacceptable. Is it because you don't know what restrictions were put on the SAS?

CHAIR: The General has already made it very clear in his answer, and it's fair to say I don't think his answer is going to change. As the minister has also indicated, officials are entitled to take things on notice. We'll have to move onto your other lines of questions.

Senator SHOEBRIDGE: Chair, the guidelines that you read out at the commencement of these hearings require officials if they have knowledge to inform the committee of it. So far, General Campbell has not said he doesn't know what restrictions were placed on the SAS. He's just simply said he wants to take it on notice.

CHAIR: Officials are entitled to take it on notice.

Senator SHOEBRIDGE: Not if they have knowledge in their mind.

CHAIR: This is not a debating point. Please move onto your other lines of questions.

Senator SHOEBRIDGE: What knowledge do you have sitting there now, General Campbell, of the restrictions that you were required to place on the use of Australian special forces as a result of the communication you received from the US Embassy?

Gen. Campbell: I have answered your question, Senator.

Senator SHOEBRIDGE: You have not, General Campbell. What restrictions?

CHAIR: The general has already provided a response, as has the minister. Please move on to some other lines of questions or I'll have to move the call around.

Senator SHOEBRIDGE: When our major ally has advised our chief of defence that they won't work with a key unit of the Australian military, and you won't tell us for how long that restriction lasted or what the nature of the restriction was, we have a significant problem, don't we, a gross problem in a lack of transparency in our military, don't we? That's the truth, isn't it General Campbell?

Gen. Campbell: Because you ended your dialogue with a question, my answer is: 'No, Senator, that is not the truth.'

Senator SHOEBRIDGE: Why won't you tell us?

Gen. Campbell: I have answered your question.

Senator LAMBIE: This is where estimates is going, is it?

Senator SHOEBRIDGE: Are Australian special forces, including the SAS, currently in a position to operate with US military forces?

Gen. Campbell: Yes.

Senator SHOEBRIDGE: Is it subject to any restrictions as a result of the Leahy laws?

Gen. Campbell: No.

Senator SHOEBRIDGE: Have you complied with all the requirements that have been sent to you by the US Embassy?

Gen. Campbell: I will have to take that on notice. Because of the way you have framed your question, I will have to take that on notice.

Senator SHOEBRIDGE: I'll start again. When was it that you were notified that the US Department of Defence would again operate in any way with the SAS? When were you told that the Leahy concerns had been lifted.

Gen. Campbell: I have answered your question.

Senator SHOEBRIDGE: No, you haven't.

CHAIR: Senator Shoebridge, I guess the point that the general is making, which I was about to also mention, is that he has provided a response. He's also made clear that he will be taking that particular line of questioning on notice. If there are no other questions, I will have to move the call on.

Senator SHOEBRIDGE: Will you take it on notice, General Campbell?

Gen. Campbell: I believe I have already taken on notice about five of the same question asked in different ways. I will take it on notice.

Senator SHOEBRIDGE: Don't you find it incredible that you're not able to tell this committee for how long Australia's special forces were in the doghouse because of allegations of gross violations of human rights to such an extent that our key ally wouldn't work with them? Don't you find it remarkable that you can't tell us? You're Chief of Defence.

Gen. Campbell: Have you finished now?

Senator SHOEBRIDGE: I'm waiting for an answer.

Gen. Campbell: Can I reply?

Senator SHOEBRIDGE: It'd be novel if you did.

CHAIR: Senator Shoebridge, please, a bit of order in this place. General?

Gen. Campbell: Senator, you've made a number of assertions in your question. I'll take it on notice, as I've said.

Senator SHOEBRIDGE: Will you take on notice what remediation actions were required?

Gen. Campbell: Yes, I'll take that on notice.

Senator SHOEBRIDGE: Secretary, in relation to the Hunter frigates project: is there any explanation that you're able to offer for why the rationale of your predecessor, Secretary Richardson, was not to record—and there are no records available for that critical decision—putting the BAE frigate into the three-tender shortlist? Do you have any explanation for why Defence has no records of that critical decision?

Mr Moriarty: No, I can't shed any light on how that decision took place.

Senator SHOEBRIDGE: Did you attempt to understand how it was that this critical decision was unrecorded?

Mr Moriarty: As I said, the ANAO has produced an important report. We are working through the ANAO report and we're trying to establish some more of the context around the decisions which the ANAO drew attention to. As I've acknowledged, there are some important records which cannot be found, but we're going to work through this. These issues date back several years but, at the moment, I cannot add to why a particular decision was taken at a point in time.

Senator SHOEBRIDGE: And I assume as well that you have no explanation at all as to why when you chaired the committee two years later that you also made a decision to progress BAE—to benefit BAE. I assume you have no explanation for why the minutes of that decision and the record of that decision are also unavailable. Is there no explanation for that either?

Mr Moriarty: No, Senator, I have no explanation other than it's deeply disappointing that there's no record of a committee meeting of that consequence. The Defence Committee meets regularly and minutes are taken regularly, and I do not have an explanation for why that minute cannot be found. Of course, the ANAO was able to uncover some notes of that meeting but I accept that the formal minute of that meeting cannot be found.

Senator SHOEBRIDGE: You can see that there's a huge red flag here, isn't there? Defence has 730,000 other documents about this project but there are just 10 documents which have gone missing and they happen to include your predecessor's decision to include the BAE project on a shortlist and your decision to progress it forward and recommend its approval to government. That's 730,000 documents, and just these two little ones on the critical decisions by you and your predecessor have gone missing. That's a red flag, isn't it?

Senator LAMBIE: It's—

Senator SHOEBRIDGE: It's a red flag for integrity, isn't it?

Mr Moriarty: I don't accept that characterisation. I do believe that the information—

Senator SHOEBRIDGE: It's just a coincidence that the two records of the secretaries' decisions—

Mr Moriarty: I believe that the information to the government—

Senator SHOEBRIDGE: Just a coincidence!

CHAIR: Order, Senator!

Mr Moriarty: The information that the department provided to our ministers, which allowed them to take forward a proposal for government, included a range of considerations, including comparisons of the capabilities and looking at affordability issues, Australian industry content issues and the industrial pathway issues. The government had a range of information put in front of it through our ministers. It is not correct to say that my ministers at the time—Minister Marise Payne and Minister Christopher Pyne—were not—

Senator SHOEBRIDGE: You treated them like mushrooms!

CHAIR: Order! I will ask you to withdraw that, please, Senator. The reflection—

Senator SHOEBRIDGE: You didn't show them much light.

CHAIR: Thank you. On that note I'm now going to hand the call over to Senator Lambie.

Senator LAMBIE: Thank you. Mr Moriarty, while we're talking about your credibility we'll go straight to Kathryn Campbell. I expect you will have seen the reports regarding Ms Campbell and her appointment at Defence?

Mr Moriarty: Certainly, Senator.

Senator LAMBIE: That's great. Secretary, when did Ms Campbell start at the department?

Mr Moriarty: Ms Campbell started on 1 July 2022.

Senator LAMBIE: And what is her role?

Mr Moriarty: She is a senior adviser to the AUKUS program. In that role she is helping the Nuclear Powered Submarine Task Force with the transition work that's involved for when it will be stood up as an agency—the Australian Submarine Agency—which the government has agreed to establish.

The work that she's doing includes helping the task force with developing policy work in relation to regulatory and legislative requirements, and also financial arrangements, including cost-sharing arrangements with our international partners. That's an ongoing piece of work, and Ms Campbell has been involved in that. She has also been helping with some of the workforce planning and transition issues, and some broader governance arrangements.

Senator LAMBIE: Does she have any qualifications in nuclear power herself?

Mr Moriarty: Ms Campbell is a very experienced and senior public servant. She has brought some very strong skills to that role.

Senator LAMBIE: Which strong skills has she brought to that role?

Mr Moriarty: Senator, as a former secretary of a department and as a former deputy secretary of the Department of Finance, she has a wealth of experience in terms of budgeting. She has skills in relation to standing up organisations. She has a fine understanding of broader governance arrangements across the Commonwealth, including how one would seek to establish agencies. She has had previous experience in running large organisations and she is contributing that knowledge to the work of the submarine task force.

Senator LAMBIE: And who appointed Ms Campbell?

Mr Moriarty: I appointed Ms Campbell to the portfolio.

Senator LAMBIE: Through what selection process?

Mr Moriarty: Ms Campbell was engaged under section 22 of the Australian Public Service Commissioner's Directions 2016, which is now section 27 of the Australian Public Service Commissioner's Directions. She was engaged as a non-ongoing SES officer, but her role has always been envisaged as an advisory role to the AUKUS program. Under the Public Service Act 1999, the secretary may assign an approved classification to a position. In this case, I appointed Ms Campbell to the department as a band 3 officer, but she is known as the Senior Adviser AUKUS and she continues to work for the task force, which is led by Vice Admiral Mead.

Senator LAMBIE: You said that she was appointed on 1 July—is that correct?

Mr Moriarty: That's correct.

Senator LAMBIE: And her job description was only generated eight days prior to that—is that correct? Eight days from job creation to appointment—that's amazing! Wow, I wish I could pick up a million-dollar job just like that, Mr Moriarty! Is that right? That it took eight days? No selection process, and eight days from job creation to appointment? Let me put it to you this way: you created a job for Ms Campbell herself?

Mr Moriarty: Senator—

Senator LAMBIE: Who else was aware that you were creating this job? Who else?

Mr Moriarty: I discussed it with the Secretary of the Department of the Prime Minister and Cabinet, who raised with me the prospect that Ms Campbell may be available for deployment in the Public Service. He confided in me that she was likely to be removed from the position of Secretary of the Department of Foreign Affairs and Trade. Earlier, I had raised with the secretary of Prime Minister and Cabinet the fact that, in my view, we needed to reinforce the submarine task force. There was a lot of very complex high-level work to be done by that task force. In fact, in the very early days of his tenure as the secretary of the Department of the Prime Minister and Cabinet, I raised with Secretary Glyn Davis the fact that I was anticipating some large challenges with the submarine task force. He subsequently contacted me on 14 June to establish whether there might be a role for Ms Campbell, given that she was likely to be moving or transferred from her position as the secretary of the Department of Foreign Affairs and Trade. He asked me to think about whether there was an appropriate role—

Senator LAMBIE: Who asked you to think about that role?

Mr Moriarty: The secretary of the Department of the Prime Minister and Cabinet, Professor Glyn Davis, mentioned to me that Ms Campbell was likely to move from her role with the Department of Foreign Affairs and Trade. I then responded to Professor Davis that I believed there was a role for her in the Defence portfolio in the nuclear-powered submarine task force.

Senator LAMBIE: Minister, I've seen enough suicides of veterans and I expect, as you would know, of Ms Campbell's role in robodebt, so I have to ask about the standards here and who would possibly employ her after the allegations that were chucked at her during that period. Why is she still sitting in this house, basically on a million bucks a year, while I've got people out there that have taken their lives or are living their lives in turmoil from Robodebt. It's nearly like she was rewarded. This has come from the Department of the Prime Minister and

Cabinet. Does the government have nothing to say about that? I mean, this is a slap in the face to everybody that has had a death through Robodebt, which you people banged on about for years. What is going on here with the standards?

Senator McAllister: Senator Lambie, you are quite right that the circumstances surrounding the Robodebt scandal are very serious indeed and you are also right that we spoke publicly about the need for a proper investigation into that and we supported the establishment of a royal commission to investigate Robodebt. I think, from the timetable that's been set out for you by Mr Moriarty, what you can see is that whilst it was clear at that time that the Robodebt scheme was an illegal scheme, the issue of culpability had not been examined at that time and, in fact, Ms Campbell was engaged by Defence prior to the establishment of the royal commission. Even at this point in time the findings of that royal commission have not been finalised. I am confident, and the government is confident, that the recommendations of the royal commission will be considered very carefully and appropriately, when they are made.

Senator LAMBIE: I'm not asking about the royal commission, actually. I saw her on the stand and it was disgraceful. If it didn't bring tears to most Australians' eyes after hearing her on the stand and her oblivious, 'Well, that's the way it is,' attitude. And she's employed in Defence, where we have abuse and veteran suicide going on, and you have employed her in there. Oh my God, what were you thinking? What were you thinking? Honestly, I've got veterans watching that Robodebt case out there. I have to ask: have some of you people been in this job for too long? I think you're starting to lose your wits because, seriously, we have a standards problem. You want people to join Defence, and then in the meantime we've been watching a woman on TV and she is part of those suicides that went on in Robodebt, and the way she handled the situation. And you say: 'Here's a plum job for you, baby. Come get it.' Come on, Mr Moriarty, you can't see something wrong with that?

Mr Moriarty: I believe that there was an appropriate role—

Senator LAMBIE: I'm not asking about an appropriate role; I'm asking you about the person you employed. If she is not up to the standard then she should not be in that job. Let's get it back to the standards!

Mr Moriarty: At the time that I made the appointment, there was no royal commission. I was told that Ms Campbell may be available because she was going to be transferred from her appointment as the Secretary of the Department of Foreign Affairs and Trade. I was asked whether there was an appropriate role for somebody of that seniority in Defence. I identified that there was a role that required somebody with very senior-level skills in support of the Nuclear Powered Submarine Task Force. On that basis, I mentioned to Professor Davis that I felt that there was an appropriate role for Ms Campbell in the Defence portfolio. Professor Davis then subsequently let me know that Ms Campbell would be available and that I should engage with the Public Service Commissioner on how to effect such a transfer. We engaged with the Public Service Commissioner, who engaged appropriately with us and confirmed that I was entitled to make the appointment and that the arrangements that we proposed were appropriate. That was confirmed by the Australian Public Service Commissioner.

Senator LAMBIE: Okay, Mr Moriarty. It is not appropriate any longer! I can tell you that if you were in uniform you would be thrown out. It is no longer appropriate, and she should be removed. It is a slap in the face to everybody who has taken their lives through robodebt, and to their families. It is enough, and if you're the leader you think you are then it's time for her to go! It's a slap in the face, Mr Moriarty, and it's a disgrace! Don't tell me something can't be done about it, because that's rubbish. If she were half the decent person she thinks she is then she would have got up and left. She would never have taken a job back here—not ever! Those are the sorts of people we have around us. It's enough—do something about it!

CHAIR: Thank you, Senator Lambie. Senator Birmingham, you have the call.

Senator BIRMINGHAM: I have a few issues that I want us to move our way through as quickly as we can. Firstly, Secretary, is there any response and update to the questions taken on notice regarding our delivery of support to Ukraine that we were discussing prior to lunch?

Mr Moriarty: No, we're working through that, but we will take it on notice.

Senator BIRMINGHAM: That's disappointing, Mr Moriarty. I had hoped, given the comparison made with the United Kingdom, that we may actually be able to get an equivalent level of transparency from the Australian government about the rate of actual deliveries going into Ukraine. I do urge you and the ministers responsible to ensure that questions taken on notice are responded to quickly on this occasion. There is a stark contrast between where Australia's responses have been in terms of transparency and those of our partner countries. You and the ministers ought to make sure that your answers to this are thorough and provided quickly.

In relation to Ukraine: we canvassed the Hawkeis before. Ukraine's defence minister has also made public requests for tanks, hasn't he?

Senator McAllister: We did canvass the approach that officials and the government are taking to this general issue in the block of questions asked earlier in the day. Discussions are ongoing between the government of Ukraine and ourselves. I indicated that we don't intend to canvass the specifics about the particular requests or platforms that are under discussion. I'm not sure that we can add any further to the advice that has been provided, except to say that this is a matter of some seriousness. It is a matter that the government takes seriously. There have been a number of public comments about that from senior ministers, and I don't know that we can add anything further to your desire to have a detailed and public discussion about the type of capability that might be provided under these circumstances.

Senator BIRMINGHAM: Minister, in the situation we're in in terms of what's been delivered, a country like the UK is being more open and transparent than Australia is proving to be. In terms of what's being discussed, Ukraine is being more open and transparent than Australia is being. At this point I was simply asking the fairly straight question of: is it correct that, as is being publicly discussed by the Ukrainian defence minister, there is also a request for tanks on the table?

Mr Moriarty: I would characterise it as the government of Ukraine would be open to any military equipment that Australia might provide—armed vehicles, light skinned vehicles, rations. As we've said before, we understand the desperate circumstances they find themselves in. They are seeking support from partners.

The Australian government has responded, I think, quite generously. At some future stage, the government will likely make a further announcement about support. We are engaging with the authorities in Ukraine to understand their needs and to understand what might be able to be provided that could be sustained and what could be provided in a way that did not harm readiness and preparedness levels for the ADF. You mentioned tanks. I think the Ukrainians are interested in approaching partners for a wide range of military equipment.

Senator BIRMINGHAM: In terms of what's technically possible, are there any additional difficulties or benefits in considering tanks versus Hawkeis?

Gen. Campbell: The Abrams M1 tank, of which we have a few, are very complex and demand a very significant logistics effort to sustain and to maintain. Ours are also, let's say, mature in their years.

Senator BIRMINGHAM: Thank you, CDF. I think all can interpret that fairly clearly.

Senator PATERSON: Probably not as old as some of the Russian tanks that might be available though.

CHAIR: 'Mature' I think is the word, Senator Paterson.

Senator BIRMINGHAM: I'm conscious that we could potentially go around in circles on some of the Ukrainian issues, so I'm hoping that we can get some breakthroughs both in announcements from the government of additional support, preferably well before the PM heads off to Lithuania, and also the transparency we've discussed.

In terms of other things I want to clear up, regarding Senator Fawcett's questioning around LOTE, can I get a clear response from government? Is it still the intended policy for all of the Collins-class fleet to undergo life of type extension?

Vice Adm. Hammond: That's correct. It's current government policy to do a life of type extension on all six Collins-class submarines.

Senator BIRMINGHAM: Are there any particular juncture points or decision points where that policy would naturally be reconsidered?

Vice Adm. Hammond: I wouldn't think so in the near-term but in the medium- to long-term I think it will be an ongoing consideration for future governments, depending upon the accelerated delivery of the nuclear-powered submarine pathway. If we can achieve sovereign-ready conditions earlier than current plans, then there may be an opportunity to advance that acquisition. That's a decision for future governments, I would think, and for another day. At the moment, my directions are clear: life of type extension of all six Collins-class submarines.

Senator BIRMINGHAM: Full steam ahead for 2026, and then beyond with the two-yearly drumbeat.

Vice Adm. Hammond: That's correct—mid-2026 for HMAS *Farncomb*'s first life-of-type extension, so about three years to set the conditions for success. A lot can change in the next three years, as we've seen in the fiscal environment in the last couple of years, so it's something that we're working on very deliberately, very methodically and, as Mr Chandler said, employing a systems-engineering approach.

Senator BIRMINGHAM: Can I turn to the surface fleet review. I was absent for a while yesterday attending other events, so, if any of this was covered, I apologise, but I don't think it was. Are there terms of reference published for the surface fleet review?

Vice Adm. Hammond: I'll defer to others, noting this is an independent review of the Surface Combatant Force.

Mr Hamilton: In brief, the broad terms of reference—that is, the purpose of the review—were set out in the Defence Strategic Review and the government's response to that review. As you know, that review has commenced.

Senator BIRMINGHAM: Are there separately defined terms of reference or is it purely a case of pointing the reviewers to the DSR and the government response?

Mr Hamilton: We have provided the independent analysis team with more detailed terms of reference based on the content of the Defence Strategic Review, including material that was in the original classified Defence Strategic Review.

Senator BIRMINGHAM: By the second part of that answer, you're indicating that there's classified material in those terms of reference. Is there a public version of them or not?

Mr Hamilton: There isn't at the moment, but let's just check to see what is in the public domain.

Senator BIRMINGHAM: Thank you. Can you define the purpose of the review and its objectives for us?

Mr Hamilton: Certainly. The government accepted the DSR's judgement that the Navy's surface combatant capability needed some dedicated analysis to ensure that the fleet's size, structure and composition complement the capabilities of the forthcoming conventionally armed nuclear-powered submarines. The review noted the importance of considering the capability of the surface fleet and its composition as well as its structure and costs.

Senator BIRMINGHAM: When will the review be received by government?

Mr Hamilton: By the end of quarter 3 of this year.

Senator BIRMINGHAM: The defence minister, when asked, indicated that it would be received by the time Geelong won the grand final. Whilst that, of course, could be a terrifyingly long period of time for the review to be complete, I assume he was thinking in terms of the last weekend in September or the last Saturday in September this year. You're saying that—

Mr Hamilton: That's correct.

CHAIR: That's very optimistic of the Deputy Prime Minister!

Senator McAllister: Maybe the officials should translate the AFL timetable into the Defence timetable! Is that where this line of questioning is going?

Mr Moriarty: It may be that the Deputy Prime Minister misspoke.

Senator BIRMINGHAM: On a day when the first State of Origin match is being held in my home city, it's a confused day for the nation's sporting codes, perhaps!

Senator Shoebridge interjecting—

CHAIR: Which aspect, Senator Shoebridge?

Senator BIRMINGHAM: Adelaide's a great place to host any event, even one that's foreign to us. To come back to the serious matters here, what's the total budget for the review?

Mr Hamilton: My understanding is the cost is estimated at just over \$1 million, but let me check to see if I have some more information on that. I think that's right.

Senator BIRMINGHAM: Are you able to break that down at all in terms of cost elements, reviewers, any additional consultancy or contracting advice or the like?

Mr Hamilton: I will see if I have that.

Mr Moriarty: I think that comprises the team members' costs, modelling costs, somebody to assist the team with pulling together the report. Some of it includes services and reimbursables. I think that's all I've got at the moment.

Senator BIRMINGHAM: If you can provide details of the costs and break them down further on notice, that would be great. A \$1 million review in a five-month period is obviously a significant piece of work, a significant review. We did have public terms of reference for the DSR. So why not give the transparency of published terms of reference for the surface fleet review?

Senator McAllister: I do think the officials have given some information relevant to your answer. They've also agreed to take on notice what might be provided and what can be in the public domain. So I'm not sure that the premise of your question stands, which is that a decision has been taken not to provide information.

Senator BIRMINGHAM: I accept officials are checking, however I would have thought that if there were published terms of reference, as you or I would normally expect, terms of reference for a review, it would be a fairly clear 'Yes; here they are; go and find them on the website.' But if officials can find them or there is a version that can be made public, that would be of benefit to the transparency of this process.

Senator McAllister: Perhaps I got this wrong, but I think Mr Hamilton took that on notice earlier.

Senator BIRMINGHAM: Thank you. I think we've had to reviewers publicly named—is that correct? Perhaps I can frame that a different way: who is undertaking the review?

Mr Moriarty: There are three reviewers. The chairman of the independent analysis team is Vice Admiral retired William Hilarides, formerly of the US Navy; Ms Rosemary Huxtable, former secretary of the Department of Finance; and retired Vice Admiral Stuart Mayer, who is a former deputy commander of the UN command in Korea and also a former fleet commander, as I understand it. Supporting that group is a team from the department and also Mr Jim McDowell, who is a former—

Senator BIRMINGHAM: Who is about to start with you.

Mr Moriarty: We are looking forward to having him join the department as the deputy secretary responsible for national naval shipbuilding in the next couple of months.

The public version of the DSR describes an enhanced lethality surface combatant fleet as being 'now essential given our changed strategic circumstances'. What are the options for government to consider in achieving an enhanced lethality surface combatant fleet?

Mr Hamilton: It is an independent review. They are working their way methodically through their advice for government. The DSR direction was broadly for Navy to continue to enhance its lethality. That is one of the aspects of this review, and we are awaiting their advice. As with the DSR, this was deliberately set up as an independent process. Of course we are supporting it as they request, but it is their role to come up with options.

Senator BIRMINGHAM: Surely it's their role to come up with recommendations. I didn't necessarily frame that question in terms of precisely what this review would be looking at. Perhaps it was looking for input which Vice Admiral Hammond might be best placed to provide. The types of scenarios would presumably be changes to weapons systems, type approaches and capabilities, or changes to the mix of vessels as to how that might achieve that outcome in terms of enhanced lethality. But perhaps if I break that into firstly, briefly, why is that particularly important for Navy, but then what are the options available for achieving enhanced lethality?

Mr Hamilton: Why it's particularly important for Navy to have enhanced lethality?

Senator BIRMINGHAM: Why it's particularly important for the maritime surface fleet.

Mr Hamilton: The DSR was clear in its judgement that we needed potential to ensure our forces could hold adversary forces at risk at longer ranges. It made judgements in relation to the three services, but also other elements of the integrated force, as well as pointing out that we needed to continue to look at options to increase the lethality and potency of our naval forces. The purpose of this review was to look at the surface fleet in the context of our current strategic circumstances, which of course have moved on since the decisions were taken on previous capabilities.

Senator BIRMINGHAM: Part 2 of the question might be yours, Vice Admiral Hammond.

Vice Adm. Hammond: With respect to the fleet in being—and I should highlight that the review is predominantly focused on the future fleet options—with respect to the fleet in being, which is the Anzac class frigates and the air warfare destroyers, the program of record reflects the intent to apply Tomahawk land attack missiles, naval strike missiles and SM-6 missiles for the destroyers. We talked yesterday about the Destroyer Capability Enhancement Program, where we will replace the Aegis Combat System on the three destroyers, one ship at a time. That will enable us to employ the SM-6 missile, in particular, to its full potential. The current combat system baseline does not allow that. We will have to make modifications to be able to deploy the Tomahawk missiles and naval strike missiles. That is all in train. That work proceeds unaffected by the independent assessment team's work, which, as I said, will largely inform options for future fleet considerations for this government.

Senator McAllister: This is perhaps an obvious thing to say, but the key decisions that were made on Navy's future surface combat fleet were taken at a time when the proposition was that the government would acquire and operate diesel electric submarines rather than nuclear powered submarines. That's not a criticism; that is just a question of sequencing. It makes sense to have a short review to examine what the future fleet ought to look like given the change in context.

Senator BIRMINGHAM: The upgrade to combat systems in the destroyers was announced at the same time as the initial AUKUS announcement. I appreciate the continuity of that, aligned with the point the minister just made. The DSR also says that fleets should consist of Tier 1 and Tier 2 surface combatants in order to provide for increased strike air defence, presence operations and antisubmarine warfare. It goes on to talk about a strategy of a larger number of smaller surface vessels. For those less educated in naval surface vessels, can you give us a quick analysis of the difference between Tier 1 and Tier 2 surface combatants? What type of vessels are we talking about, and how does that apply in the strategic context that the DSR outlines?

Vice Adm. Hammond: To me, a tier 1 surface combatant is something like an air warfare destroyer or a Hunter class frigate. A tier 2 would be something smaller and less capable, along the lines of an Anzac class frigate or a missile corvette.

Senator BIRMINGHAM: A missile corvette—is that what you said?

Vice Adm. Hammond: Yes.

Senator BIRMINGHAM: In terms of what Australia has currently procured, we have, obviously, an intention for Hunter class frigates and work underway in relation to that. The OPVs are underway. In terms of something more like an Anzac class frigate or smaller corvettes, are any of those in the existing pipeline of orders as part of our naval shipbuilding program?

Vice Adm. Hammond: No.

Senator BIRMINGHAM: If the surface fleet review is following clearly without terms of reference that we've been able to access today but with points made at least in the public version of the DSR, this is a critical point of decision-making for that review and its recommendations in terms of whether there is a trade-off to be had between those larger vessels such as the Hunter class and the pursuit of smaller vessels.

Senator McAllister: I think we would be reluctant to define and narrow the choices and options that might be contemplated as part of the review in the way that you are now suggesting. We've indicated that it will be a short review. We've indicated the purpose of the review. It's aligned with the recommendation that's made in the DSR. As occasionally attractive as defining things in these ways might be, I'm not sure that that is something that we can do at this stage because it would inevitably pre-empt the findings of the review.

Senator BIRMINGHAM: Minister or Secretary, is there any commitment from the government as to how quickly it will respond to the surface fleet review?

Mr Moriarty: We need to get this work developed for government for the defence strategy that the government has committed to delivering in early 2024. I would hope that the report would land, that we could present some options to government and that they could take some decisions that would allow us to move that work forward in terms of the next phase of defence strategy.

Senator BIRMINGHAM: After the Adelaide Crows have their upset win on the last Saturday in September, we can hopefully see a quick public response and release to this review such that we're talking openly about its content in the next estimates.

CHAIR: I'm not sure if you've actually checked the ladder of late, but I think it's highly unlikely.

Senator SHOEBRIDGE: Secretary, Defence recommended to the government to acquire what is now a \$45 billion Hunter class frigates project. It was told of the extreme risk of it not being able to commence on time and the extreme risk of not being able to deliver the frigates on time. There was a failure to keep the key records of your decision and your predecessor's decision. The Commonwealth Procurement Rules were breached such that there wasn't an assessment of value for money. Has anybody been disciplined anywhere in Defence as a result of that systemic failure? Has anybody been disciplined—just one?

Mr Moriarty: The department, in its response to the ANAO, accepted the recommendations, and we acknowledged, of course, that there had been some deficiencies. We're putting in place measures to improve our ability to comply and our ability to maintain the records. In fact, there are a number of pieces of work underway in CASG and the national naval shipbuilding area. You would be—

Senator SHOEBRIDGE: Has anybody been disciplined? Has anyone lost their job or been demoted because of that disastrous performance by Defence? Anybody—just one person?

Mr Moriarty: We are working through the Auditor-General's report. We are seeking more information on what led to some of the decisions and the processes.

Senator SHOEBRIDGE: It's much quicker to just say no, if no is the answer, because it's pretty clear from what you're telling me the answer is no. Not one person has been disciplined, not one person has been demoted

and not one person has lost their job despite 114 pages of disaster zone, if you read the ANAO report. That's true, isn't it? No accountability.

Mr Moriarty: I've read the report, and I wouldn't characterise it that way.

Senator SHOEBRIDGE: Has anyone been disciplined, has anybody been demoted or has anybody lost their job?

Mr Moriarty: We're working through the Auditor-General's report, and we will look to learn lessons from it.

Senator SHOEBRIDGE: It's like some sort of protected club, isn't it? It doesn't matter what you do: blow \$3.4 million on French submarines we don't get, sign us onto a \$45 billion program for Hunter frigates that you knew were extreme risk at the outset; don't keep records; put the minister in the dark; don't do the basic procurement rules. Nobody is ever held to account. This whole room is full of people who are just free of accountability; isn't that right? No-one ever gets held to account, do they?

Mr Moriarty: The former government made an informed decision about its preference for a frigate replacement program. There were some deficiencies, as we've said, in—

Senator SHOEBRIDGE: Just not informed by value for money, which was the core requirement under the Procurement Rules. You just forgot to do that, despite spending \$122 million on it. You didn't do the core job.

CHAIR: Senator, I think the secretary was trying to provide you with a response.

Mr Moriarty: Advice was provided to government which went to issues including comparisons of the capability options available, cost, risks, Australian industry content plans—

Senator SHOEBRIDGE: After that you get a five-year contract extension as secretary. The former secretary, who was complicit in it, gets put on the external advisory board. The secretary of finance, who oversaw Finance's failure to check for compliance with the Procurement Rules, gets put on the external advisory board. Far from being held to account, you get a contract extension and they get new jobs. The club's protected. That's what has happened, isn't it? That club is like a self-sealing unit—never holds itself to account.

Senator McAllister: Senator Shoebridge, we are now onto the third or possibly even the fourth block of questions around this. I have indicated before that I think Mr Moriarty and officials more generally can answer questions, but it is difficult for them to do so when they're laden with political analysis.

Senator SHOEBRIDGE: Has anybody lost their job, Minister? Has anybody been disciplined for the disasters that we read in the ANAO report?

Senator McAllister: I think Mr Moriarty has provided you with an answer—

Senator SHOEBRIDGE: The answer was 'no', wasn't it?

Senator McAllister: I'm simply suggesting to you—

Senator SHOEBRIDGE: The answer was no, though, wasn't it, Minister?

Senator McAllister: Mr Moriarty has provided you with an answer, and I'm suggesting to you—

Senator SHOEBRIDGE: Look away—we should just look away.

Senator McAllister: that your questions may receive a more—you may get a greater engagement if there were not so many long preambles. That's all.

Senator SHOEBRIDGE: Has anybody been sacked or lost their job because of the failures identified in the ANAO report?

Mr Moriarty: I told you what we're doing about the ANAO report, Senator.

Senator SHOEBRIDGE: I'll go to another matter. It's true, isn't it, that there's no record of who logs onto the PMKeyS system? There's a record if someone changes information or adds information, but there's no record kept if someone just accesses it to see information; is that right?

Dr Robards: That's correct.

Senator SHOEBRIDGE: This means that there's a real risk that people can be accessing PMKeyS to get people's very detailed personal files. They may do it for a legitimate reason or they may do it for an illegitimate reason, and you can't tell, can you, if they accessed it or not?

Dr Robards: As you said, we can tell if someone has made changes to records. We can't tell if they've viewed records.

Senator SHOEBRIDGE: The fact is you're aware of the now notorious practice of people in Defence accessing PMKeyS, getting detailed information about people's personnel files and then whacking it on the internet. You're aware that that's happening, aren't you?

Dr Robards: No.

Senator SHOEBRIDGE: No-one's told you about this, time after time after time, that it's been put on the internet?

Dr Robards: I don't have any evidence of that.

Senator SHOEBRIDGE: Secretary, are you aware of this?

Mr Moriarty: No. Perhaps you could provide us with some additional information that we could then investigate.

Senator SHOEBRIDGE: You've been put on notice by lawyers about it in detailed correspondence which includes the posts, and no-one's told you?

Mr Moriarty: I'll take that on notice.

Senator SHOEBRIDGE: Do you accept you've got a design flaw here? You've got a system that allows people to access the most personal records, including where people served and which unit they served with. If people access it for illegitimate reasons, you'll never know because you don't record when people access it. Do you recognise that you've got a design flaw here?

Dr Robards: Access to PMKeyS is linked into certain groups of people, so, depending on authorities and role permissions, that will determine who gets to see various parts of the information in there.

Senator SHOEBRIDGE: I'll read from one social media post which you can find on social media. It says this: 'If you're concerned about getting caught, don't be.' It turns out JMPU—which is the military police unit—can't find out who accesses people's personal PMKeyS files. I know this because many of my good friends have had their PERS files leaked to the media. Keep in mind that most of them had PIDs or AIDs, which makes the betrayal even more egregious. That's information that's currently just being shared out there on social media and you weren't even aware of it, Dr Robards?

Dr Robards: That doesn't demonstrate that information has been accessed or shared in that way.

Senator SHOEBRIDGE: I could read out other posts, which detail quite personal material that's been accessed on PMKeyS and just shared around.

Dr Robards: Senator, I'm—

Senator SHOEBRIDGE: Secretary, you weren't aware of this, despite being notified by lawyers?

Senator McAllister: First principles are important matters of inquiry. However, the challenge for officials is responding to allegations that you have before you which aren't particularised and to which they are not in a position to meaningfully respond to. So perhaps you could give thought to a means by which the particular questions you're asking about could be addressed to officials in a way that they could respond to, because, at the moment, I think what you're doing is providing information you've obtained online.

Senator SHOEBRIDGE: No, you're wrong.

Senator McAllister: You would accept that it is difficult for the officials to verify or respond to that information without any sense of its provenance.

Senator SHOEBRIDGE: You're wrong on that. But that's okay; you can speculate. I don't mind you speculating.

Senator McAllister: I didn't mean to assume how you're approaching it, but I think the question of provenance is relevant for officials when they're attempting to answer your questions.

Senator SHOEBRIDGE: I don't mind you speculating. It's okay, Minister, you can speculate. You've got a problem here, haven't you?

CHAIR: Senator Shoebridge, you have one minute and then I'll hand the call over to Senator Fawcett.

Senator SHOEBRIDGE: You've got a big problem here, haven't you, Secretary, that doesn't even comply with the most basic privacy guidelines? Will you seek advice from the Office of the Australian Information Commissioner about whether or not PMKeyS meets even the most basic standards for protection of privacy? Will you seek the advice?

Mr Moriarty: I'll consult with colleagues about the integrity of the system.

Senator SHOEBRIDGE: I have a final set of questions, Chair. It's about the security clearances that the Australian Government Security Vetting Agency gave to Stephen Mitchell. You'd be aware that he was recently convicted of a series of child sexual offences. I think you were asked questions about it in previous budget estimates, and you wouldn't give answers because matters were on foot. They've now been completed. Can you identify how many security clearances the AGSVA gave to Mr Mitchell, what of the nature of those security clearances were and whether or not at any point the ACT AFP were asked for details about their prior police investigation for child sexual abuses?

Ms Perkins: It's our longstanding practice not to comment on individual cases. I would be willing to take that on notice and see what we would be able provide to you in response.

Senator SHOEBRIDGE: Other departments—Attorney-General's and Home Affairs—have provided detailed responses about what they know. The big missing gap here is that nobody knows what you knew, or how many clearances were given to somebody who, before they commenced any work with the Commonwealth, had been the subject of longstanding, detailed investigation for child sexual abuse matters by the ACT police.

Ms Perkins: I have no information with me here today on that particular case or any particular cases. We can take it on notice to see what we can provide to you on notice.

Senator FAWCETT: Can I ask one very quick question on Ukraine. Secretary, I am happy for you to take this and come back on notice. I am aware that the Russians have been mining large areas of Ukraine, and Ukraine has been seeking donations and support with mine detectors. I am aware that Defence has gifted some of the F3 mine detectors that they had in stock to Ukraine. There are Australian providers of mine detectors that have been asked by the Ukrainian government to provide. What steps are we taking in this area, which seems like a pretty humanitarian as well is a military measure, to support the government of Ukraine?

Mr Moriarty: I will take that on notice.

Senator FAWCETT: Thank you. Could I go to *DSR* chapter 12, around CASG and acquisition. I'd like to ask some questions around the proposed reforms. VCDF, you may want to come forward for one of these questions. Paragraph 12.3 of the *DSR* makes the claim that capability managers 'tinker' with capability outcomes. VCDF, is that an accurate statement?

Vice Adm. Johnston: It's an accurate statement that it's in the *DSR*.

Senator FAWCETT: That's technically very correct.

Vice Adm. Johnston: I am trying to be helpful.

Senator FAWCETT: Not really, Sir Humphrey. VCDF, my point is: are there valid reasons why capability managers should have a say in the capability requirements of equipment that is being procured on behalf of the men and women that serve them in a procurement process?

Vice Adm. Johnston: Yes, Senator.

Senator FAWCETT: Indeed. So where a government has endorsed a project and it becomes clear that a capability that is ensconced in an off-the-shelf project doesn't meet an expected capability, is it tinkering or is it a legitimate change for a capability manager to insist on a change in the procurement process even once underway?

Vice Adm. Johnston: Capabilities, when presented to government, have a cost, schedule and scope to them. Those become decisions of government. Changes to any of those three parameters become the prerogative for Defence to provide advice back to the government on.

Senator FAWCETT: Sure. I look at previous examples—Tiger helicopter would be a classic, where advice was put forward that the Eurogrid system was not compatible with what the ADF used, and Link should be considered. That was rejected because it was a change to scope, and we all know the consequences for that. I would be interested to understand how you are planning to resolve that tension between valid capability requirements and changes to an off-the-shelf product versus the streamlining and acceleration which is a logical and appropriate intent of the reform.

Mr Deeble: The key issue is how we work closely with the VCDF who has responsibility for the One Defence Capability System and the capability managers in that regard, clearly ensuring that we understand what those capability requirements are and, as we look at solicitation, understanding where there may be gaps and then working within the One Defence Capability System, engaging closely with the capability managers in understanding what the need is. One of the issues we have that's clearly talked about in chapter 12 is the need to move more rapidly as well, making sure that what we deliver to the ADF more generally is relevant to whatever the context is in which they're war fighting and doing that at some speed, so looking at how we work through those sourcing arrangements and how we consider the capability life cycle. I believe that pre-gate-zero part of the

equation is where CASG needs to play more fulsomely and actually help guide what the art of the possible is in that regard from a commercial, technical, industry perspective.

Again, there's lots of work to be done. I think the DSR gives us the imperative to look at the One Defence Capability System, to look at how we engage pre-gate zero and to work through that, and I will be looking at implementing a range of changes to our procurement policy in that regard, looking at how we can actually deliver capability at a faster rate, detaching some of the more complex parts of our Australian defence contracting suite, to be able to support those endeavours.

Senator FAWCETT: Sure, but I'm conscious of time. I have about three minutes before the chair winds us up. Do you have a definition for the concept of minimum viable capability?

Mr Deeble: We are working through that at the moment. My experience in industry has given me an understanding of what that is and how to go about chasing that. I have started the discussion internally within Defence as to getting that definition and the procurement frameworks that would underpin that. That is work to go. Minimal viable capability for me is how we deliver to the war fighter faster a capability that is relevant to the context in which they are war fighting and how we develop that from a threshold level to an objective level over time. There are models that exist in industry to support that, and my intent is to leverage the best of breed through the One Defence Capability System and working closely with capability managers to support that.

Senator FAWCETT: The last part of that paragraph is about assessing whether a minimum viable capability is readily available. Could you take on notice how you envisage that being assessed? You have a definition, and that is one part. How will you assess it and who will assess it—if you can take those on notice.

Mr Deeble: Yes.

Senator FAWCETT: For paragraph 12.5 I have a similar question. You recommend that any design changes be independently tested by sceptical and trusted advisers. Could you give us some clarity as to how you envisage—again, perhaps on notice may be best—who those independent, sceptical and trusted advisers may be?

Mr Hamilton: I have a quick response on that. The range of imperatives for reform to our capability processes, including some of the observations in the DSR, will be an important part of our return next year for the national defence strategy, which will set out that comprehensive approach to reform in defence processes. Many of those observations by the independent reviewers will need to be considered as part of that process not just on the acquisition side but on the capability development side as well.

Senator FAWCETT: In what is more a comment, paragraph 12.8 talks about an Australian industry content. I'm assuming, given our earlier discussion, that what the DSR really means is Australian industry capability and decisions around capability rather than content. It's a substantial difference. For paragraph 12.10, could you take on notice to give us a definition of what you mean by 'consider Australian'? You use the word 'content'; let's use 'capability'. When does it make sense and how do you define that? Where does it make strategic sense and how is that defined? How is that linked back to an assessment of sovereign defence capability and how are those two statements going to be linked to our procurement process in terms of things that are actually allowable under the procurement rules?

Mr Hamilton: We will provide some information. But a key point I'd like to—

Senator FAWCETT: Sorry, Mr Hamilton, I'm going to put the rest of my questions on notice, before I run out of time, and then, if there's any time left, please feel free to make your key point. Paragraph 12.11 says that part of the success 'is ensuring that project teams and managers have the appropriate skills to effectively deliver major projects. This includes experience in project delivery and commercial and industry experience.' Could you define the level of staff within CASG, or indeed within service headquarters, who are setting requirements? That goes to that whole issue of what's viable capability and what's available. What is your envisaged pathway there in terms of mandating industry and commercial experience before people could be posted to that? And will, as part of that, you be determining actual job specifications for people who are delegated decision-making authority within the capability definition or procurement process, such that we can have an assurance that they have both relevant qualifications and relevant experience?

CHAIR: Thank you very much, Senator Fawcett.

Senator McAllister: I think Mr Hamilton has a short and general response to the questions Senator Fawcett is seeking answers to, but we'll take the balance of those matters on notice as requested.

Mr Hamilton: I just have a short response. It's important to bear in mind that these are observations by an independent review. The government has directed us to take those into account when developing the plan to come back next year with the national defence strategy, but we will provide you with some responses to your questions.

Senator FAWCETT: What is the date for you to come back?

Mr Hamilton: In 2024.

Senator FAWCETT: That's a very long period of 18 months. Given the urgency that's been highlighted by DSU 2020 and by the DSR, and given all the procurement we have to do across a whole range of things, surely, in getting our procurement system sorted out so we can, as you say here, make 'streamlined risk based and accountable decision-making', that needs to be somewhat sooner than sometime in 2024.

Mr Hamilton: I'll just say very briefly that we are already moving with a sense of urgency on many of the directions in the government's response to the DSR. One of them was a comprehensive and robust assessment of all Defence planning, and the government has said it will bring that forward in 2024.

Senator SHOEBRIDGE: Talking about urgency, Chair, we've got the PwC letters.

CHAIR: Hang on a second. Senator Birmingham had a point first, then I will come to—

Senator BIRMINGHAM: I just want to make a closing remark, Chair.

Senator SHOEBRIDGE: Chair, do you mind asking the secretary—

CHAIR: Sure. Have they already taken it on notice?

Mr Moriarty: No. I have reviewed the letters, as I said, for Senator Shoebridge. I've just redacted some personal information, but those emails will be made available right now.

Senator SHOEBRIDGE: Thank you, Secretary. I appreciate that.

CHAIR: Senator Birmingham.

Senator BIRMINGHAM: I just want to note that Senate estimates is always a willing encounter, and, as an opposition, we will, of course, always seek to hold the government, departments and agencies to account. But there have been moments over the last couple of days where I've noted some more personal reflections being cast by some senators. I just want to place on record our thanks to you, Secretary Moriarty, and your officials and to you, General Campbell, and all of the personnel who serve beside you and to acknowledge all of you. You bring professionalism to the table, and we're grateful for your service. Thank you for your attendance here.

CHAIR: Thank you very much, Senator Birmingham. I echo your comments as well. Before we release the department and the other officials, I want to double-check with you, Minister, about whether there was anything that you need to add—or CDF or Secretary.

Gen. Campbell: I would like to return to the questions raised with regard to the Leahy law issues and to correct the record in terms of a question asked by Senator Lambie. With the receipt of a letter from the United States Defence Attache here in Canberra, our minister of the day was advised and then routinely advised from March 2021 through to the conclusion of the issue, through advice to the minister, in March 2022.

CHAIR: Secretary.

Mr Moriarty: In response, again, to a question from Senator Shoebridge earlier in the day about who had appointed the oversight panel for the DSR: I said that it was the Deputy Prime Minister, Mr Marles; in fact it was NSC that appointed the oversight panel.

CHAIR: Thank you for that information. Enjoy your evening and we will see you at the next round of estimates.

Proceedings suspended from 17:05 to 17:24

Department of Veterans' Affairs

CHAIR: Good afternoon, everyone. I would like to welcome representatives from the Department of Veterans' Affairs in the second part of today's hearings here in estimates. I would like to welcome the secretary, Alison Frame, and the offices of the department. Earlier today I provided an opening statement in relation to the protection of parliamentary privilege and the protection of witnesses that appear before estimates. If anyone has an interest or would like to see that, please ask the secretariat, who will be able to provide you with the relevant information. Minister or secretary, do you have an opening statement that you'd like to make this evening?

Senator McAllister: Ordinarily we wouldn't, as you know, but I would like to make a very short statement on behalf of the minister, and I think that Ms Frame also would like to make a short statement.

CHAIR: Sure. Thank you very much.

Senator McAllister: I would like to provide the committee with an update on the government's action in the Veterans' Affairs space. Supporting veterans and families is a key priority for the government, and so in both the October and the May budgets we've sought to deal with the previous government's underfunding and under

resourcing of the Department of Veterans' Affairs, recognising that that has had real consequences for our veterans. And as minister Caro has said, this budget confirms the Department of Veterans' Affairs will be receiving more funding than it has in three decades, which will ultimately ensure veterans can better access services and supports, while as a government we're best placed to deliver on the recommendations of the Royal Commission into Defence and Veterans Suicide. One of our government's top priorities is eliminating the veterans compensation claims backlog from under the last government. We invested \$233.9 million over four years in the October budget to employ 500 additional staff to process claims. That is already having results, and we are now seeing the backlog down 20 per cent from its peak. There is still considerably more work to do and, as outlined in this recent budget, we're investing a further \$64.1 million to maintain staffing levels to meet that demand as well as \$254.1 million to modernise and sustain an ageing IT system.

An additional budget measure I would like to highlight to the committee is our investment in supporting veterans to access healthcare. This budget makes it easier to see a doctor by tripling the veterans access payment for GPs so both veterans and GPs are not out of pocket. The government has acted on all 13 recommendations of the Royal Commission into Defence and Veterans Suicide interim report, including fixing staffing and resourcing in the department, bringing the claims backlog down, improving accessing information for loved ones and breaking down the barriers that were deterring people from giving evidence to the royal commission.

We're also going through the process of reforming more than a century veterans legislation. This has been very difficult for veterans and their families to navigate, and we are simplifying this into a single scheme. The government is getting on with the job, building stronger foundations for a better future for our veterans and our families.

Finally, on behalf of Minister Keogh, I thank the team and the Department of Veterans' Affairs for their work in the last 12 months since coming to government.

CHAIR: Thank you very much, Minister. I'm assuming you're more than happy to table that so we can have a copy.

Senator McAllister: My copy is marked up.

CHAIR: Is there a version that you or your office could send through to the secretariat?

Senator McAllister: Certainly.

Senator SHOEBRIDGE: [Inaudible]

CHAIR: I'm sure you would, Senator Shoebridge. Now, Secretary, I understand that you have a statement.

Ms Frame: I do have an opening statement if that's okay.

CHAIR: It may not be too short, but it may not be too long either.

Ms Frame: It is 10 minutes if that's okay.

CHAIR: I do understand, considering the work that you and your department have and what other officers have done in light of the royal commission. I'm more than happy for that to happen, but I understand a copy has been tabled or will be circulated?

Ms Frame: It definitely will be if it has not been already.

CHAIR: I ask that it be done now while you read it out. We will get copies to the senators. Thank you. Please proceed.

Ms Frame: Thank you. Good afternoon, Chair and senators. I want to provide the committee with an update on how the department is progressing the veterans' compensation claims backlog and present a simpler explanation of the numbers in line with the undertaking I made to the committee at the last estimates hearing. I hope this update is helpful, and I anticipate follow-up questions from senators based on this information.

The first thing I should note is that, as of 30 April, the backlog stood at 36,271 claims which have been lodged by 23,627 individual veterans. By the end of April, the backlog had reduced by around 9,000 from a peak of 45,226 claims in September last year. It is continuing to come down in May, and final figures for this month will be published in June. There are some important aspects of the backlog and how it is defined, and I would like to provide the committee some context relating to this critical priority for the department.

It is important to remember that the department is still receiving high numbers of claims while also dealing with the backlog. In the 12 months from 1 May 2022 to 30 April 2023 we received just under 67,000 claims. Using the same definition of 'backlog' as the royal commission means that any claims we have on hand that are yet to be allocated to staff for processing are in the backlog. The consequence of this definition means that if a

veteran were to submit a claim today it would immediately become part of the backlog. So, while there are 36,000 claims in the backlog, more than a quarter, nearly 10,000 of those claims, were submitted in the last 90 days.

While the backlog does remain, we're continually progressing and making determinations against both these claims and claims that have been outstanding for longer. Our efforts to prioritise older claims alongside newly received claims that need priority because of the personal circumstances of the veteran mean that there are now no unallocated claims in the backlog that are older than April 2021. We are processing claims at an accelerating rate, which in turn means we're getting more support to more veterans. Between July 2022 and April 2023, the department made 100,933 decisions, an increase of 36 per cent on the previous year. I want to highlight these figures because they show two things. They show the department is building capacity to process more claims faster, and they show there is a continual stream of claims passing through the department, including in the backlog, such that only 7,878, or 19 per cent, of the original backlog from last year are still unallocated, with the rest having been finalised or allocated for processing.

While we are making significant progress, new claims continue to arrive, but the pace at which we process claims is increasing and we only expect that rate to accelerate as we bring more staff online. As you know, DVA received \$233.9 million in the October budget to employ 500 additional staff to address the claims backlog. Due to the complexity of the work, it takes six months for a delegate to be appropriately trained to review and make a determination on a claim. That means we are only just now seeing the impact these new staff are having. So we expect the rate at which we make determinations to continue to accelerate as more fully trained delegates begin working on claims.

While it is important to clear the entire backlog, we want to get full support to veterans as quickly as possible, and that means clearing the backlog of initial liability claims. Initial liability processes establish that the Commonwealth has liability for a particular injury or illness as a result of service. From the peak of 36,012 initial liability claims in July 2022, there are now almost 13,000 less in the backlog. The number is continuing to fall, and I believe DVA is on track to clear the backlog of initial liability claims by the end of the calendar year. A big part of how we continue to drive down this number is by getting more staff working on more claims. We have ongoing recruitment to ensure staffing levels are increased for this work, in line with the increased funding provided in recent budgets to increase staffing levels in the department. As at 30 April 2023 there were 757.7 full-time equivalent staff directly undertaking compensation claims processing work, an increase of 305, or 67 per cent, since 30 June 2022.

I stated at the last estimates hearing, when I was only a few weeks into the job, that the biggest risk to continuing to increase the rate at which we were able to process claims was attracting and retaining staff numbers in the current labour market. I'm able to report today that while this continues to be a challenge we are tailoring and modifying our approach so as to manage and mitigate this risk. Firstly, we're continuing to improve our recruitment strategies, including with a new national approach to recruiting trainee delegates, which will help us tap into as many labour markets as possible. This request is out in the field now. Secondly, we're focusing recruitment efforts in areas where DVA has greater potential to attract staff who are more likely to have the necessary background and expertise to understand the veteran community, such as in Townsville, where we are currently advertising for positions in a new claims team and working with our Defence colleagues to actively promote this opportunity through Defence networks. Thirdly, after identifying that 89 per cent of claims currently in the backlog require further information, usually medical, before they can be determined, we have expanded our claims support team, who are trained to follow up on this information in order to present investigation-ready claims to fully trained delegates. Recently, this team has increased from 18 to 83 and will soon be increasing by a further 70. We have been able to secure a significant proportion of these staff from Services Australia, who have provided full-time staff to DVA to undertake this critical claims support work in order to ensure trained delegates are more productive and determining more claims.

At the last estimates hearing, in February we advised that by the end of June 2023 we planned to have an additional 350 FTE staff on board and engaged in claims-processing activities, and, as at early May, we have an additional 360 FTE working on this, including 55 Services Australia secondees, as outlined.

Getting more staff to process forms is one way we are bringing down the backlog. Improving the format and transfer of those forms is another. To make it easier and more efficient for medical practitioners to provide the required information for a claim, we have commenced the streamlining of over 200 complex medical forms, with the first 20 forms to be implemented by the end of June. This review will simplify our forms and reduce their length wherever possible and ensure that they are consistent and appropriate for a digital environment, which we will be increasingly moving to under modernisation improvements. The medical forms task force will complement ICT modernisation initiatives scheduled for implementation in September this year. That will

improve the efficiency of the claims system by improving recording and active notification to veterans and delegates of claims that are waiting on medical information. This is in addition to the tripling of the veterans access payment in the budget, which will support general practitioners and veterans and families.

These actions to drive down the claims backlog represent part of our efforts to respond to the recommendations of the Royal Commission into Defence and Veteran Suicide interim report, specifically recommendation 2. Recommendation 1 called on the department to simplify and harmonise veteran compensation and rehabilitation legislation. In essence, the department is proposing to harmonise the three existing acts under which a veteran may be eligible to receive compensation or support into a single act. We've put forward a pathway to simplify the veterans legislation, which was opened for public consultation from 16 February to 12 May. Now that the consultation process has closed DVA will analyse and present a summary of findings to Minister Keogh in due course. If the legislation is successfully implemented, all new claims will be dealt with under an approved Military Rehabilitation and Compensation Act, MRCA, as the sole ongoing act, with all existing entitlements under old acts retained.

In closing, it is evident the department still has much work to do, but I hope you can see that improvements are being made in several key areas that provide support to our veteran community. In no small part this is due to the efforts of our staff. Across the whole department, from the senior executive to those answering the phones, I've seen people truly committed to delivering the best outcomes for everyone in our veteran community, and I would like to acknowledge their work and thank them for their efforts. Finally, I would like to thank the veteran and ESO community for their support and understanding as we work to improve systems and services that support them in recognition of their service to our nation. Thank you.

CHAIR: Thank you very much, Secretary, for that very comprehensive opening statement this evening. We appreciate the work that you and your officers have done so far.

Senator CADELL: Thank you, Secretary, for that very comprehensive update, which has ticked off about half the questions in my packet. I'd just like to go through and clarify some of the points. In question 12 on notice at the last estimates, we sought further information on how DVA would routinely assess. You said in the answer 'The demand driven funding model forecasts the number of claims that we process and is currently updated every six months. Consideration is being given to more frequent updates.' I think that's question on notice 12 from the last estimates?

Ms Frame: That's right.

Senator CADELL: 'The current model has proven—' You've gone through the timetable there—36.2 in April—so those numbers are available. This consideration being given to more frequent updates—have you considered by now more frequent updates than the six-month model, and will they be published more frequently?

Ms Frame: At the moment it's still six months, but we are continuing to build out that model. As I undertook to senators last time, we've had some additional assurance of our numbers of modelling within the client benefits division as well, which has been used to inform the DDFM modelling, so it has rendered that more robust, I would say.

Senator CADELL: Is the DVA still on track to eliminate claims, you say at the end of this calendar year rather than 31 March—is that correct?

Ms Frame: There are three different backlogs that make the total backlog. What I said my statement is that the initial liability backlog will be cleared by the end of this calendar year. I am confidently stating that tonight. I'm also confident that the incapacity backlog will be cleared by the royal commission deadline of end of March 2024, next year. That's a small backlog but one that is no less of a priority. The permanent impairment backlog is the one where I can't make a definitive commitment on a date for when we will eliminate that backlog. I can commit that, in line with all the actions I listed, we're doing everything possible to meet the royal commission's deadline, but there is still a range of risks and factors there. One of the complications with the permanent impairment backlog is that, as you would know, its clearance is dependent on the initial liability backlog. It's a dependency and a sequencing arrangement there that renders the modelling and the definitive commitment about the permanent impairment backlog more challenging.

Senator CADELL: You mentioned in your opening statement that 89 per cent of the backlog claims require more information, largely medical. Are they over-represented in the permanent impairment one, or is that pretty standard across all the different claim types?

Ms Frame: I will have to check with someone from client benefits division about the split of that. I know it's for both. If you give me a moment I can get an answer on that one. We will have to take that on notice and get back to you about that split.

Senator CADELL: No problem. Going back to the question I just asked about the more frequent than six-monthly updates, I know you're still considering it and I know it's not here yet. I know you're working through your models, as you just answered. Are you looking at monthly or three-monthly? Is there any goal you are looking to test your more frequent updates on waiting lists and checking against?

Ms Frame: Not that I'm aware of, but I want to confirm with a colleague here in the room that I'm giving you accurate information. No, we haven't settled a time frame there, so it is as it stands at the last hearing.

Senator CADELL: Do you have any formal mechanism to liaise with the royal commission to keep them updated on the progress with waiting list? Is there a formal communication process? These numbers you have just given me, these dates, are they up to date with the royal commission group? Do they know these dates?

Ms Frame: We did provide a formal update to the royal commission probably a month ago, I think. And DVA officers have been requested to appear again at hearings in July. The royal commission has requested a specific update on our progress against these issues of the claims backlog in that hearing block.

Senator CADELL: This will be taken on notice because I don't expect it to be delivered today. Answer to question on notice 44 in the supplementary budget estimates contained data tables on the progress of the claims backlog until the end of February 2023. Could that exact same data in exactly the same format be updated to include progress from July 2021, the beginning of the year, up to as frequently as you can for the inquiry by the return of answers to questions on notice?

Ms Frame: It would be monthly.

Senator CADELL: Up to May 2023 would be great.

Ms Frame: Yes, we can date that.

Senator CADELL: On page 46 of the PBS, in the Veteran Employment Program, it includes administered funding of \$700,000 for each of 2023-24 and 2024-25, then only \$250,000 in 2025-26. Can the department confirm that the total funding for this program is \$20.5 million of the \$24 million from the October budget?

Ms Frame: I'll seek some advice on this one. Mr Casson is our CFO. He will be best placed to respond.

Mr Casson: My understanding is that this is just the grant element of the program.

Senator CADELL: But the numbers from the October budget overall breakdown remain constant?

Mr Casson: That's my understanding, yes.

Senator CADELL: What is the split of the \$20.5 million across administered and departmental funding? Have you got that?

Mr Casson: I might have to take that on notice. I don't have that with me but I can check.

Ms Pope: I have the split of the administered funding for each of the three elements of the new employment program. The remainder is departmental, so I can get that to you.

Senator CADELL: By a process of elimination.

Ms Pope: Exactly. The value proposition campaign is funded at \$11.231 million. The veteran recognition of prior learning is \$1.65 million, and the recruitment advisory service is \$800,000. The remainder is funding for the grants centre and for departmental expenses.

Senator CADELL: I'm quickly running my finger over this—

Ms Pope: I'm sorry, I left out \$3.5 million for Defence for their recognition of prior learning.

Senator CADELL: On top of the \$1.65 million—

Ms Pope: Yes.

Senator CADELL: or overall? So that's \$17.18 million, according to Steve Jobs's device—does that sound about right?

Ms Pope: That sounds about right, yes.

Senator CADELL: I couldn't find that in the PBS. Is it shown anywhere in the PBS as a line item? I'm not saying it's not there; I just—

Ms Pope: I don't believe it is. Unless my colleague has it?

Mr Casson: I don't expect so. It'll be spread across a range of different parts of the PBS, not in one spot. Other than the measures tabled in the October budget PBS, there'll be a—

Senator CADELL: It's like a 'Choose your own adventure'—go here; go to page 46; go to page 31.

Mr Casson: We could tell you where it all is, in there, but—

Senator CADELL: No, that's fine. What is the administered funding shown on page 46 of the PBS for?

Mr Casson: I understand it's the grants element of the program. Ms Pope might have some more—

Senator CADELL: And the profile that I went through earlier, \$700,000 for both 2023-24 and 2024-25, and then the \$250,000, is the funding profile going forward?

Mr Casson: That's my understanding.

Senator CADELL: How much will be spent this financial year on this program, given it was only announced in the 2022-23 budget?

Mr Casson: I don't have that with me. I'm not sure if there was—

Senator CADELL: Do you have the amount spent to date?

Ms Frame: We'll take that on notice.

Senator CADELL: Okay. I've got some supplementary questions around that that I might put on notice, pending that, if that's okay. A lot of these programs are focused on helping to put our veterans in employment. What programs do DVA fund that are focused on helping veterans start their own business, as opposed to gaining employment? Are there any things that fit those criteria?

Ms Pope: Yes, I can provide some information on that. We fund, through the Prince's Trust, a program that assists with self-employment and starting your own business. I don't have the figures in front of me for that, but I can provide those on notice. Also, Workforce Australia provides a self-employment assistance program, and we have reserved funded places in that program for veterans.

Ms Frame: We can bring the Prince's Trust information back this evening—we can source that number.

Senator CADELL: That would be great. Thank you very much. The Department of Employment and Workplace Relations also has a scheme called Self-Employment Assistance, which provides business plan assistance. Does that fit in with any of this? Do you work with that?

Ms Pope: That's the one I was just mentioning. That's correct.

Senator CADELL: Okay. That is all I have at this point.

CHAIR: Do any of the other opposition senators want to continue until about six o'clock?

Senator DAVEY: Yes, I can.

CHAIR: Are you happy to share the call amongst yourselves?

Senator DAVEY: I have some questions about the consultation into the Veterans' Legislation Reform Consultation Pathway, which is, as you mentioned in your opening statement, a result of the royal commission. The royal commission actually outlined quite a prescriptive time line for the consultation process. You mentioned that submissions have opened and closed. Can you give us an overview of how many submissions you got? Have you got that information yet? I know you haven't done the analysis yet, but how many submissions did you get and how long will it take to do the analysis?

Ms Frame: I have officers here who lead those consultations and can provide you with that information. Oh, he's here.

CHAIR: He snuck up behind you, Secretary.

Mr L Brown: It's a skill to have.

CHAIR: We'll note that, Mr Brown!

Mr L Brown: We ran a consultation process from 16 February to 12 May, so it has only just closed. We received 642 items of feedback during that consultation period, but we're classifying 246 of those as submissions on the legislation reform pathway, which the government released on 16 February, as the focus of that consultation period.

Senator DAVEY: What sorts of groups did those items come from? Were they from individuals or were some of the 246 from representative organisations?

Mr L Brown: The majority of those were from individuals. We did get a growing number of submissions from organisations, particularly towards the end of the consultation period. We can provide you with those numbers. I don't have them here this evening, but I can take that on notice.

Senator DAVEY: As per the royal commission's recommendations, will the first draft of the legislation be completed by December?

Mr L Brown: The government, at the moment, is taking on board the feedback that we received during the almost three-month consultation period, considering it does need to be taken back to government for a final decision, and that decision will have to be taken in the budget context. Certainly, at this stage, we are aiming to have draft legislation done by the end of the calendar year, as per recommendation 1 from the royal commission's interim report.

Senator DAVEY: Given you've only done the initial consultation phase and you've got feedback, which you are now analysing and which will help formulate a draft, will you be retesting that draft? Will you release an exposure draft?

Mr L Brown: An exposure draft would be a matter for government, and I think that in this case it's likely that they'd give that very serious consideration. Regardless of whether there is an exposure draft, there'll certainly be an opportunity for people to view the draft legislation through the normal parliamentary processes. There may even be things like a referral to a committee and a submission process based on the bill that's passing through the parliament at that stage. The consultation period that we ran from 16 February until 12 May won't be the last opportunity that people have to comment on this legislation reform process, and, once that draft bill has been completed, there will be further opportunities for consultation.

Senator DAVEY: When you complete your analysis of the feedback you've received and the submissions, and as you're preparing the draft, will you actually be releasing a bit of a report of an overview of what you've heard?

Mr L Brown: We're actually going through the process at the moment of contacting people to seek authority to publish those submissions, and we plan to do that in due course.

Senator DAVEY: So you're actually going to publish the submissions?

Mr L Brown: Again, that would be something we would—

Senator DAVEY: If they give you permission?

Mr L Brown: Yes. We had two channels for those submissions. We had a sort of web-form channel and then an open email channel. With the web-form channel, we asked people for that permission to make those submissions public. With email, obviously, we weren't able to do that, so we're going through the process now of contacting those people who made submissions via email to see if they have any objections to us publishing those submissions and whether they would want any personal information redacted from those submissions. So, yes, the plan is, in due course, to publish those submissions and make them publicly available. I think as well that, by the time we get to a draft bill, we'd like to have a nice, neat summary report of the views that were expressed during the consultation period so that that could be lined up, potentially, with the draft legislation that's being worked on.

Senator DAVEY: So the aim is to have the draft legislation completed by December. I think the commission also recommended that the bill should be presented to parliament in early 2024, with an ultimate time frame of having the new act commence on 1 July 2025. Is that still the ambition? Are there any unforeseen circumstances that are arising as you're going through the consultation phase that you perceive might delay the process?

Mr L Brown: I should also say that it wasn't just the 246 submissions we received. We also ran six webinars, which were attended by 300 individuals. We ran about 17 face-to-face meetings across the country, with 266 interactions through those. So there are a lot of views to take on board. As I said before as well, this is still subject to a final government decision. Drafting, introduction and commencement are still subject to that final government decision. Having said that, the government has been very clear in its commitment to implementing the royal commission recommendations, so I don't see that as a great risk or challenge. Until we have that final decision made, though, we're still in an unknown in terms of the complexity of the legislation that we'll be drafting, and we'll have to work with the Office of Parliamentary Counsel to draft that legislation. That's the process. We'll have to work through what the drafting time frame will be with them once that final decision is made and once we can unpack the complexity that we might be dealing with in the legislation.

Senator DAVEY: The secretary mentioned in her opening statement that the aim is to streamline the three acts under one act but not have anyone lose access to what they're entitled to. Will all the existing entitlements just be rolled up? One of the complaints we get is that, even if you understand the entitlements, there's a complexity in applications as well. I appreciate the intent that no-one will lose access to entitlements, but will there be some refinement of how those entitlements are processed or how the application systems will work if we get this simpler umbrella act?

Mr L Brown: What we're doing is we're grandparenting in the payments that people are currently on or have received in the past. That's important to understand: no-one will lose what they're currently on or have a reduction in terms of what they're currently on. What will happen is that from a prospective date—we're working towards 1

July 2025, as per recommendation 1—all claims received after that date will be processed under the single act. It's an existing act, which is the Military Rehabilitation and Compensation Act. There may be some amendments to that act to improve the working of that piece of legislation, but certainly, in terms of the interface and the interaction with the department, it will be simpler for veterans to navigate.

Under the current system that we have, we have three pieces of legislation, and which bit of legislation you fall under really depends on the service that relates to the injury, disease or death that is being claimed. If you've got periods of service that cross between two or three acts, that can be very difficult for veterans to understand and navigate, and it can create outcomes that are hard for them to understand, too. Moving to that single act—which is an existing act, not a new act; people can go and look at it now and understand what's in it, what they don't like about it and what they do like about it—from 1 July 2025 will certainly make the claiming process and the navigation process through the department easier for veterans and their families.

Senator DAVEY: So people who put claims in after the commencement of the new act will have to apply under the new scheme, under the single act, and hopefully it'll be a simpler system that's more intuitive in use. Anyone who's covered on an existing payment will carry on, but once the new act comes into force it's a new application process—a new system?

Mr L Brown: It's not new, in the sense that it is an existing act with existing processes and ICT systems to support it. But the idea is that, from that date, every claim that's lodged will be under that single act, those single processes and that single system, yes.

Senator DAVEY: In your consultations, with your feedback and your submissions, did you get much feedback from veterans advocates, who assist people? Often they're voluntary positions through the RSL and other organisations. These are people who work very closely with veterans but also with the system. Did you get much feedback from veterans advocates?

Mr L Brown: Yes, we did. We engaged directly with groups of advocates. I and a colleague engaged with advocates from RSL Queensland, New South Wales and Victoria on 17 March in RSL national headquarters in Sydney. We also engaged on 5 April with a group called the Australian veterans legal advocacy network, and we also ran a targeted webinar specifically for advocates, which was actually one of the most highly attended webinars we ran. There were 80-odd individual logons at that particular webinar. Those engagements were really rewarding in terms of the technical engagement that those advocates could bring to the consultation process.

Senator DAVEY: My final question is probably one that you'll take on notice. Would you be able to give us a breakdown of consultation: how many webinars were held, how many attendees, and how much of the feedback or submissions came from organisations as opposed to individuals? Obviously, we don't want any private information, just a breakdown so we can get a bit of a picture of those consultations.

Mr L Brown: I can certainly give you the breakdown of the webinars tonight if you want it tonight. We ran six webinars, and, as I say, there were a total of 300 individual logons. The first webinar was a general session webinar, open invitation to anyone that wanted to attend. It was run on 26 April, and we had 73 logons. The second webinar was on 27 April, and that was targeted at current serving members of the Australian Defence Force. We had 23 individual logons. The advocate session that I mentioned was on 2 May, and we had 84 individual logons. We had a small, targeted webinar for representatives of the TPI Federation on 3 May. That was small; that was five individual logons. We had another general session on 4 May with 68 individual logons. The last session was another general session held on 8 May, and there were 47 individual logons. We had a total of 268 chat engagements over those webinars.

Senator DAVEY: Thank you very much.

CHAIR: Senator White has a couple of follow-up questions.

Senator WHITE: Yes. There has been some criticism that the consultation process hasn't reached enough veterans. As I understand it from your evidence, you are proposing that there may be further consultations as word spreads. Am I understanding that correctly?

Mr L Brown: What I indicated was that there will be further consultation once draft legislation is available. That will be towards the end of the calendar year. I would say that even though formal consultation led by the government has closed, I'm more than happy to engage with any member of the veteran community. They can ring me or email me, or I'll go anywhere by invitation to talk to them about the legislation reform process.

Senator WHITE: You've had written submissions from people. You've had the webinars. Has there been any face-to-face contact with people if they request it?

Mr L Brown: We had 17 face-to-face meetings over the consultation period, with 266 individuals engaged in those.

Senator WHITE: When you say 'we', who is the 'we'? Who has been doing the consultations and talking to the veterans?

Mr L Brown: Minister Keogh and Minister Thistlethwaite led many of those consultation sessions, but I and my colleague Assistant Secretary Simon Hill in the department also led some of those face-to-face sessions.

Senator WHITE: It's pretty unusual for a minister to get out there on the ground, isn't it?

Mr L Brown: It is the government's consultation session, and the ministers were very keen to be leading in the consultation process.

Senator WHITE: Did you watch those consultation processes?

Mr L Brown: I can think of two that I assisted in. My colleague might have assisted in another two, but we weren't at all of them.

Senator WHITE: At the ones that you saw, was it a frank and fearless exchange with the minister and the assistant ministers over what people thought about this issue?

Mr L Brown: I would say that people were certainly polite and deferential to the ministers. I think the level of engagement really depended on the person we were engaging with. These engagements had two purposes. One was to seek feedback on the proposal that we were putting out for consultation, but there was also a request to key members of the veteran community to take information back into the community and disseminate it. From that second perspective, it was probably quite successful for a lot of those consultation sessions. I think, in terms of officeholders for ex-service organisations, they could engage at a high level with the principles of the proposal being put forward—that is, a single act going forward—and those sorts of things. From a technical perspective, those advocate engagements that I mentioned before were different kinds of conversations.

Senator WHITE: From the veterans themselves, those personal stories can often illuminate issues because of people's lived experience. Did you see that in, say, the webinars and the face-to-faces that you saw?

Mr L Brown: It is hard to engage with people in a one-hour, two-hour or three-hour session on a lot of personal stories and personal circumstances and extrapolate that into systemic issues, but we did see a little bit of it. They're also public settings, so you don't necessarily want to delve into people's personal information in those sorts of settings.

Senator WHITE: If you had to weigh up the webinars versus the face-to-face, what would you think were the benefits of each?

Mr L Brown: I think the webinars were good to try to maximise the reach that we had. They certainly provided us with coverage, particularly over those general sessions. I think the face-to-face probably was, for me, an easier two-way interaction. Webinars can be quite limited in terms of the amount of time you've got for comments to flow through, mixed in with the presentation of the information.

Senator WHITE: Secretary, can I turn to you. In estimates in November 2022, my first estimates, the former secretary made it clear that under the previous Liberal-National government the Department of Veterans' Affairs would have never cleared the compensation backlog, which shocked me a bit. Also, I note that in your opening statement you said that there has been a significant drop in the backlog, which I'm sure is welcomed by the community. I also join you in paying tribute to the staff. They were probably working very hard before, but there are more of them now.

I listened to your statement, and I've quickly reviewed the written version. I'll summarise—and perhaps you can tell me if I'm missing anything—how you've achieved the decrease in backlog. I'll put it in shorthand. It's really that there are more staff. They're probably better trained or there are better processes that they're now operating under. There is more support for veterans—I think you highlighted that—so that they get their claims properly formulated or in a timely way. And there are more decisions being made more quickly. That might be my shorthand way of putting what you said, but is there anything else that I've missed as to the reasons for the decrease in the backlog in this period of time?

Ms Frame: No, other than that the single biggest driver of productivity and what makes the most difference is having more people who are trained to determine claims. We have seen the impact of that over the last few months, particularly as more people have been actually fully trained. But another part of that, which I wanted to emphasise in the opening statement, is the business improvement processes that are also really significant, and they are still on foot. We are working on those and prioritising them.

Senator WHITE: I was going to ask you about that. Is there anything else in the pipeline that is going to improve the backlog even further?

Ms Frame: There was significant funding in the budget for ICT improvements and enhancements to the process. I mentioned some of them at a very high level in the opening statement, but we can certainly provide more information about system improvements that have been funded in the budget to be delivered by Services Australia that will make a difference to the way the system works for veterans and also, as I said, to the way that medical practitioners and others can interact with the system and make it all work faster and ensure that delegates then have an investigation-ready claim on their desktop and can process that more quickly as well.

Senator WHITE: I think the other thing that came from your opening statement was that there are approximately 10,000 claims in the backlog that were submitted in the last 90 days. That's pretty substantial. Why is that happening? I looked at the trend numbers, and there is a trend of increasing claims over a period of time, but that's a lot of claims in 90 days, isn't it?

Ms Frame: That's a pretty standard—

Senator WHITE: Is it? Okay.

Ms Frame: flow, I think, of new claims. There was an increase, as you said, that I think dated back to about 2018. There was a significant increase in claims lodged, and, since that time, that increase has persisted or continued. That reflects veterans lodging claims and includes serving men and women as well lodging their claims. That's a standard flow, then, into the system, and it reflects what would typically be on hand. It's just like with the tax office, for example. They have about a million tax returns on file at any point in time because a million are lodged every month. It's a similar kind of analogy.

Senator WHITE: So your improvements are basically getting ahead of the numbers that are coming—that's really what you're trying to do—so that you get it to a manageable turnaround. Is that what I'm hearing?

Ms Frame: Yes. Ultimately, it shouldn't matter how many claims are lodged. We want veterans to lodge those claims, and we encourage them to lodge those claims. Our efforts are about processing them more quickly. That's where everything is focused.

Senator WHITE: To quote you back to yourself, and also to quote the previous secretary, you thought that the claims backlog would be cleared by March 2024. What do you reckon now?

Ms Frame: As I said earlier to Senator Cadell, there are three components of the backlog. Two of them are looking very good. The third one has some ongoing challenges for us, but we are continuing to do everything we can.

Senator WHITE: Thank you, and thank you to your staff, who have achieved this great result so far.

Senator LAMBIE: I'm just going to ask some questions from Senator Pocock because unfortunately he's busy in another committee. Across the country, more and more GPs are saying they can no longer accept the DVA payment for consultations because it's just too low. As a result, fewer GPs are bulk-billing veterans. The bulk-billing incentive was tripled. I couldn't see any reference in the budget as to whether the veterans' access program initiative has also been tripled. Has this initiative been given a boost?

Ms Frame: The answer is yes. The veterans' access payment has been tripled.

Senator LAMBIE: Do you know how many veterans are currently bulk-billed?

Ms Frame: My colleague has an answer for that.

Senator LAMBIE: I just wasn't sure if you guys went that far. I've never asked that question, actually. I've never thought about it. What is the percentage of them that are bulk-billed? Do you know?

Ms Hancock: Effectively, all veteran consultations are bulk-billed, because the patient is not allowed to be charged a gap. If a DVA card is being used, then that's a bulk-bill.

Senator LAMBIE: What does that do to people, to those veterans out there, where a lot of doctors are not bulk-billing still? What does that look like?

Ms Hancock: If a doctor is willing to accept DVA card rates—which, as you know, are higher than the Medicare rate—then they will effectively accept the card as full payment for that service. We know that there are some doctors that don't wish to accept DVA cards as payment, but there are still many thousands of doctors around the country who do.

Senator LAMBIE: You're talking about the GPs?

Ms Hancock: There are many thousands of GPs, also specialists, who do still accept DVA card rates, but we continue to monitor closely where we hear of areas where veterans are struggling to find services.

Senator LAMBIE: I just want to go into, quickly—I've had a few of these, and I've got another one on my books—veterans who are dying and wish to die at home. What is going on here? Like I said, I've got two this week. It seems to me that they want to die at home, they don't want to die in a hospital, and they need some extra nursing services for maybe their last month or two months. Do we have a problem here in DVA? It's becoming a problem for my office. I could do without the two hours a day dealing with it, to be honest with you. I need an answer.

Ms Frame: I'll let the first assistant secretary talk about that one.

Ms Byrnes: Senator, when you say 'care at home', are you talking about—

Senator LAMBIE: This is when, basically, they need critical care because they are passing, but they don't want to go into the hospital for that last month or last few weeks, when it is that critical time. They're not getting the full hours that they need. All the ones I've had have had partners, but they are older and they are older partners. Trying to deal with that and the department, I can tell you, is tearing them apart, especially those partners watching their own husbands die, then having to go and beg and borrow and not getting very far with DVA when it comes to allowing their husbands, or partners, to die at home.

Ms Byrnes: DVA has both community nursing and veteran home care. But these programs are designed to be low-level care.

Senator LAMBIE: That's correct. I understand all that. They are getting that already, but it's in that last month or six weeks. Do we have any policy there? Are we making any shift on this? Is this an exceptional thing where people just ride in, and you just tick that off? Seriously, I don't want to be the one to say to them, 'No, your husband has to go into hospital,' and I do not want to say that to the veteran that is sitting there on his last legs, telling him he has to leave his home and go into hospital. I don't know my office to be put in that situation anymore, so I want you to tell me how we're going to get around this.

Ms Byrnes: I'm going to have to take that on notice. I think our care is primarily targeted at low-level care—

Senator LAMBIE: Yes, it is.

Ms Byrnes: that helps a veteran to stay at home.

Senator LAMBIE: And that's fine.

Ms Byrnes: And once it becomes very targeted and specialist, I think that may be beyond our program, but I'll take it on notice.

Senator LAMBIE: It's definitely beyond the program, I just want to know what we can do about it because it is quite difficult. If they want to die at home, let them die at home—that's what I'm saying—if we can find a way.

Ms Frame: Can I just add that I wasn't aware of the issue, but we will look into it now and get back to you.

Senator LAMBIE: That would be great.

Ms Frame: We'll come back to you with more information about what might be available and how we might need to look at what service response is provided, and obviously in those circumstances it would be needing to be provided very quickly.

Senator LAMBIE: Yes, I think so too because those Vietnam veterans, as much as I don't want to say this, we have been losing them and they are getting to that age now where they're going in mass, so these problems are arising.

CHAIR: For completeness, you're happy to take that on notice, Secretary, and come back to the committee?

Ms Frame: Yes, that's right, and we'll come back with it.

CHAIR: Thank you very much.

Senator LAMBIE: I want to go over your backlog here. You said you've got 36,000 in backlog, so I just want to break it down. When you've got a backlog, it has to go to the delegate. Once it goes to the delegate, it gets to their desk, that's one tick off; that ticks it off your backlog because it's got to a delegate. How long is it taking? Have you progressed from the delegate dealing with the claim quicker? I guess that's what I'm trying to say because it's okay to say we've knocked the backlog off because you take it out of this pool here and you go and put it on their table, but it doesn't mean it's actioned. What is the time line at the moment, once it gets to the delegate's desk, for them to action anything, and what is their first port of call with the action?

Ms Frame: There are many different numbers for that, for the average time taken, because it depends on the kind of claim as well, whether it's initial liability or permanent impairment, and for different legislation as well. We have different figures for DRCA IL versus DRCA PI. We record the average time taken to process those claims for each of those claim times, so we have numbers for all of them. I can say just a few things as well

before Ms Cole can provide more detail. First, not only are those claims in the backlog being processed—as you said, they're given to a delegate, and they're ticked in terms of the processing has commenced—but also a significant number of that original backlog from last year have actually been finalised. There are 20,654 of that number from the backlog last year when it was set initially and that expectation from the royal commission that have actually been finalised. But there is still significant proportion that is being processed, as you say. The time taken to process is just starting to come down for most of those claim types now; I think it's with the exception of DRCA IL, which reflects a longstanding backlog in that area that is now coming down. But, as we explained at that last hearing, that time taken to process when it's an average went up for a while because we were moving through those older claims that had been there for quite some time. As I said, there are no claims now that are not allocated that predate April 2021, so it is starting to come down, as you would expect. But we can give you specific numbers for any that you would be looking for.

Senator LAMBIE: No, that is okay. Is there anywhere in that process where the backlog still exists from the delegate, to this, to that? I know all your claims are different and complex, and it's a bit messy. Is there anywhere that you are struggling in that area?

Ms Cole: Where there will be a slight pause sometimes is in when we're moving between the process of collecting information for a particular claim—for example, if we have to get a specialist report or something like that—that is received and then allocated to a delegate. That's mostly because we allocate claims to a delegate on a Monday as a matter of course, so if that was completed on, say, a Wednesday it might take until the Monday to actually get allocated to a delegate. The only other pause that I can think of is where a claim is mid-progress and sometimes that delegate is sick or similar and it takes a period to reallocate to another delegate. Those are the only sort of general circumstances under which there would be a pause within the processing time once it has actually got out of the queue and gone into the processing element of the process.

Senator LAMBIE: Right—very good. Thank you.

Senator SHOEBRIDGE: Thanks, Secretary and your team, for coming here. At the outset, thank you as well for the work that's obviously gone in since the last time we met. I know it's emotionally difficult work. I can't imagine what it would be like facing that backlog when you came in and for the team when they faced the backlog. It must sometimes feel like digging a hole in the beach. But there have obviously been significant improvements, and I also want to commend the government for putting the resources in, which was obviously a key part of it. Inevitably we focus on the difficult bits, but the overall story of what you've presented is one of significant achievement. Probably you'll see the acknowledgement from the whole committee. If that could be fed back to the people doing the work of the ground, I think that would be really important.

Senator McAllister: I think that will be a most welcome acknowledgement. Thank you and the other senators who are nodding in ways that Hansard can't perceive. Thank you.

CHAIR: As I said earlier, too, I echo your comments, as other senators have this evening, on the work that you and your staff have done so far. Thank you.

Senator SHOEBRIDGE: Now I'll go to the difficult points!

CHAIR: Time for the dinner break!

Senator SHOEBRIDGE: One of the issues, when I look on the dashboard of data, is the increasing backlog of total and permanent impairment claims. They were sitting at 8,000 in June 2022. They then went up to 11,900 in February 2023 and to 12,200 in March, and they've ticked up again in April to 12,392. That seems to be going in the wrong direction. Is it because of prioritising of resources on initial liability and other claims, or is there a thing happening inside there?

Ms Cole: Essentially it's the nature of how the process works. You do your initial liability claim and until your initial liability claim is done you cannot apply for your PI, your permanent impairment. So, it's sequentially; that's the case. We have found that we've put sufficient resources into PI to keep it relatively steady, and over the last eight to 12 weeks it has been going up and down around 300 claims, despite the fact that there has been a significant increase in the number of claims coming in as the number of IL claims are completed. We've had about—from memory, I would have to check this—a 45 per cent increase in the number of claims that have come in in MRCA PI, for example, which we would expect as the IL claims are completed in the backlog and they move through the system, yet we've been able to keep that backlog, past that initial rise in PIs, steady.

Senator SHOEBRIDGE: Was it a predicted function of clearing the initial liability backlog?

Ms Cole: Yes; it was.

Ms Frame: In fact, it hasn't gone up as much as we anticipated it might, but, because you anticipate that there will be that impact, there would always be the downstream impact on PI, particularly, as I mentioned earlier with Senator Lambie, with the DRCA claims. Those initial liability claims, and that backlog in IL, is coming down really considerably, but those claims, when they are determined at the IL stage, result in a multiplied number of permanent impairment claims for that legislative act. There are some the idiosyncrasies of the system, in effect, that actually increase the number of PI claims as more IL is processed.

Senator SHOEBRIDGE: Did you have expected targets for where PI would be when you started doing this? What were you planning to have in terms of a backlog?

Ms Cole: Yes, we did have monthly targets that we expected to see, which are currently lower than those expected targets at this stage in the modelling.

Senator SHOEBRIDGE: Mapping forward over the next six to 12 months, do you have a strategy in place where, as the initial liability backlog is digested and dealt with, more of the 500 staff are—

Ms Cole: Transfer over? Yes.

Senator SHOEBRIDGE: It's been a long two days. You know where I'm going?

Ms Cole: Yes.

Senator SHOEBRIDGE: Do you want to answer the question!

Ms Cole: Yes. One of the process improvements that we are making is the development of more what we call combined benefits teams, and those are teams who are able to do both PI and IL—the delegate is trained in both—and we will just switch a proportion of those staff over to solely doing PI to meet that flowthrough, in a sense, in the system at the appropriate time.

Senator SHOEBRIDGE: Do you have an expectation of what that's going to mean for the PI backlog? Can you share with us what your proposed targets are for the next six months? Where do you want them to be next time we come and meet?

Ms Cole: We'll take that on notice.

Ms Frame: Senator, I've said that the PI one has a lot more dependencies and complexities in it. There are a whole range of factors that are unique to PI. The claims are more complicated; they're in fact getting more complicated. There are more decisions required for each PI claim—that is actually increasing as well. We have to take into account offsetting requirements and other really intricate things that don't pertain to IL claims. So there are a range of factors that make the PI harder to predict. But, in line with your earlier point as well, we anticipate moving some staff over from Initial Liability, but we don't know exactly when that will be. I know it'll be before the end of the year. And I don't know exactly how many that will be either, because I need to ensure that IL doesn't generate a further backlog by moving too many delegates across. So it's a balancing game, and that makes the PI predictions more complicated.

Senator SHOEBRIDGE: Is it same for PI as it is for Initial Liability—that you expect the training and upskilling and proficiency time for a staff member to be about six months? Is it about six months for initial liability and then another six months for PI?

Ms Cole: Only if the delegate is not already experienced. If it is a brand-new person coming into the department, yes. If it is a person who's already familiar with initial liability, for example, the transfer cost in a sense is much less, and we've been trialling some new training techniques around shortening that training time because we understand that the delegate already has quite a bit of foreknowledge before moving into a PI scenario.

Ms Frame: Senator, I just add that that combined benefits processing that Ms Cole mentioned earlier is actually a six-month training program on IL and PI such that a delegate emerges trained in both initial liability and permanent impairment.

Senator SHOEBRIDGE: That's the broader recruitment structure, going forward—training people in both?

Ms Frame: It's part of our training approach now. It's not everywhere; there are still some delegates who are being brought on and trained in IL or PI. Ms Cole can provide further detail on that. But it is part of our training suite now and part of the program that some delegates are undertaking.

Ms Cole: That's correct. Originally, we used to always run IL or PI and then cross-train, and that was the only way we did it. But we've just successfully trialled a combined processing training regime in our Brisbane office which has proved to be quite effective, and we're going to roll that out to the other states and territories.

Senator SHOEBRIDGE: And that will be the standard training module as new staff come on, going forward?

Ms Cole: Yes, I think so. We already have some staff, so part of it will be chopping that course out, and then training the other staff so that, obviously, we have as many flexible delegates as Brisbane.

Senator SHOEBRIDGE: Yes. There's no point training somebody in IL if they've already been trained. You'll just do the PI on that.

Ms Cole: That's correct.

Ms Frame: Yes.

Senator SHOEBRIDGE: Could I ask you about veterans white cards. It's an issue that has been raised with me, particularly by the Nasho Fair Go organisation. A very real concern that's been raised is that there has been an idiosyncratic, uneven application of the rollout of veteran white cards. Secretary, is this an issue you're aware of?

Ms Frame: I am aware of the issue. Ms Hancock would be able to answer more specific questions.

Senator SHOEBRIDGE: The issue seems to be whether or not serving six years of continuous service as a CMF qualifies somebody for the white card, or whether or not you needed just this magical one day of active service to qualify for a white card. It seems that some nashos have got a white card, but the bulk haven't. Can you explain what's going on?

CHAIR: Last question, Senator Shoebridge.

Ms Hancock: Essentially, some national service was full-time service. Those are people who have an entitlement to the non-liability white card by virtue of their full-time service. Some National Service was not considered full-time service, and that, like reserve service now, doesn't attract the non-liability white card.

Senator SHOEBRIDGE: But they did twice as much; that's the issue. They did twice as much. They effectively provided the same service to the people of Australia. It's just that some of them did it over six years and some of them did it over a much shorter period. But the ones who did it over the longer period are not getting the veteran white cards. Is that the situation?

Ms Hancock: I'm not sure about the time periods you're referring to, Senator, but your statement is correct in that if it is full-time service then that is different from service that was not full time.

CHAIR: Last question, Senator Shoebridge.

Senator SHOEBRIDGE: Do we know how many veterans who didn't do the full-time service but, again, served for and gave the same amount of their overall time to the people of Australia have been given access to a veterans white card?

Ms Hancock: About 18,500 actually served in Vietnam or the Indonesia and Malaysia confrontations, so they have benefits flowing from that operational service. There is a total of about 63,000 Australians who were conscripted all up under the National Service Scheme from 1964 to 1972. We think there are roughly around 30,000 surviving national servicemen who didn't deploy to conflict.

CHAIR: Thank you very much. I'll have to move the call around.

Senator SHOEBRIDGE: But we may have to come back to this, because my question was, if you wouldn't mind looking at it: how many of those—and they're not all still alive, sadly—have been given a veteran white card?

Ms Hancock: I would have to take that on notice, Senator. I don't have that number.

CHAIR: Thank you, Ms Hancock. Senator Canavan, you have the call.

Senator CANAVAN: Secretary, are you a member of the executive government?

Senator McAllister: Senator, are you seeking to understand the Westminster system? Is that—

Senator CANAVAN: Yes, basically. Particularly—

Senator McAllister: I'm genuinely seeking clarification.

Senator CANAVAN: Yes, that's pretty much it.

Senator McAllister: The Westminster system defines executive government to include ministers and those who serve them.

Senator CANAVAN: The department, a departmental official, a secretary is a member of the executive government?

CHAIR: Do you need a copy of the Constitution, Senator.

Ms Frame: It's not something that is in my frame of reference every day, but it's the context in which I work and operate.

Senator CANAVAN: And all of your officials are too?

Senator McAllister: Yes. It's generally understood that the executive government includes both those sworn as ministers and those who work to implement the agenda of the government.

Senator CANAVAN: The parliamentary budget statement that defines the role of the department says that your department 'is an Australian government entity responsible for developing and implementing programs that assist the veteran and ex-service communities'. That would mean that almost all of your role would also capture those veterans and member of those communities who are Aboriginal and Torres Strait Islander peoples; is that correct?

Ms Frame: Yes, Senator.

Senator CANAVAN: Is there a percentage of your decisions or activities that relate to veterans of Aboriginal and Torres Strait Islander backgrounds? Do you keep data on that?

Ms Frame: I might need to take that on notice, in terms of the numbers, but certainly I'm aware of Indigenous veterans. We work with them and support them, and they receive services in line with veterans services.

Senator CANAVAN: I'm happy for you to take it on notice. Since you began as secretary—I believe on 23 January—can you provide a list of all the decisions you've made that relate in any way to Aboriginal and Torres Strait Islander peoples?

Senator McAllister: Senator Canavan, you've indicated that you're willing for the department to take that on notice, but I'm not sure the information could be provided in the form that you request. We'll see what we have .

Senator CANAVAN: See what you can do. It's pretty clear that what I'm getting at, Minister. Your government's proposed Voice referendum specifically refers to the Voice being able to advise executive government, and I'm just seeking to clarify the boundaries of that particular choice.

Senator McAllister: I indicate that, in the course of your questioning, you are making a series of assertions about what is actually proposed in relation to the Voice, and those matters really do need to be dealt with in the Attorney-General's Department. I think you are simply providing some comments, not questions.

Senator CANAVAN: I'm happy for you to clarify this for me, if you like. Would the Voice be able to advise the Department of Veterans' Affairs on matters relating to the veterans community? It's your government's proposal.

Senator McAllister: As I have indicated to you, questions about the Voice are best directed to the Attorney-General's—

Senator CANAVAN: So you don't know?

Senator McAllister: Senator Canavan, do not put words into my mouth. I'm providing an answer—

Senator CANAVAN: I'm asking a question. It was a question—not words.

Senator McAllister: I am providing an answer to you, which is a procedural one. It's a very ordinary procedural observation in the course of Senate estimates, which is that questions about an initiative that is being run by the Attorney-General's Department should be directed to the committee that deals with that portfolio.

Senator CANAVAN: Obviously, Minister, you don't know—

Senator McAllister: But, Senator—

Senator CANAVAN: Now you're interrupting me, but I'm happy for you to. Go for it.

CHAIR: Senators, please!

Senator McAllister: What I am objecting to is a mischaracterisation of my evidence. Please go on.

Senator CANAVAN: You haven't been able to answer my question, so that means you do not know.

Senator McAllister: May I respond to that, please, Chair.

CHAIR: Senator Canavan, I think the minister has a point of order.

Senator CANAVAN: Okay, go for it.

Senator McAllister: No. It's simply that when Senator Canavan—

Senator CANAVAN: So there is no point of order?

CHAIR: Senator, please allow the minister to provide a response.

Senator McAllister: Estimates provides that senators may ask questions. When senators choose instead to make statements that either mischaracterise the evidence that they've heard or are on other matters, then the minister at the table is likely to wish to make a response. Senator Canavan has repeatedly asserted that I don't

know the answer to his question. It's a mischaracterisation of the evidence that everybody in this room heard, which was that matters relating to the Attorney-General's portfolio should be directed to the relevant committee.

CHAIR: Make sure, please, that your questions are relevant to the Department of Veterans' Affairs. Senator Canavan, you have the call.

Senator CANAVAN: All of these are, Chair. You're right, Minister. You can clarify evidence and, likewise, I'll rephrase what I said. From my perspective, the implication is clear that do not know the answer because you would have otherwise answered it.

Senator McAllister: Senator Canavan—

CHAIR: Senator Canavan, the minister has provided a response, but please direct your questions to the department.

Senator CANAVAN: I was only responding to the minister's statement. Finally, could you also take on notice any of your other officials that have made decisions this calendar year in relation to Aboriginal and Torres Strait Islander peoples?

Ms Frame: We'll take that on notice.

CHAIR: Thank you, Senator Canavan. Senator Davey, you've got the call.

Senator DAVEY: Thank you very much. Last year the government announced funding for eight new veterans hubs and the finalisation of a further two veterans hubs that had already been funded by the previous government in Tasmania and South-East Queensland. Can you please explain what data was considered in determining the location of those hubs?

Ms Pope: The locations were determined by the government.

Senator DAVEY: Did the department provide any advice or feedback as to where those hubs would be located?

Ms Pope: Not advice, but, when we subsequently had census data, we did provide feedback about the locations in relation to the concentration of veterans in the population.

Senator DAVEY: Could you provide the committee with a copy of that census data that you provided?

Ms Pope: I'd have to take that on notice because I don't know exactly what form we provided that in, but, in questions on notice, in the last estimates, we provided the list of the top 20 locations with the highest density of veteran populations and the locations of hubs and future hubs aligned with that, which might be what you're interested in.

Senator DAVEY: Yes, that would be of interest. It's my understanding that the locations of the eight new hubs aren't necessarily the top eight locations of that census data. Would I be correct in making that assertion?

Senator McAllister: Perhaps I can provide some background, and then of course Ms Pope can continue. We have canvassed this at a previous estimates, Senator Davey. During the election campaign, the then opposition made a series of commitments which were based on our understanding of the data about veterans populations. We committed to, I think, eight new hubs and also to continue two that had been committed to by the previous government. As Ms Pope has just advised, on coming to government, additional information was made available to us through the department. There may be other things to add. I just wanted to put it in that context, because we did go over some of these matters, I think, last time we were here.

Senator DAVEY: I do appreciate that this has been canvassed at previous estimates, but there are clearly concerns about some locations known as 'garrison towns', which have been advocating very hard for wellness hubs. The former government had had well-progressed conversations with advocates in those areas. One such town is Wagga Wagga, which I believe, according to the census data, has the sixth-largest veteran population in Australia, whereas Queanbeyan, which was successful in getting funding from the government, is way down the list in terms of the size of the veterans population. Many in the veterans community are asking: what information was relied on by the government in determining the location of the hubs? Was it purely political, in terms of making commitments prior to the election, or was there some other information that we're not seeing?

Senator McAllister: In the general case, Senator Davey, as I've indicated, these were commitments made during the election campaign, but they were made in the context of the data that was available around veteran populations. Subsequently, the department has provided additional analysis and support, and we went through some of that in the previous estimates. On the particular question of Queanbeyan, the particular challenge there is that Queanbeyan, of course, operates within a catchment that includes people living within the ACT, which is something to bear in mind.

Ms Pope: If I might be of assistance, Queanbeyan comes in at about the tenth highest in the list of the top 20 locations with the highest concentrations of veterans, and I'm pretty confident, from the titles here, that Wagga is not in those top 20 locations. As the senator commented, the Queanbeyan hub will also serve several of the locations within the ACT which are also in the top 20, with higher concentrations of veterans.

Senator DAVEY: That's interesting. I must be misinterpreting the data that I've got. But that's why I also asked if you could provide the census data that you've got on notice.

Ms Pope: I can certainly provide the same thing that was provided in QON 20 from the previous estimates hearing. We'd be happy to provide further details.

Senator DAVEY: Can you confirm that the ABS census data that you're relying on was released in June 2022?

Ms Pope: That would be approximate. I don't remember the exact date of the release of the data, but the census was held in 2021.

Senator DAVEY: It's interesting, Minister, when you say you looked at the data in determining your election commitments. I note the member for Eden-Monaro, Kristy McBain, announced that Queanbeyan would get a wellbeing centre in March 2022, which was three months before the census data was made available.

Senator McAllister: I think there are multiple sources of data. What I was trying to indicate was that on coming to government the department was able to provide us with a particular dataset. Again, going back to the issue of Queanbeyan, perhaps Ms Pope has some information about the veteran community within the ACT, but it is very significant.

Ms Pope: The number for the Queanbeyan location is 4,268 total who have ever served. Gungahlin is a couple of levels down at 4,237, Tuggeranong is 4,199, North Canberra is 4,042 and Belconnen is 4,018. So that would be 20,000, maybe 24,000—I can't add it up properly here.

Senator McAllister: So it's a larger catchment.

Senator DAVEY: I appreciate that, having a lot of friends who've served in Canberra, in the ACT unit, and having been a reservist in Canberra myself. I am very well aware of the size of the defence community in Canberra, but my point was that the announcement was made before the census data.

Ms Pope: Yes, and I said that we looked at the census data when it became available and looked at the locations for alignment with the areas of higher concentration.

Senator DAVEY: Minister, would you be aware whether there is any consideration of a second round? One of the things we hear from the veterans community is that these wellbeing hubs are very much wanted and welcome. Would there be any consideration or is there any consideration that you're aware of for a further round in the future?

Senator McAllister: Broadly, we continue to engage closely with the veterans community on this issue. You're right that the feedback is generally very positive about the impact that this model might have. Obviously, we'd look to make resources available when we could, but I'm not in a position to pre-empt any future decision that a government might make.

Senator DAVEY: On a related issue, different but related, I understand that The Oasis Townsville was given a grant of \$4.5 million to develop and pilot an app called Operation NAVIGATOR. Can you give us a bit of an overview of what that app is.

Ms Pope: That is correct, but the grant was provided by the Department of Defence.

Senator DAVEY: Sorry. I've got the wrong department.

Senator Lambie interjecting—

Ms Pope: From Defence to Oasis.

Senator LAMBIE: Is that right? Thank you.

Senator DAVEY: Did I just ask a question you were interested in?

Senator LAMBIE: You did. Thank you.

Senator DAVEY: I've missed my opportunity to ask them about that specific question, unfortunately. I have another question. On page 49 of the PBS:

Outcome 2—Maintain and enhance the physical and mental wellbeing and quality of life of eligible persons and their dependants ...

The government, last year, undertook to continue the former government's \$1.9 million to establish a pilot program to extend the chaplaincy support program to veterans and their families following transition from the ADF. Will this chaplaincy program for veterans continue to get funding? I couldn't see it in the 2023-24 budget. Was there any budget for it in the forward estimates?

Ms Pope: \$1.2 million is for two years. It's a pilot to test the effects of chaplaincy for people who have left the ADF. We know quite a bit about the effects of chaplaincy while people are serving. It's a pilot to see whether we can provide assistance post service through chaplains. That's the pilot, and the outcome of the pilot will determine future funding consideration.

Senator DAVEY: When is the pilot due to conclude?

Ms Pope: It's this year and next year, to 2024.

Senator DAVEY: 30 June 2024?

Ms Pope: Yes.

Senator DAVEY: Will there be an evaluation and a report published prior to its conclusion?

Ms Pope: There will be an evaluation. I can't say in relation to publication of the report, but there will be an evaluation.

Senator DAVEY: Are you doing an ongoing assessment of the pilot? How are you assessing the pilot as it's going? Or will it just be assessed at the end of it?

Ms Pope: We're still considering the methodology of the evaluation. We have only just commenced delivering services in one location. We will be expanding to two further locations. We have commenced in Perth, and we are looking at South-East Queensland and Townsville as the other two pilot locations.

Senator DAVEY: Not Queanbeyan?

Ms Pope: Not Queanbeyan, no.

Senator DAVEY: That's just me being cheeky.

CHAIR: Deniliquin?

Senator DAVEY: We do have a veteran community in Deniliquin. We have quite a good Anzac Day march, I will say. I'm a member of the RSL. That's it for me on this block.

Senator LAMBIE: I have some questions on the IT systems, because I know that well over \$1 billion in seven years has been spent on these damn IT systems. I'm assuming that you are just fixing what you can, because, if you're going to change the legislation into one act, you're going to have to build a new computer system next to that, I would imagine. Is that how that looks? I'd hate to see you spending all this money, unless you've got to keep these systems going, when you're going to have a new system created over the next few years.

Ms Frame: We are certainly fixing what we can, but, in line with what Mr Brown said earlier, the proposal at the moment is to continue with MRCA, an act that exists already, and there are systems around that act already. What we are looking to do is improve those systems and not build a new ICT system, because we are proposing to go forward under existing legislation that's going to be enhanced.

Senator LAMBIE: I want to go to the trauma informed care programs. Can you provide me with information on the trauma informed care programs? How many veterans have accessed trauma informed care programs, and how effective have these programs been in assessing the needs of veterans?

Ms Cameron: 'Trauma informed' refers to how we operate and deliver all of our programs. It's not a specific program. It's more about how we train our staff. It's how we look at how we deliver our services through a trauma informed lens, focus on the strengths of the individual that we're working with, and help support that person by responding to their needs, as opposed to sometimes their presentations, which are caused by the underlying trauma that they've gone through. It's not a specific program; it's more how we deliver our entire suite of programs.

Senator LAMBIE: How do veterans access trauma informed care? You're saying they're all under that? I'm a bit confused.

Ms Cameron: It's not a program that a veteran would access, in terms of how they would access case management. It is about how our staff are trained to understand the trauma, the presentations, what the veterans have been through—walk a mile in their shoes—and then how they deliver the programs that the whole of the department delivers.

Senator LAMBIE: Has the way in which you're doing them been successful? How do you judge the success?

Ms Cameron: Of the programs or of the success of the training that we provide in terms of the trauma—

Senator LAMBIE: Both, I would imagine. With your trauma staff and your programs, how do you measure your success?

Ms Cameron: In terms of the trauma informed care training, we have rolled out training across the department, particularly to frontline staff. Some of that has been face to face; some of that is online. We have online training available to all of our staff as part of their early engagement with the work that they're doing and with the veteran community. In terms of how we evaluate our programs, that's a much bigger and broader question which is actually relevant to everyone in the room, if you see what I mean.

Senator LAMBIE: But you are watching the success or failure of them? Okay. I want to go through the essential home services to senior veterans. Has the Repatriation Commission allowed DVA to abdicate their responsibility for senior veterans with complex medical needs to DOHAC? Why don't you explain DOHAC to us. How does it work?

Ms Cameron: I'm not sure what DOHAC is.

Senator LAMBIE: Department of health and ageing.

Ms Frame: You mean the Department of Health and Aged Care?

Senator LAMBIE: Yes, that would be it. Sorry. You'll have to bear with me here. I didn't write the ones in this lot. We're just going to run with it. I'll go to the next question because it will probably help you. How does the VEA 1986 section 90A apply to this abdication of responsibility and the potential legal precedents for age discrimination and potential breach of the act—does that make any sense to you? Is there a problem with the DOHAC model with veterans or something?

Ms Frame: If I could get Ms Hancock to the table. There is some information that might be relevant here about what level of service is provided in aged care by the Department of Veterans' Affairs for in-home care in particular. The highest level of in-home care support is provided through My Aged Care, and the Department of Health and Aged Care, as I understand it.

Senator LAMBIE: Maybe that's what section 90(a).

Ms Frame: Ms Hancock can provide more information on that.

Senator LAMBIE: What's section 90(a)?

Ms Hancock: I'm not sure about section 90(a). I'm sorry.

Senator LAMBIE: That's not under the VEA, section 90(a)?

Ms Hancock: I think the question is getting at the way aged care support works for veterans. People who need very high-level home care will generally move to the My Aged Care system.

Senator LAMBIE: If you give me a tick, if I ask you this question I think it will cover everything you're going to cover. If the senior veterans have been taken into consideration, what has been implemented to support this cohort to remain in their homes or for them to access required services within aged-care facilities?

Ms Hancock: A person who requires very high-level home care and one who requires residential aged care will access those services through My Aged Care. DVA doesn't have its own bespoke residential aged-care homes or places. We can certainly help people remain in their homes living independently with a combination of services through veterans home care community nursing and our Rehabilitation Appliances Program. But if there comes a time when they need the very high-level care that you get through a Home Care Package in the mainstream aged-care system or if they needed to move into residential aged care, that would be the point at which they would move to the mainstream services.

We do still provide some services and supports for people who live in residential care, for example if you have a gold card you can continue to use that to pay for access to medical services. We will also provide services, appliances and aids through the Rehabilitation Appliances Program for people who live in aged care, to the extent that their needs aren't being met by the home in which they're living.

Senator LAMBIE: Do you have any idea what the time frame is for processing and supplying services by My Aged Care to senior veterans? Have you heard any time frame?

Ms Hancock: I'm not sure what the current waiting times are for My Aged Care packages. Veterans are part of the mainstream population once they go into the My Aged Care system. They don't have special priority.

Senator LAMBIE: I want to go into the veterans' hubs. Is there a template of services which are required to be provided by all veterans hubs in Australia. If so, what are they? Do we have an actual model that this is exactly what it should look like? I'm just concerned about these because they're getting loose already and we haven't even

rolled them all out. I'm wondering if there's an exact model that they should be focusing on? For example, Mates4Mates in Queensland would be a good start. That was the initial one. I have to be honest with you, if you are not blueprinting off that—that is the best thing I've seen. And the way it works and how it has immortalised itself within the community and that over the last eight or nine years it has been phenomenal. I'm asking you, when you make these hubs into these hubs, do you have specific requirements on what these hubs are required to fulfil?

Ms Frame: Ms Pope and Mr Brewer can share some of the details about what is consistent across hubs. There is some degree of local responsiveness and there will be elements of each hub in terms of what initiatives they're undertaking to make them sustainable going forward and some other services that they might wish to connect with more strongly. That will be features of certain local hubs and based on their local circumstances. Ms Pope and Mr Brewer can provide more detail.

Senator LAMBIE: I understand that they'll give that flexibility, but do we have a, 'You will have these in your hubs,' like the psychology or whether it's an Open Arms person or whether it's a GP that comes four times a week, or that sort of thing? Do we have any stipulations on what those hubs will provide? I'm a bit worried about you leaving it all out there for them to decide when we've seen the model in Queensland that works really well.

Ms Frame: Ms Pope or Mr Brewer can provide some more detail on that one.

Mr Brewer: There is no stipulation. We have design guidelines in the grant opportunity guidelines. As we go through the business case assessment process, one of the things we look at is the assessment of the potential lead organisation of the veteran community, their needs and the service model that they would provide, which would include the suite of services. It's not a requirement for any hub to house particular services, but we would expect them to facilitate access to the suite of services that are in the wellbeing model.

Senator LAMBIE: These hubs were set up for a specific reason—to flow off the one in Queensland—so I have to ask: why haven't you stipulated certain ways that these hubs will be set up? You might as well just chuck it out there to the service organisations. You have to stipulate. So I have to ask: is there any way that we can do a model? I suggest you base it off Queensland, and this is the expectation that you're expecting out of these hubs.

Senator McAllister: Senator Lambie, I am genuinely interested in your perspective, because I have no doubt that you have deeply engaged with that hub and possibly quite a number of others. Our understanding in part is that the success of this model lies in the capacity for it to be quite locally responsive and for local veteran communities to have quite a deal of input into how it operates. That's not to say that there aren't things that can be learned and shared from places where a local community has done it very, very well, but there is an interest in creating some measure of flexibility to allow a community to define their own needs and priorities.

Senator LAMBIE: I understand the flexibility, but I am concerned about that star-studded one sitting up in Brisbane and you rolling others out. That's the expectation of these hubs. What did you model your hubs off then? What have you decided through your guidelines? Where did you get them from? Did you just make the guidelines up? What did you put it up against?

Ms Pope: I think you're referring to RSL Queensland. Is that the hub—

Senator LAMBIE: Mates4Mates?

Ms Pope: Yes.

Senator LAMBIE: That's correct.

Ms Pope: The government made the decisions about the locations, as you know, and we are not really in a position to say what was in their minds and which existing hubs or hub-like organisations might have been informing the decisions or the thinking around what the hubs might offer. But lengthy consultation with the community has gone into each of the locations as we work towards identifying the new lead organisation for each one of these hubs. The model, as my colleague has already said, is based around a whole set of services that either can be delivered directly or can be linked to or made available through other community organisations. So the model is not stipulated because it's designed to be responsive to the circumstances in each of those locations, what the people who live there want and the way they would like it to operate.

Senator LAMBIE: Oh my god. Who in the community did you listen to? Can you give me a vast range? Who in these communities where these hubs are going have you spoken to, or has it just been the two of you?

Ms Pope: No, I've been involved since the inception, and Mr Brewer has been involved for a shorter time. For example, I was in the very early consultations for the Wodonga centre. The kinds of organisations present there were ex-service organisations from Wodonga and Aubrey, representatives from Defence bases in the area, the

local council and other service providers, and I think Defence Bank was there as well—all sorts of organisations that had an interest in—

Senator LAMBIE: What about the health professionals from the areas? Have you spoken to the health professionals? That's what we need the hubs for. That's the whole idea.

Senator McAllister: I wouldn't want to leave you with the impression that a hub may house any kind of service of any kind whatsoever. There is a focus to them, of course, which is the coordination and delivery of services to veterans, and that might be mental and physical health services, wellbeing support, advocacy, employment, housing advice and social connections. So there is a scope of service that is imagined, and the consultations seek to engage, in the first instance, with the user community. But I imagine there would be some discussion also with the service providers in those local areas.

Mr Brewer: We conducted consultations locally in November, February and March. So there were two sets of consultation. The first was open to the veteran community and a whole range of service providers, including health providers, in each location. The second was more focused on those who might choose to lead a hub. We can provide you a list of those who attended and the questions that were raised. I attended all those consultations, and the feedback and the value of the hubs model is that it is individualised for locational needs and the particular profile of the veteran population in each location, which is different.

CHAIR: Senator Lambie, just out of interest, how much longer would you have on this topic? I need to move the call around. I can come back to you—

Senator LAMBIE: Okay. I'll just ask this question—is that alright?

CHAIR: Sure.

Senator LAMBIE: How are you going to audit to maintain superior standard services when we're not even sure what the service is going to be? How are we going to audit all of these to make sure they're actually functioning. Right now, we have 3½ thousand service organisations that are all fighting over chickenfeed—they're all at each other, I can assure you. It's a very unpleasant area to deal with, and I'm sure you've come across that. There's a lot of infighting, as much as I hate to admit that in here. If you don't put the right service organisations in there, you're going to have a problem. The thing is you just can't throw these hubs out there. There has to be an auditing process; there has to be proof that they are a superior standard and they're providing the services the veterans need. How are we going to do that?

Ms Pope: We need to be clear about the kind of grant program this is, which is a capital grants program. It's providing infrastructure for an organisation to deliver services from, whether it's a new build or a renovation of an existing building or a different model that might involve more than one location in the particular area or whatever. They're different, as you know, depending on the location and what works best and the way the lead organisation structures its proposal. There isn't an ongoing role for the department in determining how the hub runs, other than that we run a monthly hook up between all of those organisations. We facilitate them sharing best practice between them, and ideas about what's working and what's not working and how to take that forward.

Senator LAMBIE: So how do you know if they're being successful? How do you know if they're going to be successful if you're not doing this? Do you know what? I'll speak to the minister about it tomorrow. It's okay. Thank you, Chair.

CHAIR: Thank you, Senator Lambie. Senator Shoebridge, you have the call for about six minutes.

Senator SHOEBRIDGE: That's very precise, Chair. I want to go back to the veteran white card issue. I do want to credit the work of Nasho Fair Go and Geoff Parkes in this, who I think has been deeply engaged with the issue. They advise me that a significant number of nashos, national service personnel, who had completed the six years of CMF but did not complete one day of continuous full-time service, have been granted a white card. And they've been granted a white card because they were informed they were entitled to that by DVA telephone staff. Secretary, has this issue come across your desk?

Ms Frame: Not that aspect, no; I would need to look into that.

Senator SHOEBRIDGE: I have two concerns here.

Ms Frame: Sorry; I'm just checking, Senator—Ms Hancock is just confirming that there's correspondence to the department raising this issue or alerting the department to the issue.

Senator SHOEBRIDGE: I think Mr Parkes also met with the minister on 7 September last year to raise the issue. That hasn't found its way through to you since then?

Ms Frame: I'm sure it did to the secretary at the time. I will look into the issue now that you've raised it.

Senator SHOEBRIDGE: What I'm saying is it has been a reasonably longstanding concern and there doesn't seem to have been an institutional response to it. I would be very concerned if, as a result of raising this, we saw veterans who've been granted a white card losing their white card. I'm equally concerned about the fact that some veterans who have the same level of service—some have the white card, and some don't. Could I ask you to take it on board, consult with the minister and come up with an equitable solution that sees nobody is worse off?

Ms Frame: I will undertake to look into it.

Senator SHOEBRIDGE: And I do want to point out, for the record, that the minister has the capacity, under section 5R of the 1986 act, to extend the entitlements of the white card to these now quite elderly servicemen who have done six years of service, six years that were effectively taken out of their life because they served in the CMF. There's a capacity to roll it out and ensure they all get access. Are you aware of 5R?

Ms Frame: Not the specific legislation, but I've undertaken to look into the issue.

Senator SHOEBRIDGE: Alright. I just stress it would be a terrible outcome if we had some of the service people who'd spent six years of their life conscripted, and then had their white card taken off them as a result of this exchange we've just had about the concerns raised by Nasho Fair Go. That would be a terrible outcome.

I want to raise with you—it does predate your role as secretary, Ms Frame, and I accept that—that in July last year a decision was handed down by the Australian Information Commissioner in an FOI matter. It's ABX and the Department of Veterans' Affairs [2022] AICmr 57. In this case it tells a very sorry tale. Somebody sought access to a handful of data that could be produced out of a database under FOI. Instead of just handing it over, the department put this individual through a two-year-long struggle, seeking to charge them \$400 for it. And when they seek a review, actually having a look at it and realising the charge could only ever be about \$150, and then being whacked by the Australian Information Commissioner for proposing a charge that was actually less than the cost of imposing and recovering the charge. It's a deeply sorry tale. First of all, could I ask you to look into that?

Ms Frame: Yes, Senator.

Senator SHOEBRIDGE: And then, on record, can you provide, in response, some kind of guarantee that this isn't still happening inside Veterans' Affairs, that you're not charging people a charge under FOI laws that is less than the cost of imposing and recovering the charge, because that's unlawful.

Senator McAllister: Well, Senator—

Senator SHOEBRIDGE: Nobody wins, Minister.

Senator McAllister: I appreciate that you're asking the secretary to look into the matter and to provide a response, and I think she's agreed to do that. I also appreciate that you gave the reference number, so she will be able to find it as a consequence of your intervention this evening. Obviously, the answer to that will be provided to you by the department. We'll be consistent with the broader legislative and policy framework that's in place for managing FOI. I appreciate your desire to understand what the department's internal approach to this is, and Ms Frame has agreed to take that question and examine it.

Senator SHOEBRIDGE: Minister, I could read on record some of the quite caustic findings of former Freedom of Information Commissioner Hardiman about this. The decision is not a pleasant read, I warn you, Secretary. But you'll come back to me on this particular matter?

Ms Frame: Yes.

Senator SHOEBRIDGE: Could you also advise how much it cost the department in legals for this matter?

Senator McAllister: We'll take that on notice, Senator Shoebridge. Would you mind reading into the *Hansard* again the determination number or whatever the relevant reference number is so that we may appropriately track it down?

Senator SHOEBRIDGE: I'll give you the decision number; that's even better.

Senator McAllister: Very good.

CHAIR: What's this?

Senator SHOEBRIDGE: That's the decision. I'll just hand it over to you. It doesn't need to be tabled. It's on the record.

CHAIR: I'll give it to the secretariat, and they can circulate it to the minister. I'll hand over the call now to Senator Cadell.

Senator CADELL: [inaudible] Senator Shoebridge have, in the past, been getting into this numbers game where we talk about—and I want to compliment you on getting the waiting lists and the number of people down. It's cleared up a lot over the nine months I've been here. On numbers, one thing that I want to get to is around

correctness rate as reported. If I go back to the previous government, the Australian National Audit Office, in 2021, questioned the practice of applying a work element when calculating the accuracy of claims and concluded that DVA's error rates do not indicate the percentage of cases that identified errors. I note, on page 39 of the PBS this time, it refers to the correctness rate of the both DRCA and MRCA claims. Are those correctness rates measured against what DVA calls 'work elements', or are they measured against actual cases checked?

Ms Cole: For a long time, since about 2006, we've used work elements, and that hasn't changed. However, subsequent to that finding by the ANAO, we did adjust how we were calculating the error rate, and that resulted in, a couple of years ago, a discussion in Senate estimates explaining why our error rate had actually changed—as in, went down; the correctness rate went down at that time. We have documentation which I could provide to you separately, or to the committee as a whole, which would explain how that changed to be a more accurate correctness rate and the percentages that went down as a result of the change, following the ANAO finding.

Senator CADELL: But, to be clear, it's still on work elements; it's not on cases.

Ms Cole: That's correct.

Senator CADELL: Do the error rate reports include the low-impact error rates or just the high-impact error rates?

Ms Cole: High impact only for PBS—but low-impact errors are recorded internally and are used as part of our training processes in order to ensure that those errors are not repeated. A low-impact error will include things, for example, like not properly labelling a document entry in our archive system, essentially. It's of that kind of nature.

Senator CADELL: Are there any defined amounts for a claim amount? What defines a low- and high-impact error?

Ms Cole: Usually, if there's a financial impact we would describe this as a high error.

Senator CADELL: Any financial impact—or is there a threshold?

Ms Cole: I will have to check that, but, from memory, I think that any financial impact on the veteran would be considered a high-impact error. We do actually track that as well, in terms of the percentage of errors that have a financial impact.

Senator CADELL: Can there be high-impact errors that don't have a financial impact?

Ms Cole: Yes.

Senator CADELL: Are they publicly reported anywhere—the breakup between financial and nonfinancial errors?

Ms Cole: It's not in our PBS, but we can supply that separately.

Senator CADELL: Could I ask for that on notice?

Ms Cole: Yes.

Senator CADELL: Thank you. What is the correctness rate for actual cases? You said you look at that internally, as well as the work elements.

Ms Cole: No, we—

Senator CADELL: You don't do it at all?

Ms Cole: No, we only look at work elements. I'm happy to explain why we take this practice, if you like.

Senator CADELL: Yes, please.

Ms Cole: Essentially, if you look at claims, at the moment an average claim in IL will have three conditions in it, and that requires three decisions on the part of the decision-maker. We count that as three work elements. If there was an error in that particular claim by the delegate—for example, they did not do two of those conditions correctly—and if we only counted it by claim, we would only count that as one error, but in fact we count that as two errors out of the base of three. So it's two out of three, if you see what I mean. That's how it's calculated and that allows us to essentially ensure that, if there are multiple errors in one single claim, they're counted appropriately, as opposed to being counted as one claim with an error.

Senator CADELL: So theoretically it's possible—not saying it happens—to actually have more errors than claims.

Ms Cole: Yes, it is theoretically possible, and I hope we never get to that stage.

Senator CADELL: That's fine. Can you give the correctness rate for DRCA, MRCA and VEAs for 2022-23 to date? Do you have the correctness rates for this year so far?

Ms Cole: We do the correctness rates by quarter, so I can give you the latest reported quarter on notice.

Senator CADELL: On notice?

Ms Cole: Yes. I need to correct my evidence, my apologies. If it's under a \$200 impact on a veteran, we consider that a low error.

Senator CADELL: Has that changed in the last two years? Will it be changed going forward, the \$200 threshold?

Ms Cole: I understand it has been like that for a long time, but I will provide that on notice.

Senator CADELL: That would be great. Secretary, numbers were all over the place when you came in, so congratulations for changing that. Were you aware of a national audit report in 2018 as an incoming brief, the efficiency of veteran service delivery by the Department of Veterans' Affairs? Was that part of an incoming brief for you?

Ms Frame: It may well have been.

Senator CADELL: It deals with these work elements a lot. Were you briefed on it where it talks about the misleading impact of the measure called work elements when measuring correctness rates? It's contained in there.

Ms Frame: No. I think there were well over 100 reports in the handover, but I have had subsequent conversations about error rates since I've been in the secretary role.

Senator CADELL: Ms Cole, I think you were talking about the three elements, the work elements that go into a claim.

Ms Cole: It will depend—for example, we have some claims that come in at IL that might have 20 or 25 elements attached to the one claim because the veteran is very ill or very injured, and so in that case you would count 20 work elements within that claim. If five of them were incorrect then obviously that would count as five against our overall total of work elements, so essentially it is trying to make sure that you are getting an accurate rendition in a sense of errors made by delegates right across every single claim so that you are not underestimating or overestimating the error rate.

Senator CADELL: Is there a plain English definition of what a work element is?

Ms Cole: Yes, there is. In an initial liability claim, for example, each condition will be a work element. If you're looking at a permanent impairment claim, it may be, for example, the final calculation made which determines what impairment points an individual gets. It may be, for example, whether or not the decision was adequately explained in the decision record, the evidence reference and so on and so forth. We have quite a good document, which I can provide to the committee on notice.

Senator CADELL: I would love to see it. When stakeholders are coming to me it is because they don't understand the process, and, interestingly, you have made it clear it is probably overcounting the error rate on claims rather than the other way. Have you ever benchmarked error rates on claims or correctness rates on claims overall versus the work that you did using your method? Have you compared one to the other to see the difference?

Ms Cole: I'm not sure I understand your question.

Senator CADELL: Have you modelled looking at errors on claims versus errors on work elements overall and seen what the differentiation is?

Ms Cole: I haven't, but we did do that correction, which I mentioned, a couple of years ago, and that brought the correctness rates down. It wasn't a positive thing that we did at that point.

Senator CADELL: When the Audit Office said that error rates did not indicate the percentage of cases with identified errors, do you believe the Audit Office was saying it was probably an overreporting or underreporting?

Ms Cole: No, the ANAO in their finding were essentially pointing to the fact that at that time if you had a claim with, say, three work elements in it and two errors that was only counted as one error, so we changed our methodology about counting to make sure that the two are aligned and picked up.

Senator CADELL: Understood. Last question: in 2019 the Productivity Commission released its report and recommendations, *A better way to support veterans*. Finding 10.1 stated:

The majority of cases that are reviewed externally result in a change to the original decision made by the Department of Veterans' Affairs.

Are you aware of that finding in the Productivity Commission report?

Ms Cole: Not specifically right now, but certainly there is a degree of turnover in the review process, so an internal review surrounds 40 per cent on claims, and it's slightly higher when it gets to the VR op claims that proceed and slightly higher when you get to the VRB, but the most common reason for that is additional evidence being provided at that stage. That may include, for example, a clearer diagnosis or clearer documentation relating to the link to service for the particular condition.

Senator CADELL: We think a 40 per cent turnover rate.

Ms Cole: I will have to check those numbers for you, but in an internal review we turn over a proportion of primary decisions and then a proportion of decisions. They are very small numbers of decisions going into internal review and the VRB, and the primary reason why decisions are overturned is the provision of new evidence.

Senator CADELL: If you could get those over the dinner break and we can get an update, that would be great.

Ms Cole: Yes, we will get you those numbers.

CHAIR: Thanks very much.

Proceedings suspended from 19:31 to 20:31

CHAIR: We will continue with the Department of Veterans' Affairs. You have the call, Secretary.

Ms Frame: I just want to let you know I have some additional information that I undertook to try and source for senators this evening. I'm happy to read that into the record.

CHAIR: If you could.

Ms Frame: It will be really quick. Further to Senator Davey's question about the legislation reform consultation, we can confirm that 226 of the 246 submissions were from individuals and 20 were from organisations, and 16 of those 20 were from ex-service organisations. There was a question, as well, about The Prince's Trust enterprise program; the funding for that program, which we said we would seek to provide, is \$414,000. For the Self-Employment Assistance program with DEWR, which used to be the New Enterprise Incentive Scheme, the finding was \$1.45 million over five years to June 2025.

CHAIR: Thank you very much.

Senator LAMBIE: I have questions for the Veteran Family Advocate Commissioner. From your interactions with many ESOs and organisations, can you give a detailed explanation of the benefits, if any, of having multiple organisations delivering the same services to limited groups, when money could be better pooled in enhanced services to accommodate a wider demographic to benefit veterans' communities? Is this something you do with the service organisations? Do you get involved in them?

Ms Cherne: Do I get involved in the service provision or—

Senator LAMBIE: No—the external service organisations.

Ms Cherne: I don't necessarily get involved with the delivery of services from those organisations, but I get involved with advocacy in those organisations—for example, asking organisations such as War Widows or Soldier On to include veteran parents, especially bereaved parents, in their service delivery.

Senator LAMBIE: Have you been dealing with the service organisations? They are heavily connected to all the families out there. There is a variety of them; there are hundreds of them. Soldier On is not going to cut the biscuit for me. Which service organisations out there do you have a fair bit to do with?

Ms Cherne: All of them. In all honesty, I've met with over 1,500 organisations, 20,000 families and organisations, over the almost three years I've been in this role.

Senator LAMBIE: What are you doing with all that information? What policies have you provided to the Department of Veterans' Affairs? What positive changes have you made?

Ms Cherne: Thank you for your question. I have about 40 achievements that I have listed specifically to that question; I can run you through the first four, and I'm happy to table the document.

Senator LAMBIE: If you can start running through those—

Ms Cherne: Sure. I've provided, through an instrument—from exceptional circumstances, we now have support for children who have a diagnosed mental health condition, who will no longer lose their gold card if they are not attending school full-time. I've successfully advocated for two partner award categories for the PM's employment awards that did not previously exist— Partner Employee of the Year, and Partner Entrepreneur of

the Year. I've established streamlined holistic strategic oversight of the DVA education scheme in line with families' needs now and into the future.

Senator LAMBIE: What does that look like?

Ms Cherne: That looks like taking the education boards that used to exist in each of the states, removing them and allowing a streamlined service through DVA to support the policies and engage with families and get faster, more streamlined support to those children. That can be through tutoring, computer support and other means.

Senator LAMBIE: How many children are you helping with that?

Ms Cherne: I have those numbers but I do not have them in my head right now. I'm happy to take that on notice.

Senator LAMBIE: Would I be able to get a financial cost for the last three years on venue hire, staffing, travel, accommodation and catering, and anything else that has been aligned with this job? I'd like to see the expenses of that over the last three years, if I can.

Ms Cherne: Absolutely.

Senator LAMBIE: How many families of veterans who have committed suicide have you reached out to?

Ms Cherne: I don't have that number on hand, but it is an incredible number. I'd be happy to share with you that number if I can—

Senator LAMBIE: Are they the ones from recent—where are you getting the information from on the suicides?

Ms Cherne: I receive that information from hot issue briefs that come through my desk—for suicides and current suicides I get it from ex-service organisations, the community and other veteran family connections I have in the community, on veteran families who have experienced suicide recently.

Senator LAMBIE: That's just recently?

Ms Cherne: Not just recently; apologies. I have got those numbers and that information from the day my husband died in 2017. Families have reached out to me in similar circumstances, and I have reached back and have continued to do so over the last three years in this role.

Senator LAMBIE: Could I have the number of those families, when you can provide that?

Ms Cherne: I will do my best.

Senator LAMBIE: So DVA will contact you through the chain and let you know immediately when they know someone has suicided, and you contact that family?

Ms Cherne: I ensure the department has contacted that family, and I sometimes contact that family; I often ask if they need support. They are notified they can get a phone call from me, or I will communicate with them if they would like. Many times, families don't want communications in that first few months because of what they're going through and trying to navigate the complicated system we have for them.

Senator LAMBIE: As soon as Defence have a suicide, do they contact you?

Ms Cherne: I believe I am notified of all defence and veteran suicides.

Senator LAMBIE: How do you get the defence ones?

Ms Cherne: A notification through my email inbox.

Senator LAMBIE: What sort of time line do you get that in?

Ms Frame: I would need to confirm. I think they come through close on the event occurring, as soon as that information is available. I want to add to Ms Cherne's responses that she also works closely with the department and the veteran family policy team across all those initiatives—so there is a constant interaction and communication between the policy team in DVA and Ms Cherne and the work she's undertaking.

Senator LAMBIE: That's okay. I would like those achievements that you've made tabled; I think you said there were 40 of them.

Ms Cherne: Absolutely.

Senator LAMBIE: I'm going to address the elephant in the room here because I think it's something that needs to be done, that veterans have asked for. We had this period where there was a consideration, when you were a dual citizen, that you were going to run for the Liberal Party. Do you want to share some information on that?

Ms Cherne: I did not run.

Senator LAMBIE: Did you get asked to run?

Ms Cherne: Yes, I did.

Senator LAMBIE: Okay. And it wasn't because you were a dual citizen? You just flat out said 'no', did you? Ms Cherne, do you have aspirations to run in politics?

Ms Cherne: Senator—

Senator LAMBIE: Well, I'm wondering. Mate, these are coming from veterans. I just want to know. It's a trust thing.

CHAIR: That's understandable, but, understandably, too, this being budget estimates, we are here to deal with the budget papers that are before us. I understand the line of questioning, but you also need to understand, as you do as a senator, that we have to deal with the budget papers before us. And that question, in my opinion, is not relevant to the budget papers before us.

Senator LAMBIE: Okay. I just wanted to give Ms Cherne an opportunity to explain that. I don't know, but it seems to be widely offered in the veteran community—

Senator DAVEY: Chair, I would also point out that it's inappropriate. If you're interviewing someone for a workplace position, you're not allowed to ask them their political affiliations, and I think that should stand here as well.

Senator LAMBIE: I'm sorry, but her political affiliations—

CHAIR: Senators, let's just get back to get back to order.

Senator LAMBIE: [inaudible] doing her job.

CHAIR: Thank you, senators. Let's just get back to order. Senator Lambie, you still have the call.

Senator LAMBIE: It's a trust deficit. That's all I'm pointing out to you.

CHAIR: Let's just focus on the budget estimates.

Senator LAMBIE: In 2022, you received a gift from an organisation named Kokoda Spirit. What was that gift?

Ms Cherne: I received that gift in 2019. I declared that gift and I used it in 2022. I was unable to use it in 2020 because of COVID. That was a trip to Kokoda in memory of my husband, as a family of the fallen, to walk the Kokoda Track.

Senator LAMBIE: So all those people that walked—were all these paid for?

Ms Cherne: No, I do not believe so. I do believe the organisation consistently funds families and subsidises veterans as well who attend and walk the track with that organisation.

Senator LAMBIE: Were you accompanied by any department staff members whilst you were doing this walk?

Ms Cherne: No, I was not.

Senator LAMBIE: Have you advised on any bills that relate to your job since you've had that position?

Ms Cherne: The acute family support package bill.

Senator LAMBIE: Alright.

Ms Cherne: I advised on that. I worked on the expansion of that, as well as the inclusion of grandparents onto that, specifically, yes.

Senator LAMBIE: I have no further questions for you. Thank you, Ms Cherne. I just have a couple left for DVA. Chair, do you want me just to finish?

CHAIR: Why not; let's do that.

Senator LAMBIE: I want to quickly go into REDSIX, a downloaded veteran mental health support app. Do you know what REDSIX is?

Ms Frame: I'm aware of it. Mr Smith and Ms Cameron have more detail on that one.

Mr Smith: I'll make some initial comments and then I'll defer to the First Assistant Secretary, Mental Health and Wellbeing Services. I am aware of REDSIX—I think you are referring to that?

Senator LAMBIE: Yes.

Mr Smith: It's an ex-service organisation or suchlike that provides support to veterans, and I'm aware that they have had interactions with the department at different stages—in particular, with our Mental Health and Wellbeing Services side of the department.

Senator LAMBIE: Did you have a partnership with them, or something, Ms Cameron? Did DVA have a partnership or something with REDSIX?

Ms Cameron: No. We have no formal partnership with REDSIX.

Senator LAMBIE: Do you have an app called HeadStrength?

Ms Cameron: That's the Department of Defence.

Senator LAMBIE: That's the Department of Defence? That's interesting. So they have that, do they?

Ms Cameron: Yes.

Senator LAMBIE: So you've had nothing to do with REDSIX? I'm asking that because, I guess, if Defence is using that, apparently they've stolen their intellectual property, and HeadStrength is that app.

Ms Cameron: We do—

Senator LAMBIE: Do you know anything about that?

Ms Cameron: I don't know anything about that HeadStrength app. We do work with a range of ex-service organisations. Certainly Open Arms does promote a range of ex-service organisations, including—

Senator LAMBIE: Yes, they did promote these in their pilot program that DVA never paid for. That was supposed to come from you guys. That's how I am reading this.

Ms Cameron: A pilot program?

Senator LAMBIE: A pilot program apparently was arranged with Open Arms, and it never went through. Do you know anything about that?

Senator McAllister: Senator Lambie, can you provide any more information about who arranged it, so that the officials might follow up?

Senator LAMBIE: No, but I can find that out, that's for sure. But I would be terribly disappointed if the HeadStrength app that Defence is using is their program and they've taken that program. That's worrying. So I'll put some questions on notice on paper for them. Other than that, it seems like you guys get out lightly! I'm done. Thank you.

CHAIR: Senator Davey, you have the call.

Senator DAVEY: I want to turn to page 28 of the PBS, to outcome 1.4, which is titled 'Assistance and other compensation for veterans and dependents'. Can I confirm: is this where the funding previously would have been shown for the enhanced employment support for veterans program?

Mr Casson: Yes, that's correct.

Senator DAVEY: Has that program now concluded—is that why there's no ongoing or forward funding?

Mr Casson: That program was terminated, yes.

Senator DAVEY: When did it conclude?

Mr Casson: I might have to defer to Ms Pope to assist with that one.

Ms Pope: The program concludes on 30 June this year.

Senator DAVEY: How much in total was distributed in grants during the lifetime of that program?

Ms Pope: Fifteen million dollars over four years was allocated for that program.

Senator DAVEY: How much was distributed in grants to recipient organisations such as RSLs, Soldier On and Disaster Relief Australia?

Ms Pope: The full amount—so, \$6 million to Soldier On, \$3 million to Disaster Relief Australia and \$6 million to RSL Australia.

Senator DAVEY: So \$6 million to Soldier On, \$6 million to—

Ms Pope: The RSL—

Senator DAVEY: DRA and \$6 million to the RSL—

Ms Pope: Three to DRA.

Senator DAVEY: Sorry—three to DRA.

Ms Pope: Yes.

Senator DAVEY: That would be right—it shows you how good my maths is! So there were no administration costs through that funding? All the funding went out in grants?

Ms Pope: Yes, because they were grants to named organisations.

Senator DAVEY: So there were no other organisations involved? It was just those three?

Ms Pope: That's correct.

Senator DAVEY: And my understanding is that, as there is no further funding in the forwards, there's no ongoing—these programs ceased?

Ms Pope: That's correct. The funding was always going to terminate on 30 June 2023.

Senator DAVEY: Were all three organisations fully aware that the program was a terminal program and would not be renewed?

Ms Pope: Yes, it was clear in the documentation.

Senator DAVEY: Had the organisations met with the minister? Are you aware—and maybe this is something for the minister to take on notice—of whether the minister had met with the organisations to have discussions about potentially doing a second tranche of the program?

Senator McAllister: I have some limited information—possibly not complete. I am aware that Minister Keogh met with Soldier On earlier this year, and I believe that he was able to obtain a meeting virtually with the President of RSL Australia. I don't have any further detail about the conversation that took place in that meeting, although I am advised that it was to discuss this measure and its termination under the arrangements.

Senator DAVEY: Without breaching confidences of the meetings, could you provide on notice the dates that the minister may have met with those organisations?

Senator McAllister: Yes, I can do that now. The reason I say it's incomplete is that it may be that there are other occasions when meetings have occurred, but it is certainly the case that the minister met with the CEO of Soldier On on 18 April this year and with the President of RSL Australia on 3 May this year.

Senator DAVEY: And not DRA?

Senator McAllister: I don't have information about that, and I'd have to take that on notice.

Senator DAVEY: That's fine. I appreciate that. Has the department done a review of the success or otherwise of the program and provided that information back to the minister?

Ms Pope: Not a review as such, no, because the program was always terminating.

Senator DAVEY: So you haven't been monitoring to understand how many veterans were assisted with employment by each of the organisations over the course of the program?

Ms Pope: Yes, we have been.

Senator DAVEY: Is that in the form of a report that we can—

Ms Pope: I can provide the numbers as of December 2022, and I can provide updated numbers on notice. At that time, 1,179 veterans and family members had found paid employment as a result of this support between the three organisations.

Senator DAVEY: I would say that's a pretty good number. Are you aware of whether any of those three organisations get any other funding through the Department of Veterans' Affairs? I'm aware that Disaster Resilience Australia got funded through Emergency Management Australia and now are funded through the National Emergency Management Agency.

Ms Pope: That's correct.

Senator DAVEY: Is there any other funding from the DVA that goes to these three organisations?

Ms Pope: I think I would need to take that on notice, but they are eligible to apply for our grant programs and may well have successfully received funding from those sources. But I think it would be best to give you that on notice.

Senator McAllister: Senator Davey, I don't wish to interrupt your line of questioning, but some additional context may assist. The government announced a \$24 million Veterans' Employment Program in the 2022 election campaign, and that was funded in the October budget. That is the key veteran employment initiative from the government's perspective. That is not to say that we don't in fact recognise the expertise and the experience that Soldier On gleaned over more than a decade. I understand that, for that grant, that work was already

happening at the time the previous government provided the grant, and we do acknowledge the expertise contained in that organisation. As you've already noted, funded has also been specifically provided to Disaster Relief Australia—it is \$38.1 million, I understand—to engage veterans in supporting communities affected by natural disasters, so it does target the veteran community in that way. I didn't mean to interrupt, but I thought that might assist.

Senator DAVEY: It does, and they do some very good work, but it doesn't provide paid employment for the veterans. What I take from what you're saying, Minister, is that the government hasn't turned its back on veterans employment; you've just developed a different way, and you've provided \$24 million funding for veterans employment but you're no longer doing it through third-party organisations.

Senator McAllister: That's correct. Ms Pope, would you be the official we could ask to talk through a little bit about that? That program is presently being developed.

Ms Pope: That's correct. There are three main components to this new veteran employment program. I would mention that there are other ongoing programs as well that I could provide some information on subsequently. The first element is a veteran employment value proposition campaign, which is a national campaign to challenge the misconceptions that are sometimes encountered around veterans and the military lifestyle and to raise awareness of the beneficial attributes that veterans bring to the workplace. That program is currently going through the required government approvals for the campaign to commence later this year. All the programs that assist veteran employment will benefit from this campaign. The second element is support for employers—education and resources to address known barriers and to assist employers to better understand and support veterans in the workplace, allowing them to thrive in civilian employment, because there are cultural differences between military employment and civilian employment. This program is in planning at the moment and will include a grant program, which is planned to open later this year, for recruitment advisory services. The last element is expanding the recognition of prior learning for veterans. Many veterans seek further education to complement their military qualifications, and this helps in recognising and translating the qualifications they've gained while serving into that context and then helps them enter universities or other institutions to further their studies. As I mentioned earlier, part of that funding goes to De this fence, for them to improve and expand on their recognition of prior learning arrangements.

Senator DAVEY: If I can just make an observation: I discharged a long time ago now, about 17 years ago, and we were talking about recognition of prior learning when I discharged, so I find it remarkable that we haven't nailed that yet, that we're still talking about recognition of prior learning for the significant education that soldiers, sailors and airmen get during the course of their career. That recognition of prior learning should have been a priority years ago, so I find it remarkable. It does feel a bit like Groundhog Day that we are still talking about something that has been a recognised failing of the system for decades.

Ms Pope: My comment would be that the feedback that we've been provided is that it remains a challenge for veterans, and that's why there is investment going into that area of employment, so that that translation is better made.

Senator McAllister: Senator Davey, I think, regrettably, the investment is required.

Senator DAVEY: Well, hopefully we nail it. That's it from me on this block.

CHAIR: Senator Cadell, I understand you have some questions as well.

Senator CADELL: Going on to these things that have become directly funded versus funded through third parties, is Maintaining Incapacity Payments for Veterans Studying in a different column now? Where is that at?

Ms Pope: It's a different program, but I can answer questions about it.

Senator CADELL: I couldn't see any line item for it. Has it been moved, changed?

Ms Pope: I'm sorry; I don't know where it appeared in the budget papers, but it is a terminating measure.

Senator CADELL: It is a terminating measure?

Ms Pope: Yes.

Senator CADELL: So this is the last financial year for it, the one that we're in?

Ms Pope: Yes. It finishes on 30 June this year.

Senator CADELL: On that point, following on from Senator Davey, was there analysis done on the effectiveness of that program? Is there a report on that?

Ms Pope: Yes, we did some case analysis of some randomly selected cases, looking at the employment outcomes for pilot participants. We looked at the translation of that study into employment commensurate with

the course of study they had undertaken and found that about one-quarter translated their studies into work, which was one of the key objectives of the program, and that was quite a low conversion rate.

Senator CADELL: So it was regarded as a low conversion rate and not effective, and you gave advice to not continue that measure?

Ms Pope: We provided advice about the outcome of the examination of the client files. We provided that information.

Senator CADELL: Was there a recommendation to discontinue as part of that advice?

Ms Pope: I would have to take that on notice. I don't have that information with me.

Senator CADELL: Can you give what advice or recommendation was given, if any, not just if it was discontinued or continued?

Ms Pope: Yes, on notice.

Senator McAllister: The information that I had was that there were a number of issues advised to government. In the first instance, it was clearly articulated from the beginning that this was a pilot program to be established to allow for evaluation. Secondly, some aspects of the evaluation indicated that it had not performed as expected in some regards. For example, there were 6,000 eligible individuals and only 600 people chose to participate in the program. I understand that the employment outcomes were not significant when compared to other eligible veterans who did not participate.

Senator LAMBIE: Do you know why? I mean, I know some of these boys were studying really hard. Was it because of their physical and psychological injuries that they just could not sustain work? I just find it very difficult that only a quarter—it is the first time I have heard that—of them got a job. Was that because of their physical and psychological difficulties? Why is that?

Ms Pope: We think the fact that the step down in the incapacity payments was suspended while they were studying was the motivation to study, not necessarily to follow that up with employment post their study. We had a group of participating veterans in a focus group, a discussion, and some of them made it clear that the motivation was the exemption from the step down, rather than the result of the study being getting a job.

Senator LAMBIE: For diggers like me, who are not educated and who have to go through and change, that need an education, that need extra, what does DVA pay for now? I know you do TAFE courses, but some of those guys are really smart. They can do university degrees and some have actually become lawyers.

Ms Pope: We pay fees for all kinds of studies for people who are pursuing studies through a rehabilitation plan. We pay for student union membership—the fees that you have to pay to participate in activities on campus—and we pay an incidentals allowance that covers textbooks and other expenses. So to a pretty large extent, the full cost of study is covered.

Senator McAllister: Before we move on, the secretary advises me that the information that I gave is not complete. There were two groups of participants, so my apologies. There were 600 out of 6,000, and then an additional group.

Ms Frame: That is correct. I just wanted to add to the minister's answer, which was correct. Ms Pope might be able to help me about the categories, but there was a certain number that commenced study after the pilot had commenced and then there were a number who were already incapacity payments, who then took the opportunity to commence study, but they were already on incapacity payments. Then there was the cohort who were not incapacity payments when the pilot commenced and who went on to incapacity payments and commenced study. Ms Pope, you might be able to explain it better.

Ms Pope: That is the correct explanation. There were 640 in the first category, which the minister mentioned, and 660 in the second category.

Senator LAMBIE: Which category did better? Was there a difference?

Ms Pope: No.

Senator CADELL: Just going forward, how many currently under the program are being funded?

Ms Pope: There are about 500 still participating.

Senator CADELL: My concern is that if the funding runs out on 30 June, do these people have to pull out of the courses or the things they are on? What steps are being taken? What consultation has there been with these people?

Ms Pope: We made phone calls to the participants in February. There was an extension made to this program. The original four years was extended with a further year. It was made clear the time that that was a one-year

extension. As I said, there were phone calls made in February, which is when people normally enrol in courses. That was followed with a letter to those people. Anyone who took up study after that time would have received a letter as well and that would have said, 'Yes, you are eligible for the pilot but please be aware that the funding is terminating on 30 June this year.' So of those who are participating at the moment, there may be quite a number that finish their courses at 30 June. We do not know yet because we have not reached that date. There will also be some who have not expended the 45 weeks of incapacity payments at 100 per cent, because it is after 45 weeks that it drops to 75 per cent.

Senator CADELL: You said we notified this people in February. When was the decision made to not extend the pilot to an ongoing measure?

Ms Pope: For the one year extension, the decision was made, the legislation was passed and it was clear it was a one-year extension.

Senator CADELL: But there was some discussion. When was the decision to not extend further or to not make an ongoing measure made?

Ms Frame: It was at the government consideration stage of that.

Senator CADELL: Do we know the timetable for that, Minister?

Ms Frame: I will need to take it on notice, but I will just say—I was not there—it would have had to be considered in a budget context. If it was continued, it would have had to be considered in the budget last year.

Senator CADELL: Changing topics a bit, back to my favourite lesson that I have learned in estimates—my questions on notice where I got the yes one-word answers. There were a whole lot of questions regarding financial information where I said, 'Can you provide those figures?' and I got the answer of 'yes', rather than the figures. I have learned to say 'may' or 'will' you. In its answer to the question on notice that the minister followed up about why I got these one-word answers instead of the information—thank you for that, Minister—the department indicated the fault was due to an administrative error, and undertook to put additional processes in place going forward in estimates. What were those administrative errors?

Ms Frame: The wrong versions of the responses were tabled.

Senator CADELL: So in a line of questions to the Senate, someone in the department thought it would be fun to play one-word answers and write them as a version and the wrong ones were given. Is that right?

Ms Frame: Just as I said, the wrong responses were tabled, in error.

Senator CADELL: But why was a version like that written?

Senator McAllister: I don't know if we can answer that. But I have attempted, as you observed, to be helpful and to ensure you get information required. The department have indicated that it is their intention to ensure your questions are answered properly. It is a matter that we take seriously.

Senator CADELL: Thank you for following up like that. In the department, what is the highest level at which those answers are checked before they come through to questions on notice or to the minister before they are sent on? In the department, what is the highest level who checks it? I do not imagine it is a year 7 intern doing work placement.

Ms Frame: No. The QON responses are checked at the secretary level—I see most of them—but what occurred here was not the responses that were cleared being tabled, so it was an administrative error; it was not about clearance.

Senator CADELL: So you have signed off on a different number of answers, and somewhere they have been swapped?

Ms Frame: If you give me one moment. As I thought—I just wanted to confirm—it wasn't me. Sorry, what I mean is that I wasn't the relevant secretary, so I don't have any more information. I didn't sign those ones off. I can only go to the process that existed, which I assume was the same for the previous secretary, which is that the responses are approved by the secretary. But, as I said, as the response made clear, it was an administrative error in the department. The secretary would have been unaware of the wrong version being tabled.

Senator McAllister: In any case, I think the approach we would seek to adopt is, within reasonable bounds, to provide the committee with the information that you need to scrutinise the department. We have tried to do that.

Senator CADELL: And I have to thank you again for everything you've done.

Senator McAllister: You don't need to.

CHAIR: But he will, don't worry.

Senator CADELL: I am trying to be genial, Chair, for a change! It's just disturbing that that can happen, that something like that, which is signed off at a secretarial level, has the ability to be changed post-effect. I urge you to continue with your assistance to make sure that does not happen.

Senator McAllister: I agree.

Senator LAMBIE: I believe that there has been another person put in with the family veteran commissioner, with Ms Cherne—is that an assistant commissioner or something?

Ms Frame: No, there is no assistant commissioner.

Senator LAMBIE: Sorry, Ms Cherne, I didn't realise you were still here.

Ms Cherne: I have an executive officer, an executive assistant, who started last week. We had a period of time when she was not in the office. We were unable to employ someone due to the challenges of hiring at the moment. I have a veteran family adviser who works part time, five days a fortnight, to assist with the office.

Senator LAMBIE: How many staff do you have now?

Ms Cherne: 2½.

Senator LAMBIE: Do you have any admin staff, or is that supplied through—I know, speaking to you when you first started, it was a problem that you did not have enough staff.

Ms Cherne: I could always use more and I would always ask for more, and yes, I have asked for more. I will continue to do so. I have an executive assistant full time, and an executive officer, full time now, and a part-time adviser.

Senator LAMBIE: Thank you for that.

Senator SHOEBRIDGE: The contracts that Veterans Affairs has with PwC include a \$3.3 million actuarial contract—is that right?

Ms Frame: Yes. Mr Casson and Ms Blewitt can provide more information. It's a contract for actuarial assistance and advice on the demand driven funding model which we spoke about earlier in the hearing. That's a model that incorporates actuarial modelling. PwC have been providing that actuarial support.

Senator SHOEBRIDGE: In the course of that, I assume they have access to highly confidential information?

Mr Casson: They don't. They only have access to anonymised, de-identified data.

Senator SHOEBRIDGE: Is anybody from PwC located on premise, working embedded within Veterans Affairs?

Mr Casson: Yes. Part of the contract is that they are embedded with our staff. They are contractors helping our staff to build capability. Part of the contract is about transferring skills to our staff, so they work alongside each other.

Senator SHOEBRIDGE: How many are there?

Mr Casson: I'm not sure how many people, off the top of my head. I can take that on notice.

Senator SHOEBRIDGE: I'm assuming that if they're working on your premises they have access to certain of the IT and other services within the department?

Mr Casson: That would be correct.

Senator SHOEBRIDGE: How do you ensure they don't get access to confidential information, then?

Mr Casson: There are protections on our systems to make sure that not anyone can access confidential information. I probably can't get into all the information that the organisation has. There are system controls in place to prevent that sort of thing happening.

Senator SHOEBRIDGE: You have multiple PwC staff embedded in Veterans' Affairs, working alongside Veterans' Affairs staff, with access to Veteran's Affairs IT systems, but they don't have access to any confidential information?

Mr Casson: That's my understanding, if by 'confidential information' you're talking about client data.

Senator SHOEBRIDGE: That would be one category of confidential information, but hardly the only category of confidential information. There is financial information; policy development information; information about future contracts and tenders, opportunities for business—the kind of stuff that this firm seems to feed off to get fresh contracts.

Mr Casson: I think the scope of their work is limited to supporting the development of the demand driven funding model and another tool that we have in that space, which is around really analysing the nature of the

claims and the processing arrangements in place to develop those sort of estimates. So they wouldn't have a reason to access—

Senator SHOEBRIDGE: Can you take on notice to provide what information, the nature of the information, that PwC staff have to under this contract; the number of PwC staff and officials that are embedded in the department; and the nature of the work they do?

Ms Frame: Certainly. It's my understanding that the access they have is very limited only to that which pertains to the work they're doing on the demand driven funding model. But I will take it on notice.

Senator SHOEBRIDGE: What, if any, assurances have you sought as to the capacity of PwC to protect the confidential information since the scandal involving this company broke?

Ms Frame: Mr Casson will be able to add more, but we have sought assurance and been advised that no-one implicated in the current story or scenario is involved in our work.

Senator SHOEBRIDGE: Have you sought the list of names from PwC of people who were implicated, the 54 names that are identified in the emails? Have you sought that list of names? Have you obtained that list of names so you can check yourself, or have you simply accepted at face value assertions given by PwC?

Ms Frame: We have been assured by PwC that no-one—

Senator SHOEBRIDGE: [inaudible]

Ms Frame: I will ask Mr Casson to confirm, because he has led that process.

Mr Casson: That's correct. We've asked our partner at PwC, who has confirmed.

Senator SHOEBRIDGE: You see, Secretary, PwC is a firm that has shown itself to have almost no ethical boundaries in its capacity to take confidential information, breach agreements with the Commonwealth and then use that information for their commercial benefit and to provide commercial benefit for their clients. You can't trust what they say, can you?

Ms Frame: Well, we have—

Senator SHOEBRIDGE: Do you trust them?

Ms Frame: They have been required to sign all undertakings around confidentiality of information. As Mr Casson made clear, they don't have access to anything identifiable. They are working with data only on a very specific project for us. I would also point out that the contract ends in August 2023. It's only a few months away that that contract is ending.

Senator SHOEBRIDGE: You see, Secretary, when PwC sign confidentiality agreements, you're on notice, I'm on notice, everybody here is on notice that they have a history and a record of breaching those confidentiality agreements to further their financial interests and the financial interests of their clients. Are you telling me that that's what you're relying upon—confidentiality agreements signed by this mob?

Senator McAllister: Senator Shoebridge, as you know, we have canvassed this together in the context of another department—

Senator SHOEBRIDGE: A different department.

Senator McAllister: so I am aware of your interest and the information that you're seeking. The department has told you the steps that they've taken. You have a view—

Senator SHOEBRIDGE: You surely share my view, though, don't you, Minister? You don't trust this mob?

Senator McAllister: The department's told you the steps that they have taken. I understand that you would have taken a different approach, but the department has told you about the approach that they have taken. It happens that it is also in the context of a broader response being led by Finance. I think you will have seen, or at least been aware of, the evidence provided by Ms Wilkinson in the Finance and Public Administration Committee earlier in this process. I think those steps have some consequences for the way that the department are managing these matters as well, and Ms Frame may be able to talk to the directions that have been provided centrally.

Senator SHOEBRIDGE: Thank you, Minister, I appreciate the assistance. Perhaps, Ms Frame, we can answer this basic question: do you trust them?

Ms Frame: We have a contract with them for two years, so there has been a contract in place—

Senator SHOEBRIDGE: From 4 April 2022 to 31 August 2023.

Ms Frame: That's correct. They have been delivering work on a specific project for us that, from what I understand, has met our requirements and has enabled us to progress the demand driven funding model.

Senator SHOEBRIDGE: Will you seek from PwC the names of the 54 people that have been implicated in the prior breach of confidential information, in that case from the tax office, to ensure that none of them are within a bull's roar of your department?

Senator McAllister: Senator, I think that the officers have told you the steps that they have taken. I think that you're also aware of the other matters that are ongoing, including the referral of some aspects of the story for further investigation. I don't think that the officers can add anything further to what they've provided unless they wish to. There may be further steps that are planned, but they have sought assurances that none of those personnel are involved on DVA contracts, and, as you're aware, there is a broader government response, which Ms Frame may be able to speak to.

Senator SHOEBRIDGE: I don't wish you to speak to response that's not in your agency, Ms Frame, but I would love an answer to that question. Will you seek the list of names?

Ms Frame: Can I just say, further to the minister's point, the policy response proposed by Finance will apply to us, and we would be applying any new requirements going forward in line with what Ms Wilkinson raised.

Senator SHOEBRIDGE: I can't understand what is so difficult with the most basic due diligence, which is that you write a letter to PwC and you say, 'Give us the list of the 54 people who have been implicated in a previous breach so that we can check that none of them are in Veterans' Affairs.' What is so hard with writing that letter?

Ms Frame: As I said, we already have gone back and sought an assurance from PwC about the people who were involved. I'm happy to take that on notice for further consideration. I think there's also a risk element here in that the breach pertains to tax, and there would be partners who have specific knowledge of taxation matters and people working in tax who would be more likely implicated in that than actuaries from a firm that are providing quite specific actuarial support to us. So there is an element to which we don't consider that it is highly likely that the people involved in that are involved in our work. But, as I said, we did take steps to seek an assurance that they were not.

Senator DAVEY: I just quickly want to come to—it's under outcome 3—the Marking (First World War) Private Graves Grants Program I understand the coalition government committed \$3.7 million to it. It was then called the Unmarked Graves of First World War Veterans program. The remaining funds that were in that program have been carried forward and the name of the program has been changed; is that correct?

Ms Frame: That's correct, Senator.

Senator DAVEY: So there has been no change to the funding. Originally, it was \$3.7 million over a period of years, and there's \$1.9 million remaining?

Ms Frame: Ms Blewitt can provide more information, but what has changed is the administration element of the funding.

Ms Blewitt: The program now is \$1.5 million over the forward years. The reduction in that cost has had no reduction at all in terms of the grants. The grants still continue to be \$450 per grant applicant. As the secretary has indicated, community grants will have us delivering that program more efficiently. Previously, we used to leave it open for pretty much the whole year, or until the money had been fully exhausted. It's 100,000 a year, and that is still being maintained. What we've done now is open an application period. We've got a two-month period in which people can apply, so the full complement of money is still there. What's different this year is that, because the decision was taken in the October 2022-23 budget, our runway was a bit short in terms of getting the money out this financial year, so, while we did open the applications this financial year and they'll close, we've had a movement of funds—\$100,000—to next year, and therefore we've got 200 kay in the next financial year.

Senator DAVEY: So we didn't get it open in time this year.

Ms Blewitt: Yes, so we're getting double. Rather than running two rounds next year, we're running in parallel.

Senator DAVEY: Have the eligibility criteria changed?

Mr Bayliss: No, the eligibility hasn't changed. Essentially, an unmarked grave and a First World War veteran is the entitlement.

Ms Blewitt: The key feature that is different this time around—Mr Bayliss can correct me if I'm wrong—is that the Repatriation Commission assesses whether the veteran's death is attributed to war service prior to applying for the grant funding.

Senator DAVEY: So now their death has to be attributed to their service, whereas under—

Ms Blewitt: It's about the clarity of it.

Mr Bayliss: I would just make a correction. What we've insisted on is its going through the Repatriation Commissioner to see if they're eligible for an official commemoration. If they're entitled to an official commemoration, then, under the Office of Australian War Graves, we will maintain that grave, we will build it completely and we'll maintain it in perpetuity. Should they not be found eligible for the official commemoration, they will be eligible now for the marking of an unmarked grave.

Ms Blewitt: The plaque.

Senator DAVEY: So, if they're a First World War veteran and they're in an unmarked grave, they're eligible for a brass plaque. That is my understanding. But if the Repatriation Commission determines that their service directly contributed to their death, then they'll get that bit extra of—

Mr Bayliss: We will—

Ms Blewitt: Look after it for—

Mr Bayliss: The Office of Australian War Graves.

Senator DAVEY: Will they get more than just a plaque? Will they actually get a little—

Mr Bayliss: They'll get the official commemoration—a full grave structure—and we'll maintain it forever, and there won't be any financial burden for them at all. It'll be on the Australian government, through the Office of Australian War Graves, to maintain that.

Senator DAVEY: That's an improvement.

Mr Bayliss: We've already found 20 veterans from the First World War who've been deemed eligible in this round, so that burden—not that burden; that honour—will now come to the Office of Australian War Graves and we'll maintain them.

Senator DAVEY: I'm glad you corrected that. We didn't award any grants in this financial year. Have we got a breakdown from previous years of how many unmarked graves were identified and how many have received a plaque, and a breakdown within the states?

Mr Bayliss: We would have that information. I do know that when the pilot was run three years ago they delivered 1,189 plaques for First World War veterans.

Senator DAVEY: Was that just a 12-month pilot?

Mr Bayliss: The pilot was 2½ years. That pilot was used to inform the grant scheme that we're bringing out now.

Senator DAVEY: Given that in 2023-24 we're going to have the 200,000, do we have an estimate of how many we might identify and be able to mark?

Mr Bayliss: Our estimate is based on 220 graves per year. That's based on the information that we deemed from the pilot as what we saw as a good estimate of what the demand is. This is an ongoing program, so it doesn't end next year or the year after; it keeps going.

Senator DAVEY: So, even when this \$1.9 million in the forwards—

Ms Blewitt: It's an ongoing program.

Senator DAVEY: We can't ever determine what a future government may or may not do, but it's ongoing at this stage.

Mr Bayliss: Yes.

Senator DAVEY: That's good. I think that's all from me. I think you've answered all my questions. Thank you very much. We may have some questions that we will put on notice.

CHAIR: That's fine.

Senator SHOEBRIDGE: There is one outstanding question that I have about privacy issues.

CHAIR: Be quick. Otherwise, we'll be going to a break.

Senator SHOEBRIDGE: I will. Secretary, I understand that in April there was an adverse privacy determination brought against the department by the Information Commissioner. It found that the department had breached multiple Australian privacy principles, and a determination was issued under section 52 of the Privacy Act to require a written apology within a seven days and \$5,000 compensation to be paid. I further understand the compensation was to be paid on 26 May but has not been paid. Is that right? If it is, why hasn't the compensation been paid?

Ms Frame: I am aware of everything you have just said except for the part about the compensation not being paid by the 26th, so I'm going to seek some advice on that.

Ms Byrnes: The payment of the \$5,000 compensation that you referred to was made last Friday, which is the date it was due.

Senator SHOEBRIDGE: Was there any correspondence sent by the lawyers from the department in relation to the payment?

Ms Byrnes: Yes, there was. It was an apology from the department, which I signed, and it was delivered by the lawyers to the client.

Senator SHOEBRIDGE: Alright. I'm glad the payment has been made.

Ms Byrnes: May I clarify? At the time we delivered that apology letter through the lawyers, we needed to seek the bank account details to make the payment, and we were waiting on that. The payment was subsequently made on the same day.

Senator SHOEBRIDGE: I'm glad to hear that. Can you advise me what the nature of the privacy breach was and what the nature of the apology was?

Ms Byrnes: Yes, I can. The privacy related to our Veterans' MATES program, in which the veteran had withdrawn their consent to have their information included in that program and subsequently their information was still provided under that program. It was specific to that withdrawal of consent and our subsequent use and failure to withdraw their data from that program in a timely manner.

Senator SHOEBRIDGE: And are you satisfied that it was a singular instance, or is there some systemic concern here?

Ms Byrnes: I don't believe that there's a systemic concern. We don't often have people opting out of this program. The Veterans' MATES program is a very successful and popular program that provides information and assistance to hundreds of thousands of veterans regarding their use of pharmaceuticals and also to providers on how to improve the use of pharmaceuticals. I'm confident that not only do we have that under control; but also, should people opt out in the future, we have the mechanisms in place to ensure that that is acted on in a timely manner.

Senator SHOEBRIDGE: Alright. Thank you.

CHAIR: Thank you to the department and all the officers who have appeared today. After the break, we will come to the Australian War Memorial. Thank you very much to everyone. Have a good night.

Proceedings suspended from 21:35 to 21:44

Australian War Memorial

CHAIR: It gives me pleasure to welcome the Australian War Memorial this evening. The director of the Australian War Memorial and the officers of the agency are here before the committee. Mr Anderson, do you have an opening statement that you would like to make?

Mr Anderson: I do.

CHAIR: Please proceed.

Mr Anderson: Last Friday, we held the annual remembrance ceremony marking the Sandakan death march and the 55th anniversary of the Vietnam battle at Fire Support Base Balmoral. This week, we've already commemorated the International Day of UN Peacekeepers and, of course, Reconciliation Week. It's important to remember that Australia has had peacekeepers in the field every single day since 1947, and those stories, plus the Gulf War, East Timor, Iraq and Afghanistan, are not being told. The stories of thousands of veterans are not being told, but we will, and we'll tell those stories with the same dignity and the same respect that we apply to all of our galleries.

I will also revisit the depiction of our First Nations people and how we contribute to the nation's truth-telling. Obviously, it continues to be a matter of debate. The place for the War Memorial in the national narrative will be determined after the gallery teams are stood up in late 2024 or early 2025, but, as with our modern veterans, I can only reassure you that we'll tell our part of the story with dignity and respect.

The road to these finished galleries is long, and our beautiful heritage building is currently surrounded on three sides by major construction sites. The foundations are being poured, and there is starting to be a semblance of what will be. This is a very exciting time for those of us at the War Memorial, when we can start to see out new spaces and continue to plan in growing detail what will be in those spaces and how we're going to operate them.

Despite the challenges of remaining open while surrounded by construction—and there are many challenges—we remain a five-star rating on Tripadvisor, and, for visitors between January and March of this year, 93 per cent of visitors surveyed said that the visit to the War Memorial met or exceeded their expectations. This feedback from our visitors is the reason we stay open and the reason we keep going. In this financial year to the end of March, we welcomed more than 415,000 visitors, including 67,000 schoolchildren. We remain grateful for the support and funding to complete this important project, and we will not disappoint.

We've noted the interest of this committee in our partnerships with the defence industry, and, in the interest of utmost transparency, we've updated our corporate partnerships webpage with information regarding our status as a government agency, and we'll seek to include this information, whether sought or not by the partner, in their forms, in all future agreements. We value all of our corporate partners.

As with the other cultural institutions, grants, sponsorships and donations allow us to do more of the things that are important to the Australian public. The digitisation of vulnerable collections, education activities and touring exhibitions are just some examples. None of our sponsors have editorial or other control over the products that we partner with.

Anzac Day this year saw a return to pre-COVID attendance for the dawn service, with over 30,000 people attending the Australian War Memorial. Nearly 2,000 veterans marched in the Anzac Day parade, led by the Governor-General. We've been honoured to receive the Prime Minister of Samoa and the ambassadors of Turkey and Japan, amongst other dignitaries.

We launched our new touring exhibition, *ACTION! Film & War*, which features the first Oscar awarded to an Australian film and tells the story of the Australians behind the camera and how the moving image reflects the Australian experience of war and conflict. The exhibition has already had over 32,000 visitors. We're proud to formally launch volume 1 of the official histories of East Timor with an in-conversation event with both the author and the chair of our council. Before the end of this financial year, we'll launch the touring exhibition *Ink in the Lines* at its second-last venue. It's been running since 2021 in nine venues in four states. This weekend, we'll continue to commemorate the actions of Bomber Command and the commemoration of the Korean War.

And, every night, as we have tonight, we quietly honour the service of one service personnel who's listed on the Roll of Honour at our Last Post ceremonies. We tell their story in the presence of their families, guests of government, dignitaries and memorial visitors, because, regardless of the construction and the planning for the future, what we do is lead the remembrance, commemoration and understanding of the Australian experience of war.

CHAIR: Thank you very much, Mr Anderson. I'll hand over the call to Senator Canavan.

Senator CANAVAN: I want to go to the topic I have covered a few times now, the planned exhibit for a frontier wars memorial. In 2014, the Australian War Memorial published on its website this comment:

... 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.

I just want to confirm, as I have at other estimates, whether that's still the War Memorial's interpretation.

Mr Anderson: I think there is academic work out there now that does identify that precolonial forces—forces raised in Australia prior to the federation—were involved in what are deemed to be war-like operations, and that's what gives us the ability under our act to include them in our galleries.

Senator CANAVAN: My specific question was about homegrown military units or state colonial forces. Are you saying you do have evidence for that now?

Mr Anderson: Yes, the act that governs our centre says they are forces, naval or military, raised in Australia prior to federation.

Senator CANAVAN: Have you published this new conclusion on your website?

Mr Anderson: I don't know about the website.

Senator CANAVAN: Is that comment still available on your website?

Mr Anderson: I can check; I don't know.

Senator CANAVAN: Could you, on notice, provide the evidence for that conclusion?

Mr Anderson: Of course.

Senator CANAVAN: It seems strange you haven't published such a significant change in the War Memorial's opinion. Has that matter been taken to the council—that particular issue?

Mr Anderson: Yes—

Senator CANAVAN: It has been a conclusion of the council that there were homegrown military units or state colonial forces involved in wars against the Indigenous population in this country?

Mr Anderson: Yes, that was put in a paper to the council.

Senator CANAVAN: The minutes from council meeting 178 stated that it was agreed that frontier violence perpetrated by Aboriginal Australians will continue to be presented in new pre-1914 galleries in a broader and deeper depiction. The minutes say: 'Wherever possible, it would relate to an informed subsequent Indigenous military service to Australia, providing a context for that service.' What did the minutes mean by 'subsequent Indigenous military service providing a context'? It's very vague.

Mr Anderson: If I can give you one example, Private William Punch is one person that we actually have in our galleries, in the First World War galleries. He is identified as a survivor of frontier violence—the sole survivor of frontier violence. Subsequent to that, he joined the first AIF—he joined the 1st Battalion of the first AIF. He served, he suffered and he died in the First World War and was buried with full military honours in the First World War. I think that's what we mean by saying that we can speak both to the nature of frontier violence and to the nature of how some of those who were subjected to it still went on to serve in the Australian Imperial Forces. That's a very, very powerful story of reconciliation. So it does both. It not only speaks to the fact of frontier violence but also speaks to the fact that there are those subjected to it who then went on to serve in the Australian Defence Force.

Senator CANAVAN: Sure. Is that particular exhibit in your current—

Mr Anderson: Yes.

Senator CANAVAN: Is it in the frontier wars exhibit?

Mr Anderson: No. We don't have a frontier wars gallery; it's in the First World War gallery.

Senator CANAVAN: Okay, right—yes, I've already been told. The minutes further state that the gallery for the so-called frontier wars will 'inform visitors of the significant institutions whose charter it is to tell the full story of frontier violence'. Who are those institutions that have a charter to tell the story of frontier violence?

Mr Anderson: I think the National Museum would be one of them. I think the state based institutions, memorials and museums where the violence took place have an obligation to tell that story. I think it's a national story and every institution that tells Australia's history has a role in this. That's the memorial's position—we have a particular part to play but so too do other institutions around the country.

Senator CANAVAN: Can I just confirm this? You did confirm in the February estimates that it was still the War Memorial's position that there were no forces that fought against the Indigenous population. So when was this change? When was this new evidence presented to the council?

Mr Anderson: It continues to be presented. There continues to be literature, both academic literature—

Senator CANAVAN: But my specific question is whether, from February to now, being May—in the space of three months or so—you've changed your position. Last estimates, you confirmed that you hadn't had that evidence. So when, over the last three months, was that evidence brought to your attention, and when was it presented to the council?

Mr Anderson: We've considered more closely the evidence that was presented in the paper to council.

Senator CANAVAN: When was that paper presented to council?

Mr Anderson: There have been several—twice, I think. I'm just looking—

Senator CANAVAN: When was that paper presented to the council?

Mr Hitches: In August 2022.

Senator CANAVAN: Hang on. Now I'm a little bit confused. You're saying that you had a paper presented to the council in August last year. You presumably read that paper and reviewed that paper. At two estimates since then, I've asked you this question and you said, 'We don't have any evidence of homegrown military units fighting against the Indigenous population.' Now you're coming here and telling me that you've got a different view based on a paper that was prepared last August—which you had different conclusions from at the last two estimates. Can you explain? That's perplexing me a little bit.

Mr Anderson: We know more. We continue to know more. Of course it's not only what's in the council paper. It's in the books that are published almost on a monthly basis. We know more about the nature of the violence in—

Senator CANAVAN: Aren't you just changing your tune—

Mr Anderson: No.

Senator CANAVAN: to suit the narrative today? What extra evidence have you reviewed since August last year to reach a different conclusion?

Mr Anderson: It's the weight of evidence over time. Books are published almost monthly on this topic by very, very credentialled institutions and academics, and they continue to point to that and continue to discover—

Senator CANAVAN: Can you name any of them?

Mr Anderson: Certainly—

Senator Davey: [inaudible]

Senator CANAVAN: I think you already have. To me, I'm sorry, this doesn't sound credible—your evidence. At the last two estimates, you said you'd come to a certain conclusion apparently based on a paper written in August last year. Now you've come to a different conclusion based on the same paper. Who's to say that in a few months time you won't have a different view? It doesn't make any sense.

Mr Anderson: I think it's pretty clear, Senator, that forces were raised in Australia that were engaged in warlike activities against the First Australians. That's what we're talking about here. We've been covering it in our gallery since 1986, it must be reminded.

Senator CANAVAN: Given the significance of your change in opinion—you gave evidence to a parliamentary committee saying otherwise a few months ago—can you provide me with an example of a military force raised to fight against Indigenous Australians?

Mr Anderson: Yes, certainly—Macquarie's loyal associations, for example. These were forces—they were settlers—that were raised and then they were armed by the colonial government. They were trained by the colonial government, and the leaders, the captain and the lieutenant—the commanding officer and the second—were given ranks and commissions in the colony of New South Wales. So that is—

Senator CANAVAN: And what did they do?

Mr Anderson: Originally, they were trying to deal with Irish dissidents, I think, at the time. They were then asked to go out and hunt down and engage with First Australians.

Senator CANAVAN: Was this evidence in the August paper?

Mr Anderson: Yes, it was in the paper that—

Senator CANAVAN: So why didn't you mention that at the last two estimates?

Mr Anderson: It was in the paper that you had, Senator.

Senator CANAVAN: I asked you a direct question, and you said there was no evidence that homegrown military units fought against Indigenous peoples, and now you're saying the exact opposite.

Mr Anderson: That's the evidence, Senator.

Senator CANAVAN: Why didn't you correct the record, then? You gave evidence to a parliamentary committee which was, on your own evidence today, misleading, and you didn't think to correct the record to the committee—before I asked you questions? If I hadn't asked you questions tonight, it would have stayed where it's at. Why didn't you correct the record?

Mr Anderson: I think the council's position on this and the memorial's position on this, as I said, continues to evolve as we know more, as we engage more, as we engage with academics. As we engage in the process of the memorial, we continue to discover more, and the memorial is a living, breathing organisation. But it must be said—you say 'over time'—that certainly since 1986 the Australian War Memorial has depicted frontier violence in its galleries.

Senator CANAVAN: I feel like I'm in *Alice in Wonderland*, where words don't mean what I think they mean. Okay. Moving on further in the minutes, the minutes from meeting 179 on 10 November contain an attachment titled '8C, Summary of key achievements since the last meeting'. On page 11 of that attachment it describes some media activity, and I quote: 'The focus in this quarter with proactive media included department coverage, Indigenous research, numerous commemorations in development, and media announcements involving the minister regarding geothermal technology and increased frontier violence depiction.' Did either of those two announcements relate to the memory of people who served in the Australian military? My point here is that your proactive media seems to be focused on two issues, geothermal technology and increased frontier violence depiction, which didn't actually relate to serving members of the Australian defence forces, which I would have thought would be your central, primary objective as the Australian War Memorial.

Mr Anderson: The public programs of the Australia War Memorial deal with those who serve, suffer and die on a daily basis—on a daily basis. But, for this briefing, which is a standard activity for the Australian War Memorial every single day—I think in briefings to council we look at the additional things that we do. In this case—

Senator CANAVAN: Just to be clear, it's not briefing to council—well, the briefing to council, but what I'm asking about is the reason for your proactive media to be about these two issues, not serving defence force personnel.

Mr Anderson: I think the proactive media on this one actually related to the fact that it was a press conference that was called specifically for the announcement of the geothermal for the development of the Australian War Memorial, an important part of the development project. And it was at that media conference where the former chairman, Dr Nelson, was asked a question about the depiction of frontier violence in the new galleries. It was in that context. I think it's probably misleading to say it was 'proactive'. It was in response to a question at a press conference which was proactive around geothermal.

Senator CANAVAN: Well, the word 'proactive' was not mine; it's in your minutes. Is it that the minutes were misleading?

Mr Anderson: In that sense, yes. It was a response to a question.

Senator CANAVAN: Okay. Did the minister or the minister's office receive, provide or edit any words associated with this for the proactive media regarding the frontier violence?

Mr Anderson: No.

Senator CANAVAN: Also in those minutes on page 12 it says, 'The chairman's answer to a question on frontier violence during the geothermal launch had a potential audience reach of 621,267, with the sentiment at 99.1 per cent positive or neutral.' How were those figures calculated?

Ms Bennie: The Australian War Memorial, like a lot of companies and agencies, uses a media monitoring service, and that media monitoring service obviously scans mastheads and broader media. You may be aware of it, Senator. Through that, there are sentiment measures as well as looking at the amount of coverage that the particular article achieved across media, TV radio, print et cetera.

Senator CANAVAN: Is 'positive or neutral' based on the media reports?

Ms Bennie: Yes, it is.

Senator CANAVAN: That's not a public reaction.

Ms Bennie: No. There is no survey result that went along with that at all.

Senator CANAVAN: It's an interpretation—

Ms Bennie: That's right.

Senator CANAVAN: of what the headline or the article said, or the transcript.

Ms Bennie: That's right.

Senator CANAVAN: Can you provide, on notice, what the positive sentiments were, what the neutral sentiments were, and what the negative ones were? Could you break it up like that? Yes? Okay.

Moving on, minutes from meeting 179 on 10 November contained an agenda item 3 titled 'Confirmation of minutes'. That item said that council requests amendments to item 12, frontier violence, and confirmed the remaining minutes of 177. Does that mean that 179 and the meeting at 179 amended the minutes of 177? I want to understand what amendments were made.

Mr Anderson: I'd need to take that on notice.

Senator CANAVAN: Okay. Thank you. Could the committee get a copy of the original minute that was drafted before amendment?

Senator McAllister: Let us take it on notice, because the approach to that may be something that others who were present at the meeting may wish to contemplate.

Senator CANAVAN: Okay. Thank you for taking it on notice. In question No. 12 in supplementary estimates I asked about the legal advice and whether or not it had been provided to the minister. The response to that question on notice from yourselves was, 'This minister's office has not sought a copy, nor has a copy been provided.' I just want to confirm: has a copy been provided since, or a copy requested?

Mr Anderson: A copy hasn't been requested or provided, to the best of my knowledge.

Senator CANAVAN: The minister has responsibility for ensuring that the Australian War Memorial is compliant with the Australian War Memorial Act 1980. Is that correct?

Mr Anderson: Yes.

Senator CANAVAN: Has the War Memorial commissioned any new legal advice since the last estimates on this particular issue?

Mr Anderson: No.

Senator CANAVAN: I notice through some of the answers on notice and also in the minutes that the term 'Frontier Wars' is often used, and now with capital letters. Is that the official title for these conflicts now?

Mr Anderson: No. We've referred to it as frontier wars, frontier violence and frontier conflict interchangeably.

Senator CANAVAN: Okay. So, nothing particularly official. In the chair's incoming brief, there doesn't seem to be any discussion of the fact that the War Memorial's interpretation of the legal advice on this matter has changed. Why didn't you include information for the new chair, Mr Beazley, about the change in the War Memorial's position on that legal advice?

Mr Anderson: I think the brief to the incoming chair would have—certainly, orally, I spoke to him about the memorial's position on frontier violence and our depiction of frontier violence in the gallery. It must be remembered, also, that the chairman has served on the council before, so he didn't come into the job cold. He knew the background to the issue. So, certainly in my oral briefing, there was no need to—

Senator CANAVAN: When did he come onto the council?

Mr Anderson: He was on the council prior to being Ambassador to the United States.

Senator CANAVAN: Did you orally brief him about the change in the War Memorial's legal interpretation?

Mr Anderson: I spoke to him about what our position is on recognition of frontier violence and the council's decision for an expanded treatment of frontier violence in the pre-1914 galleries.

Senator CANAVAN: That wasn't quite my question. Did you orally brief him about the change? Did you say, 'Hey, we used to think this, and'—

Mr Anderson: Not a change, Senator. I briefed him on what we do.

Senator CANAVAN: You didn't mention to him the change. So the minister has never been provided with legal advice. The chair has never been briefed about this change in interpretation either. Is that correct?

Mr Anderson: The chair knows the memorial's position on—

Senator CANAVAN: But he doesn't know about the change—he hasn't been briefed about the change, at least; I should say it like that. I don't understand why you wouldn't brief your minister and your chair on something so substantive. It seems like you're seeking to hide information from them.

Mr Anderson: No, Senator, not at all. I don't suggest that it's so substantive. As I say, the depiction of frontier violence has been in the memorial since 1986. The depiction of frontier violence was in the new First World War galleries that were opened in 2013 and 2014. This isn't a substantial change to the memorial's position with regard to ensuring that we tell the story of our First Australians both prior to Federation and since Federation.

Senator CANAVAN: That's obviously a matter of interpretation or judgement. The War Memorial saw it as so significant in 2014 that they published an entire note about this with a very clear and stark conclusion that they couldn't have an exhibit on frontier wars, and that has changed significantly. While it is a matter of judgement, that conclusion does not seem to fit the facts of the War Memorial's own statements over the past decade on this matter. Turning to the council manual that was tabled as part of question on notice No. 4, page 6 of that manual says:

As a corporate Commonwealth entity, the Memorial must function within a workable set of accountability practices and arrangements. It is important that the Minister is kept fully informed about strategic directions, operations, financial affairs and performance.

Are you claiming that you have fully informed the minister, given you haven't briefed him on the legal advice and the change in the War Memorial's interpretation of this matter?

Mr Anderson: The minister was standing next to the then chairman when the chairman announced the council's decision on an expanded treatment of frontier violence in our gallery, so there's no sense that the minister didn't know. He was next to him when the announcement was made.

Senator CANAVAN: My question is particularly: did he know or has he been briefed about the legal advice from 2013 or 2014?

Mr Anderson: Not by me.

Senator CANAVAN: So how is he fully informed?

Mr Anderson: He was fully informed on the memorial's position—

Senator CANAVAN: Of the decision, but not of the advice.

Mr Anderson: That's right, but do remember that it's the council that is responsible for the control and the conduct of the affairs of the memorial.

Senator CANAVAN: Yes, but the minister is responsible for making sure you comply with your act.

Mr Anderson: Correct.

Senator CANAVAN: And he hasn't been given that legal advice about your act. I don't quite know how he's therefore fulfilling his obligations in this regard. In answer to question on notice No. 4, the War Memorial provides a copy of the incoming chair brief, which I've already mentioned. In section 19, gallery development, it says:

A project plan and background research will commence from mid-2023 for more focussed discussions on the overall approach to the pre-1914 gallery and inclusion of Frontier Wars content.

Has this project plan commenced?

Mr Anderson: No. Most likely, the team will be set up for that in late 2024 to early 2025.

Senator CANAVAN: So there has been a delay on that, compared to—

Mr Anderson: Yes.

Senator CANAVAN: It says here it will commence mid-2023. Now you're saying not till next year. Is that right?

Mr Anderson: Correct.

Senator CANAVAN: So you haven't selected the team members or anything like that yet?

Mr Anderson: Correct. They're fully engaged.

Senator CANAVAN: There are no terms of reference?

Mr Anderson: No.

Senator CANAVAN: The same briefing goes on to state:

The subject of Frontier Wars is also a priority topic with the Advisory Group and it will continue to be a standing agenda item at the biannual meetings until the GD team is formed in late 2024.

Are there any other priority topics for the advisory group?

Mr Anderson: Yes. We have five advisory groups, it must be said. We have an Indigenous advisory group, a veterans advisory group, a youth advisory group, a culturally and linguistically diverse cultural group, and an accessibility group. They all have priority areas relevant to their particular areas of expertise, but on this one where they're focused right now is providing advice to us on the current galleries that we're working on: Afghanistan, Iraq, peacekeeping, and the like. That's what they're working on, but as part of that process they're being—

Senator CANAVAN: And those other issues are priority topics?

Mr Anderson: Yes, they are.

Senator CANAVAN: Are there other standing agenda items as well?

Mr Anderson: I'd have to take that on notice.

Senator CANAVAN: Okay. If you could take on notice what those are, that would be great. Finally, I will just go to the appointment of the Hon. Kim Beazley. The answer to question on notice No. 5 in the supplementary estimates states:

In October 2022, the Hon Kim Beazley AC, was recommended by the Government to the Governor-General to be appointed ...

Did the War Memorial put forward any other names or suggestions to be appointed to fill vacancies on the council?

Mr Anderson: The War Memorial doesn't put forward names for council. That's for government.

Senator CANAVAN: Right. Thank you very much.

CHAIR: Thank you, Senator Canavan. Senator White, I understand you've got some questions.

Senator WHITE: I do. First of all, congratulations on your Tripadvisor rating—that's excellent—and also the feedback that you have had from your visitors. I'm sure it's in some part to do with the great staff that you have at the War Memorial. Would you agree with that?

Mr Anderson: It is almost entirely due to the great staff we have.

Senator WHITE: Well let me drill down to some of those great staff, the visitor services officers. What do they do?

Mr Anderson: They're our front of house, so they do everything from assisting people when they've got inquiries in galleries all the way through to providing first aid if needed and providing ushering services, evacuation of buildings and all the normal things that would be done in a publicly facing organisation.

Senator WHITE: How many of those staff have you got?

Ms Bennie: I don't have the exact number. We have approximately 18 permanent staff, and we have a number of casual staff as well that fulfil the whole roster, given we're a 364-day-a-year operation.

Senator WHITE: Are all of those visitor services officers—the permanent ones and then the casual ones employed directly to by the Australian War Memorial?

Ms Bennie: No, they're not.

Senator WHITE: What's the breakdown? Who's employed by who?

Ms Bennie: The permanent staff are employed by us, the Australian War Memorial, and we work with a labour hire contractor that mans and rosters a casual workforce for us for the remainder.

Senator WHITE: So the majority of the employees who provide the frontline customer service and contribute to the Tripadvisor star rating are employed not directly by you but by labour hire?

Ms Bennie: There are two definitions there. One is number, and for number that would be correct. But, in terms of number of customer-facing hours, they would rest more with our permanent staff.

Senator WHITE: But they're still there, aren't they? What's the name of the labour hire organisation?

Ms Bennie: We're just in the process of changing the labour hire organisations at the moment, and that has been PERSOLKELLY.

Senator WHITE: Who is it going to go to?

Ms Bennie: We're working with HOBAN Recruitment.

Senator WHITE: How long have you been employing these visitor services officers through labour hire?

Ms Bennie: It has been through a number of years. I can say certainly for the last nine years, and I think it has been beyond that. I'll refer to one of my colleagues, perhaps. But, yes, we have been engaged in a labour hire arrangement for many years to support our broader rostering across, as I said, the operations of the War Memorial front of house.

Senator WHITE: Did you look at this in around May 2022, to look at what alternatives other than labour hire might be possible?

Ms Bennie: I wouldn't know the time frame exactly, but we have certainly been looking at what the best arrangement is for our front-of-house staff moving forward.

Senator WHITE: Can you explain what you looked at? What are the alternative models that you looked at?

Ms Bennie: Leanne is able to refer to the models.

Ms Patterson: Knowing that the contract with PERSOLKELLY was due to expire, and knowing that the memorial is also undergoing a review to have a look at staffing, the organisation, in an increased gallery space, were looking to see what options there may have been. These weren't developed options at that stage, in May 2022. There was an early consideration to look at whether we could combine and have a hybrid option, for example, where we could have some casuals on staff or retain the labour-hire arrangement. But nothing was looked at in detail at that time, because we knew we were doing a broader organisational workforce review. We did do that review, obviously recently, and we decided to continue that.

Mr Patterson: That was in the interim. As I said, we are undergoing a full workforce review of what the organisation is going to need moving forward. That may require a change in what our visitor services offerings

are. It may be that there is more of a focus on the customer service, and the evacuation is left to security, for example. We're still working through that. The arrangement from 1 July is just an interim measure.

Senator WHITE: How long is it interim for? How long is the contract with HOBAN for?

Ms Patterson: It's for nine months.

Senator WHITE: Are the people who used to work for PERSOLKELLY going to transfer across?

Ms Patterson: Yes, that's correct.

Senator WHITE: What's the difference between the APS rates that the permanents get and what the HOBAN/PERSOLKELLY people get? Are they on the same rates?

Ms Patterson: There is a difference, because they're not employed by the Australian War Memorial under the Public Service Act. They are employed under the awards that the employer selects. Yes, there is a difference. I don't have the specific details in front of me.

Senator WHITE: It's not that they are selected; it's what the law says that they do. They'd be under the Amusement, Events and Recreation Award, I think—

Ms Patterson: That's correct.

Senator WHITE: Whereas you're under the APS. Is that right?

Ms Patterson: That's right.

Senator WHITE: Are you aware of what the differences are between the rates? You must have weighed it up.

Ms Patterson: We have. I just don't have the figures in front of me right now.

Senator WHITE: It wouldn't surprise you if, for instance, the hourly rate for somebody under the labour-hire contract is \$27.15 an hour, whereas it's \$30.46 per hour? That's \$3 difference per hour. That wouldn't surprise you? You must have looked at it closely.

Ms Patterson: That does sound reasonable, yes.

Senator WHITE: A person who works under the APS agreement gets a penalty loading on Saturday, but the person who works under the Amusements, Events and Recreation Award doesn't? You'd know that too, wouldn't you?

Ms Patterson: Yes. There's—

Senator WHITE: It's the same on Sundays. They don't get penalties on Sundays either, do they?

Ms Patterson: No. They have casual loading built into their rate.

Senator WHITE: But in the APS, they do. On public holidays, like ANZAC Day, the rates are considerably less too, aren't they?

Ms Patterson: Yes.

Senator WHITE: Yes. It's within your power though to say to HOBAN, 'Pay them what we pay our APS people,' isn't it?

Ms Patterson: Yes, it is in the—

Senator WHITE: Have you done that?

Ms Patterson: No, we have not.

Senator WHITE: Why not?

Ms Patterson: I can't answer that question.

Senator WHITE: You'd be aware, presumably, in this wider review that you're doing, that lots of other cultural organisations, in Canberra in particular, face this. They look at their visitor services officers, and many of them have brought them in house, haven't they?

Ms Patterson: I can't comment on what—

Senator WHITE: In your review, you haven't looked at what other people are doing?

Ms Patterson: No. As I said, we haven't completed a full review yet of what we need to do. We are aware of the funding difference, and that is something that the memorial is working on—making sure that we have the funding to resource our organisation correctly. Any decision to change our current contractor workforce has a funding implication associated with that.

Senator WHITE: I understand that, but, as the director has said, these are the frontline people who have been responsible for the great customer service, the Tripadvisor rating and the rest. But they can be paid no penalty rates on Saturdays and Sundays, and everybody's comfortable with that. Am I reading that right?

Ms Patterson: I don't think it's correct to say that we're comfortable that they're not paid at the same level. They are supplementary to the permanent workforce, as my colleague stated. While the numbers are higher, the front-facing roster time is primarily the permanent workforce.

Senator WHITE: I get that. But they do the same job as the permanent people, don't they?

Ms Patterson: They do.

Senator WHITE: And they get paid substantially less, don't they?

Ms Patterson: Substantially, they do get paid less.

Senator WHITE: Thank you.

CHAIR: Just quickly, I have a couple of questions with respect to the War Memorial's redevelopment. Are you able to provide an update of the status of the development project? In particular, is it running on time?

Mr Hitches: We are well advanced now with the three main packages, and we are certainly still on time and on budget. Down the front, we now have the construction coming out of the ground, and work inside the main building is well progressed. Over in the Bean Building, we have the first of the geothermal holes all completed, and that building is now also starting to come up. Anzac Hall is well underway. That building has its ground slabs in place, and it's coming out of the ground as well.

CHAIR: Is the project on budget?

Mr Hitches: Yes, it is.

CHAIR: How have you been managing the stakeholder engagement throughout this process?

Mr Hitches: There has been extensive stakeholder engagement, especially through the approval process. Our approvals are now 99 per cent behind us, but that approval process was extensive.

CHAIR: Can you explain why there's been a movement of funds from this year to future financial years?

Mr Hitches: That is the input of funding into the memorial. The expenditure funding has not significantly changed. That is just in line of the program to deliver the works.

CHAIR: This is my last question: are you able to provide an update—I know you have previously—of the geothermal project that's currently being undertaken?

Mr Hitches: Sure. We are mostly procured on the geothermal project. It's well underway. Out of the 216 boreholes that go in, we have delivered 119—which is underneath the main building. Horizontal works are underway, and the plant has all been ordered.

CHAIR: I'll tell you what: that was the quickest response to questions I've had all day—all week, in fact. It was less than two minutes, so there you go. Senator Shoebridge, hopefully you can beat that.

Mr Hitches: I could extend—

CHAIR: No, no. Please, let's just keep that record. That was awesome, so thank you very much. Senator Shoebridge, you have the call.

Senator SHOEBRIDGE: It's good to hear the progress on the geothermal. Could I just ask you quickly, Director, following the questions that Senator White asked about staff: do you think that there's a reputation risk for the War Memorial that you have a significant part of your workforce on Anzac Day working there and not being paid penalty rates, which recognise the significance of Anzac Day? That's one of the key things penalty rates do: they recognise the significance of working on Anzac Day and not being able to be away from work contemplating the day. Do you think there's reputational risk there?

Mr Anderson: Yes, I do.

Senator SHOEBRIDGE: Is this something that you'll take on board and review?

Mr Anderson: Yes, and we are taking it on board. As the assistant director for corporate services mentioned, we are going through that process right now—the entire workplace review—to make sure that we are fit for purpose, with the right people and the right levels of expertise and pay, in a sustainable way, on the other side of this development. We're doing that work right now.

Senator SHOEBRIDGE: Is one of the principles you're going to be looking at that, if you've got people doing the same job side by side on the same day, with the same experience, they should be paid the same rate?

Mr Anderson: Yes, but the point I would make there is that not every casual that we have is fulfilling exactly the same role as permanent staff, because of the nature of permanent versus casual. But I certainly agree with the premise of the question.

Senator SHOEBRIDGE: You were asked some questions about the War Memorial's acknowledgement of frontier wars. Isn't it true that the first advice that the War Memorial got to the effect that it's appropriate and right to represent the frontier wars was actually in 1979 from a conservative historian, Geoffrey Blainey, who was a consultant for the War Memorial and who said that that kind of 'irregular warfare'—I think that was his term—including the frontier wars, should be memorialised and acknowledged at the War Memorial? That is from 1979.

Mr Anderson: Certainly, in 1979, I think they basically asked: what the issues that are coming at the War Memorial next? He was the one who identified that frontier wars and frontier violence would need to be commemorated in the War Memorial. He imagined that it would be alongside other guerilla campaigns. He thought it was a story that could be told in that way. It wasn't until 1996 that we started displaying issued items related to frontier violence in the galleries.

Senator SHOEBRIDGE: The reason Geoffrey Blainey gave that advice was that there is so much evidence of this scale of frontier conflicts. We can talk of case after case, but at the Waterloo Massacre, in my home state in 1838, 50 members of the Gamilaraay nation were massacred by New South Wales Mounted Police under Major James Nunn. That's the kind of frontier violence and frontier wars that Geoffrey Blainey was referencing 40 years ago and that the War Memorial, appropriately, thinks should be acknowledged, isn't it?

Mr Anderson: The massacre is an interesting one. Over time, the specific example that you give with regard to police and police actions, while they're still violence—

Senator SHOEBRIDGE: They're agents of the Crown, armed agents of the Crown, armed forces—

Mr Anderson: Correct. These are all the things we're working our way through and they're all the things that we'll be taking advice on. The position of the Memorial is that in the pre-1914 galleries there will be an expanded treatment of these very issues when we stand the gallery teams up and, most importantly, when we open the galleries in 2028.

Senator SHOEBRIDGE: When Senator Antic asked you what kind of research there is in relation to the frontier wars, you could start with deep historical considerations such as *The Australian Frontier Wars* by John Connor, *The Vandemonian War* by Nick Brodie and *The Sydney Wars: Conflict in the Early Colony 1788-1817* by Stephen Gapps, as well as a raft of records from First Nations families, First Nations communities and contemporary eyewitnesses in the colonial records. There's a raft of this material, isn't there?

Mr Anderson: There is. In fact, you could go back to one of the seminal sources, *An Atlas of Australia's Wars*, which was produced in 2001 by John Coates, the former chief of general staff of the Army. It opens the book with frontier conflict.

Senator SHOEBRIDGE: The mapping that has been done by the University of Newcastle, called *Colonial Frontier Massacres*, is a detailed historical mapping that shows the extent of this across the entire continent, isn't it?

Mr Anderson: It does.

Senator DAVEY: Can I ask for clarification: Senator Shoebridge just mentioned questioning by Senator Antic. Were you meaning questioning from Senator Canavan?

Senator SHOEBRIDGE: Sorry, I did. I apologise, it's late. I really appreciate that. I acknowledge but don't necessarily adopt the interjection.

CHAIR: Thanks for the clarifying comment, Senator Davey.

Senator SHOEBRIDGE: My final point is in relation to some answers to questions on notice that you provided. There was a raft of documents provided, but I decided to save the trees and provide only an extract of the documents. I don't know if you have the documents with you, Mr Anderson?

Mr Anderson: I have some of them.

Senator SHOEBRIDGE: Do you have them in the form that they were presented in answers to questions on notice?

Mr Anderson: Yes. The question number would be helpful.

Senator SHOEBRIDGE: It's question 10 in answers to supplementary budget estimates 15 February 2023, answers to questions on notice. It's a wad of documents. These are the original documents, largely from Boeing but also from Leidos—agreements between the War Memorial and Boeing. If you look at the initial documents,

there's a two-page official response and then there's a series of documents attached. The first document is a sponsorship agreement which goes for a number of pages with a number of schedules. Then there's another document, which in my copy is blue, which has 'Boeing review your application', which is one of the applications that was filled by the War Memorial to Boeing seeking funds. Do you have that?

Mr Anderson: I will eventually, but go on.

Senator SHOEBRIDGE: The documents are not well numbered. I might just give you these.

CHAIR: Senator, we do have a secretariat. I would like to have a look at those documents first. There are protocols and processes. So can we have those documents handed back, please. The reality is we're not going to finish any earlier, but let's just go for the proper processes.

Senator SHOEBRIDGE: We can keep working through that big pile of documents, while the chair's looking at it. 'Review your application' is blue. Mine are double-sided. Are yours double-sided?

CHAIR: Senator Shoebridge, just for clarity, is this the same document that was provided by the Australian War Memorial on a question on notice at the last round of estimates?

Senator SHOEBRIDGE: This is a document that was provided on notice following the last round of estimates.

CHAIR: So between February and this round of estimates?

Senator SHOEBRIDGE: Correct.

CHAIR: And it was provided to the senator or to the committee secretariat?

Senator SHOEBRIDGE: It was provided to the committee secretariat in answer to a question on notice.

CHAIR: I only ask because there has been in the past information that we have had to redact which identifies individuals. So I just want to make sure that it's not the same document that we had to look at last time round.

Mr Anderson: It's not.

CHAIR: So this is a new document.

Mr Anderson: Yes.

CHAIR: I want to have a look at it before we—

Senator McAllister: Chair, I suspect that the answer to the challenge you are grappling with is that Mr Anderson has all of the documents that were provided in response to the question, and it may be—you can correct me—that you have part of them. One thing that Mr Anderson could do to support is to just indicate which—

Mr Anderson: This is question 10 in the *Hansard* proof of 15 February 2023, page 105. Is that the same one?

CHAIR: Correct. Senator Shoebridge, if you proceed with your questions I'll keep looking at the document in the meantime.

Senator SHOEBRIDGE: It was 150 pages. I thought rather than provide four copies of it, I tried to get an extract. Do you have those documents yet? It's only two pages that I want to take you. If you've got the document, which is Boeing, which has blue lines across it, if you keep going to the back of it, the blue bars run out, and then there are a number of pages just with text with no blue on it. The first page has physical address Australia at the top of it. The next one has Mr James McMahon at the top of it. You go halfway down that—you'll be pleased to know that we at the first of the two documents now—it says 'identify government officials serving on board'. It's on that page, the top line of which is 'Mr James McMahon DSC'. Halfway down on the left-hand side says 'identify government officials serving on board'. Life would be easier if I could get those four pages delivered, but I can't seem to get through the bureaucratic barrier. Again I'm going to try to get the document that I have tried to hand to you in your hands if possible. I can't get it through the chair.

Senator McAllister: I believe that Mr Anderson is now in the same place in this long document that you are, Senator Shoebridge. If you provide a few other additional lines of text, you could confirm that.

Senator SHOEBRIDGE: James McMahon DSC DSM. Then it goes Major General Greg Melick on the top of the page. It looks like this. I have a copy I could give you, but I can't. Chair, it would be simpler if I could approach and show the witness the document. That would be the simplest possible way, and we can make it a quicker session.

CHAIR: I appreciate that.

Senator SHOEBRIDGE: Or we could give them the document that I've been trying to give them.

CHAIR: Just so I'm clear, is this other document a new addition to other documents that you've received and put through the—

Senator SHOEBRIDGE: Chair, it is simply an extract of a series of pages out of this extremely long document that was provided on notice. The reason I only took an extract of the pages was that I want to take Mr Anderson only to two pages, and I didn't want to kill a tree for it.

Mr Anderson: We think we're at the right spot.

Senator SHOEBRIDGE: Okay. Has it got Mr James McMahon at the top?

Ms Bennie: I think the pagination is different.

Mr Anderson: Yes, I think the pagination is different. But it certainly says, 'Identify government officials serving'—

Senator SHOEBRIDGE: Okay. And then it has Vice Admiral Tim Barrett.

Mr Anderson: Yes.

Senator SHOEBRIDGE: And then Lieutenant General, as he then was, Angus Campbell.

Mr Anderson: Yes.

Senator SHOEBRIDGE: And then Air Marshal Leo Davies.

Mr Anderson: Correct.

Senator SHOEBRIDGE: And they were the Chief of Navy, the Chief of Army and the Chief of Air Force at the time.

Mr Anderson: Correct.

Senator SHOEBRIDGE: Then it says, 'They do not exercise any influence over Boeing business.' Do you see that?

Mr Anderson: Mine says, 'I hereby confirm that none of the Boeing team had any discussions whatsoever.' Is that the paragraph you're referring to?

Senator SHOEBRIDGE: No. Could I give you this document? Could I approach and show you?

CHAIR: Not really. I would like to see what the documents that we are providing to the witnesses are.

Senator McAllister: We are in the hands of the chair, I think, Senator Shoebridge.

CHAIR: It would be through the secretariat.

Senator SHOEBRIDGE: Life would be much simpler if the witness could be given the extract of documents that I've given. I'm really trying to get them through, and I don't understand this resistance.

CHAIR: I'm not denying that, Senator Shoebridge. If you're happy to provide me with a copy, I'll pass it on to the secretariat.

Senator SHOEBRIDGE: I have given you two copies.

CHAIR: I also, as the chair, would like to see what documents we're providing to witnesses.

Senator SHOEBRIDGE: That's why I gave you two copies—one for you and one for the witness.

CHAIR: But you're saying there's another document you'd like to show them.

Senator SHOEBRIDGE: No, just those two documents. I gave you two bundles of documents, both the same. If you could keep one and give one to the witness, we could just get this done.

CHAIR: Where did the second one go?

Senator SHOEBRIDGE: I don't know. I gave them to you.

CHAIR: I appreciate we're trying to get things to witnesses, but I think just dumping this at five seconds notice—in the future I would suggest that we have a few other prints ready to go to distribute to senators and to the witnesses. Have you got a copy, Minister and Mr Anderson? Thank you.

Senator SHOEBRIDGE: Do you have your bundle of documents, Mr Anderson?

Mr Anderson: Thank you, Chair, Yes, I certainly do.

Senator SHOEBRIDGE: The first page is headed 'Review your application', just so as to identify where the document's from. The second page is part of the schedule. The third page, hopefully, has Mr James McMahon at the top.

Mr Anderson: Correct.

Senator SHOEBRIDGE: Halfway down, it says, 'Identify government officials serving on board.'

Mr Anderson: Yes.

Senator SHOEBRIDGE: Then it says, 'Vice Admiral Barrett, Chief of Navy; Lieutenant General Campbell, Chief of Army; Air Marshal Davies, Chief of Air Force.' Do you see that?

Mr Anderson: Yes.

Senator SHOEBRIDGE: Then, under it, it says, 'They do not exercise any influence over Boeing business.' Do you see that?

Mr Anderson: Yes.

Senator SHOEBRIDGE: That just wasn't true, was it, because, as Chief of Navy, Chief of Army and Chief of Air Force, they would be regularly relied upon by the Department of Defence for their expert advice and for their opinion as to whether or different weapons systems should be acquired, and that would include, from time to time, weapons systems provided by Boeing? That's just not true, is it?

Mr Anderson: Honestly, I can't speak to that, because I don't know the nature of their engagement with Boeing in their respective roles as Chief of Army, Chief of Navy and Chief of Air Force. I can't speak to that.

Senator SHOEBRIDGE: So why on earth did the War Memorial include that in the application they made to Boeing to get money from Boeing? How could you include it if you weren't satisfied of it?

Mr Anderson: I don't have an answer for that. I can speak to the fact that I don't have any knowledge of the extent to whether they do or they don't. I can't speak to that.

Senator SHOEBRIDGE: Can you take on notice who it was who put that in there and who it was who clicked 'certify' or approved of this application going out on behalf of the War Memorial? If you have the answer now, tell me the answer, but, if you don't have the answer, tell me on notice who did it.

Mr Anderson: I'll get back to you.

Senator SHOEBRIDGE: Mr Anderson, it's clearly wrong, isn't it? The Chief of Navy, the Chief of Army and the Chief of Air Force—their expertise and opinions will clearly be relied upon by the government when it's considering the acquisition of military equipment from Boeing. You couldn't, in any good conscience, have included that in your application. It's plainly false. That's the case, isn't it?

Mr Anderson: As I say, I'm happy to take that on notice, but I can't speak to the extent to which any of those individuals either do or don't exercise control over Boeing business, because I don't know.

Senator SHOEBRIDGE: So you couldn't possibly have included it in your application, could you?

Senator McAllister: You have asked whether or not the material here is accurate and whether Mr Anderson is satisfied that the material as prepared was accurate. I think your specific question was: 'Is this false?' The official has taken it on notice and—

Senator SHOEBRIDGE: I'm happy to move on, Minister, given the time. You'll provide those details on notice and include what, if any, checks the War Memorial did before including that in the application to Boeing, and how much money was obtained on the basis of that application from Boeing.

Mr Anderson: I'm happy to.

Senator SHOEBRIDGE: Could I take you then to the second-last page of that smaller bundle. This, again, is just one page from a 25-page online certification that was provided in the material. Do you see that at the top it says 'check; I confirm'? Do you see that on the second-last page?

Mr Anderson: Yes.

Senator SHOEBRIDGE: It says: 'check; I confirm to certify the following: the organisation warrants that, a) no director, officer or key staff members or any members of their families is an official of any government agency, political party or candidate for political office or is an official of a prospective customer for Boeing products; or, b) any such facilitation et cetera has been disclosed to Boeing in the board and staff member information supplied with the grant application.' It isn't true, is it, that certification, because every single staff member—apart from those on labour hire—of the Australian War Memorial was a staff member of a government agency?

Mr Anderson: My understanding of these applications, certainly with Boeing, is that the other thing that we need to do as part of this—they're all drop-down boxes and populated documents—is provide them with copies of the Australian War Memorial Act, which very clearly states the role, the functions and the legal status of the Australian War Memorial. So I think there are two parts to this. There is that statement, but then, also, as part of the application process, they have asked for and been provided a copy of the Australian War Memorial Act.

Senator SHOEBRIDGE: You're also required to certify that this grant would not constitute a payment or gift of anything of value, to a government official or a commercial customer, in violation of the US Foreign Corrupt

Practices Act. Did you seek advice about whether or not the payment to the War Memorial was in breach of the US Foreign Corrupt Practices Act before you certified this?

Mr Anderson: It was in 2019. I'm not aware that we sought any legal advice, but I'm happy to take that on notice.

Senator SHOEBRIDGE: So how could you possibly have certified that?

Senator McAllister: He's taken it on notice.

Mr Anderson: I've taken it on notice.

Senator SHOEBRIDGE: Again, Mr Anderson, we had this discussion last time in relation to Lockheed Martin. Your organisation, which should have the highest ethical standards, is now repeatedly certifying that it's not a government agency, or making other, in this case, false assertions about the Chief of Navy and the Chief of Staff not having any role in weapons acquisition, just in order to get money from weapons manufacturers. That's a terrible look for the War Memorial, isn't it?

Mr Anderson: Again I would say, and as I said at the opening of my remarks, that one of the things we're making sure of—and I take your assertion—is that the Australian War Memorial acts in good faith on all occasions. What we're determined to do, even where it's not required, in every agreement going forward is to state upfront the Australian War Memorial's status and standing as a government agency with an independent governing council and the nature of the staff who work there. That's what we've done and that's what we'll to continue to do. We've already amended our webpage

Senator SHOEBRIDGE: Will you please review the elements I've taken you to in the documents you provided as to whether or not that certification and the inclusion of that information in relation to the chief of staff, chief of Army and chief of Air Force meets those ethical standards that you've just asserted? Will you take that on notice?

Mr Anderson: Of course I will.

CHAIR: Thank you, everyone. That concludes today's hearing. It is requested that senators submit written questions on notice by 16 June this year to allow for sufficient time for answers. The committee has also set 14 July of this year as the date for the return of answers to questions taken on notice. I want to thank Senator McAllister and all the officers of the Department of Defence, the Department of Veterans' Affairs, witnesses from agencies and all the witnesses we've had not just today but yesterday as well. I also want to thank Hansard, broadcasting and the secretariats for doing an outstanding job. Thank you for being very patient with us over the last few days. Before we adjourn, it's also good to see that Queensland won the State of Origin tonight, 26 to 18. We stand adjourned. Have a good night everyone.

Committee adjourned at 22:47