



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

**Estimates**

Public

TUESDAY, 15 FEBRUARY 2022

CANBERRA

BY AUTHORITY OF THE SENATE

**FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE**

**Tuesday, 15 February 2022**

**Members in attendance:** Senators Ayres, Chandler, Farrell, Gallagher, Lines, McKim [by video link], Mirabella, O'Sullivan, Paterson, Patrick, Rennick, Dean Smith, Marielle Smith and Waters

## FINANCE PORTFOLIO

### In Attendance

Senator Birmingham, Minister for Finance

#### Department of Finance

##### Executive

Ms Rosemary Huxtable PSM, Secretary

#### **Outcome 1 - Support sustainable Australian government finances through providing high quality policy advice and operational support to government and Commonwealth entities to maintain effective and efficient use of public resources**

Ms Cath Patterson, Deputy Secretary, Budget and Financial Reporting

Ms Amanda Lee, First Assistant Secretary, Budget and Financial Reporting

Ms Anna Harmer, First Assistant Secretary, Budget and Financial Reporting

Mr Martin Graham, First Assistant Secretary, Budget and Financial Reporting

Mr Libor Pelecky, First Assistant Secretary, Budget and Financial Reporting

Ms Tracey Carroll, Acting Deputy Secretary, Governance and Resource Management

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management

Ms Shannon Frazer, First Assistant Secretary, Governance and Resource Management

Ms Lucelle Veneros, First Assistant Secretary, Governance and Resource Management

Ms Amy Fox, Acting First Assistant Secretary, Governance and Resource Management

Ms Clare Walsh, Deputy Secretary, Business Enabling Services

Mr John Sheridan, First Assistant Secretary, Business Enabling Services

Mr Iain Scott, First Assistant Secretary, Business Enabling Services

#### **Outcome 2 - Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice, and service delivery**

Mr Andrew Jaggers, Deputy Secretary, Quarantine Infrastructure Delivery

Mr Hew Atkin, Assistant Secretary, Quarantine Infrastructure Delivery

Ms Kylie Dennis, Acting Assistant Secretary, Quarantine Infrastructure Delivery

Mr Nathan Williamson Deputy Secretary, Commercial and Government Services

Ms Carly Makin, Acting First Assistant Secretary, Commercial and Government Services

Mr Andrew Danks, First Assistant Secretary, Commercial and Government Services

Mr Nick McClintock, Assistant Secretary, Commercial and Government Services

Mr Matthew Whitfort, Assistant Secretary, Commercial and Government Services

Mr Sacha de Re, Assistant Secretary, Commercial and Government Services

Mr Rudy Alcantara, Acting Assistant Secretary, Commercial and Government Services

Ms Tracey Carroll, Acting Deputy Secretary, Governance and Resource Management

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management

Mr Sebastian Powney, Assistant Secretary, Governance and Resource Management

Ms Shannon Frazer, First Assistant Secretary, Governance and Resource Management

Ms Lucelle Veneros, First Assistant Secretary, Governance and Resource Management

Ms Amy Fox, Acting First Assistant Secretary, Governance and Resource Management

Ms Sally Harris, Assistant Secretary, Governance and Resource Management

Ms Clare Walsh, Deputy Secretary, Business Enabling Services

Mr John Sheridan, First Assistant Secretary, Business Enabling Services

Mr Iain Scott, First Assistant Secretary, Business Enabling Services

**Outcome 3 - Support for parliamentarians and others as required by the Australian government through the delivery of, and advice on, entitlements and targeted assistance**

Ms Clare Walsh, Deputy Secretary, Business Enabling Services

Mr David De Silva, First Assistant Secretary, Business Enabling Services

**General**

Mr John Sheridan, First Assistant Secretary, Business Enabling Services

Mr Iain Scott, First Assistant Secretary, Business Enabling Services

Mr Grant Stevens, Chief Financial Officer, Business Enabling Services

Ms Kelly Hoffmeister, Assistant Secretary, Business Enabling Services

**ASC Pty Ltd**

Mr Stuart Whiley, Chief Executive Officer and Managing Director [by video link]

Mr Ashley Menadue, Chief Financial Officer [by video link]

Mr Nathan Williamson Deputy Secretary, Commercial and Government Services [by video link]

Ms Carly Makin, Acting First Assistant Secretary, Commercial and Government Services [by video link]

Mr Sacha de Re, Assistant Secretary, Commercial and Government Services [by video link]

**Australian Naval Infrastructure Pty Ltd**

Mr Andrew Seaton, Chief Executive Officer and Managing Director [by video link]

Mr Nathan Williamson Deputy Secretary, Commercial and Government Services [by video link]

Ms Carly Makin, Acting First Assistant Secretary, Commercial and Government Services [by video link]

Mr Sacha de Re, Assistant Secretary, Commercial and Government Services [by video link]

**Future Fund Management Agency**

Dr Raphael Arndt, Chief Executive Officer

Ms Sue Brake, Chief Investment Officer

Tracey Carroll, Acting Deputy Secretary, Governance and Resource Management

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management

Mr Neil Robertson, Assistant Secretary, Governance and Resource Management

**Independent Parliamentary Expenses Authority**

Ms Annwyn Godwin, Chief Executive Officer

Mr Michael Frost, Branch Manager

Ms Nicole Pearson, Branch Manager

Ms Christina Grant, Branch Manager

**Australian Electoral Commission**

Mr Tom Rogers, Electoral Commissioner

Mr Jeff Pope APM, Deputy Electoral Commissioner

Dr Kath Gleeson, Acting First Assistant Commissioner, Service Delivery Division

Mr Michael Lynch, Acting First Assistant Commissioner, Enabling and Regulation Division

Mr Thomas Ryan, First Assistant Commissioner, Organisational Transformation Division

Mr Andrew Johnson, Chief Legal Officer

Ms Joanne Reid, Assistant Commissioner, Disclosure, Assurance and Engagement Branch

Ms Sally So, Acting Chief Finance Officer

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management

Mr Sebastian Powney, Assistant Secretary, Governance and Resource Management

**Committee met at 09:01**

**CHAIR (Senator Chandler):** I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today the committee will continue its examination of the additional estimates for 2021-22. The committee will hear from the department and agencies of the Finance Portfolio as listed on today's

program. The committee has also scheduled a further hearing on Friday 18 February for cross-portfolio Indigenous matters. The committee may also examine the annual reports of the departments and agencies appearing before it.

Senators, departments and agencies have been provided with advice on the arrangements in place to ensure the additional estimates 2021-22 hearings are conducted in a COVID-safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

Under standing order 26, the committee must take all evidence in public session, and this includes answers to questions on notice. The committee would appreciate if senators could please provide any written questions on notice to the secretariat by Friday 4 March 2022; however, it reminds all senators, as well as departments and agencies, that written questions on notice can be provided at any time. The committee has fixed Friday 25 March 2022 as the date for the return of answers to questions taken on notice.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: Any questions going to the operations or financial position of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. It will be incorporated in *Hansard*.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

**CHAIR:** Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

The Senate has also resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. Officers are requested to keep opening statements brief or seek to incorporate longer statements into the *Hansard*.

Finally, the committee has agreed to allow media into the hearing room. The committee reminds the media that they must follow the directions of the committee and secretariat and remain within those areas clearly marked for the media. Recording must not occur from behind the committee or between the committee and the witnesses and computer screens and documents belonging to senators must not be filmed, photographed or recorded. Witnesses are reminded they can object to being recorded at any time. The committee thanks the media in advance for maintaining a COVID-safe approach while in the hearing room.

#### ASC Pty Ltd

[09:05]

**CHAIR:** I welcome the Minister for Finance, Senator the Hon. Simon Birmingham; Ms Rosemary Huxtable, Secretary of the Department of Finance; and, via videoconference, Mr Stuart Whiley, Chief Executive Officer and Managing Director of ASC Pty Ltd and other officers. Minister, do you wish to make an opening statement?

**Senator Birmingham:** Good morning. Yesterday was so much fun, let's do it again. I don't have an opening statement. Mr Whiley may.

**CHAIR:** Ms Huxtable, do you wish to make an opening statement?

**Ms Huxtable:** No.

**CHAIR:** Mr Whiley, do you wish to make an opening statement?

**Mr Whiley:** No, thank you.

**CHAIR:** Senator Smith, I will give the call to you.

**Senator MARIELLE SMITH:** Good morning, Mr Whiley. In response to a question on notice No. 51, when you were asked what role ASC expected to play in the construction of the new submarines, you said that no decision had been taken yet. Can I ask what expertise ASC could provide to this program if you were called upon?

**Mr Whiley:** As I said last time at Senate estimates, ASC is the country's premier submarine agency from an engineering perspective and build perspective. We have built, over the last 30 years, a huge wealth of knowledge to build the Collins class and now to sustain the Collins class. Coming to the future, we could bring a lot of those lessons learned and that capability to support those programs for the nuclear program fleet.

**Senator MARIELLE SMITH:** No decision by government has been taken since that response as to your role? You don't have clarity on that?

**Mr Whiley:** Not at this stage, no.

**Senator MARIELLE SMITH:** What are you doing to get ready to participate in that process? How are you planning to develop the skills set that you might need to support the nuclear powered submarine program in terms of training programs or secondments your ASC employees may need to take?

**Mr Whiley:** As mentioned at the last Senate hearing, ASC has been contracted via the SSTP, the Sovereign Shipbuilding Talent Pool, to build a capability of workforce that could be used to see a future nuclear build environment. That capability is looking across a number of streams of work, including overseas placement to educational and industrial capabilities to bring up our nuclear SQEP; a learning and development program associated with what it is to be a workforce to build a nuclear submarine; and support in terms of direct taskings into the task force itself.

**Senator MARIELLE SMITH:** I have got further questions on that program in a moment. Beyond the SSTP, what are you doing to get ready? It will ultimately be your responsibility to ensure the success of this program, so how are you preparing for that beyond the SSTP?

**Mr Whiley:** From a business operating model perspective, what we have done is quarantine the Collins business unit so we continue to make sure we're successful and maintain the delivery of the Collins business unit. We have set up a separate business unit inside the organisation to look at what's required from a nuclear program perspective and what capabilities we need to build and bring forward to help us in our best endeavours to support that national endeavour.

**Senator MARIELLE SMITH:** Can you share anything that that unit has identified?

**Mr Whiley:** At this point in time, we are in the process of building up that workforce. Some of that workforce will be seeded by members coming across to the SSTP, but we have gone overseas and recruited some nuclear SQEP. We've gone through our process of identifying what nuclear experience we've got as a core business capability inside our organisation today, and we have identified those core skills inside our business and how they can be utilised inside those future endeavours. At this stage it is really quite early in terms of our preparatory work, but generally our focus over the last three to four months has been supporting the SSTP.

**Senator MARIELLE SMITH:** Can I ask about the Nuclear-Powered Submarine Taskforce. How many ASC employees are on that task force?

**Mr Whiley:** We're not actually working inside the task force; we're actually supporting the task force. As I said, one of the screenings that we have inside the SSTP is to provide expert advice to the task force, and we have some individuals talking about that at this point in time.

**Senator MARIELLE SMITH:** What sort of support are they providing?

**Mr Whiley:** Today that support is primarily in an infrastructure case, but we are looking at potentially providing support in other areas, such as AIC and supply chain.

**Senator MARIELLE SMITH:** How do you provide that support and advice when we don't yet have a specification for the type of nuclear submarine to be built?

**Mr Whiley:** That comes from taskings that have come directly from the task force itself.

**Senator MARIELLE SMITH:** But what sort of advice are you providing? You mentioned some of the advice you're providing in terms of infrastructure, a response to [inaudible], and you also referenced workforce training, supply chain and industrial base. But how do you provide that advice specifically when you're not yet sure what is to be built?

**Mr Whiley:** At this point, as you indicated, there's no platform collective. However, there's a lot of preparatory work that needs to be done that's generic to a nuclear build, whether it be the US or UK. We can consider what we can do to support that in a generic sense. In terms of infrastructure, we can inform potentially what it may or may not look like based on the requirements of a nuclear build. In the same way, we can consider what we have in the country today in terms of the base foundations of a supply chain. There are a number of things we can do to consider ahead of selection of a platform.

**Senator MARIELLE SMITH:** Are you aware that over the next 18 months, whilst the consultation periods are taking place, of any paid work available to Australian businesses that they can undertake on the new submarine program?

**Mr Whiley:** ASC is getting funded for the work that it's undertaking in support of the task force. Is that your question?

**Senator MARIELLE SMITH:** No. Over the next 18 months while we're waiting for a decision to be made, are you aware of any paid work being available to Australian businesses to support the program?

**Mr Whiley:** That would be a question for the task force.

**Senator MARIELLE SMITH:** Minister, is that something you can shed light on?

**Senator Birmingham:** I imagine the task force will be drawing on whatever skills they see that they need in terms of external expertise or otherwise, but that really is a question for Vice Admiral Mead and Defence.

**Senator MARIELLE SMITH:** But your expectation is that, yes, there will be paid work for Australian businesses?

**Senator Birmingham:** As I said, that is a question for Vice Admiral Mead and for Defence in terms of what additional skills or information they need to draw on.

**Senator MARIELLE SMITH:** Will Australian industry be engaged in any contracted work on the new nuclear submarine program in the next 18 months? That includes a working relationship with ASC.

**Senator Birmingham:** Perhaps separate the two components there. The first part: in terms of any Australian businesses is really your previous question, and so I'd refer you to Vice Admiral Mead and the task force about what their needs will be. Whether ASC would need to contract anybody for their role in providing information to the task force, I suspect the answer would be no. Mr Whiley can confirm that and, if need be, add more generally to where ASC is contracting Australian businesses and industry.

**Senator MARIELLE SMITH:** I want to go to some questions on life-of-type extension now, Mr Whiley—and I'm going to reference the answer to supplementary budget estimates question on notice No. 1. Senator Wong asked if ASC was aware of any other country having done a second round of LOTE. In response to that question, you said:

ASC has not undertaken research in regard to whether submarine fleets owned by other nations have undergone more than one life-of-type extension.

It doesn't really answer the question from Senator Wong. Since that answer, or since it was first floated at the Economics References Committee that there may be another round of LOTE, has ASC done any further research to identify where this may have happened overseas?

**Mr Whiley:** No, we haven't.

**Senator MARIELLE SMITH:** Why not?

**Mr Whiley:** At this stage, I think the second round of LOTE is a hypothetical question and certainly a question for Defence, not ASC.

**Senator MARIELLE SMITH:** But given ASC would ultimately be responsible for delivering that second round, surely you would have done some research, since the Chief of Navy floated it, as to what that might look like if it has been done before to inform your potential work on that project?

**Mr Whiley:** Currently we're focused on the LOTE program itself. We're not contemplating a second round. Government did not direct us to consider a second round of LOTE so we have focused our efforts on the first round of LOTE at this point in time.

**Senator MARIELLE SMITH:** Is that correct, Minister? That the Chief of Navy flagged that? Is it correct there won't be a second round of LOTE?

**Senator Birmingham:** Such decisions would likely be some distance away. ASC is contracted by Defence to deliver the Life of Type Extension. That's starting in 2026. In terms of when *Rankin* will come in for that work to begin—and that runs over a period of time from there. If Defence want advice from ASC in relation to their knowledge and potentials for a further LOTE many years down the track that's a matter that I'm sure ASC would then, at that time, if Defence asked, research and provide that analysis.

**Senator MARIELLE SMITH:** This would be a significant project, so surely someone in government has considered whether a second round of LOTE has been done on a submarine fleet elsewhere in the world. Have you considered that or asked that question?

**Senator Birmingham:** I back the knowledge and skills of Chief of Navy ahead of my own in terms of management of naval fleets, including submarine fleets. The decision, in terms of whether Navy and government wish to investigate further LOTE projects beyond the one commencing in 2026, has not yet been taken. If Navy want to work that up then they may ask ASC for analysis or advice at that time.

**Senator MARIELLE SMITH:** Since the Chief of Navy made that comment have you spoken to him about what that would look like or what that may mean?

**Senator Birmingham:** No.

**Senator MARIELLE SMITH:** Mr Whiley, have you had a conversation with the Chief of Navy about that?

**Mr Whiley:** No, I haven't.



**Senator MARIELLE SMITH:** That really surprises me given how substantive that project would be, and, Mr Whiley, your role in delivering it, given you're leading that entity and, Minister, given the significance of that to our submarine capability. I want to be absolutely clear, no-one in government has asked the question, undertaken the search term, spoken to colleagues overseas about whether this has happened anywhere else in the world?

**Senator Birmingham:** The government's priority at present is ensuring that the LOTE program for the Collins class that commences in 2026 is delivered as efficiently and successfully as possible. I have complete confidence, given the exemplary work ASC has done in recent years in terms of the maintenance and availability of the Collins Class, that they will be well placed to deliver on that life of type extension commencing in 2026 for the Collins class fleet.

The other priority in relation to the submarine fleet is the work around the Nuclear-Powered Submarine Taskforce and ensuring that we have conclusion within the 18-month time frame around the model for delivery of nuclear-powered submarines and building and construction of them in Australia, and getting the first of those, as the Minister for Defence has highlighted, delivered as soon as possible. I would imagine, in terms of further contemplation of any additional extension of the Collins class fleet, you would want to see, logically, those decisions around the nuclear-powered submarines and some certainty around time lines for those settled before you would start having the types of conversations you think should have been occurring in the last few months. There's a crucial piece of work there that Defence are doing around the task force, which is all about determining the means, the model, the type and the process for construction of those nuclear-powered submarines. At that point we will also have greater certainty and clarity around the likely delivery schedule for them.

**Senator MARIELLE SMITH:** Sure, Minister. But given the challenges which have beset this program over the past years, and given the uncertainty in the future about our capability and capacity as a nation, surely if the Chief of Navy floated an idea of a further round of LOTE someone in your government would've asked a question about what that might look like and what that might mean?

**Senator Birmingham:** Senator Smith, I think you're verballing the Chief of Navy right now. I don't think he floated an idea—

**Senator MARIELLE SMITH:** Excuse me. I think that's a very unfair characterisation, Chair.

**Senator Birmingham:** Well, I think it's a very—

**Senator MARIELLE SMITH:** That is a very unfair characterisation. I did not verbal the Chief of Navy.

**CHAIR:** The minister is responding to the question, Senator Smith.

**Senator Birmingham:** I think it's very accurate. I don't the Chief of Navy—

**Senator MARIELLE SMITH:** I think that's absolutely unfair, Senator. I referenced a comment made by the Chief of Navy and I asked if your government had asked a question after he put this idea forward at a references committee, and I'd like you to apologise. I did not verbal the Chief of Navy. That's ridiculous.

**CHAIR:** Senator Smith, the minister is responding to your question.

**Senator Birmingham:** Senator Smith, I don't think the Chief of Navy was floating an idea. I think he was responding to questions.

**Senator MARIELLE SMITH:** The Chief of Navy presented the idea of a second round of LOTE at the committee hearing. I have not verballled the Chief of Navy. I find that deeply offensive, and I think you know that. I think that was deeply inappropriate and deeply offensive. My question is: when has your government made any further inquiries or taken any questions as to what this may look like? And your answer is, clearly, no, that you haven't done that.

**Senator Birmingham:** Senator Smith, my answer is, clearly, that there are priorities for Navy and for government for ASC at present. For ASC, it's delivering the life-of-type extension that doesn't actually even commence, in terms of the first boat coming in, until 2026 and getting that work done. ASC are doing an exemplary job, in terms of the current maintenance of the Collins class, the availability of the Collins class and, now, working through with Defence the scoping of that life-of-type extension, and I have full confidence in them in terms of the delivery of it. I am not the expert here—Mr Whiley may wish to add—but if you were to contemplate a second life-of-type extension, I imagine that, for example, the learnings from the first life-of-type extension would be an important input to that, Senator Smith. So, in fact, what ASC will learn as they start that process of the first life-of-type extension about the Collins class fleet, the state of them at present and what they can achieve from the life-of-type extension will all be important information in that regard. Navy has a very clear priority in defence for the government in relation to the nuclear-powered submarine program. I appreciate you're wanting to ask questions about a matter quite some steps potentially down the track, but the current priorities are

very well defined and very clearly defined, and that's what Defence, Navy and ASC are all variously getting on with.

**Senator MARIELLE SMITH:** Mr Whiley, as has been discussed previously, and the minister referred to it previously, the first Collins class submarine is due for LOTE in 2026. Is that still the date and the time frame that ASC is working towards?

**Mr Whiley:** That's correct. The implementation of the HMAS *Farncomb* in 2026 is the first implementation of LOTE.

**Senator MARIELLE SMITH:** Mr Whiley, at the last estimates, you confirmed that *Rankin* will be in the water until 2048. Is that still the anticipated life span of HMAS *Rankin*?

**Mr Whiley:** That's correct, yes.

**Senator MARIELLE SMITH:** I want to come back to the SSTP now, Mr Whiley. I note that *The Advertiser* got the scope before the Senate on some of these figures. But if we can, we will go through them together. How many people have applied for the SSTP?

**Mr Whiley:** The number of eligible workers who have applied is 294.

**Senator MARIELLE SMITH:** How many have successfully applied?

**Mr Whiley:** Of those 294, 53 have withdrawn; we made 288 offers and, to date, 222 have accepted.

**Senator MARIELLE SMITH:** Previously, Mr Whiley, you've characterised the SSTP as having five work streams: the core Collins class sustainment work, seconding persons into other shipbuilding programs, placing displaced people into overseas secondments with the nuclear industries and universities overseas, establishing a future-focused learning and development program, and providing people into the nuclear-powered task force. Have those people, the 222 who've successfully applied for the SSTP, been notified of which stream they will be allocated to as yet?

**Mr Whiley:** Of the 222 who have been successful, 112 have actually transitioned across into ASC. We have another 30 who are in transition at this point in time. Those employees are being taken into the core work streams inside ASC, so the majority of those are working inside the Collins and LOTE programs and then supporting other taskings.

**Senator MARIELLE SMITH:** I'm just not clear on your answer. Have they been made aware of which stream they'll be going into or not?

**Mr Whiley:** The people who have jobs have started and, obviously, they've been notified of the role in which they're operating, yes.

**Senator MARIELLE SMITH:** Can you just clarify what number that was? Was it 112 who—

**Mr Whiley:** It's 112 people at this point in time, yes. All of them have been notified which department or what part of the organisation they're going to work for.

**Senator MARIELLE SMITH:** Is this the 112 or the 200 that you're talking about?

**Mr Whiley:** All 222 have had an offer and been told what department they're going to be working for, and their roles.

**Senator MARIELLE SMITH:** Can you provide to the committee a breakdown of the 222 workers and which streams they'll be moving into?

**Mr Whiley:** I won't be able to provide the stream because, obviously, that's quite fluid as the streams and the work scopes evolve. The streams are also available to other ASC workers—they're coming in to be an ASC employee. Those streams are not limited to the Naval Group and LMA affected workers; those streams can be available for the entire ASC workforce. As roles come up, people will apply for them on a case-by-case basis so it's not appropriate that I provide that. But I can certainly give you a breakdown of where they sit inside the corporation, which department they're in and where they're going to work as a core capability, if you like.

**Senator MARIELLE SMITH:** Yes, I'd appreciate that. I understand what you're saying, but if it's possible to provide a more detailed breakdown—even if it's at a point in time—noting the fluidity and the movement of staff, that would be appreciated. I take your point if that's not possible, but please provide the other information.

**Mr Whiley:** Okay.

**Senator MARIELLE SMITH:** How many ASC staff have left since the AUKUS announcement on 16 September 2021?

**Mr Whiley:** Bear with me—I don't think I have that information here. I don't think I have that specific data and I'll take that on notice.

**Senator MARIELLE SMITH:** Okay. You've referred previously to the future focused learning and development program, which will be part of the SSTP. Have any ASC staff been sent to any training programs specifically in relation to nuclear submarines or nuclear engineering?

**Mr Whiley:** Not at this stage. We're currently going through a market scan to understand what the program scope may be. Once we have that scope fully finalised, we'll sit down and share that with the task force and develop an action plan to deliver that.

**Senator MARIELLE SMITH:** Has ASC sought to recruit any nuclear engineers or personnel with specific skill sets in nuclear submarine technology?

**Mr Whiley:** Yes, we have.

**Senator MARIELLE SMITH:** Can you expand on that, please?

**Mr Whiley:** As part of setting up a separate division inside the company to look at the focus on nuclear, I'm in the process of recruiting three nuclear SQEP who work at executive level.

**Senator MARIELLE SMITH:** I want to ask about the workforce. I note that you've provided some answers regarding your recruitment of skilled employees on notice. How many skilled positions currently remain vacant at ASC?

**Mr Whiley:** I'll have to take that question on notice.

**Senator MARIELLE SMITH:** How many skilled roles is ASC actively trying to fill right now?

**Mr Whiley:** Again, I don't have that data in front of me and I'll take the question on notice.

**Senator MARIELLE SMITH:** What concerns does ASC have about the current availability of suitably skilled technical and engineering people to fill positions with ASC?

**Mr Whiley:** In terms of our Collins work scope and the LOTE work scope, we have a plan to address that. That has certainly been helped by the transition of a large proportion of engineering capability from Naval Group. Generally, I think that we have what we need in terms of the Collins and LOTE space. Obviously, we're not sure at this point of what our scope may be to support the task force; that will develop. In terms of what I know today, I don't believe that we have any specific concerns about any specific technical skills or traits.

**Senator MARIELLE SMITH:** I want to ask about the facilities that Naval Group have been using. Has there been any consultation between Naval Group and yourself about how these facilities might be used to transition to nuclear powered submarines, or what the impact will be on that infrastructure?

**Mr Whiley:** I am not quite following your question. What facilities are you referring to?

**Senator MARIELLE SMITH:** The current facilities being used to develop the future subs program and the work which has been undertaken so far, when we transition to building nuclear submarines, whatever they may look like, obviously there will need to be some kind of calibration or review of the facilities being used to date or being built to date. Have you had any consultation regarding those facilities?

**Mr Whiley:** That's really a question for the task force. They're obviously looking at the investment they've made in infrastructure to date, and I'm sure that that would be part of their considerations for the future.

**Senator PATRICK:** I just want to go to a couple of topics that have been talked about. The nuclear submarine task force—how many people do you have working on that?

**Mr Whiley:** Directly into the task force today?

**Senator PATRICK:** Yes.

**Mr Whiley:** Directly contracted is one.

**Senator PATRICK:** So it's a contract of one, did you say?

**Mr Whiley:** At this point in time, yes.

**Senator PATRICK:** So it's not like you've been given some sort of support contract for the task group; it's simply a time and materials contract, is it?

**Mr Whiley:** Yes. We receive taskings from the nuclear task force. There are a number of taskings are going to be considered and we're looking at how to respond to the taskings. But, specifically, providing advice to the task force today, we have one person.

**Senator PATRICK:** And you've engaged the task force, I imagine, to let them know your capabilities and what you're prepared to do in terms of assistance?

**Mr Whiley:** Yes, that's correct. We've had numerous meetings with the task force to engage them in terms of our broad capabilities and how we can support them. Those conversations are ongoing and very fruitful.

**Senator PATRICK:** In the past, General Dynamics has had personnel based at Osborne. Are they still there? Are they going to play any role in the nuclear submarine task force or, indeed, the program?

**Mr Whiley:** We currently don't have any EB workers working here at Osborne but we still have a relationship with EB. We have no engagement with EB relating to this.

**Senator PATRICK:** When did that stop, and why?

**Mr Whiley:** It hasn't stopped. It's actually on pause. I'll take the question on notice to give you the actual date. It was only, I believe, 12 months ago or something like that. I'll take the question on notice.

**Senator PATRICK:** In relation to the sovereign shipbuilding talent pool—I think I have the numbers right—you said that you have 223 accepted and that 135 that had joined the company. Is that right? Did I hear that right?

**Mr Whiley:** Bear with me a second. One hundred and twelve have commenced inside the company. We have a transition centre in Port Adelaide and we have 30 who are currently going through a transition and induction process.

**Senator PATRICK:** Sorry, that was three zero?

**Mr Whiley:** Yes.

**Senator PATRICK:** I might have walked past them when I was out at that building. Can you tell me—how long have you been building leasing the building in Port Adelaide?

**Mr Whiley:** We took the building over in October to establish an immediate transition centre. With the guys and girls in Naval Group being in Port Adelaide, it was an obvious place to move in.

**Senator PATRICK:** So Naval Group have vacated the western part of that building. Is it your intention to take that over? You're sort of in the centre, sandwiched between the fishing academy and Naval Group.

**Mr Whiley:** Our footprint is pretty well fixed. We're not going to take on any more space in that building.

**Senator PATRICK:** Is it a lease arrangement or some sort of hire arrangement?

**Mr Whiley:** It's a lease arrangement.

**Senator PATRICK:** How long is the lease for?

**Mr Whiley:** I'm told we have it until the end of March next year, with an option for extension.

**Senator PATRICK:** This talent pool of 112 people, with 30 being transitioned now, how is that paid for? Is there some kind of time and material contract between you and the Commonwealth to pay for that?

**Mr Whiley:** Yes, we have an agreement with the Commonwealth for the SSTP that provides funding for staff. Obviously, those members that come along and join Collins or LOTE, they will get funded directly through those contracts. Others may be surplus to requirements, so will enter into a training program and they will get funded through the SSTP funding arrangements.

**Senator PATRICK:** So the bottom line is: if you can sell them out to a task like Collins or LOTE or the future submarine task force—although there's only one person there—then you bear the cost. If they're—for want of a better word—idle or getting trained then the Commonwealth bears the cost?

**Mr Whiley:** Yes, the intention is that we obviously don't want anybody to be idle. The whole point of the program and the five streams of work is to create an environment to grow and nurture that capability required for the future build requirement. There's going to be overseas deployments, training programs and direct taskings into the task force. As I said, there's only one today but I'm sure, in a very short period of time, more people will be working supporting the task force.

**Senator PATRICK:** So you have a contract in place for the Commonwealth that allows you to bring these people on. If you sell them out to your own genuine tasks, you bear the cost. If they're in a holding pattern doing useful things but not your contracted tasks then the contract says that you can recover the cost from the Commonwealth?

**Mr Whiley:** That's correct.

**Senator PATRICK:** How long does that contract go for?

**Mr Whiley:** It's a three-year contract with options to extend for another three years—two years plus one.

**Senator PATRICK:** You said this is to prepare for the future submarine build. Do you have a time line associated with that? Or is that just built into the flexibility of the contract?

**Mr Whiley:** We don't have that but that would be a question for the task force.

**Senator PATRICK:** Is it yes or no? You run a business. You're responsible for its bottom line. You must be looking forward—that's a job that would be the responsibility of the CEO. You're taking these people on. There was in some sense, even if not a legal obligation, a moral obligation, to be able to give these people a future. I'm just wondering about the lens that you're looking through. How long are you looking out in terms of these people?

**Mr Whiley:** As I said, this is preparatory work. We are doing preparatory work for that future build environment. The task force will consider the schedule for that build. The contract that we have is flexible enough to dovetail into whatever schedule has potentially been developed by the task force.

**Senator PATRICK:** Of the people that you have, how many people came from Naval Group and how many people came from Lockheed Martin?

**Mr Whiley:** Of the people accepted, 211 came from Naval Group and 11 came from Lockheed Martin. Of the people who have actually commenced, 101 came from Naval Group and 11 came from Lockheed Martin.

**Senator PATRICK:** On the basis that you have an agreement with Defence to charge these people to particular jobs or, indeed, charge the Commonwealth, I find it difficult to accept the answer that you gave Senator Smith that you don't know where these people have gone. I accept that you might not have the numbers at hand, but people that come in the door won't be sitting there for now three months not having been given some direction of where they're heading.

**Mr Whiley:** I apologise if that's the impression that I gave; that was never my intention. What I'm saying is that today those people who came in, they've all got jobs; they're all part of the organisation.

**Senator PATRICK:** Sure.

**Mr Whiley:** Some of them were working directly into LOTE and Collins today. Others are supporting corporate activities. Everybody has a position inside the organisation.

**Senator PATRICK:** My point is that Senator Smith asked for, in essence, the breakdown. And whilst you might not have it here, it's a question that you probably should take on notice—just how they've gone between those streams.

**CHAIR:** I think he did.

**Mr Whiley:** I certainly can take on notice where their entry is into the business, if you like. What I was trying to answer was where they may ultimately end up. At this point in time, those streams are still under development. As we get more and more development, those scopes will open up, and then there's the opportunity to move people around.

The other point I made is that the streams of work are open to all ASC employees, not just the Naval Group and Lockheed Martin people. I don't want the impression that we are segregating or we have a two-tier workforce, so to speak. We want a homogenous workforce. All those employees that come in are treated, effectively, as permanent ASC employees. We have one ASC. Those streams of work will be available to all employees. We're able to bring them in through the transition centre, and they're making up those opportunities across the business for all ASC employees. That's what I'm trying to separate here. This is not an initiative just to wedge the LMA and Naval Group workers in two.

**CHAIR:** We are due to finish up with this witness in four minutes.

**Senator PATRICK:** I still have further questions. I might indicate that I don't have a lot of questions for ANI.

**CHAIR:** I will ask my questions, and then we'll go back to Senator Smith, and then we'll see how we're going timewise.

Speaking of Senator Smith and Senator Patrick, I want to touch on a few of the questions that they asked and the responses that were given, around those comments from the Chief of Navy, which Senator Smith was referring to. I think that might have been at a Senate hearing in reference to the extension of the Collins class. Minister, do you know what the Chief of Navy actually said in that situation?

**Senator Birmingham:** I've had a chance to get a copy of those exact comments. I think, for context in terms of the discussions we were having, it's useful for them to be on the record here. At that Senate hearing on 15 October 2021, Chief of Navy stated in relation to the Collins class:

We will upgrade all six, as per the government's announcement on 16 September. I would expect that, with the first one being LOTE'd in 2026, the first submarine will have a capability out until 2038. And then we will see the second one with an extended life as well. I don't write off the opportunity for us to further upgrade these submarines beyond that period of LOTE.

At the same hearing, in relation to that question of the Chief of Navy saying he didn't write off the opportunity, the general manager of submarines, Mr Sammut—formerly Rear Admiral Sammut—said:

We haven't done any work to date looking at that. I think that would be subject to outcomes of the work that Vice Admiral Mead will be leading in terms of the optimal path to acquire nuclear powered submarine capability. I think that Chief of Navy was talking about the fact he hasn't ruled it out, but that doesn't necessarily mean that it's ruled in, so we need to determine, should it become a necessity ...

I'll put those on the record in the context of the answer that I gave, which was precisely as Mr Sammut emphasised there. There's a time line and a priority of work to be done around the nuclear powered submarine. There's a time line and a priority of work to be done in delivering the first LOTE rollout. Of course, as Chief of Navy has said, options for looking at the future utilisation of Collins beyond that first LOTE rollout haven't been ruled out, but they would be things to be looked at once there's greater certainty around those other two matters.

**CHAIR:** Thank you very much for clarifying that, Minister. I have a couple of questions for Mr Whiley around workforce and jobs in relation to shipbuilding. We've talked a lot about what's been happening through this transition period and about employees coming over to the talent pool. Looking forward, how many jobs do we expect are going to be created by this shipbuilding enterprise in South Australia, say, by the end of the decade?

**Mr Whiley:** I think that is a question for the task force, not for ASC. Obviously we're supporting the task force, but we've not done any speculative work on what that may end up like. It will be schedule dependent and subject to other decisions by government, so I think that is a question for them.

**CHAIR:** My next question was going to be: how many more jobs do we expect to be created by the Collins LOTE, but I'm guessing you can't provide me with that response either?

**Mr Whiley:** I can give you an insight into the Collins LOTE, certainly. We're in the design phase at this point in time. We've generated 130 new positions supporting the design. We anticipate that will peak at around 160. Once we get out of that, we're not anticipating a huge number during the planning and implementation phase. I think 160 new engineering positions is probably where we're heading as a peak at this point in time.

**Senator AYRES:** Can I just ask one thing. Minister, your proposition is entirely circular logic. The government's made a decision, broadly supported, to abandon the Attack class submarine and move to the nuclear-powered submarine option. There's an 18-month optimal path process that's largely unseen to the public and the parliament at the moment. Are you asking us to have confidence that you'd be able to deliver that on time?

One of the risks in the decision that the government has made—all of these big projects come with risk—is that a capability gap will emerge, essentially. Let's not go through all the tables, but it will emerge sometime in the 2040s. It is a fair characterisation to say, albeit a nice pun, that the Chief of Navy floated this proposition in the Senate references committee inquiry on this subject. It's a reasonable question. If the government's answer is, 'We're not going to consider whether a second LOTE is technically feasible or technically possible until we decide whether or not we have a capability gap,' how on earth is a rational decision going to be made about that? Surely, that is one of the inputs into the decision-making process that the optimal path task force has to undertake. Is a second LOTE technically feasible? That's the question that Senator Wong was trying to ask in the last Defence estimates without getting any clarity from Navy. It seems to me that what you're saying is, 'Well, it's not an input into the decision-making process, and we haven't done any work and that makes perfect sense.' Well, it makes no sense.

**Senator Birmingham:** That's your characterisation. The government is well aware of the time line in relation to the currently scheduled first conclusion of the extension period for the *Farncomb*, which stretches out to 2038 for the additional extension the life-of-type will provide to that boat. Our desire in the pursuit of the nuclear-powered submarine program, as the defence minister has said, is to bring those on as quickly as possible. That's precisely what the task force is looking at as a key component of their work and the means by which we achieve that capability built in Australia as quickly as possible. That's how those decisions are being made. There are decisions around Collins looking beyond that first life-of-type extension. As the Chief of Navy has said, it's not something that he writes off as a possibility, but it is, as Mr Sammut has made clear, not something that is being examined in this context at present.

**Senator PATRICK:** I've seen the government go from 'There will be no gap in capability' to 'We'll have one submarine for LOTE' to having five submarines to LOTE to having all submarines for LOTE. This goes to what

Senator Ayres is raising. In terms of planning, surely, with the lessons that we've been through in the past, the Chief of Navy has floated a sensible idea. I don't understand why you wouldn't examine it.

**Senator AYRES:** No wonder a substantial number of these projects have difficulties being delivered on time and on budget and have capability gaps. If you can't think and plan your way through the problem—I guess we'll come to the issues in more detail later in the week.

**Senator Birmingham:** We will cover them in more detail with Defence, I'm sure.

**Senator AYRES:** I just think it's unimaginable that the technical question has not been addressed in the process. I'm sorry I asked, because it leads us nowhere, and that's the problem.

**Senator Birmingham:** A decision has been undertaken to undertake life-of-type extension for all six of the Collins class. That decision was announced in September last year along with, of course, the awarding of that work appropriately to ASC to undertake that. As I indicated, in terms of the technical issues in relation to the operation of the Collins class, I would fully expect that, in undertaking that work, ASC will develop further technical awareness and knowledge about the Collins class at that time. Obviously, they are the experts in the operation of those boats now, but more will be learnt as that work is undertaken. So that will obviously inform further capability upgrades. As these get capability upgrades, they get adjusted depending upon ability to deliver them all of the time. There are different things that ASC do today in terms of midcycle docking that would previously have been contemplated only as part of full cycle docking activities where they have managed to see the ability across their operations in Osborne and in Henderson to do more to the boats in terms of enhancing them at different points in time as a result of improved systems, technologies and so on. I know ASC will continue to look for those opportunities and discuss them with Defence where appropriate.

**Senator AYRES:** The government will close the stable door after the has bolted—sorry; I interrupted.

**CHAIR:** You did. Senator Smith, you have the call.

**Senator MARIELLE SMITH:** I note that Senator Ayres and Senator Patrick just pursued the same line of questioning that I did. They used specifically the same phrase I used regarding the comments made by the Chief of Navy. At no point did the minister say that these two senators verbally the Chief of Navy. He reserved that assessment for me. I am deeply offended by it given I have members of my family who have served. I am deeply respectful of those in our defence forces and I'm not sure why he made that assessment of me and not Senator Patrick and not Senator Ayres.

**Senator Birmingham:** If it will help us to move on and your feelings are hurt, I will apologise for that. I have placed on the record in this committee precisely what the Chief of Navy said. I think that it is very clear that contrary to the colourful turn of phrase used by all three of you that he 'floated an idea', he was responding to questions. He simply said that it was not something to be ruled out, contrary to the way in which it was put by any of you. But, if your feelings are hurt—any of the three of you who I think might have verbally him in terms of the way you've reflected it, and perhaps the lesson in future is to bring the precise quote and use the precise quote; don't paraphrase. But, if your feelings are hurt, I apologise.

**CHAIR:** We'll table the document.

**Senator MARIELLE SMITH:** I'm happy to do both of those things if we want to keep going. Thank you for your apology, Minister. My feelings aren't hurt, but I am deeply offended by what you said, I think you know that and I think that's why you used those phrases.

**CHAIR:** Senator Smith—question.

**Senator MARIELLE SMITH:** Mr Whiley, has ASC been consulted in relation to any projections the government may have taken on undertaken on the total number of workers who will be impacted by the government's decision to cancel its contract with Naval Group?

**Mr Whiley:** I don't think we have. I'm not aware of any discussions on that. The only discussions we've had are in relation to the SSTP and what are deemed effective workers. There have been no discussions other than those.

**Senator MARIELLE SMITH:** Are you aware of any such projections being undertaken?

**Mr Whiley:** No, I'm not.

**Senator MARIELLE SMITH:** In terms of the SSTP, which you are involved in, are you aware of how many workers who we know are without work as a result of the loss of the contract with Naval Group are not eligible for the SSTP?

**Mr Whiley:** No, I'm not.

**Senator MARIELLE SMITH:** They were my further questions. Thank you very much.

**CHAIR:** Senator Patrick.

**Senator PATRICK:** I go back to LOTE now. Has the scope of LOTE been finalised?

**Mr Whiley:** The core scope of LOTE remains as is at this point in time.

**Senator PATRICK:** You can have a baseline that's unchanged, but has it been finalised?

**Mr Whiley:** In terms of our current contracted scope, LOTE has not changed. As the platforms age and issues occur, I'm anticipating that the scope may change based on what we see in terms of platforms and how we may need to address those issues. There may be capability issues that government maybe will want to address in terms of platform, but today's scope that we're currently working on remains unchanged.

**Senator PATRICK:** Has ASC been advised that LOTE has been approved?

**Mr Whiley:** As I said, the core scope of the work has been effectively contracted to ASC in terms of its commitment. We've been in the systems and detailed design phase for those core packages of work.

**Senator PATRICK:** What's happening in relation to long-lead items?

**Mr Whiley:** We're obviously in discussions with the subcontractors. Those contracts are due to commence in late in Q2 of this year.

**Senator PATRICK:** But you've got one with Jeumont already, haven't you?

**Mr Whiley:** Yes, we've got contracts with all of them. Those contracts are to try to help us inform what those long-lead items may or may not be, but the actual procurement of the items has yet to commence. As I said, that's due to commence in Q2 of this year.

**Senator PATRICK:** Are they foreign contracts or through a local representative?

**Mr Whiley:** Initially, they will be through the overseas parent.

**Senator PATRICK:** Does the activity you're working on at the moment include discussing technology transfer and local content?

**Mr Whiley:** Very much so. With each of those is the development of an AIC plan requirement. One of the things that we've learnt through the Collins experience is to make sure we maximise the IP and the transfer of knowledge. It's a key foundation of our success and the delivery availability of the Collins class. We will look to work with those contracts for how much we can bring into the country and make sure that we bring the right elements of the IP and supply chain into country so we can maintain ability for those issues and that equipment through the life of Collins.

**Senator PATRICK:** Have you got to the point where you've combined a LOTE schedule with a full-cycle docking schedule?

**Mr Whiley:** No, we're not into that. We've done some preliminary analysis about what we can do, but we haven't got a fully integrated work scope schedule yet. That's probably going to be commencing around the 2024 period, when we commence the detailed planning phase.

**Senator PATRICK:** Thank you. This goes to the second LOTE question. There's a fundamental input to that question and it's something that we've talked about in the past: whole life. Have you done any work? Have you been tasked to do any work in relation to ability of the hull to go through a second LOTE stage? That would seem to me to be a fundamental question before you'd even go look at planning and spending Commonwealth money to look to a second round of LOTE.

**Mr Whiley:** We've done no work regarding any aspect of the boat regarding a second LOTE. However, inside the LOTE core work package there is work related to the hull.

**Senator PATRICK:** But you must have done an assessment the first time around that the boats can go through a first LOTE.

**Mr Whiley:** That's correct. That was subject to an independent report, I believe.

**Mr Whiley:** Has Saab Kockums, as opposed to Saab Technologies Australia, been engaged regarding support for LOTE?

**Mr Whiley:** We're currently in contract negotiations with Saab Kockums to support this through the LOTE endeavour.

**Senator PATRICK:** Are you in a position to provide any details as to the workforce size for LOTE?



**Mr Whiley:** As indicated, in terms of the scope of engineering capacity to date, we anticipate we're going to peak at around about 160 in terms of the engineering growth. I think it's a bit too early to say whether we need to expand our workforce for the actual implementation of this phase.

**Senator PATRICK:** Thank you, that's very helpful—the quick answers. Just one last line of questioning in relation to COVID. I understand ASC might have brought in a requirement for personnel to be fully vaccinated. Is that correct?

**Mr Whiley:** That's correct.

**Senator PATRICK:** I will just say this: I declare I am fully vaccinated myself, but I wonder, having watched some of the Fair Work cases that are streaming past now in relation to this, was that done on the basis of medical advice and was there consultation involved with the workforce?

**Mr Whiley:** There was definitely a consultation involved with the work force. I think it's a known practice that vaccination improves personal safety regarding COVID. As officers of a company, we have to make sure the workplace is safe, and so it was done to ensure that we could actually deliver that capability to our workforce.

**Senator PATRICK:** It's not a criticism. Having watched what is happening in the Fair Work Commission, I'm just trying to see whether we're avoiding problems that might arise in the future. As with other workforces, there will be people who say, 'No, I'm not prepared to get vaccinated.' Have you encountered that at ASC? Have you lost any employees as a result of that sort of situation? If so, has that or will that in any way affect schedules? What sort of numbers are we talking about?

**Mr Whiley:** We are going through that process at the moment. We have given ourselves until 28 March to fully implement that policy. We are going through a process of consultation with the workforce. We have identified those potential candidates who haven't yet indicated they're vaccinated, and we're going through a process of engagement with them. We're not anticipating, at this point in time, there is going to be any impact to the program.

**Senator PATRICK:** What is the quantum of people?

**Mr Whiley:** I'll have to take that question on notice. It changes on a daily basis, as and when people do and don't get vaccinated. We are working through the numbers. I'll take that question on notice and give it to you.

**Senator PATRICK:** Maybe just a piece of advice: when I talked to the Air Force about this, they said one of best things they did was send everyone who was adverse to go and see a doctor, paid for by the company, and that got rid of a lot of the issues they were having. I'll just leave that as a comment.

**Mr Whiley:** Thank you.

**CHAIR:** We are all good with ASC. Thank you to the ASC for appearing today.

#### **Australian Naval Infrastructure Pty Ltd**

[10:02]

**CHAIR:** I welcome via videoconference Mr Andrew Seaton, Chief Executive Officer and Managing Director of Australian Naval Infrastructure Pty Ltd. Mr Seaton, do you wish to make an opening statement?

**Mr Seaton:** Yes, I will.

**CHAIR:** Thank you, Mr Seaton.

**Mr Seaton:** Since the last hearing, ANI has continued to proactively manage the wind-down of activities at the Osborne North Development Project following the AUKUS announcement and the decision to not proceed with the Attack class program. Work on the combat system physical integration facility and site-wide utilities is nearing completion, with commissioning well advanced. All other site based activities have ceased, with the construction sites for the platform land based test facility and the hull manufacturing and submarine consolidation halls made safe and secured.

The total project workforce, including site and office based roles, is now below 50 on a daily basis. Contractor and subcontractor payment claims, including for demobilisation costs, where appropriate, are continuing to be managed fairly, with respect and in accordance with the underlying contracts. At the end of January, a total of \$422 million had been spent by ANI on the project from inception. Of the total approved funding of \$554 million, we now estimate that less than \$490 million will have been spent once all the contractor and subcontractor claims have been resolved. ANI is now working with the Commonwealth Nuclear-Powered Submarine Taskforce to understand the suite of requirements that underpin nuclear stewardship, including infrastructure. This will include an assessment of what parts of the already completed works at Osborne can be repurposed for a nuclear powered submarine build and what additional facilities are required.

**CHAIR:** Thank you, very much, Mr Seaton. Senator Smith, you have the call.

**Senator MARIELLE SMITH:** At the last estimates, you agreed with a question I asked regarding the impact of the AUKUS announcement on jobs. I think we clarified that the AUKUS announcement put over 500 jobs—I'll make sure I use the exact wording, for Senator Birmingham—in uncertainty as a result of this decision, as it relates to your work, and you said, 'That's correct.' Do you have any clarity now on how many jobs were lost following the AUKUS decision?

**Mr Seaton:** We are an infrastructure developer, so the jobs that we had on site were construction related jobs. They're different trades at different times. You have earthworks, then you have foundations, then you have steelwork, then you have cladding. It's a natural progression through trades. These were not long-term jobs, these were jobs associated with construction of the specific facilities at Osborne. At the last Senate estimates, I stated that between 550 and 600 people were working on the project at the time of the AUKUS announcement. In my opening remarks, I have just said that about 50 people are now working on the project. What we have done is wound down those trades. These were contractor and subcontractor roles. Our expectation is that those contractors and subcontractors have moved onto other construction projects, either within the state or further afield.

**Senator MARIELLE SMITH:** I appreciate that, in terms of the movement of workers. How many people were working for ANI, as at 16 September 2021, who are now no longer ANI employees?

**Mr Seaton:** ANI, at the time of the announcement, had about 45 employees. Since the announcement we have had two resignations, a graduate architect and a graduate civil engineer.

**Senator MARIELLE SMITH:** In terms of the last estimates, we spoke about the government support available for affected shipyard construction workers. Has support been provided to affected shipyard construction workers from the government or has that support not been forthcoming?

**Mr Seaton:** Again, I'll differentiate. These are construction workers who were constructing the infrastructure, so they're not actually shipyard workers; they're infrastructure construction contractors. The answer is that we've been managing our contractor and subcontractor workforce fairly, with respect, winding down their contracts and making payments that were due to them under their contracts, but there has not been a specific government program of support. These are contracting organisations that contract to many different infrastructure projects. With the cancellation of our project, the subcontractor workforce has gone out and sought other work and redeployed their personnel onto other projects.

**Senator MARIELLE SMITH:** I appreciate that they were contracted. I've spoken to many small and medium enterprises who were contracted or seeking to be contracted on this program, and many were very distressed about their capacity or ability to find equivalent projects to work on or equivalent opportunities. Has the government provided any support to those workers who are expected to work on these projects or not?

**Mr Seaton:** For the infrastructure construction, the answer is no.

**Senator Birmingham:** Senator, as I think I referenced you to last time, Defence has stood up—and I forget the exact form of words—a unit there that is seeking, in terms of other contracting work that Defence has coming along, to try to make sure that those who were participants or had expected to be participants in the ANI Osborne North Development Project have access to other possible defence work. But, in terms of how that engagement has worked, that's a question for Defence, not ANI.

**Senator MARIELLE SMITH:** Does ANI have any clarity yet on whether it will make a contribution to the nuclear submarine task force?

**Mr Seaton:** Yes, we are—

**Senator MARIELLE SMITH:** Sorry, my apologies; you actually did mention that in your opening statement, and you mentioned infrastructure as one part of it. I apologise. Could you just expand a bit further on your opening statement, if there's anything further you can share with us on what that contribution will look like?

**Mr Seaton:** We're very engaged with the nuclear submarine task force. There is an infrastructure arm of that task force and we are working with them to help them understand what facilities already exist at Osborne and, really, the art of the possible around what a future nuclear construction site would look like at Osborne.

**Senator MARIELLE SMITH:** Mr Seaton, also, further to the last estimates, we learned that there would be around 35 businesses who were working on the project at the time of the announcement whose contracts would be impacted by the announcement. Do you have anything further you can share on what happened with those subcontracts? Have they since been cancelled? What is the status of those 35 subcontracts?

**Mr Seaton:** We've been working through with all of the subcontractors. Some of them have finished their work scope as originally contemplated on the combat systems building or some of the sitewide utilities that we've put in. So those contracts have been completed and rolled off. Some of the other contracts have been descope. We've reduced the scope as we've wound down the site activities, but each of the contractors has been reimbursed for works completed to date, materials procured to date—and we've taken delivery of a lot of those materials—and also for reasonable costs of demobilisation. That process has been a very orderly process that has been run in conjunction with our managing contractor, Laing O'Rourke, ever since the AUKUS announcement.

**Senator MARIELLE SMITH:** Can you provide to the committee a breakdown of those 35 contracts? I appreciate the different—

**Mr Seaton:** Senator, we did, in response to question on notice F006.

**Senator MARIELLE SMITH:** I don't have that one in front of me; apologies, Mr Seaton. But what I'm looking for—I can't see you. I'm not sure if you're able to put your video back on.

**Mr Seaton:** My video is on, Senator.

**Senator MARIELLE SMITH:** Is it just me, or has everyone lost it?

**Senator Birmingham:** No. But I think you can still hear us and we can still hear you, so that is okay.

**Senator MARIELLE SMITH:** As long as you can still hear me, that's okay. I'd like you, if you can, to take on notice to provide the details of each of the 35 subcontracts, including those which have been descope and those which may have been cancelled, and, if you are able, to provide us with the names of the companies affected, the values of the contracts, and the type of work and the numbers of workers affected within each.

**Mr Seaton:** Senator, could I refer you to our response to question F006 from the last estimates? That should give you the information that you require.

**Senator PATRICK:** F006 only gives the status of the buildings.

**Senator Birmingham:** No, there is an answer that lists companies.

**Senator PATRICK:** I don't have it either.

**Senator Birmingham:** Perhaps, Senator Smith, because, of course, you can put questions on notice outside of the room too—

**Senator MARIELLE SMITH:** Yes, that's right.

**Senator Birmingham:** So take a look and, if you need more, then—

**Senator MARIELLE SMITH:** If it's not in there, we'll specify those within a question. I'm not aware of all of that level of detail being provided, but we'll check the question and then we'll place a question on notice if it hasn't previously been answered sufficiently. Obviously, we'll be looking for an answer which reflects the current point in time, so we will put that on notice, if that's okay. Are there any skilled positions at ANI that remain vacant?

**Mr Seaton:** Yes, I can answer that. No, there are no positions that are vacant.

**Senator MARIELLE SMITH:** You're not trying to fill any skilled roles at present?

**Mr Seaton:** No, we're not.

**Senator MARIELLE SMITH:** Do you have any concerns about the current availability of suitably skilled technical and engineering people? I appreciate that you're not seeking to fill roles at the moment. But, in the future, what's your view on the availability of skills going forward? Do you have any concerns there?

**Mr Seaton:** No, I don't have any concerns. We've always been able to attract and retain high-calibre employees.

**Senator MARIELLE SMITH:** I'll ask a question that I put to ASC before. Were you at ANI consulted in relation to any projections undertaken by government on the total number of workers who would be impacted by the AUKUS announcement on 16 September?

**Mr Seaton:** Yes. We had a number of conversations with both Defence and Finance in the lead-up to the 16 September announcement, and we talked about the contractor and subcontractor workforce at Osborne, as we've just discussed.

**Senator MARIELLE SMITH:** Are you aware of any workers, either employed by you or elsewhere, who are now without work as a result of the cancelled contract and may not be able to access the SSTP?

**Mr Seaton:** The SSTP, in my understanding, was really targeted at Naval Group and Lockheed Martin, so Mr Whiley has spoken to that. I think I said that at ANI we've had two resignations since the announcement, so it

hasn't had a large impact on our staff workforce. Our subcontractors have been progressively demobilising from the site and moving on to other work. I think it's a positive that the construction sector is really quite busy. Trades are in high demand, so as people have come off our project they have been readily redeployed elsewhere.

**Senator MARIELLE SMITH:** Senator Ayres has some questions after Senator Patrick, I believe.

**CHAIR:** Yes, indeed. Senator Patrick.

**Senator PATRICK:** Mr Seaton, firstly, thank you for the schedule and the great picture you sent me of the shipyard. It seems like getting schedules out of government officials working on projects is really hard, so thank you for that. In relation to ASC North—we're talking about where the Collins full-cycle docking work is done—Mr Whiley, at the last estimates, talked about discussions he'd had with you in relation to upgrades. I'm wondering where you are up to with those discussions. Have they progressed them to a point where there's a project in the making?

**Mr Seaton:** Yes. We're progressing those discussions with Mr Whiley and his team, and we are in the process of designing and scoping those facility upgrades.

**Senator PATRICK:** Perhaps on notice you could give us a top-level view of what sorts of things are happening. He talked about roofs being upgraded and so forth. If you could do that on notice, that would help the chair.

**Mr Seaton:** Okay.

**Senator PATRICK:** Thank you—and any schedule associated with that work. Is it work that's going to cover months or years? What's the feel at this point?

**Mr Seaton:** I think it will be progressively over years. What you've got is a 30-year-old facility that's in need of just some upgrading, some refurbishment of existing facilities and, really, a general spit and polish, if you like. I think that'll be done over time. I think at the last estimates we stated that there were no specific new facilities required for LOTE. It's really just doing up office blocks, replacing air-conditioning units and, as you say, new roof sheeting, new guttering and things like that.

**Senator PATRICK:** Where I'm also coming from, in terms of terminating some of the contracts for the future submarine shipyard, is whether or not there was scope to redeploy and avoid termination costs for some of these entities and some of these people working.

**Mr Seaton:** The ability to bring forward other projects has been looked at very closely, and we're working very closely with Defence and Finance not just on that Osborne North site but also on the Osborne South site, the common user facility, to make sure that we're bringing forward whatever project work we can.

**Senator PATRICK:** Could you give us on notice an overview of where you're up to with ASC north, improvements you're likely to have, rough costs and rough schedules?

**Mr Seaton:** Sure.

**Senator AYRES:** I think you said the Combat System Physical Integration Facility was the only project at Osborne North that would still be on foot following the AUKUS announcement. I think you said it was due for practical completion at the end of 2021; is that all done?

**Mr Seaton:** Yes, it is. It's being commissioned at the moment, and I'd expect that to be handed over to ANI within a couple of weeks.

**Senator AYRES:** In terms of ANI's engagement with the optimal path process, can you give the committee a sense of the time lines? Each of the two options is larger than the Attack Class submarine, one of them substantially larger. That does, at the very least, engage a lot of civil construction work and maybe some other work that would have been substantially different. What are the lead times that we're talking about for construction for a larger craft, or is there no substantial difference?

**Mr Seaton:** I think it's too early to say yet. We're working with the task force to firstly define what the infrastructure requirements are for a nuclear powered submarine, taking into account nuclear safety and nuclear security. They're quite different from conventional submarine builds. Once we've determined what the infrastructure requirements are then we can look at what we can reuse from the existing yard and what is a new build. Once we have that, we will put a cost and schedule around it, but I think it's too early to speculate on how long it might take to build the yard.

**Senator AYRES:** Putting aside those issues, at least one of those options is larger in the order of 50 per cent. That itself must have a substantial impact on the kind of infrastructure that ANI would be required to provide. I appreciate that there are issues that we won't traverse in detail, but in terms of scale—

**Mr Seaton:** I think you're exactly right. If the submarine is substantially longer, larger in diameter or heavier than we need to look at, firstly, the build methodology. The builder of the submarine may not follow the same methodology as Naval Group were going to use for the Attack Class submarine, so that goes to floor loadings and cranes, the size of the construction halls and the specialised equipment that you require within those halls. There's a lot of work to be done to specify—

**Senator AYRES:** In terms of the civil works and reclaiming land, at the very least. They are very substantial.

**Senator Birmingham:** These are very substantial and very important in terms of the timeliness of the project, which I know Defence is cognisant of and the task force is cognisant of. If we are to select a model which has limited additional design changes or modifications that need to be undertaken then a pressure to make sure we get the construction off the ground quickly will be ensuring that we have delivery of the infrastructure on the site in ANI quickly. Fortunately, in terms of land opportunities, if additional land is required, there are possible avenues associated with the Osborne site. There is early engagement that the task force is undertaking to get awareness of how the different models might be executed successfully at Osborne. I would expect that for government—whomever it may be after the next election—early decisions will need to be taken as soon as the task force has completed its work in order to enable Mr Seaton to get back on and ensure we have a shipyard constructed to meet those design needs that you raise.

**CHAIR:** Thank you very much to ANI for appearing today.

#### **Proceedings suspended from 10:25 to 10:45**

#### **Department of Finance**

**CHAIR:** The committee will now resume, and we'll begin the examination of outcomes 1 and 2 for the Department of Finance. Welcome to the Finance officials in the room and next door, including the secretary, Ms Rosemary Huxtable. Minister, do you wish to make an opening statement?

**Senator Birmingham:** No, thank you.

**CHAIR:** Ms Huxtable, do you wish to make an opening statement?

**Ms Huxtable:** No, thank you.

**CHAIR:** I'm going to give the call to Senator Gallagher.

**Senator GALLAGHER:** Minister, yesterday we started a discussion around the caretaker period and whether the government would observe the caretaker conventions and guidelines when they kick in. You said to the committee yesterday that the government would observe the caretaker guidelines.

**Senator Birmingham:** Yes, Senator.

**Senator GALLAGHER:** Did the government observe the caretaker guidelines in April and May 2019?

**Senator Birmingham:** To my knowledge, yes, but I'm not going to pretend to be expert across all circumstances in all situations.

**Senator GALLAGHER:** So, to your knowledge, but there may have been occasions when they weren't observed? Is that your evidence?

**Senator Birmingham:** I'm not privy to every piece of advice that was provided during the context of the campaign to every minister and how that was handled.

**Senator GALLAGHER:** As the finance minister, do you think authorising the spending of \$40 million during the caretaker period observed the caretaker guidelines?

**Senator Birmingham:** I think that depends on the advice that was provided and the circumstances involved in it. There are certainly times where authorising expenditure is necessary in the caretaker period.

**Senator GALLAGHER:** On what grounds would it be in line with the caretaker conventions to authorise expenditure?

**Senator Birmingham:** Again, I think that would depend on what the expenditure related to as to whether that was something that required consultation or not, more broadly. My practice, through a couple of election campaigns, has been that my departments have advised me, where necessary, in relation to the application of caretaker conventions. This will be the first campaign that I go through with the Department of Finance as my responsibility, and I imagine that they will advise me on any decisions that do or don't need to be made.

**Senator GALLAGHER:** You mentioned consultation as being one of the ways that you can authorise expenditure and that you consult with the opposition during that time. Are there other grounds that you're aware of where spending can be authorised during that period?

**Senator Birmingham:** I don't believe that every scenario requires consultation there but, as I said, my practice has been to act under advice from my various departments during campaigns, and that's what I'll continue to do.

**Senator GALLAGHER:** Would spending \$40 million on grants to target it at marginal and targeted electorates be in accordance with observing the caretaker guidelines after the caretaker period kicks in?

**Senator Birmingham:** Now you're starting to ask me a hypothetical, Senator—

**Senator GALLAGHER:** It's not a hypothetical. It happened in 2019.

**Senator Birmingham:** If you want to go to something specific then by all means let's go to the something specific, rather than this little dance.

**Senator GALLAGHER:** It was the sports grants that were approved by the Prime Minister on 11 April after caretaker kicked in. The approval was signed off after caretaker kicked in. There was no consultation with the opposition. Those grants primarily went to seats that you were trying to win or hold. I'm asking is that in accordance with the caretaker guidelines to your understanding of them?

**Senator Birmingham:** My understanding of them on any given instance is informed by the advice that I receive from departments. Those grants don't sound like they were a matter at that time that would have been under the advice of this department.

**Senator GALLAGHER:** No, they wouldn't. But I'm asking you as the Finance Minister—who, presumably, has authority around, and a view around, appropriate, efficient and effective use of taxpayer funds—whether that was an appropriate authorisation of \$40 million worth of taxpayer funds?

**Senator Birmingham:** I know that that matter has been subject to great exploration in other committees. It's not something that I've participated in, so I'm not going to provide a judgement sitting here without the benefit of seeing all of the context around that decision at that time. And, of course, I'm not privy into what advice was or was not provided by the relevant departments at that time.

**Senator GALLAGHER:** I don't think that there was any. That was the problem. If you won't say that it wasn't appropriate, was it appropriate to spend \$40 million on sports grants after caretaker kicked in?

**Senator Birmingham:** I think that the identical answer applies that—

**Senator GALLAGHER:** So you won't support it, but you won't say that it was wrong?

**Senator Birmingham:** I know that these matters have been explored extensively elsewhere. I don't have any of the documentation, the advice or otherwise at my fingertips. I wasn't the responsible minister. It wasn't this department. I'm not going to jump to form any sort of conclusion without having that sort of information.

**Senator GALLAGHER:** As Minister for Finance do you have any role in advising the cabinet on the appropriate authorisation of expenditure within their portfolio departments? Is there any overarching role for you?

**Senator Birmingham:** Yes, in a number of different ways. Procurement guidelines, grant guidelines—those sorts of things are administered by this department. Individual departments then have responsibility in terms of their adherence to those different guidelines. The caretaker conventions, as was asked yesterday, are administered by the Department of the Prime Minister and Cabinet. Then, of course, individual departments advise their ministers in relation to the application of the caretaker conventions.

**Senator GALLAGHER:** Are you going to tell your colleagues not to do what they did last time, in 2019, and spend millions of dollars after caretaker kicks in? Is that something that falls within your responsibilities or is that something that the Prime Minister should do?

**Senator Birmingham:** I would expect that all of us will be reminded of the caretaker conventions, as is the ordinary course of events, and with that the expectation that we will all work within those caretaker conventions according to the advice provided by our different departments.

**Senator GALLAGHER:** Who reminds you? You said, 'We are all reminded.'

**Senator Birmingham:** My recollection is that there is a standard communication that is made at the appropriate point. I don't know whether Ms Huxtable can recall or not. It's more a matter for PM&C.

**Ms Huxtable:** Yes, it is a matter for PM&C. I know that they update the guidance on caretaker conventions, and they updated them at the end of last year. We go through a similar process in the matters that we have direct responsibility for, which are predominantly related to the election costing processes. We also updated that and wrote to the leaders of the major parties at that time. What I don't know is whether PM&C are also writing out, as we do on the costing guidelines, to individual parties or parliamentarians in respect of the conventions, but they're easily accessible on their website.

**Senator GALLAGHER:** There's a process that goes with the caretaker conventions for the Public Service so that they are fully aware of the period we're in. I guess the questions I have, Minister, are around how it is managed by the Prime Minister across the cabinet to say what he expects to be followed. I guess the question I'm asking now is: will you observe the caretaker guidelines and not authorise grant funding—not urgent, not unforeseen, not things that you might consult with the opposition over. I want a commitment from the government that they're not going to do what they did in 2019 and, after caretaker kicks in, sign off \$40 million to fly into seats that you want to win or hold. That's the commitment I want. Will you give us that?

**Senator Birmingham:** Whilst not accepting or wanting to comment on the aspersion you made in the middle of your question there—

**Senator GALLAGHER:** What's that, that \$40 million was spent? That's a fact. It's in the ANAO audit report.

**CHAIR:** Senator Gallagher, allow the minister to respond to your question.

**Senator Birmingham:** I dealt with my response in relation to those matters in your previous questions. In terms of the application of the caretaker conventions in the next campaign, I expect all ministers to work with their departments in terms of adherence to the advice around the application of those conventions, as I am confident the Prime Minister would expect everyone to.

**Senator GALLAGHER:** Would you authorise the spending of \$40 million in grants after the caretaker kicks in if it came across your desk?

**Senator Birmingham:** Again, that's a hypothetical. What I would do, as I've said a few times now, is be responsive to the advice that my department would provide in relation to any decisions that I have to make.

**Senator GALLAGHER:** So you wouldn't do it?

**Senator Birmingham:** I have done that before. I can recall contacting Senator Carr during an election campaign once to discuss certain issues with him. I'm aware of the conventions. I don't profess to be an expert in the detail of the conventions, but I know that departments are generally quite diligent in terms of the advice they provide to ministers around how we apply the conventions during a campaign.

**Senator GALLAGHER:** In your experience as a minister over the last eight years or so, are there any penalties for not following the caretaker guidelines? Has anyone been punished for not following them?

**Senator Birmingham:** Not to my knowledge. That would really be a question for PM&C.

**Senator GALLAGHER:** But you'd know. You're a senior minister. You would know if there were.

**Senator Birmingham:** As I said before, I don't profess to be across every other ministers' activities and decisions.

**Senator GALLAGHER:** As we head into this period, you won't give me a commitment that it won't happen again. I think you're saying in a roundabout way that you wouldn't do it if it crossed your desk. How can we trust that a government that did authorise \$40 million worth of expenditure after the caretaker period had started, and has made a bit of a signature move around rorting and trashing conventions, will actually do the right thing when it comes to the next caretaker and election period? What assurance can you give that this will not happen again?

**Senator Birmingham:** In the interests of brevity: I don't think anything that I could say would convince you right now.

**Senator GALLAGHER:** No, I think that if you said, 'Yes, I can guarantee that we will not authorise \$40 million'—or indeed any amount—'to go into pork-barrelling in the next campaign,' people would have some more trust. Are you prepared to say it?

**Senator Birmingham:** As I've said, I expect, and the Prime Minister will expect, everyone to adhere by the caretaker conventions—

**Senator GALLAGHER:** The Prime Minister signed it off!

**Senator Birmingham:** as advised and informed by their departments in terms of the application of those conventions. I made the invitation—I'm not sure it was to you, Senator Gallagher; it might have been to Senator Ayres or somebody else yesterday—that if you want to go to local grants programs and community grants programs and so on—

**Senator GALLAGHER:** Yes, I do. I have a lot more questions about them.

**Senator Birmingham:** Very good. We can do that, and along the way—

**Senator GALLAGHER:** You can try and say that what we're doing is the same as you.

**Senator Birmingham:** I'll start with the \$7½ million promise for the Casuarina Pool in Solomon, and I can work my way through the promises you're currently making.

**Senator GALLAGHER:** Sure. Before an election without actually appropriating the money as a government, which is what you do, which is a very big difference that you refuse to accept.

**Senator Birmingham:** You seem to think that we shouldn't budget for what we spend. We believe we should.

**Senator GALLAGHER:** The Prime Minister was the one who didn't follow the caretaker guidelines, so I have no faith that won't happen again.

**Senator Birmingham:** My prediction was accurate!

**Senator GALLAGHER:** When we look at the next budget and election period, we've got a similar set of circumstances. In 2019 you had a budget, I think, on 2 April. Caretaker kicked in on 11 April, if I'm correct, in 2019. So it was a matter of just eight or nine days between the budget being announced and caretaker kicking in. I'd like to understand the government's approach to this time and whether you're going to take the same approach. Will you be announcing spending in the budget, that is then very quickly approved, to go into target and marginal seats even on the eve of an election being called? Will you be doing that again?

**Senator Birmingham:** It will be of little surprise to you to know that we will announce what's in the budget in the budget.

**Senator GALLAGHER:** Yes. Fair enough. Will you then do what you did last time, which was announce funding, which in the budget for all appearances looks like it's for everybody, to be shared in a merit based process, and then over a couple of days spend hundreds of millions of dollars funnelling that money into Liberal target or marginal seats? That's what happened last time. Will you be doing that again?

**Senator Birmingham:** As I said to Senator Ayres, we will announce any new programs, policies are otherwise related to the budget in the budget. The budget will provide for the funding platform and the management of the nation's finances upon which we will seek our re-election. We're not going to hand down the budget and then, between the budget and the election, blow out the budget. That's not the way we would approach these matters. We will make sure that we have costed appropriately our promises that we take to the people and that that's reflected in terms of the budget that we outline.

In the last campaign, yes, we promised a range of urban infrastructure projects and commuter car parks, just like your party was promising a range of urban infrastructure projects and commuter car parks. You seem to have this view that somehow we shouldn't have budgeted for them, even though as the government it's our responsibility to budget for these sorts of things. You seem to have the view that we shouldn't have said where we were going to build them and that we should have pretended, somehow, that everybody could be getting these projects, rather than actually fronting up during the campaign and saying: 'This is where we intend to put them. You get them, ipso you miss out,' which was a fairly transparent process as well. The government's view is that we should budget fully for our expenses and, if we're making promises, we should detail those promises as is appropriate.

**Senator GALLAGHER:** Let's take the commuter car park then, as you raised it, because it is a great example of the point I'm trying to make. In the Treasurer's speech he says:

Tonight, I announce we are increasing the Urban Congestion Fund four-fold from \$1 billion to \$4 billion.

This fund will focus on immediate, practical measures to cut travel times within our cities.

... ..

It will include a \$500 million Commuter Car Park Fund that will improve access to public transport hubs and take thousands of cars off the roads

He does not say, 'In these electorates which we have already decided, and they all happen to be targeted or marginal electorates'—or indeed the Treasurer's own electorate, where he gave himself four car parks. You are not upfront with either the parliament or the Australian people about that. You say you have this fund and then, secretly, you've already allocated it into all your targeted seats, which you don't announce before the bills pass the parliament, and then, on the eve of the election being called, the Prime Minister approves hundreds of millions of dollars to go into those seats. That's not being upfront or transparent or accountable.

**Senator Birmingham:** Is it not the case that Mr Albanese announced a commuter car parks program—sorry, it was Mr Shorten at the last election, although Mr Albanese did announce some of the projects so I'll come to him. Mr Shorten announced a commuter car parks program for the last election with a quantum of money he was saying would be spent on it. And subsequent to that—

**Senator GALLAGHER:** With the projects.



**Senator Birmingham:** No. He drip-fed announcements of the different projects, including an announcement made by Mr Albanese of at least one of those projects. Is that not—

**Senator GALLAGHER:** Yes, before the election and it would have been—if we'd won, we would have appropriated that money with full transparency and accountability.

**CHAIR:** Order! Listen to the minister's response.

**Senator Birmingham:** And still during the election.

**Senator GALLAGHER:** You did not do that. The Treasurer did not say on election night, 'And four of these car parks are, very happily, coming into my electorate, by the way.' That's what your appropriation money—

**CHAIR:** Senator Gallagher, let the minister finish his response.

**Senator Birmingham:** No. The Treasurer and the government did exactly as the opposition was already doing. We established a fund—like the opposition had already announced—and then we proceeded to announce the projects that fund would support, as the opposition had been and was continuing to do.

**Senator GALLAGHER:** You appropriated money in government—taxpayers' money—and you were not transparent or clear. On budget night the Treasurer says, 'We are doing this so we'll reduce congestion and take thousands of cars off our road.' I wouldn't have a problem if he'd gone on to say, 'And here is where the 40-odd car parks are going.' But they didn't say that. He announces a fund. He sits there. And in the election campaign—actually, prior to the election campaign being called, in the dark of night—the Prime Minister approves them all into Liberal targeted and marginal seats. That's hundreds of millions of dollars. You were not transparent about it at all, when that money was appropriated.

**Senator Birmingham:** The fundamental problem here is you're just applying a double standard.

**Senator GALLAGHER:** No I am not.

**Senator Birmingham:** You are applying a double standard. You seem to think it's okay as an opposition to announce an umbrella fund and then to support projects under that umbrella fund. But you seem to believe as a government that if we're announcing an umbrella fund we should, at the same time, announce all of the recipients of support under that umbrella fund. You are holding the government to a different standard from that which you hold yourself.

**Senator GALLAGHER:** You're the government. You have access to those funds, and you appropriate that money through the parliament without telling people how you are going to spend it. The situation for us is that we are telling people how we're going to spend it long before we're in a position to appropriate that money. But you have taken the money. You have not explained where it's going. You're pretending it's a genuine fund for, ostensibly, places that actually need commuter car parks and easing of urban congestion, and then you're putting it in places where (1) there's no assessment, (2) they're not needed and (3) they haven't been built. That's hundreds of millions of dollars.

**Senator Birmingham:** Yes, we're the government. We produce budget papers as the government and we appropriate funds in accordance with those budgets as the government. That's our responsibility.

**Senator GALLAGHER:** And you squirrel away money—

**CHAIR:** Senator Gallagher, let the minister respond.

**Senator Birmingham:** If you win the election—or just as Labor governments have done in the past that is precisely what you will end up doing too. In terms of the establishment of such funds and the allocation in projects against it, that is commonplace for governments and oppositions, whatever their political persuasions, to make those umbrella funding announcements and then to make different commitments about how those funds will be allocated.

**Senator GALLAGHER:** But they were determined in government not in an election campaign. You were making those decisions to pork barrel, in government, as official decisions of the cabinet.

**Senator Birmingham:** I don't understand how it is—

**Senator GALLAGHER:** Isn't that the problem?

**Senator Birmingham:** that you think the government announcing a localised investment commitment in one part of the country is pork barrelling but the opposition, the Labor Party, doing it is not. You're holding the two of us to different standards. Right now—

**Senator GALLAGHER:** I'm saying that when you establish these funds you should be transparent about where they're going. You knew where they were going and you made the decision as government—

**Senator Birmingham:** So—

**Senator O'SULLIVAN:** We took them to an election!

**Senator GALLAGHER:** No! They weren't election commitments! They were signed off in government—don't pretend they were election commitments. Yes, you badged them as election commitments but they were an act of government that authorised that expenditure.

**CHAIR:** Senator Gallagher, do you have a question?

**Senator Birmingham:** They were fully budgeted, yes, because that's what our government seeks to do; to make sure we have fully budgeted and accounted for the promises we're making—

**Senator GALLAGHER:** We're going to see more of it. So there's nothing wrong with what you did with the Commuter Car Park Fund? Is that your evidence? And we will expect more of it, will we?

**Senator Birmingham:** Senator, if you want to tell me which funds are being used to provide for the \$7½ million upgrade to the Casuarina pool in Solomon that your party announced on 3 February, or the \$7½ million upgrade for the new Sanctuary Point District Library—

**Senator GALLAGHER:** It will all be made very clear before the election.

**Senator Birmingham:** in the seat of Gilmore that your party announced on 2 February—

**Senator GALLAGHER:** Yes, up-front before the election—months before!

**Senator Birmingham:** I could keep going—

**Senator GALLAGHER:** Yes. You're making commitments—

**Senator Birmingham:** There's a lot of what you would describe as pork-barrelling that seems to be what Mr Albanese and your team are out there announcing right at this moment.

**Senator GALLAGHER:** No, we're making local commitments, up-front and transparent, including the costing. That is very different to what you did with the \$660 million Commuter Car Park Fund—very different. And your evidence is that it's going to continue, so we will expect more of it in this upcoming election campaign.

**Senator Birmingham:** I contend that we made local announcements up-front, including the costing—I think those were your exact words—

**Senator GALLAGHER:** You didn't make them up-front!

**Senator Birmingham:** Local announcements, up-front, including the costing, before the election.

**Senator GALLAGHER:** No, you didn't.

**Senator Birmingham:** People had your local announcements up-front, including the costing, and our local announcements up-front, including the costing, to compare, and the election was held.

**Senator GALLAGHER:** Why, then—just to finish this off—when the Treasurer announced this Commuter Car Park Fund, did he not say where all the car parks were going to be? You had already made the decision.

**Senator Birmingham:** Why didn't Mr Shorten, when he announced the opposition's fund?

**Senator GALLAGHER:** No, on budget night, when you were appropriating money through the parliament—

**Senator Birmingham:** It's because Mr Shorten wanted to be able to visit local communities and make those announcements in local communities.

**Senator GALLAGHER:** Okay, so we're going to see more of it?

**Senator Birmingham:** And the government wanted to be able to visit local communities and make those announcements in local communities.

**CHAIR:** Senator Gallagher, before you move on to your next topic I just want to say that I'm finding it very hard to discern questions and responses between Senator Gallagher and the minister at the moment, so could we try to avoid talking over the top of each other? That would make my job and that of those listening at home a lot easier. Thank you.

**Senator GALLAGHER:** Thank you, Chair.

**Senator Birmingham:** Certainly, Chair.

**Senator GALLAGHER:** Minister, some of the funds that have received criticism in terms of the way decisions have been made and the way funding has been allocated, including disproportionately landing in coalition targeted and marginal seats, have been the Building Better Regions Fund, the Urban Congestion Fund and the Safer Communities Fund, and we also have other funds which were established in the budget. Some of the

advice I have is that there's about \$2.4 billion in unallocated expenditure in those funds that the government has available to it. Is the government going to spend that \$2.4 billion in election promises?

**Senator Birmingham:** I'm sorry, Senator: I'm not sure if, in your question, you initially outlined which funds or programs you're speaking about.

**Senator GALLAGHER:** I've been following this through questions on notice and other advice. For example: I'm told that there's \$279 million unallocated in the Building Better Regions Fund; \$848 million in the Urban Congestion Fund; \$70 million in the Safer Communities Fund; over a billion dollars in the Modern Manufacturing Initiative; and \$114 million in the local jobs COVID-19 recovery fund. Just those five funds give the government \$2.4 billion, unallocated. Is that your election war chest?

**Senator Birmingham:** No, I certainly wouldn't describe it in that way. I know that some of those funds—off the top of my head, the Modern Manufacturing Initiative and, I think, the Building Better Regions Fund—are in the middle of applications being assessed and determined. They have been out into the marketplace, if you like, inviting applications. Those applications for those two, I'm pretty sure, have been received and are undergoing those final decision-making processes. I am certain that's the case for MMI and I think it's the case for BBRF, but I would have to look into some of the others. Obviously each can most effectively be responded to by the relevant portfolio department.

**Senator GALLAGHER:** So they won't be used to fund your election promises? Those unallocated funds that exist in those—

**Senator Birmingham:** As I said, my expectation is that most, if not all, are in the advanced stages of being allocated in accordance with the program and grant guidelines for each of those policy areas.

**Senator GALLAGHER:** With the Building Better Regions Fund, for example, I think it is round 6 that just closed, but I could be wrong. Essentially, will the decisions be taken on that and announced in the election campaign?

**Senator Birmingham:** I wouldn't expect so, Senator.

**Senator GALLAGHER:** You wouldn't expect so?

**Senator Birmingham:** As I said, it's best to go to the Department of Infrastructure, Transport, Regional Development and Communications in terms of BBRF. I sometimes get confused between whether we're at round 5 or round 6 and which stage different ones are at. BBRF has a well-established process. My recollection, as I said, is that they are at the point of a finalisation of a grant round and making decisions. I'm not part of that process; that's administered by their department. There may be some forward budgeting for future rounds of that program that would continue. If so, that would be evident there in terms of the forward estimates.

**Senator GALLAGHER:** So you wouldn't expect that those rounds of the Building Better Regions Fund would essentially become election commitments, and you're not sure for the other funds?

**Senator Birmingham:** If you want us to go through each of them, I will do my best. But for the actual status, in terms of whether they are inviting applications, receiving applications, assessing applications or about to announce the conclusion of assessments, each agency will be best placed to respond to those better than we can, I suspect.

**Senator GALLAGHER:** The reason I ask and the reason I am following how much is in unallocated funds—again, my advice is just in those five spending areas there's \$2.4 billion available to the government—is that in the last campaign, when you released your costings, you had a section which said:

The Coalition has committed unallocated funds within the following programs—

and it lists a number of them:

Community Development Grants Program, Community Sport Change Rooms and Swimming Facilities Fund, Environmental Restoration Fund, Indigenous Advancement Strategy ... Urban Congestion Fund ... Commuter Car Park Fund ... Roads of Strategic Importance—

and it goes on. So it looks to me like what the government has done is squirrel away money into these funds, leave it unallocated and then use those funds appropriated through the parliament to pay for election commitments.

**Senator Birmingham:** It may not be the case that in all of those instances funds were appropriated. It may well be the case that in some of those instances appropriation for the next year had been undertaken but the funds themselves may have had estimates stretching out over a number of years. As we go through a campaign environment and make commitments and seek to make sure we can pay for those commitments, if there's an opportunity to transparently draw down elsewhere to ensure that we aren't worsening the budget bottom line, then

that is the type of thing that we always look to do to ensure that we maintain the budget trajectory as much as possible.

**Senator GALLAGHER:** If that's your evidence, then that \$2.4 billion is sitting there as a war chest. I haven't even gone through the other funds. You've got so many funds riddled through the budget now, it genuinely is hard to keep track, because I think you've found it such a successful way to hide money and then allocate, and look like you're not adding costs on the budget—

**Senator Birmingham:** I don't accept that proposition, but if you want to abolish the Modern Manufacturing Initiative, that's a policy that you could take forward. If you want to abolish the Building Better Regions Fund program, that's a policy you could take forward. We believe there's a particular policy purpose and value served in these different initiatives at different times, and that's set out when we announced them. I'm certain, in relation to MMI, that there have been some exceptional applications received from around the country that will enable Australia's manufacturing industries to grow further off what is already now more than a million Australians employed in manufacturing. There's been some strong growth in that sector, and we want to see that continue, and an initiative like that is providing a basis to help turbocharge that growth and make it happen faster. My understanding is that the industry department is in the advanced stages of assessing those applications and coming to a conclusion.

**Senator GALLAGHER:** The issue that I have with the unallocated and how you use it is that people participate in these programs, as they have—and the female change rooms program was a classic example where they apply. There are guidelines and things like that but, in the heat of an election, the way that money is disbursed doesn't necessarily accord with the way people have participated in that program or understood that program to operate. For example, people put in a lot of applications for female change rooms, and then 40 per cent of the fund went to Minister Porter's seat and a seat you were trying to hold in Victoria. That's the problem I have. These funds are established with guidelines. In a normal year people apply for them and then in the caretaker, or just on the eve of caretaker, they get distributed in a very political way.

**Senator Birmingham:** Mr Albanese has already announced close to \$26 million worth of grants just across sporting facilities in the electorates of Braddon and La Trobe, which would both be marginal coalition seats that you are seeking to win at the next election.

**Senator GALLAGHER:** But we don't have an established fund that people are applying for. The point is: these are funds that you have put in the budget—

**Senator Birmingham:** The question you asked was: in our budget reconciliation we made before election day, we indicated that certain commitments we had made during the campaign would be paid for from unallocated parts elsewhere in the budget.

**Senator GALLAGHER:** Yes, from your slush funds hidden in the budget.

**Senator Birmingham:** That was quite transparent. We were saying before people voted, 'Here is how we are going to pay for our different promises.'

**Senator GALLAGHER:** It was a footnote, so you didn't actually explain where it was all coming from. It was a footnote saying: 'Here are all the funds that we are going to use to funnel money into our targeted and marginal seats.' It was a fund that was ostensibly for anyone to apply for. You were taking decisions about where to put that money, and it was overwhelmingly going into seats you needed to hold or win. These are funds that people had applied for through government—with government guidelines and grant rules—which ministers then made their own individual decisions on. There's audit report after audit report that says that's exactly what happened. Your evidence today is that, with these billions of dollars sitting in these funds, that's going to be the same approach that you'll take. Is this why the Prime Minister doesn't want an anticorruption commission?

**Senator Birmingham:** We went around that at length yesterday, and the government is very happy to see a model of the Commonwealth Integrity Commission legislated, and we invite you to support it so that legislation could pass through the parliament. In terms of localised grants, you're already out there announcing them in Gilmore, in Ryan, in Braddon, in Lyons, in La Trobe, in Bowman, in Griffith and in Macquarie. These all appear to be seats that you either hold or want to win, so I am not going to take lectures from you in relation to local projects that are targeted in different ways because it's quite clear that—

**Senator GALLAGHER:** It's the use of government funds—

**Senator Birmingham:** Mr Albanese and your team have made 27 separate discretionary grant announcements, just since September last year, totalling \$211 million.

**Senator GALLAGHER:** I don't walk away from the fact we are making commitments in local seats. I am questioning you as the government of the day that has billions of dollars squirrelled away for an election campaign war chest and through funds that are going to be determined based on seats, not necessarily on the guidelines or the merit of the program when it was established in government. Your evidence is, yes, that is going to continue.

**Senator Birmingham:** My evidence is that, from my knowledge offhand, a number of the funds that you're asking about have processes already underway that I would expect to conclude fairly soon, in relation to the applications that have been made for those grants. But will we continue to fully fund and fully budget our policies? Yes, we will. Will we make local announcements, just the same as you've made 27 local announcements totalling \$211 million in the last few months? Yes, I expect we will make some local announcements.

**Senator GALLAGHER:** Out of these funds, which is what you did last time?

**Senator Birmingham:** We will be clear on where we're paying for them from out of the budget—

**Senator GALLAGHER:** No, you won't.

**Senator Birmingham:** Whether or not you are, I don't know. At present, I can't say where the \$211 million of commitments that you have made in the last few months, where those 27 separate programs will be paid for from. I don't know if you can?

**Senator GALLAGHER:** We will be very clear with our costings. They won't be like yours, which are a footnote saying, 'By the way, we are using all this money that we have squirrelled in the budget to spend in targeted marginal seats.' That will not be what we do. When you reflect on this period in government, we have had: the Urban Congestion Fund, where 83 per cent of the money, over \$3 billion, went to target or coalition seats; the commuter car park fund, 85 per cent went to coalition or target seats; the Building Better Regions Fund, 90 per cent of rounds 1 to 5 went to coalition or target seats; the community development grants, 70 per cent went to coalition seats; Safer Communities round 3, 91 per cent went to coalition or target seats. That is over \$7 billion across those five funds, of which 82 per cent went to coalition seats or target seats. That's just going to continue, is it?

**Senator Birmingham:** I can but note, and scanning down the list of the 27 announcements that you've made—

**Senator GALLAGHER:** I know you're trying to blame Labor but you are a minister in this government.

**Senator Birmingham:** I am not trying to blame; I am just highlighting the hypocrisy.

**Senator GALLAGHER:** You never take responsibility—everything that comes to this government is Labor's fault. You have been in government for almost a decade and it is Labor's fault.

**CHAIR:** Senator Gallagher, I think you should listen to the minister's response.

**Senator Birmingham:** I am not trying to lay blame; I am highlighting the hypocrisy in the questioning. There was the hypocrisy of Mr Shorten's \$300 million park and ride fund—I have found the figure—which he announced as a fund. He then went and separately announced each of the individual projects, which you criticised the government for doing. If want to talk about local projects or whose seats are favoured, of the 27 projects that have been announced since September last year by Mr Albanese, they are all either in Labor seats or in the coalition seats of Ryan, Braddon, La Trobe, Flynn, Bowman, Swan, Leichhardt. Tell me which of those are not target seats for the Labor Party? So 100 per cent of what you're promising to date—

**Senator GALLAGHER:** You will see us make commitments right across the electorates in the lead-up to the election but we're not talking about Labor commitments which are being announced up-front, from opposition, months ahead of an election; we are talking about the government's approach over nine years in government to spend billions of dollars. Of those five funds that I read out, \$6.9 billion has been spent and \$5.7 billion of it landed in coalition or target seats, 82 per cent of that funding, almost \$7 billion and that's just going to continue. Do you see no problem with that at all? Is there no distortion that 82 per cent just found its way into government seats?

**Senator Birmingham:** I know that from the analysis I've seen you release before, there's usually some selectivity that goes to which grant programs you're looking at to certainly make sure that you include all of the regional—

**Senator GALLAGHER:** So it's not all grants?

**Senator Birmingham:** programs in any analysis that you undertake, and then, of course, airbrush the fact that the coalition overwhelmingly holds the vast majority of electorates in regional Australia.

**Senator GALLAGHER:** That doesn't work for the Urban Congestion Fund, does it?

**Senator Birmingham:** As I said, I'm not going to take lectures from you when 100 per cent of the announcements in the last few months have all been Labor or target seats of the Labor Party. I'm not going to take lectures on the car parks program either, when your park and ride program set up at the last election, a \$300 million fund, seemed to operate almost identically to what the government's did, and yet you come in and apply a double standard.

**Senator GALLAGHER:** It's no double standard. You signed off the projects in government as ministers with no assessment, no recommendations and they all went to seats you wanted to win using funds you'd appropriated through the budget with no transparency at all—quite unlike what the opposition was doing from opposition, I might say. So your defence is Labor does it or Labor is promising things from opposition; therefore, in government, we can spend billions of dollars just in seats that we hold?

**Senator Birmingham:** No, my contention is that I'm not going to sit here and just accept a double standard or hypocrisy.

**Senator GALLAGHER:** There's no double standard.

**Senator Birmingham:** from you and your questioning.

**Senator GALLAGHER:** So as finance minister, you have no problem with the spending of \$7 billion disproportionately favouring coalition seats, with 82 per cent going to coalition or target seats out of the five funds?

**Senator Birmingham:** It's 100 per cent on the Labor Party promises at present going to Labor or Labor-targeted seats.

**Senator GALLAGHER:** Nine years of rorting and it's going to continue. Yesterday, there was an audit report on the Safer Communities Fund and it said:

Funding decisions were not appropriately informed by departmental briefings and for the majority of decisions, the basis for the decisions was not clearly recorded ...

How is it that nine years into this government this is still happening after audit report after audit report, which basically says finances, grant guidelines, are not being appropriately used? Is there any consequence for not doing the right thing?

**Senator Birmingham:** Let's fully unpack that: the ANAO made five recommendations, as I understand it, around the provision of clearer information and assistance to grant applicants and the nature of advice being provided to ministers. I'm advised that the Department of Home Affairs has accepted all of those recommendations on the processes. Equally, the ANAO findings were very clear that all grants under the Safer Communities Fund under the eight selection processes that were examined were found to be eligible for funding and were authorised under the Commonwealth grants rules and guidelines. It found no instances of non-compliance with the mandatory reporting requirements in the guidelines where ministers approved grants, and where grants were not recommended. It's very clear that this is a highly successful program that has supported more than 650 projects across the country in approved street safety, CCTV, lighting, security upgrades, particularly upgrades at sensitive locations that may face issues of racial or religious intolerance and is quite valued but those communities.

**Senator GALLAGHER:** So, again, it comes to: you have a process, people apply and then ministers come in. Would you accept that Minister Dutton made some promises during the Braddon by-election and then there was a process that started after that promise was made—so an election promise made in the Braddon by-election? Then the department says, 'Okay, how do we handle this? Do we have to have a process?' It was then ranked not meritorious, but was selected for funding. How does that happen if everything's okay? How does that actually happen?

**Senator Birmingham:** I'm sure you would be right up there criticising the government if it didn't honour promises that it made.

**Senator GALLAGHER:** So because it was a promise, regardless of how it fits into the grant application process, it still gets funded? Why not just deliver on it through another appropriation, rather than skew things to try and make it fit into another program?

**Senator Birmingham:** Where promises and commitments are made to the Australian public, the government expects to deliver in terms of projects like that. The means of delivery then become a case of what is going to be the most effective and efficient means of delivery. Setting up a completely alternative process or structure may

not necessarily be the most efficient or effective means of delivery; that's a judgement for a relevant minister to make, in consultation with the department.

**Senator GALLAGHER:** But you've got a situation where you've got applicants who have put in applications through a competitive process and who understand the rules of engagement, and then out of left field comes a commitment to do something else. Surely that impacts the people who have applied through the competitive process, because they miss out? This one comes in, it's not meritorious and it wasn't involved in that process, and it gets funded. How is that fair?

**Senator Birmingham:** Well, there are finite funds; that's a fact in relation to the application of programs like this. The government has continued to support and to invest in safer communities, and it's providing opportunities in different funding rounds for projects to be supported. We've done so since 2016. As I said, it's supported more than 650 different projects. Yes, we also seek to make sure, if particular commitments are made as a result of awareness of situations or issues in local communities, that we get on and deliver on those commitments.

**Senator GALLAGHER:** If you were going to be in accordance with the guidelines and arrangements for these funds, wouldn't it be more up-front to say, 'We have this competitive process, except when ministers want to determine their own project.' At least tell people what you're doing. It's for all the people that miss out, because if someone's come in over the top and made a promise during a by-election it's not really a competitive or merit-based process then.

**Senator Birmingham:** Delivering on a commitment made is something that you would expect the government to do and it's something I would assume, as you make various promises that I would hope to trust, that you would do if elected. Obviously, there are then processes that can and do apply to different grant programs, and they run their course within the funds that are available to them.

**Senator GALLAGHER:** When the assistant minister visited a couple of applicants after the funding round had closed and then approved over \$1 million to five applicants, how is that in line with a merit based assessment? Are we at the point now where all of this is completely acceptable in government?

**Senator Birmingham:** The role of ministers and, indeed, local MPs is well known and well advanced, in terms of their advocacy for different programs that MPs will advocate support for, based on the knowledge of circumstances in different communities in different parts of the country, and then for ministers in considering that. It's been part of various programs and government decision-making through Labor and coalition governments for a very long period of time. I can only assume that whilst they are skewed towards Labor-held or Labor targeted seats the types of commitments that your party is making, at present, in different communities around the country are a function at least of the advocacy by local MPs, the advocacy by local candidates, and convincing your shadow ministry team of the merits of support for those programs in those local communities.

**Senator GALLAGHER:** Minister Wood decides to award \$1.3 million to five applicants, despite advice from the department that the projects were unsuitable for funding, after a merit based assessment process, and the decision was made after the assistant minister had visited the applicants after the funding round had closed. And you have no problem with that; you think that's entirely acceptable?

**Senator Birmingham:** Without having all of the facts and information about the different cases, I'm not going to sit here and judge the merits of each different application.

**Senator GALLAGHER:** I've given you the scenario.

**Senator Birmingham:** My understanding is, in terms of some of those—I gather there was one for the North Victorian Buddhist Association's temple. That was part of that case. I understand the assistant minister visited that site at the invitation of the local Labor MP and provided final support for security enhancements, at that Buddhist temple, following those representations and that advocacy.

**CHAIR:** Senator Gallagher, you have had the call for close to an hour now and I have a few questions that I would like to ask about SME contracts. Are you happy to pass the call around? Do you have much longer on this line of questioning?

**Senator GALLAGHER:** No, I can pass the call around.

**CHAIR:** Thank you very much. I have some questions about federal contracts being awarded to SMEs. I know I've asked questions about this particular topic a couple of times at estimates, but I would like an update on what the most recent Commonwealth procurement data says about the share of contracts that we are providing to small and medium enterprises.

**Mr Danks:** Our 2021 AusTender results were released a couple of months ago. Against the targets that are in the Commonwealth procurement rules, we have improved, year on year, from the 2019-20 results. The first target

was to source 10 per cent of all procurement contracts, by value, from SMEs. In 2019-20 25.2 per cent of contracts were awarded. In 2020-21 it was 27 per cent. That resulted in a \$5 billion increase in contracts going to SMEs. The second target is to procure at least 35 per cent, by value, of all contracts up to \$20 million from SMEs. In 2019-20 it was 40.5 per cent. In 2020-21 it was 43.4 per cent. So there's been a gradual increase, year on year, on contracts that SMEs are being awarded by government.

**CHAIR:** That's excellent. Are you able to split those numbers out from medium businesses to small businesses?

**Mr Danks:** We can. The definition in our Commonwealth procurement rules for SMEs is for any company under 200 FTE Australian and New Zealand owned. We do have some particular statistics on small businesses.

**CHAIR:** Great, that would be wonderful. Thank you.

**Mr Danks:** Small businesses are those with less than 10 FTE. They were estimated to be an award of eight per cent of contracts by value in 2020-21. It's broadly consistent with 2019-20; it's around \$5.4 billion year on year. For contracts valued up to \$200,000 there were a total of 62,602 contracts awarded, and, by value, SMEs were awarded 51.4 per cent of those contracts.

**CHAIR:** Are there any categories of contracts where SMEs comprise a significant share of the contracts being awarded? I'm thinking of the type of work that the government might be contracting out. Where are we most often engaging with small and medium enterprises?

**Mr Danks:** I think small and medium enterprises are engaged across the whole breadth and scope of government contracts. From cleaning contracts to consultancy and contractors, they're involved in the whole scope. I think, as I flagged earlier, the definition is an Australian or New Zealand company with less than 200 FTE. They are reasonably sized companies that do provide a whole range of services to government.

**CHAIR:** We've talked about them being consultancy services. What sorts of industries are they across?

**Mr Danks:** The whole breadth: stationery supplies, accommodation providers, consultants that we use for day to day to assist with government business, property services. There's a whole range. I don't have a particular list, but I could take on notice some examples, if you'd like.

**CHAIR:** I was about to ask if you could take that on notice, because I would be very interested to know across how many different industries we are trying to spread this important work out. I think it's very good that we as a government have a firm commitment to trying to source more services from SMEs wherever possible, because small business is the backbone of our economy. I saw in one of the budget measures a reference to Dynamic Sourcing for Panels. Could you tell me what you mean by that?

**Mr Danks:** Dynamic Sourcing for Panels is a function at our AusTender website. That allows for Commonwealth panels to be uploaded to this system so that we can streamline engagement with industry. It provides a one-stop portal for suppliers to come to, for agencies to access, to be able to access those panels. The government has recently mandated Dynamic Sourcing for Panels for all Commonwealth panels going forward, so, over time, it will provide a richer source of data on the use of those panels across the Commonwealth. But it does also reduce the cost of administration for both government and suppliers.

**CHAIR:** Forgive me for asking the obvious question, but why is this necessarily dynamic? Is it because there's now an online portal that suppliers are inputting their information into? Is that why?

**Mr Danks:** The name of that was well before my time, but I think that that's fair to say. It is quite intuitive. We are investing in some upgrades to it at the moment to make it even more intuitive for both suppliers and agencies. But it is a bit of a revolutionary step where we can actually have greater access to the data and greater access to agencies that are using panels. Another way we're assisting with this is some of our whole-of-Australian-government panels. We've recently finalised our management advisory services panel for phase 1 and phase 2, and those services will be up on Dynamic Sourcing for Panels.

**CHAIR:** So if I'm a small business and I want to be considered to do government work, do I go to this dynamic sourcing section of the AusTender website and input my information and then it's there to be considered for government to use? Is that the idea?

**Mr Danks:** No. In that example, the small or medium enterprise would have to bid for a tender process for a panel. If they were successful in that panel they would then be input into the Dynamic Sourcing for Panels software so that other agencies could access them going forward. They still have to go through a tender process, though, to get onto Dynamic Sourcing for Panels.

**CHAIR:** Is it a tender process or a selection process to get onto the panel?



**Mr Danks:** It's still a tender process to get on the panel. Panel procurements are normally a bit more streamlined because, obviously, the scope of services that could be required across the life of the panel is uncertain over a period of time. So it is normally a more streamlined tender process. But, certainly, you have to go through that tender process to become a successful supplier and then you get uploaded to the DS4P system.

**CHAIR:** To loop back to my original topic of SMEs: do you know how many SMEs are on this new panel arrangement?

**Mr Danks:** For the management advisory services, we tendered it in three different phases, phases 1, 2 and 3. Phase 1 went live on 12 July, and on that panel we have 125 suppliers, of which 86 are small and medium enterprises; that's around 69 per cent of the panel. Our phase 2 management advisory services panel went live yesterday. We had 157 suppliers appointed to that panel, with 129, or 82 per cent, being small and medium enterprises.

**CHAIR:** That's great. Wonderful. That's really good news. Thank you very much for that update, Mr Danks, and sorry, Mr Williamson, to get you up to the table and not ask you anything. I'm happy to give the call back Labor's way. Senator Ayres.

**Senator AYRES:** Minister, there was a question on notice, I think 4293, that dealt with incentive payments for Australia Post executives, and I think it ran yesterday in the *Financial Review*. Both the response to the question on notice and the *Financial Review* set out that executives at Australia Post who are paid between \$300,000 and \$400,000 every year received a taxpayer funded bonus that averaged \$168,000. Does the government consider that kind of bonus appropriate?

**Senator Birmingham:** I understand that Post has been addressing some of the issues themselves directly in questioning—

**Senator AYRES:** I'll come to their answers in a moment. What I want to know is do you, as the finance minister, consider a \$168,000 bonus for an already exorbitantly paid Australia Post executive appropriate?

**Senator Birmingham:** We have had some concerns about the way Government Business Enterprises have applied some of their bonus policies in the past. That led to a review that was undertaken in relation to the bonus policy and has seen Minister Morton and I communicate in various ways with the various GBEs, reminding them of their obligations under the PGPA Act, reminding them of the policy settings that exist in relation to remuneration. Mr Williamson may want to go through a little bit more of the detail around that process and what is applied. But we have identified concerns in the broad that have caused us to bring that to the attention of the chairs of all the relevant GBEs.

**Senator AYRES:** Do you have anything to anything to add, Mr Williamson?

**Mr Williamson:** The performance bonus guidelines that the minister referred to were released on 13 August last year. They basically cover all Commonwealth entities. As the minister indicated, there was follow-up correspondence to Government Business Enterprises making them aware of the guidelines and the expectation that they take those into consideration when setting their remuneration structure. I think it's fair to say that the guidelines, promulgated by the APSC, certainly have an expectation that performance bonuses are only used in particular circumstances and there needs to be strong supporting reasons and remuneration structures within entities. That's been relayed to Government Business Enterprises in terms of moving forward and how they go about setting those. Ultimately, at the end, those remuneration arrangements are set by the accountable authorities within the respective GBEs.

**Senator AYRES:** Minister, does a \$168,000 bonus for a person who is already being paid between \$300,000 and \$400,000 a year sit inside or outside the guidelines? Is that okay with you?

**Senator Birmingham:** I'm reluctant to comment on any individual person's remuneration. That is a very significant bonus relative to that base rate. That's a very significant bonus in anybody's terms. What I'm not aware of is, of course, the terms that were required to be met in relation to that bonus, what commercial outcomes or other outcomes for the enterprise were required before that bonus was paid. I think to purely make a judgement call or a value statement on it without having all of the facts would be to leap to judgement without all of the information.

**Senator AYRES:** So, in your mind, it's conceivable, depending on the facts, that a \$168,000 bonus might be appropriate. It's conceivable, given your answer. I've asked you to rule it out. You've said—well, I'm not quite sure what you said; it was a lot of words. Does that mean that it's conceivable—that it could be possible—for the employee of a government business enterprise to earn \$168,000 in taxpayers' money as a bonus?

**Senator Birmingham:** Dependent upon just how much is at risk and what the terms are to be met, there are obviously commercial negotiations between employees, the management teams and the boards in the setting of these. The policy guidelines that we set are focused very much on ensuring that there is value for government, for the enterprise and for taxpayers in the performance of those enterprises, and that is ultimately what is a key element here. Government business enterprises operate in a sometimes challenging environment where they have to compete for skilled talent against the private sector. They compete to secure those commercial skills and other talent with the constraints of government policy settings applied to them, and with the additional transparency of processes like this applied to them. So I am mindful that, in getting the best commercial performance of the GBEs, they need to get the best commercial performers, but they have to do that against the types of parameters and rules that we set.

**Senator AYRES:** Chair, I think that's a Birmingham yes, isn't it?

**Senator Birmingham:** Senator, I know you're looking for me to cast a particular judgement—

**Senator AYRES:** Four minutes ago, when you began, were you developing in your mind a yes or a no? It sounded very much like a yes to me—that it's conceivable for the Morrison government. Remember 18 months or so ago, when the former chief executive of Australia Post got the boot, Mr Morrison bellowing on the floor of the parliament because she handed out some watches. You're now saying that a \$168,000 bonus for somebody who is already being paid between \$300,000 and \$400,000 is conceivably okay?

**Senator Birmingham:** As I indicated in the first answer and the second answer, you're presenting one part of the facts, not all of the facts, in your response. I would want to be informed of all the facts in relation to how such arrangements were structured before I decided to make comments. As I said, it sounds like a very large payment in anybody's terms, and relative to the size of the salary. I would expect there to be some pretty significant performance requirements that would have to be met in that regard. I understand that, in terms of Post, the majority of their bonuses were paid to people on salaries below the Public Service SES level, so that's to people managing distribution and retail networks, sales managers et cetera. In terms of driving the performance outcomes of their employees, Post clearly has a widespread use of bonuses. They're matters that Post is best placed to address directly themselves.

**Senator AYRES:** Earlier today, the chair of Australia Post claimed that these bonuses were not bonuses. Are they bonuses?

**Senator Birmingham:** There are different ways in which performance payments can be structured.

**Senator AYRES:** What else could they be called? This morning, you refused to distinguish between the decisions of government in caretaker periods and the commitments that political parties make in the lead-up to elections.

**Senator Birmingham:** That would be another instance of verballing from the opposition.

**Senator AYRES:** Are you going to obfuscate your way through this question, too? Are these bonuses or not?

**Senator Birmingham:** As I've said a couple of times, I don't have the contractual details between Australia Post and whoever the employee is that you're asking about. Post are best placed to answer those questions. There are different ways in which performance payments are structured in contractual terms. If you want Mr Williamson to talk about the how the policy settings envisage some of those different structural arrangements or the like, I'm sure that he can do so.

**Senator AYRES:** Well, are they bonuses or not? If they're not bonuses, what are they?

**Senator Birmingham:** Let's talk about how different performance payments are structured. I think that's what you're trying to ask.

**Senator AYRES:** The chair of Australia Post reckons that these aren't bonuses. I don't need a long outline of how performance pay works. But they're bonuses, aren't they, Mr Williamson?

**Mr Williamson:** I'm not familiar with the evidence that the chair gave this morning, but what I would say is that, in terms of Australia Post, reporting in their annual report for their executive remuneration, they report base salary, short-term incentive, other benefits and allowances, superannuation, long service leave, other long-term benefits and allowances. So, depending on what the payment is related to, it could be a short-term incentive, but there could be long-term retention bonuses, which are not uncommon in the private sector to try to retain employment.

**Senator AYRES:** A short-term incentive is a bonus, isn't it?

**Mr Williamson:** I can't comment on the chair's evidence because I don't have the context, sorry, but that's how Australia Post report.

**Senator Birmingham:** Yes, a short-term incentive which is paid against certain KPIs—I would shorthand that as a bonus. A long-term retention payment—I wouldn't necessarily shorthand that in the same way.

**Senator AYRES:** A payment of \$168,000 over a 12-month period is a bonus, isn't it?

**Senator Birmingham:** I don't know what that comprises and whether there are different elements to that amongst the definition we were just discussing.

**Senator AYRES:** You can't tell me whether you think that \$168,000 is acceptable or not?

**Senator Birmingham:** I think that it is high, as I said—

**Senator AYRES:** I think I know what most people would think.

**Senator Birmingham:** but, in terms of its acceptability, I would assess that against knowing the details, which you're unable to furnish me with and which I don't have to hand. Certainly, Minister Fletcher and I both wrote to the chair of Australia Post last year reminding them of the changes that had been made to the policy settings following the Morton review.

**Senator AYRES:** That didn't have much impact, did it?

**Senator Birmingham:** These would have been contractual terms set before that was undertaken, I expect.

**Senator AYRES:** Thanks, Chair.

**CHAIR:** Thank you, Senator Ayres. Senator Waters, you have the call.

**Senator WATERS:** I will start with *Set the Standard*. MYEFO included a not-for-publication allocation of ongoing funding to provide support services for parliamentary staff and parliamentarians, including through the continuation of the Safe and Respectful Workplaces training program and the dedicated 24/7 parliamentary support line. Can I ask for further information about how much has been provided and over what period?

**Senator Birmingham:** We can probably answer the budget elements of that question now, if you want? If you're intending to go into the more operational elements, that's more a matter for outcome 3 later today in terms of the support for parliamentarians and so on.

**Senator WATERS:** I will stick with budget elements.

**Ms Huxtable:** Ms Walsh is here and will assist you.

**Senator WATERS:** Thank you.

**Senator Birmingham:** You're talking about page 217 of MYEFO, if my memory is correct.

**Senator WATERS:** Ms Walsh, do you need me to go through the question again?

**Ms Walsh:** That would be great.

**Senator WATERS:** It was a not-for-publication allocation that pertained to support services for parliamentary staff and MPs, including the Safe and Respectful Workplaces training program and the 24/7 parliamentary support line. I am interested in how much has been provided and over what period?

**Ms Walsh:** I am coming quickly to this. I was expecting these questions in outcome 3, so I just want to clarify the actual question.

**Senator WATERS:** Yes. The budgetary amount—

**Ms Walsh:** It's in there as not-for-publication, and the reason for that is that there are some commercial elements associated with that expenditure. If I take the example of the safe and respectful workplace training, as you know, we have been rolling that training out. There's a chance we will go to the market again for that, or it will be in some way adjusted in terms of the content or the offering, to pick up recommendations that are contained in the Jenkins review. For that reason, because of the commercial sensitivity, it's not for publication.

**Senator WATERS:** How much has been expended to date? Presumably you can tell me that.

**Ms Walsh:** I will have a look in my notes. If I don't have that here, I can certainly make sure I have it when we get to outcome 3 to give you a full update.

**Senator WATERS:** I'm not sure I agree with the commercial thing, but if that is the case, is there not a window or parameter of funding? An envelope?

**Ms Walsh:** Can I clarify, are you asking about a particular expenditure, say the training program that is currently being offered, or are you talking about one that might be—

**Senator WATERS:** I'm interested in as much as you can tell me about the not-for-publication bit, given that some expenditure has now occurred and presumably will continue to occur. Are there any further details that you can provide at this stage about that expenditure line item, which was previously a not-for-publication in MYEFO?

**Ms Walsh:** I'm just looking for that. If I can go directly to the contract with PwC for the full rollout of the existing program, that's \$1,153,561.32. That contract includes everything—all the sessions, the reporting, follow-up evaluation, travel expenses, those sorts of things.

**Senator WATERS:** Is there any funding allocated to support the Human Rights Commission to continue to support the work of the task force for implementing the recommendations? Is that a separate line item? I'm interested now in what funding has been given to the Human Rights Commission to continue the good work that they've begun.

**Ms Walsh:** Can I clarify that the Human Rights Commission doesn't have—

**Senator WATERS:** a sex discrimination commissioner per se.

**Ms Walsh:** In relation to expenditure for the Human Rights Commission, that's a question to direct to the Attorney-General's Department—

**Senator WATERS:** Yes. I have just been there.

**Ms Walsh:** If it's in relation to implementation of the Jenkins review, then I think they're separate things, in the sense that the Human Rights Commission doesn't necessarily have an ongoing role to do that, in terms of a piece of work that they might be contracted to do. Does that make sense?

**Senator WATERS:** It does, but I don't think that's correct. They've just told me that there is an ongoing role for Commissioner Jenkins. I am interested in whether any of the not-for-publication line item has support for Commissioner Jenkins and her team, or whether that is non-existent or in some other line item?

**Senator Birmingham:** Additional funding was provided to the AHRC for Commissioner Jenkins to be able to undertake a surge capacity, if you like, in terms of the conduct and completion of the set and standard report. That funding was reflected, I think, in last year's budget papers. The funding that has been initially provided for implementation of those recommendations is as laid out in MYEFO on page 217. In terms of some of Commissioner Jenkins's ongoing roles, where the leadership task force will consult with her, I'm sure, from time to time, and she will provide advice on different matters, much of that would be within the normal functioning of AHRC operations. Obviously if there are particular needs in relation to delivery of the set and standard recommendations that the AHRC has regard to, they will be considered in the normal budget context this year. But I'm not aware of what those particular additional requirements might be outside of the ordinary support and administrative assistance the AHRC provides to each of the commissioners.

**Senator WATERS:** Just for clarity, when there's ongoing consultation with Commissioner Jenkins, that will come out of the AHRC's core budget? At what stage would there be extra funding—if there is a specific ask?

**Senator Birmingham:** Yes, if there were extraordinary additional engagements in activities. The rationale for providing additional budget assistance to the AHRC in last year's budget was that this was a significant piece of work which had to be undertaken in a relatively compressed period of time; and they would need to bring in additional staff to help with the widespread consultations that Commissioner Jenkins herself was seeking to undertake—and the AHRC were undertaking—with the handling of all those submissions, the conduct of the interviews and the final drafting and preparation of the report. That was all work, obviously, that the AHRC themselves had to undertake and required a surge capability to do.

With what is envisaged in most of the engagement that is ongoing from *Set the standard*, it is more likely that we, as part of the leadership task force, and potentially other arms of government, may well engage back with Commissioner Jenkins around implementing the recommendations—as was the case on the statement of acknowledgement, feedback on the text and so forth. But that's not analogous to the type of elevated operational environment that she and the AHRC had to operate in to deliver *Set the standard*. A significant budget is provided to the AHRC in the first place for their ongoing operations and the support of each of their commissioners.

**Senator WATERS:** Okay. They're on in a different committee tonight so I'll be asking them if she's got enough resourcing to be able to continue to contribute, and for us all to get the benefit of her expertise. If the answer there is 'no', then I would hope that the government actually provides additional resources so we can continue to learn from and build on her recommendations with her ongoing input. But I'll take that up with them later tonight.

Is there any separate funding stream for implementation of the recommendations of *Set the standard*? Will there be a separate line item in the upcoming budget or will that be rolled into some other line item?

**Ms Walsh:** We're now working through what the costing implications might be of some of the recommendations. I'm not sure that there's been a determination it'll be a standard line item. I don't think so, because there are different elements of it, including setting up a new entity. But just to reassure you, obviously

we're working through all of the recommendations in there and providing advice to government around costings. As you're aware from the PM&C testimony yesterday, PM&C is leading on the implementation of the implementation work, and we are providing support and advice to them where it's relevant to the elements of the recommendations that relate to the Department of Finance's current responsibilities.

**Senator Birmingham:** Dependent upon what's assessed at this point in time, and noting that some parts of the recommendations that Commissioner Jenkins outlined take effect from later this year or onwards, as with MYEFO there will be some design considerations that have to be worked through. I would envisage that if decisions need to be taken in a budgeting context—so, if additional funding is needed—then, rather than the sort of separate line item that you've suggested, it would be more analogous to what was the case in MYEFO, where there's a measure that the government determines to support. It did that with an additional \$17.8 million over four years for implementation of responses to *Set the standard*—so the government has already applied a significant sum of funds to help with that in different ways. The different streams of implementation would then, in terms of line item terms, entail separate line items. The additional funding was identified as a measure in budget paper no. 2. In that case, the \$17.8 million involved support for the APSC, PM&C, and Finance in pursuit of different pieces of work around the different recommendations.

**Senator WATERS:** Has that \$17.4 million all been spent, and, if so, will more be forthcoming?

**Senator Birmingham:** It's \$17.8 million. No, it's budgeted over four years.

**Senator WATERS:** I see. Are we expecting an increase in the overall amount?

**Senator Birmingham:** That will depend on agencies' assessments around the needs related to implementation.

**Senator WATERS:** Right. Are there any arrangements being made for survivors and staff—and former staff for that matter—and unions to contribute to the development of the code of conduct, which is another of the Jenkins recommendations?

**Senator Birmingham:** As you know, both chambers have now passed the resolution recommended by Commissioner Jenkins to establish the joint select committee for the development of the code of conduct. That's the process that Commissioner Jenkins recommended. Within that process of parliamentary committee operations, the parliament is funded to support committees to conduct hearings in different locations, to do them in camera or publicly, and to receive that sort of feedback from anyone that wishes to participate.

**Senator WATERS:** Okay. So just the normal—

**CHAIR:** We are well into outcome 3 territory here as well, Senator Waters.

**Senator WATERS:** Okay. That was my second-last question on that matter.

**CHAIR:** Okay. Thank you.

**Senator WATERS:** Will any additional measures or approaches be considered? Or is it just feedback through the joint committee process in the normal manner from survivors and staff? Will there be a chance, for example, for them to see any draft code of conduct and have input on that? It seems appropriate in this case.

**Senator Birmingham:** I would hope that the committee will be conscious of that. It was an express recommendation of Kate's that we use that process to develop the codes of conduct. By its nature it's a consultative process. And, given the way in which parliamentary committees work, it doesn't need to all be in public. I would stress that committees, as you well know, have the opportunity to undertake actions in camera. I don't think that it would be appropriate for the government to seek to run a competing process around the development of those codes of conduct. We as the leadership task force—the cross-party leadership task force—might want to discuss whether there are different things that we think are necessary and that we might recommend to that committee in terms of how it undertakes its work, and are very open to having those discussions. But I think Commissioner Jenkins was pretty clear in her recommendations that basically said, 'This should not be a government task; it should be a parliament task.' So that's what the parliament is funded and provided to do.

**Senator WATERS:** Yes. Hopefully there might be some budgetary consideration for supporting and facilitating staff, former staff and survivors to contribute in a way that is additional to the normal manner in those committees. Can I ask now, before I move on to some other matters if time permits, what's the current status of development and review of the harassment, bullying, DV and related policies for MOPS staff? Where is that one at?

**Senator Birmingham:** We are well and truly in outcome 3. But—

**Senator WATERS:** Thank you for your indulgence. I'm afraid I do have to be in another committee for most of today. So that is my last question. It is possibly misplaced, and I do apologise for that. It is hard to work out where things belong.

**CHAIR:** You might be able to put it on notice, Senator Waters.

**Ms Walsh:** It is definitely an outcome 3 question, but I know we've talked about the work that the Department of Finance was doing in terms of updating the two policies that you refer to. That work continues but we are now obviously contributing that to the work that the minister has just been describing in terms of the leadership task force and the implementation of the recommendations. But those policies are well advanced and have been well consulted.

**Senator WATERS:** What's the time frame on their finalisation?

**Ms Walsh:** I would need to come back to you on notice. It is something that is being discussed actively in the broader context.

**Senator WATERS:** Thank you. Can I move now to government contracts. I think I'm in the right spot here, and apologies for the earlier questions not being so. What process is in place to determine whether an applicant for a government contract or a tender has made a political donation in the past financial year? Is there any such process for checking whether people who want public money make a political donation in that financial year?

**Mr Danks:** I don't believe there are any rules in the Commonwealth procurement rules requiring a company to advise of any political donations. There are requirements for the companies to disclose conflict of interest and, if a supplier considered that would rise to the issue of a conflict of interest, then they would provide it in their tender response.

**Senator WATERS:** Okay. I don't think that's good enough. Are you saying that the person who has made the political donation and is now seeking public money through a grant or tender, if it is considered a conflict of interest, has to disclose of their own free will that they've made a donation? Is there no process that the department checks of their own accord whether applicants have donated to a political party?

**Mr Danks:** The Commonwealth procurement framework is a developed framework, so it's up to individual accountable authorities to put processes in place to assure themselves that they're complying with Commonwealth procurement rules. That's probably all that I will say.

**Senator WATERS:** Do any of the departments check, or do they all wait for a donor who now wants a public tender to tell them that they're also a donor?

**Mr Danks:** You would have to put that question to individual departments. We don't collect that level of data.

**Senator WATERS:** I put it to your department, then.

**Mr Danks:** I speak on behalf of the procurement policy. As for how the Department of Finance undertakes its procurements, that would be a different area.

**Senator WATERS:** We've got the Department of Finance here.

**Senator Birmingham:** Are you suggesting that a company that has made a donation should be excluded from being able to win a contract?

**Senator WATERS:** In my opinion, yes, but that wasn't what I was asking the officials. I am interesting in whether there is a process for the department to check whether someone who has just applied for a grant or tender is also a political donor, or is it relying on them, as was suggested, to say, 'Yes, I have and yes this might be a conflict'? That is not enough protection in my mind.

**Senator Birmingham:** There's an argument that could be made that, in terms of the procurement decisions and rules as they apply—and I note that government contracts and procurement decisions are overwhelmingly signed off and determined by officials, not by ministers—it would be inappropriate in the assessment by public servants of the merits of those procurement decisions for them to be giving any consideration to partisan elements of any tendering party's activities.

**Senator WATERS:** We know that's how it should be, but ministers are frequently involved in dishing out grants—

**Senator Birmingham:** You're seemingly suggesting that tenderers should provide such partisan information—

**Senator WATERS:** No, I think the department should check. I'm seeking to establish whether the department does, and I think the answer is no. I hope I'm wrong.

**Senator Birmingham:** I think it's far better that officials and departments, in making decisions and assessments of tenders and contracts, are doing so free of any political consideration or interference.

**Senator WATERS:** Where the minister has an involvement in the dispensation of public funds, as is routinely the case—indeed, just last night we heard that yet another rort has been identified by the ANAO, this time by

Minister Dutton—surely the public can expect that a department has a process to make sure that people and companies who want public money haven't tried to seek a favour. I'm incredulous that there's not a process for checking that. To confirm: is there no proactive process by the Department of Finance or any other department to check on that?

**Ms Huxtable:** In assessing procurements, we follow the procurement guidelines. I speak on behalf of the department in this regard, rather than the officers who are responsible for whole-of-government procurement. Those go specifically to the acquiring of goods and services. The minister is correct; predominantly, these are decisions taken by officials. The procurement guidelines set out quite clearly the types of considerations that should and should not be taken into account. For example, 4.4 sets out the criteria around achieving value for money—that procurement should encourage competition, be non-discriminatory, use public resources in an efficient, economical and ethical manner, facilitate accountable and transparent decision-making, encourage appropriate engagement with risk and the like.

The guidelines set out that price isn't the sole factor when setting value for money—there is also a consideration of quality, fitness for purpose of the proposal and the like. There is a wealth of information in the procurement guidelines that our officials follow in terms of assessing what is in front of them, what the objective is of that procurement, what proposals have come forward and the process of assessing those proposals. We will be engaging with each procurement on its merits and coming to a view at the appropriate official who is responsible for making those decisions.

**Senator WATERS:** But you don't check whether any of the applicants have made a political donation in the preceding financial year?

**Ms Huxtable:** We would be focused on what is in front of us in terms of that procurement—

**Senator WATERS:** That is a no.

**Ms Huxtable:** I don't think that matter would be relevant in terms of whether the goods and services that we are seeking to procure meet the value-for-money criteria and the other criteria.

**Senator WATERS:** Indeed, it should not be relevant, but in reality it is.

**Ms Huxtable:** It would not be relevant in the decision-making process.

**Senator Birmingham:** Senator, that's quite a slur that you're making there. Indeed, as Ms Huxtable has made clear, overwhelmingly, procurement decisions and contractual decisions made in relation to government procurements are handled by officials and are not matters of decision by ministers. Under no circumstances should or would donations form part of the consideration of those decisions, and the suggestion that you've made would in fact potentially run the risk that officials otherwise looking precisely at the types of considerations that should inform a decision may inadvertently have decisions skewed by virtue of awareness of factors that should not form part of the consideration of procurement decisions.

**Senator WATERS:** I'm not seeking to impugn public servants; I would never do that. I'm seeking to make sure that ministers don't pick a winner based on who has just donated to them and tell the public servants which one to give the procurement tender to. But I'm alarmed that there's no process in place to stop that. Are there any records that are kept of contracts that have been issued that went to companies that donated?

**Ms Huxtable:** The information around the outcome of processes is on AusTender. That is a very transparent report that enables anyone to see who has been the subject of procurement by the government. That is the reporting mechanism, effectively. I would just point out, and the officials are responsible for this, that, in terms of the procurement guidelines, and we have international obligations in respect of procurement, the fundamental of the procurement framework is that it is non-discriminatory, that it treats potential suppliers equitably based on their abilities and that it doesn't discriminate against them based on their size, foreign affiliation or ownership location and the like. That is the fundamental that underpins the foundation on which the procurement framework is built.

**Senator WATERS:** Yes, I understand that the words in black and white say what they need to say. My concern is that the reality of ministerial pressure is potentially leading to outcomes that are skewed, and I want to know what protections are in place to stop that happening. So far there are not any, and AusTender, as far as I'm aware—correct me if I'm wrong—doesn't match up successful tenderers with political donors. Someone would need to track that information against the donations disclosure, which we know is flawed and incomplete because of the volumes of dark money that are donated anyway. So there's not a lot of transparency here.

**Ms Huxtable:** The transparency is that the outcomes of tender processes that are conducted under a non-discriminatory procurement framework are published and available for everyone to see.

**Senator WATERS:** If a political donation to—

**Senator Birmingham:** And a part of that non-discriminatory framework, Senator, is not discriminating against entities on the basis of their political beliefs, views or values if they are the best entity to do the job. For example, in the Social Services portfolio, there would be a number of NGOs that go through procurement processes for the delivery of government services that probably at times make statements that the government may not necessarily agree with or welcome. Nonetheless, they are not decisions for ministers overwhelmingly, and the political views of those entities, whether they are donors or simply public participants in debate, should not form part of the consideration of whether or not they best meet a particular tender process at a particular point in time.

**CHAIR:** Last question, Senator Waters.

**Senator WATERS:** So why then do the big four consultancies make such generous donations to political parties, if not to reap the benefits of government contracts and tenders? Is it just because they're being nice?

**Senator Birmingham:** Many entities make donations, indeed, yes, across politics on the basis that they support democratic process and the ability of parties to participate in that democratic process, just as people choose to make donations to the Greens.

**CHAIR:** On that note, I think the committee will now break for lunch. Thank you all very much. The committee suspends.

### Proceedings suspended from 12:29 to 13:33

**CHAIR:** We'll continue with our examination of outcomes 1 and 2 for the Department of Finance. Senator Gallagher, you have the call.

**Senator GALLAGHER:** Thank you very much, Chair. Ms Huxtable, on 8 February, an article appeared in the *Australian* with the headline 'Labor Covid policies an extra \$81bn hit: Simon Birmingham'. In that article, online and in the paper version, at the bottom of the table, it had 'Source: finance department'. I'm just wondering if you could explain to the committee what your involvement was in that article, as well as the materials provided.

**Senator Birmingham:** Senator, I can inform you that the modelling was undertaken within the government and not by the Department of Finance. My office did not inform the *Australian* that it was finance department modelling. Upon seeing the graphics that were published—noting that the story text itself did not reflect it as being from the Department of Finance—my office contacted the *Australian* to make sure that the online version was rectified.

**Senator GALLAGHER:** Can we step through that a bit? Can you say what the modelling entailed? It was done within government, but what does that mean? Was it done in your office by your advisers?

**Senator Birmingham:** In part.

**Senator GALLAGHER:** And where else?

**Senator Birmingham:** Well, the team across government. Obviously, we are conscious of announcements that are made of potential government spending and seeking to keep a track on what those could be—noting the numerous policy announcements or calls for additional spending made by the opposition throughout the COVID-19 pandemic, exceeding that estimated \$81 billion.

**Senator GALLAGHER:** Okay—so your office. Who else? The Treasurer's office?

**Senator Birmingham:** They would have provided some advice.

**Senator GALLAGHER:** What about the Prime Minister's office?

**Senator Birmingham:** I'm not so sure there.

**Senator GALLAGHER:** You're not sure? This is your drop to the *Australian*, and you're not sure?

**Senator Birmingham:** I think my team and the Treasurer's team are the ones who would bring the understanding of the costs and implications of the different policy announcements that you've made but not costed.

**Senator GALLAGHER:** Did you provide this modelling to the Prime Minister's office?

**Senator Birmingham:** I'm sure they were aware of the information that we were providing to make sure Australians can understand the profligate ways of the Labor Party.

**Senator GALLAGHER:** So you did provide it to the Prime Minister's office. Which other ministers were involved in this?

**Senator Birmingham:** We would have engaged with the other ministers as necessary.



**Senator GALLAGHER:** Was the health minister, Mr Hunt, involved?

**Senator Birmingham:** I don't think we need the assistance of the health minister when it comes to matters such as the \$300 cash payments that you proposed. It's a pretty straightforward calculation in terms of the billions of dollars of unnecessary expenditure that that would have incurred.

**Senator GALLAGHER:** So the rapid antigen tests didn't involve the health minister? Was that another adviser just working it out on their own?

**Senator Birmingham:** There are already costings associated with the concessional supply of rapid antigen tests, and those costings that have been undertaken provide a basis to extrapolate that on a very conservative basis in terms of what Labor's very ill-defined policy on rapid antigen tests would look like.

**Senator GALLAGHER:** So it's ill defined, but you managed to define it.

**Senator Birmingham:** On a very conservative basis.

**Senator GALLAGHER:** Oh God! What a joke!

**Senator Birmingham:** We assessed a capped, time limited number that you would be providing. You haven't, actually—and Mr Albanese hasn't—made clear how many free RATs people would be entitled to, over what time frame or how they'd be provided.

**Senator GALLAGHER:** So you just made it up?

**Senator Birmingham:** Well, unfortunately, you've announced a policy with no detail.

**Senator GALLAGHER:** So you're admitting that you made it up.

**Senator Birmingham:** We put some conservative—

**Senator GALLAGHER:** 'Unfortunately ... no detail', so you've filled in the blanks, have you? And you've come up with this magic number.

**Senator Birmingham:** If you're going to go out there and make grand promises—

**Senator GALLAGHER:** You're the finance minister. You have no credibility.

**Senator Birmingham:** You've all been running Facebook tiles and social media posts that suggest free RATs for everyone. I don't see an asterisk on that that says there's any limit to the number, or an asterisk that says only if you get it through a doctor, from the Medicare system or whatever your policy actually is. So, yes, Senator, if you're not going to cost your policies—policies that are, clearly, ill thought through and not costed—then we think the Australian people deserve an opportunity to understand what those costs may be.

**Senator GALLAGHER:** So this is the government's big scare campaign against Labor. You are now admitting that you had no involvement from the finance department. It was cooked up in your office and Minister Frydenberg's office. It may have been given to the Prime Minister. You didn't have enough details, so you made it up yourself, and that's how you came to this number. Seriously?

**Senator Birmingham:** We used every ounce of detail that the Labor Party—

**Senator GALLAGHER:** Are you serious? You're the finance minister, and this is how you're spending your days, is it?

**Senator Birmingham:** I'm very happy that you want to talk about the more than \$81 billion worth of promises that the Labor Party has made—

**Senator GALLAGHER:** Cooked-up, dodgy numbers by a finance minister who should be doing something else—

**CHAIR:** Order! Senators, we are nine minutes into the afternoon session, and I did warn both of you this morning about speaking over one another. If we could try to go one by one in asking questions and responding to them, it would make my life much easier. Thank you very much. Minister, I think you were responding to Senator Gallagher's latest question.

**Senator Birmingham:** Senator Gallagher, if the Labor Party wants to actually detail costings for any of its calls or policies—

**Senator GALLAGHER:** Well, I tell you what: we will, but not through your advisers.

**Senator Birmingham:** I'd not even completed a sentence before you started talking then, Senator. You will. But you make these grand proclamations—without detail, without costings. If, in the context of the fact that we do face an election this year—and it will be a choice for Australians, between our government and what you are proposing.

**Senator AYRES:** A trillion dollars in debt with nothing to show for it.

**Senator Birmingham:** So we think it is important that your policies face scrutiny, just as you seek to scrutinise the position of the government.

**Senator AYRES:** I reckon it's going to go pretty well for you!

**Senator Birmingham:** And I make no apologies for the fact that we will scrutinise your so-called policies, and when they are as ill defined as a policy like your free-RAT policy, then of course we will have to put some parameters and assumptions around that as to what it would cost, because you're not saying how many you'd give out; you're not saying the means by which you'd give them out; you're not saying who would be eligible; and you're not saying how much it would cost. That is just a classic example of the way this Labor Party and this opposition is working at present, where it is all spin and announcement but with absolutely no detail to any of these sorts of policies.

**Senator GALLAGHER:** Right. So, the costings will be released, in the standard way that parties do it and that you do it as well, during the election campaign. So, don't worry yourself on that. They will be costed. We are utilising the Parliamentary Budget Office. So, you can ease your concerns on that front.

**Senator Birmingham:** Would that policy stay, Senator?

**Senator GALLAGHER:** All our policies that we take to the election will be costed and they will be released; don't worry about that. I'm worried about this, and your little dodgy scare campaign that fell flat, I might add—and no surprises as to why. And let's talk about this: how did you cost the free rapid antigen tests? I saw you quote it, initially saying that they cost \$13 billion. Then I heard the Treasurer refer to them as costing \$10 billion. And then in this dodgy document they're costed at \$5 billion. So, there was some changing—

**Senator Birmingham:** As I said, quite a conservative approach was undertaken.

**Senator GALLAGHER:** Oh, right—not three different costings?

**Senator Birmingham:** It was a conservative approach, over a shorter period of time, in terms of what you might do. I note that even around that time Mr Butler, I think it was, said that perhaps that policy won't be relevant by the time of the election. Perhaps it's a bit like the \$300 payments that Mr Albanese announced—

**Senator GALLAGHER:** And you've costed those, yes. They're \$12 billion!

**Senator Birmingham:** That was your grand idea. You were going to pay people \$12 billion to do something they've done for free.

**Senator GALLAGHER:** You doubled the original costing, I see. This is how you spend your day. Instead of costing another party's policy, why didn't you get some free RATs? Why didn't you spend your time actually procuring the tests that Australians needed, rather than sitting with your advisers in your office trying to dodgy up these numbers and run another scare campaign?

**Senator Birmingham:** Senator, I know you're very sensitive about any scrutiny to—

**Senator GALLAGHER:** Not at all.

**Senator Birmingham:** the ill-thought-out Labor Policy thought bubbles.

**Senator GALLAGHER:** Not at all.

**Senator Birmingham:** Well, it sounds like you're very sensitive.

**Senator GALLAGHER:** Not at all. What I'm sensitive to is the finance minister of Australia putting rubbish in the *Australian* and then attributing it to the finance department.

**Senator Birmingham:** Yes, well, I'm very clear that we did not seek to attribute. I want to be very clear that obviously we would not ask the department to undertake that type of work, because that is not their function. But certainly, Senator, your policies deserve scrutiny. You're the shadow finance minister, yet these policy announcements are made, without any costs attached to them at the time, with very scant detail as to what they mean. And indeed, then you backflip on them on the journey through.

**Senator GALLAGHER:** This is the response.

**Senator Birmingham:** This is about trying to provide some scrutiny to an opposition that won't provide any detail to its own policies, that's already announced ones like the \$300 bonus and walked back from them.

**Senator AYRES:** It's so frustrating that you just have to make stuff up! Fair dinkum.

**CHAIR:** Was that a question, Senator Ayres?

**Senator AYRES:** It was an observation.

**Senator GALLAGHER:** It appeared online at about 10.30 on 8 February. At what point did one of your advisors contact the *Australian*? It was online, attributed to the finance department, at 10.34. How long did it take for the labour costings unit that you run out of your office to work out that the finance department had been nominated as the source of the figures?

**Senator Birmingham:** I'm being advised that it was within 20 minutes.

**Senator GALLAGHER:** So it appeared for 20 minutes. It was in the paper copy, forever, the next day.

**Senator Birmingham:** At no time did my office represent it as modelling undertaken by the finance department.

**Senator GALLAGHER:** So how did it get there? Did you get an explanation? Did the *Australian* say they put that on the bottom just in case?

**Senator Birmingham:** As I would note, the text of the story also never suggested that. In terms of the graphic designers or how that occurred within the *Australian*, we brought that to their attention promptly.

**Senator GALLAGHER:** So they just dreamt that up, did they, that the finance department had been the source of the figures?

**Senator Birmingham:** As I said, the story itself never suggested that it was the department's modelling. In acknowledgement of the journalist in that regard, I don't think they ever misinterpreted it either. Obviously, what was printed, which would've gone through subediting and other processes, is a matter for the newspaper. As soon as we identified it, we alerted them to the situation.

**Senator GALLAGHER:** Was it on the material that left your office electronically? Presumably, those costings—

**Senator Birmingham:** The graphic was not something done in my office.

**Senator GALLAGHER:** There was no table that left your office with that on it?

**Senator Birmingham:** Nothing that we provided in any way presented the information as being prepared by the Department of Finance.

**Senator GALLAGHER:** Ms Huxtable, this appeared in the paper version of the *Australian* and was online for a period of time that's unclear. Did you take any action in terms of inquiring into how this could be the case and whether you needed to make a statement about the fact that you hadn't been involved?

**Ms Huxtable:** Yes. I spoke to the minister's office the next morning. I didn't actually see it the evening of the 8th. I saw it early the next morning. To make clear that, clearly, that was wrongly attributed to the finance department—I think at that point there had already been action taken by the minister's office to have the attribution corrected. Certainly, I was ready to respond to any media inquiries that we might get in respect to the data, given that there was a period where it was attributed to us. However, in light of the fact that the correction occurred quite early the next morning, I didn't consider it necessary to put out a public statement.

**Senator GALLAGHER:** But it was in the paper version that presumably got circulated widely that day, 9 February. How did you weigh that up? How did you decide that it didn't merit any further statement?

**Ms Huxtable:** Certainly, if we'd got media inquiries in respect of the data, we had a response in respect to that, but we didn't get any media inquiries at all.

**Senator GALLAGHER:** Can I have the response that was prepared?

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

**Senator GALLAGHER:** Why?

**Ms Huxtable:** Because I don't have it here.

**Senator GALLAGHER:** I'm sure someone can get it. This is pretty serious as we enter into a hotly contested election campaign. The government has created its own internal costing unit with its own methodology, it seems. It's put it on the front page of the *Australian* in a massive attempt at a scare campaign about the alternative government's policies. In that article, on the front page, it has the finance department as the source of the costings, giving it authority. I am wondering how on earth the finance department thinks it's appropriate that they say nothing about it.

**Ms Huxtable:** Because the attribution was changed on the online version.

**Senator GALLAGHER:** But it wasn't in the paper.

**Ms Huxtable:** It was changed very early.

**Senator GALLAGHER:** The paper version went out with Finance as the source on the front page. So are you saying that, because no-one reads the paper version, you made a decision that it was less harmful? Is that the decision you took?

**Senator Birmingham:** I think that Ms Huxtable has outlined what decisions she took, in terms of being prepared to correct the record under any queries that occurred, and, of course, she would have done that here as well but for the fact that I answered the question first. She's been very clear in that regard. I don't think the attribution was on the front page, incidentally.

**Senator GALLAGHER:** Well, the article was on the front page.

**Senator Birmingham:** The lead ran off the front page.

**Senator GALLAGHER:** Yes—COVID policies costed with the graphics to accompany it. Is it because it wasn't on the front page that you decided that it was fine to leave Finance as the source? With respect, Ms Huxtable hasn't answered why she took that decision, so if you could—

**Ms Huxtable:** I think I have, Senator. The judgement I made is that, because the attribution had been changed, and it had been changed very expeditiously, and we received no media inquiries in respect of the data—it was on that basis that I decided not to put out a public statement.

**Senator GALLAGHER:** I would like to know, and I can't see any reason why we cannot be provided with, the media comments that you prepared to respond to that. Considering that we now know that you had nothing to do with this, why—

**Senator Birmingham:** Well, she has—

**Ms Huxtable:** I took it on notice.

**Senator GALLAGHER:** It's just avoiding scrutiny. It's avoiding a difficulty. Ms Huxtable, you don't normally play games.

**CHAIR:** Taking the question on notice is not avoiding scrutiny, Senator Gallagher. That's not a fair representation.

**Ms Huxtable:** I'm not sure—

**Senator GALLAGHER:** Well, it is important. You are down as the source of this. You took no public action to correct it. It was in the paper, and now you're saying to me that I can't have access to whatever media response was prepared for it.

**Senator Birmingham:** Senator, that's not fair. The secretary did contact my office first thing that morning.

**Senator GALLAGHER:** There was no public response.

**Senator Birmingham:** As it turns out, as you acknowledged, this story had gone online earlier, and my office had already taken the steps to contact *The Australian* and advised the secretary of that at that time.

**Senator GALLAGHER:** There was no public statement to correct the record. Ms Huxtable, do you think that it is important that the finance department is seen as apolitical?

**Ms Huxtable:** The finance department is apolitical.

**Senator GALLAGHER:** Yes, and is it important that it is seen as apolitical?

**Ms Huxtable:** I believe I've been very clear on the record, including in this estimates, around what our role is in respect of the issues that you're raising.

**Senator GALLAGHER:** So when we have a political hit in the government journals that attributes the information in a table graphic to the finance department, how can it be that there is no public response to that, particularly as we head into an election campaign?

**Ms Huxtable:** Senator, I think I've already answered that. My judgement was that, because the attribution was changed, and changed very early that day, and there were no inquiries coming to the department—and I drew from that that the media were very clear that the Department of Finance was not the source of the material as the attribution had been changed—I didn't think that a public statement was warranted. That was the judgement that I made at the time.

**Senator GALLAGHER:** How do you know that the media all knew that it wasn't the finance department?

**Ms Huxtable:** They certainly weren't coming to us for comment or to us for information about the details in the material, and we would normally expect that that would occur.

**Senator GALLAGHER:** At what point would it have crossed the line for you?

**Ms Huxtable:** The attribution was changed. That was a very important fact.

**Senator GALLAGHER:** How can you say that? It was changed online after a period of time, but it remained in the paper version, so how can you say that. It wasn't changed in there and there was nothing for the ordinary person reading the paper. They wouldn't have had any idea that the finance department didn't cost those dodgy costings done in a back room of Minister Birmingham's office.

**Ms Huxtable:** Senator, I've given you my thinking at the time. I probably have nothing more to add to that.

**Senator GALLAGHER:** Can I please have the media response that you had prepared? I don't want to wait 30 days for it, which is what happens when people take it on notice, considering the seriousness of this. Ms Huxtable I think that it would do well for your defence if that was provided. I want to know what the Department of Finance was going to say, or perhaps you can tell me what they were going to say, if approached?

**Senator Birmingham:** Senator, Ms Huxtable has taken that on notice—

**Senator GALLAGHER:** So we've kicked the can down the road for 30 days. That's what's happened.

**Senator Birmingham:** She's taken it on notice because she doesn't have it here at present. I'm sure if further information can be provided quickly she will do so.

**Senator GALLAGHER:** Were you provided with what finance was going to say if they were approached by media? Did finance provide that to your office?

**Senator Birmingham:** It wasn't provided, no. Apparently it wasn't shared with my office. We were advised though that that would be the case in terms of if there were queries that finance would make that expressly clear.

**Senator GALLAGHER:** What was it essentially, Ms Huxtable? What were you going to say? If the media approached the Department of Finance what were you going to say? Was it a short: 'We didn't have anything to do with this'?

**Ms Huxtable:** I've been through that, I think, here already. The costing was not prepared in the Department of Finance, so that's what I would have said—not exactly those words but along those lines.

**Senator GALLAGHER:** So you were going to say: 'These costings were not costed by the Department of Finance'?

**Ms Huxtable:** They're not prepared by the Department of Finance. That's correct.

**Senator GALLAGHER:** Not prepared.

**Ms Huxtable:** But the wordsmithing of that, as we didn't actually end up putting out a statement—

**CHAIR:** Nor did you have a query to respond to.

**Ms Huxtable:** Nor did we have a query to respond to. But we would have been putting out a statement along those lines, and no different to what I've said in this place previously in respect of costing of opposition policies.

**Senator GALLAGHER:** So sometime down the track I'll get it on notice—what was prepared. Is your dodgy costing unit going to be continuing to put out tables like this?

**Senator Birmingham:** Senator, we will continue to scrutinise your announcements in the lead-up to the election. Just as I expect you will to continue to scrutinise ours.

**Senator GALLAGHER:** How many people in this costing unit? How many are they and what are their skills, other than being Liberal staffers?

**Senator Birmingham:** Senator, staff in my office, like staff in your office, will undertake roles to assist with the scrutiny of alternative policies, just as they assist with the development of our own policies—

**Senator GALLAGHER:** Dodging up numbers. It sounds like everyone saw this for what it was.

**Senator Birmingham:** Provide more detail around your policies and their costings at the time of release and you can avoid these sorts of circumstances.

**Senator GALLAGHER:** Thank you very much for the advice. As I said, we will be providing costings, as we have in previous elections—and every other party does as well—so you can probably disband your little costings unit if you'd like, Mr Birmingham, now that it's been completely discredited.

**Senator Birmingham:** Senator, not as discredited as policies like your abandoned \$300 payments—

**Senator GALLAGHER:** It has—

**Senator Birmingham:** that was so discredited that you walked away from the policy—

**Senator GALLAGHER:** This little scare campaign that fell flat on its face has been run by a handful of Liberal staffers. What on earth could go wrong?

**Senator Birmingham:** What this exposed were the tens of billions of dollars extra that a Labor government would've spent over the last two years, including on policies that you yourselves have since walked away from because they were so bad. They were your policies and you've back flipped on them in the space of 12 months, Senator. I can't recall any occasion where—

**Senator GALLAGHER:** Three Liberal staffers—

**Senator Birmingham:** an opposition has gone out and said: 'We're going to make a \$300 payment' and then within 12 months, 'Actually we're not going to do that.'

**Senator GALLAGHER:** You are without credibility. It has become a total joke that this is the standard—

**Senator Birmingham:** That policy is indeed a total joke. It always was actually—

**Senator GALLAGHER:** When Australians needed their government to be going out and fixing aged care and actually buying rapid antigen tests you established a little costings unit of Liberal staffers to cost Labor campaign commitments to then splash—

**Senator Birmingham:** Which you won't cost yourself—

**Senator GALLAGHER:** on the front page of the *Australian*, which you then had to correct after trying to pretend that they were costed by the finance department. What an absolute shambles.

**Senator Birmingham:** The cost of policy actually matters, Senator, and you should've been upfront at the time you announced it—

**Senator GALLAGHER:** How embarrassing—

**CHAIR:** Order! I haven't heard a senator ask a question for about a minute. If the senator would like to ask—

**Senator GALLAGHER:** I have more questions, thank you, Chair—

**CHAIR:** Okay, Senator Gallagher, thank you—

**Senator GALLAGHER:** On the breakdown of the decisions taken but not yet announced, in the MYEFO we had \$16 billion in decisions taken but not yet announced. That was an extraordinarily large amount and a huge increase on previous decisions taken but not yet announced. What details can you provide me? In particular, can you break it into proportions? I know there's an element of 'not for publication'. Can you tell me how much of the \$15,795,000 is not-for-publication costs?

**Senator Birmingham:** Sorry, Senator—I just missed the last half of your question there.

**Senator GALLAGHER:** Of the decisions taken but not yet announced, in the MYEFO there was \$16 billion that fell under that title of not-for-publication measures. I'm asking what proportion of that \$16 billion is not for publication.

**Senator Birmingham:** We don't generally prescribe specific break-up there, because obviously—

**Senator GALLAGHER:** I don't want specific.

**Senator Birmingham:** the elements that are not for publication—

**Senator GALLAGHER:** Is it half?

**Senator Birmingham:** The Treasurer has publicly acknowledged previously that it is around half.

**Senator GALLAGHER:** Is there are reason you can't give us the specific number? I don't want it broken down, but if it's around half then it's presumably in the order of \$8 billion for 'not for publication'. Do you have an exact figure for that?

**Senator Birmingham:** As I was saying before, we don't normally prescribe the breakdown of those two components of that line, in essence because of the commercial and other sensitivities around those that are in the not-for-publication category.

**Senator GALLAGHER:** Are you saying that if you said it was \$7.98 billion there would be some way of identifying how much you'd allocated to different programs?

**Senator Birmingham:** At different times in different budget cycles, depending on what's there and what's not there, yes, it could be.

**Senator GALLAGHER:** But when it's this big, and we know that there are a number of programs identified as not for publication—I think the government's already done that—what's the reason?

**Senator Birmingham:** The Treasurer has already indicated in that regard that it is around half.

**Senator GALLAGHER:** So, the best I'm going to get out of that is that it's around \$8 billion?

**Senator Birmingham:** That would be accurate with what the Treasurer said.

**Senator GALLAGHER:** From my estimation there's been about \$5 billion in new funding announcements made since MYEFO. You can correct me if I'm wrong. There have been other payments, like the advance to the finance minister and things like that. But if I go through it by program, can you tell me whether these are coming out of the 'decisions taken but not yet announced' line or whether it's actually additional money? It's the Tackling Indigenous Smoking program, \$187.8 million. Does that come out of decisions taken but not yet announced?

**Senator Birmingham:** We might need to just check the name of that program against—

**Senator GALLAGHER:** It was announced on 28 December, and my notes say it's 'Tackling Indigenous Smoking program, \$187.8 million'.

**Senator Birmingham:** Unless anybody else can help us on that one—

**Senator GALLAGHER:** It might be easier if you tell me what has been spent out in the decisions taken but not yet announced, if Ms Patterson has that in her brief, because I have a number of projects. Perhaps you can tell me what has come out of that, between MYEFO and now, in terms of announcements.

**Ms Huxtable:** There is quite a large number that have been published in the portfolio additional estimates. It is a list that goes for several pages. I'm not sure whether you want us to go through that line by line or whether—

**Senator GALLAGHER:** For Finance?

**Ms Huxtable:** No, across everyone's additional estimates. We can quickly run through them. It just might take a while.

**Senator GALLAGHER:** Or you can copy the bit of the brief that you can give me. I don't mind.

**Senator Birmingham:** Why don't you try giving the headline points?

**Ms Patterson:** These are the decisions taken but not announced since the MYEFO which have been published in the portfolio additional estimates statements. I'll go through it by portfolio—that's probably the easiest way. The Agriculture, Water, and the Environment portfolio has: supporting Australia's Antarctic research and resupply vessel; the Great Barrier Reef package; the biodiversity recovery package—koala conservation and protection; the national recycling campaign—additional funding; the Plant a Tree for the Jubilee program; established pest and weed management.

Moving to the Health portfolio, it has: the Cancer Genomics Laboratory—establishment; fighting cancer—McGrath Foundation Breast Care Nurses; Approved Medical Deputising Services; and OrganMatch—delivery of best practice in organ allocation.

The Department of Home Affairs has: the Commonwealth countering violent extremism initiatives; and high-risk terrorist offenders regime implementation. That one will appear in the portfolio additional estimates statements for a number of portfolios, not just Home Affairs.

The Industry, Science, Energy and Resources portfolio has: enhancing the digital capability of NOPTA and NOPSEMA; science capability—National Measurement Institute; and Marinus Link—additional support.

Moving to the Infrastructure portfolio: extending the commercial broadcasting tax transitional support payments; infrastructure investment; media sector reforms; national commemorative statues—that is from a previous round of DTBNYA, not the MYEFO one; and the Northern Australia Infrastructure Facility—increased appropriation.

For the Department of Prime Minister and Cabinet: Aboriginal and Torres Strait Islander statues in the Parliamentary Triangle; Australia's Future Leaders Program—that was also from a prior round of DTBNYA, the 2020-21 MYEFO; digital economy regulation; the national disaster resilience and support emergency response fund; development of future support for improved outcomes of Indigenous Australians in the Northern Territory; the Ngurra Cultural Precinct; the Dawson and Ors v Commonwealth Community Development Program class action—that was also from a prior round of DTBNYA, not the most recent MYEFO.

Getting towards the end is the Social Services portfolio: the Strong and Resilient Communities grants expansion; building the long-term viability of the financial counselling sector; and the National Debt Helpline. Treasury portfolio has the Western Australian children's hospice. Finally, the Department of Veterans' Affairs has the 50th anniversary of the end of Australian involvement in the Vietnam War, the Tasmanian Veteran Wellbeing Centre and the veteran wellbeing grant program.

**Senator Birmingham:** There's a shorter list that summarises the measures that are published as NFP, if you want. They are obviously all already published as NFP in the budget papers, but, if it's helpful for you to have that summarised, we can go through what is a shorter list than the one Ms Patterson just read.

**Senator GALLAGHER:** Thank you.

**Ms Patterson:** This is 'MYEFO measures that are full or partial; not for publication'. Under 'cross portfolio, Commonwealth parliamentary workplaces, independent review and ongoing support measures'—do you want me to give you the page numbers in MYEFO for cross-checking?

**Senator GALLAGHER:** I think I have got all the measures that were not for publication. I am ticking them off as you go.

**Ms Patterson:** Okay. With the COVID-19 response package, additional aviation support continued. Under Finance is the COVID response package Centres for National Resilience. Under Foreign Affairs and Trade is the Australian Infrastructure Financing Facility for the Pacific projects and the export finance facility. Under health there's the COVID-19 response package, vaccines and treatment purchases; guaranteeing Medicare and access to medicines; PBS new and amended listings; improving access to medicines; and new strategic agreements with Medicines Australia and the Generic Biosimilar Medicines Association, noting both of those are receipt-only NFPs. Home Affairs has permissions capability and digital passenger declaration. Industry, Science, Energy and Resources Portfolio has maintenance of the former British nuclear testing site at Maralinga; *Northern Endeavour* decommissioning additional funding; satellite based augmentation system additional funding, which is a receipt; and the Snowy Hydro Ltd Hunter Power Project.

Then Infrastructure, Transport, Regional Development and Communications has infrastructure investment. National Collecting Institutions have preserving Australia's cultural heritage and WSA Co Limited equity injection. Social Services portfolio has one: continuation of funding for the Fathering Project and the Home Interaction Program for Parents and Youngsters. The final one, from Treasury, is SME Recovery Loan Scheme extension.

**Senator GALLAGHER:** Thank you for that. Are you able to tell me what that first lot of the decisions taken—that long list you gave me—adds up to? Do you have that?

**Ms Patterson:** Yes, I do. That long list of things that were then published in the portfolio additional estimates statement is \$926.7 million, noting that there are some NFPs in that list.

**Senator GALLAGHER:** Is that in the decisions taken, because there is a bit of a crossover?

**Ms Patterson:** Yes.

**Senator Birmingham:** They have actually not been announced at all but are still NFP and have essentially moved from what you might describe as one column to the other.

**Senator GALLAGHER:** All of that was \$926.7 million?

**Ms Patterson:** Yes.

**Senator GALLAGHER:** A couple of those are crossed off. Where there have been other announcements from government—for example, the \$800 payments to aged-care workers—that doesn't appear in these, because a decision was taken after MYEFO on that, so it will be reconciled in the budget?

**Senator Birmingham:** That's right.

**Senator GALLAGHER:** So that's new.

**Ms Patterson:** Yes. There's been a set of things announced which are essentially new funding and new measures such as the \$800 payments since MYEFO, and there have also been other things that have been announced following the closing of the books. You end up with three categories of announcements.

**Senator GALLAGHER:** Do you have a list of the new measures that sit outside decisions taken and not for publication in MYEFO to where we are today?

**Ms Patterson:** Yes.

**Senator GALLAGHER:** We've got the \$800. That is \$210 million, I understand?

**Ms Patterson:** The new measures since MYEFO that have a negative impact—

**Ms Huxtable:** Just to be clear: this will be as of the PAES cut-off date. It would have been early February. We can give you an exact date.

**Senator GALLAGHER:** PAES being the portfolio additional estimates. I'm with you.

**Ms Patterson:** It's a page and a half. Do you want me to read them?

**Senator GALLAGHER:** Or table it.

**Ms Patterson:** In new measures since MYEFO, as published in portfolio additional estimate statements, the Department of Defence has one for Defence mental health. The Department of Education, Skills and Employment has increased the AgMove participant cap. The Health portfolio has the COVID response package, COVID



vaccine program, COVID-19 response package improving access to critical medical supplies, COVID response package strengthening primary care, COVID response package vaccines and treatment purchases, Guaranteeing Medicare extension to PBS emergency bushfire item and a mental health item. The Department of Home Affairs has the visa application charge for refunds for student and working holiday-maker visa holders, backpacker and student campaign, visa application charge refund settings campaign. The Department of Industry, Science, Energy and Resources has one: the diesel exhaust fluid security. The Department of Infrastructure has CASA supplementation. The Department of the Prime Minister and Cabinet has the Indo-Pacific Clean Energy Supply Chain Forum and COVID-19 response package pandemic leave disaster payment extension. Treasury has the Small Business Debt Helpline and NewAccess for Small Business Owners program.

**Senator GALLAGHER:** Do you have a total figure for that?

**Ms Patterson:** Yes. It's \$2.3 billion over four years to 2024-25.

**Senator GALLAGHER:** Thank you, very much.

The additional money for the ABC and SBS was announced on 7 February. Is that because it might fall out of this or because it's a future payment, not a retrospective payment, in terms of the cuts to indexation?

**Senator Birmingham:** The arrangements around the indexation freeze as it relates to the ABC were a freeze that applied for the previous triennial funding agreement. The decision that had been taken was that that would be a freeze for the previous triennial funding agreement. The decision that had been taken was that that would be a freeze for the previous triennial funding agreement. The budget, as handed down last year, had reflected that previous decision, which was for that triennial funding agreement. The budget forward estimates had obviously reflected that as a time-limited decision, and the government, in considering the negotiations with the ABC for the future triennial funding agreement, agreed that the indexation would continue, as was reflected in the budget papers handed down last year. There's not a variation in that sense.

**Senator GALLAGHER:** The announcement on 7 February was really to announce the decision you took in the last budget, or to confirm the decision you had taken.

**Senator Birmingham:** The forward estimates are based upon assumptions that reflect decisions as they stand. The decision that had been taken a number of years back around the ABC freeze was a decision for that triennial funding period. It's a slightly unique matter to the national broadcasters in terms of the way they are funded. They operate on those triennial funding agreements, but, for budgeting purposes, the government obviously keeps projecting out across the forward estimates. So what Finance had presented in the budget papers for the forward estimates reflected the freeze, for the period of that freeze, and, given it was only a freeze decision that had been taken for that triennial funding, the budget papers reflected a resumption of their previous arrangements.

**Senator GALLAGHER:** It's a return to normal. Your decision to stop the indexation wasn't necessarily a conscious decision. The conscious decision was to cap or freeze the indexation for a three-year period, but because there wasn't another decision or announcement from government to continue that freeze, it reverted back to being indexed.

**Senator Birmingham:** That's accurate, yes.

**Senator GALLAGHER:** That decision was made or just happened—I don't know if it was a conscious decision; it probably was—in the budget, but it was not announced. Nobody picked up on it, did they?

**Senator Birmingham:** The budget essentially reflects those forward estimates. The government, in the relevant time frame in considering the discussions with the ABC about their next triennial funding agreement, had to confront the decision that had been made and if we would make that decision again, or not. Had we decided to freeze indexation for the next triennial funding period, then that would have been reflected in the budget papers as a savings measure at that point.

**Senator GALLAGHER:** It might be me—this isn't my portfolio area—but did I just miss something, or did nobody say anything at the time, including the ABC? Wouldn't they have known that the forward estimates were looking pretty good for them?

**Senator Birmingham:** And, in that context, arguably so for a number of years. As we approached the last year of the triennial funding agreement, there were, by that point, several years of forward estimates that had been published continuously since then. Had the government made a decision to continue the indexation freeze, I am confident that there would have been plenty of powers of complaint from you, the ABC and others—

**Senator GALLAGHER:** And from a lot of Australians who rely on the ABC; who are worried about the freeze and the cuts to the ABC.

**Senator Birmingham:** It was a serious matter, in terms of consideration, noting that the ABC has a more guaranteed revenue stream than other broadcasters or media organisations in Australia. Obviously, the government made the decisions that the communications minister has announced, which were already fully provided for in the way in which the budget forward estimates are reflected and accounted for.

**Senator GALLAGHER:** Why wasn't the announcement made as part of the budget? Why did the government wait until 7 February? Minister Fletcher went out and announced that the indexation freeze was over for the purposes of the triennial funding agreement.

**Senator Birmingham:** That's reflective of that unique arrangement, in terms of the national broadcasters operating under those triennial funding arrangements, that there are normal points. It's more a matter that Communications could speak on with more expertise than me, but there are normal points at which the department of communications, I expect on behalf of the government, settles with the national broadcasters. These are the terms of the triennial funding arrangement going forward. That's done to give the national broadcasters that rolling three-year certainty, noting that for other agencies, although the forward estimates provide a projection, decisions within that time frame can impact upon those projections.

**Senator GALLAGHER:** Essentially, the money was made available in budget; the government didn't say anything but was negotiating the triennial funding agreement with the ABC; once that's concluded, you're in a position to confirm. Is that right?

**Senator Birmingham:** Essentially, the money was provided from whichever budget it was that the 2022-23 year first came into the forward estimates, the funds would have been reflected from that inclusion of the 2022-23 and then subsequent years into the forward estimates profile.

**Senator GALLAGHER:** In terms of any additional money, there is no additional money owed but what has been factored into the forwards for the ABC?

**Senator Birmingham:** Around the indexation question, what's in the forwards is an accurate reflection of the indexation. As I said before, had we taken another decision to freeze indexation, then it would have been reflected as a savings measure.

**Senator GALLAGHER:** On the infrastructure investment, under the decisions that have now been announced, do you have any more detail on that, or do I have to go to Infrastructure to ask, which I think—I'm not even sure if they're on now.

**Ms Patterson:** I think they were on yesterday and still on today for coms. Let me just check.

**Ms Huxtable:** I don't think we have a lot more detail other than what Ms Patterson read out.

**Senator GALLAGHER:** Do we have the money that's attached to some of that global infrastructure investment? You gave me the \$926.7.

**Ms Patterson:** For infrastructure, the infrastructure investment decision that was published in PAES is NFP, so it is not part of that \$926.7. It is on that list, but—

**Senator GALLAGHER:** At the end of all that, we've got \$15.7 billion in decisions taken but not yet announced, which is a huge amount. With all the decisions that have been taken, it is just under a billion. Is it correct to say there's still \$15 billion sitting there?

**Senator Birmingham:** Noting the NFP component, which we've discussed. Then there are—

**Senator GALLAGHER:** If we take out the roughly \$8 billion, we're down to \$9 billion left, so if we take out half of that we're at eight, take out the billion that you've announced through your decisions, so we're down to \$7 billion still sitting there?

**Senator Birmingham:** There are some subsequent announcements that have been made since that cut-off date for the portfolio additional estimates statements.

**Senator GALLAGHER:** In the last fortnight?

**Senator Birmingham:** That's right. That includes significant programs. Just on the weekend, the announcement out of the Infrastructure Investment Program for the North-South Corridor, River Torrens to Anzac Highway project in South Australia—

**Senator GALLAGHER:** That was \$2.26 billion—is that right?

**Senator Birmingham:** Which over the forwards is a \$754 million commitment.

**Senator GALLAGHER:** So it extends for a longer period of time.

**Senator Birmingham:** The support for the new university research initiatives under the Australia's Economic Accelerator program, which is part of the \$2.2 billion University Research Commercialisation Package, which over the forwards for that component is a little over \$500 million. The support for the workforce mobility component of that University Research Commercialisation Package, which is a smidge under \$300 million. Support announced as part of support for export markets around extension of the Export Market Development Grants at \$80 million. They are probably the main elements.

**Senator GALLAGHER:** So that's about another \$1½ billion. So we're sitting there at about \$5½ billion of decisions taken but not yet announced? Is it intended to announce that between now and the budget? It's a lot of money.

**Senator Birmingham:** Where the government determines to do so, but I think you can see from what we've both outlined in terms of those that are NFP and the various programs that have been announced to date, be they infrastructure commitments, that dial can change very quickly and suddenly when you have a \$700 million to \$800 million infrastructure commitment or similarly in terms of the University Research Commercialisation Package and so on. These are policies that have been developed by government. Government, of course, is working through the process around finalising or announcing aspects of those policies. But we've made sure in terms of trying to ensure that MYEFO was as accurate a reflection of the budget position as possible, that those policy decisions being made were accounted for.

**Senator GALLAGHER:** But there's only six weeks till budget day and there are still \$5½ billion of decisions that you've already taken but haven't yet announced, waiting to be announced at the right time. If I'm excluding the not for publication and the money you've announced, that's what's left, and the expectation is that you're going to announce that over the next six weeks?

**Senator Birmingham:** Where decisions are finalised and agreement made for the public announcement, then those public announcements occur, just as we've outlined. If there are any areas where it becomes possible to not proceed with the decision because circumstances have changed, government considers that too.

**Senator O'SULLIVAN:** I want to ask about the estimated budget costs of COVID-19 measures? Specifically, can you please outline the measures contained in the midyear update both in terms of the health and economic supports?

**Ms Patterson:** In the 2021-22 MYEFO the government committed \$25.3 billion in direct economic and health support. Of this, \$22.3 billion was for direct economic support and \$2.9 billion was for COVID health response measures.

**Senator O'SULLIVAN:** Does this include the estimated cost of COVID-19 measures in the 2021-22 midyear update that are not for publication?

**Ms Patterson:** No, it does not.

**Senator O'SULLIVAN:** So those measures are on top?

**Ms Patterson:** Yes. I just need to correct the record. The Ms and Bs were around the wrong way. It's \$22.3 billion of direct economic support \$2.9 billion.

**Senator O'SULLIVAN:** For the health?

**Ms Patterson:** Yes. \$22.3 and \$2.9. They don't add up to \$25.3 due to rounding. On the NFP, no, that funding does not include NFP.

**Senator O'SULLIVAN:** So that's on top?

**Ms Patterson:** That is on top, yes.

**Senator O'SULLIVAN:** Are you able to break that down, maybe with some of the key headline-type measures or programs?

**Ms Patterson:** Yes. As set out in the MYEFO publication, obviously, the two largest economic response measures provided funding for the national COVID-19 disaster payments and the COVID-19 business support. There was also funding provided to address workforce shortages and support for jobseekers, including boosting apprenticeship outcomes. Additionally, there was some funding to continue support both for the aviation and childcare sectors. They're captured in that funding in MYEFO.

On the health side: in terms of measures in the MYEFO, the key ones, obviously, were the \$1.1 billion for the distribution and uptake of COVID-19 vaccines—that was for supporting delivery around vaccines, not the vaccine purchases themselves, which are NFP. There was a further billion dollars to support hospitals, including for the extension of the national partnership agreement with the states and territories for COVID-19. And,

obviously, there were some additional supports around primary care et cetera as part of the broader health support.

**Senator O'SULLIVAN:** Since the pandemic began, what is the total that has been spent both on health and economic measures?

**Ms Patterson:** The figures as reported in the MYEFO publication, on page 4, give a total commitment of \$337 billion in direct economic and health support.

**Senator O'SULLIVAN:** Can you break that down? Do you have—

**Ms Patterson:** Yes. That's \$314 billion for direct economic support and \$23 billion for COVID response measures to support the health system.

**Senator O'SULLIVAN:** I assume that the not-for-publication measures are excluded from those totals.

**Ms Patterson:** Yes.

**Senator O'SULLIVAN:** Minister, what have been the key outcomes of the government's COVID-19 response in terms of Australia's relative performance internationally, by comparison?

**Senator Birmingham:** A very strong economic performance. On the budget side, Australia remains one of only nine countries to have a AAA credit rating reinforced by each of the international ratings agencies. In fact, a couple of those have taken Australia off the negative watchlist in the last 12 months. That seems counterintuitive to some at a time when we face such significant budget pressures and challenges, but it's a demonstration of the confidence they have around the strength of the Australian economy and how that strength plays into the medium-term fiscal strategy around budget repair.

The economic responses we have delivered have also put Australia's unemployment rate down to 4.2 per cent at the last unemployment figures that were released, one of the strongest employment outcomes around the world. We've had a 1.1 million jobs bounce back from the COVID period and, of course, unemployment is now forecast by the Reserve Bank to push below the four per cent level as part of that response. We're also seeing very strong levels of participation, especially women's workforce participation, which the government welcomes strongly. It's really that jobs metric, in particular, where we assess the most important outcomes because that's what impacts on the ability of Australian families to meet cost-of-living and other pressures. It's also what delivers the most sustainable improvements to the budget bottom line, by reducing anticipated social services expenditure and by increasing the number of taxpayers contributing across the economy.

**Senator O'SULLIVAN:** And in terms of the health outcomes—a comparison with other countries?

**Senator Birmingham:** On the whole, Australia continues to have lower average levels of fatality and higher levels of vaccination than many comparable nations. Those have all contributed to stronger economic outcomes. Some of the most important policy measures during the time of course all date back to the closure of Australia's international borders. That provided time for Australia to keep the worst effects of COVID at bay for a long period of time. Notwithstanding challenges and outbreaks that occurred in some cities, we still avoided the worst effects of the early variants of COVID-19—even from the delta variant. We've provided time for the world to develop the different vaccines and for the rollout of those vaccines to occur. Whilst the last couple of months have been challenging with the labour market disruptions, disruptions from many Australians having to isolate and of course from the tragic loss of life of those who have succumbed to COVID, we are now dealing with the omicron variant. This is shown to be around 70 per cent less likely to result in serious illness than earlier variants. And Australians have shown a strong willingness to embrace the booster program, with many millions of booster doses delivered too.

**Senator O'SULLIVAN:** The economic and health measures are intrinsically linked in terms of the outcomes that we've achieved, and you've outlined both the health and economic outcomes that have been achieved. How important has that been? For example, if someone's required to stay at home because they've tested positive, or maybe because they've been a close contact, how important has having that support for their family been to achieving those health outcomes? There's quite a disparity between the amount that we've spent on economic measures versus health measures, but are they intrinsically linked together?

**Senator Birmingham:** They are linked together. One of the areas where we've seen spending pressure in recent months has been in relation to the COVID—I can't remember the name of the payment that I'm trying to recall—

**Ms Patterson:** The pandemic leave disaster payment.

**Senator Birmingham:** Thank you, the pandemic disaster leave payment, which is there to provide financial assistance to Australians who have to isolate as part of close contact arrangements. That's been a very important

measure to provide people with the financial ability not to go to work and to follow those health orders for isolation. It's one example of how those economic measures can help to provide stronger economic outcomes by maintaining the capacity of households and businesses through financial support, enabling them to do the right thing in responding to public health advice.

**Senator O'SULLIVAN:** Notwithstanding the quite large and significant budget costs of the COVID-19 health and economic response you've outlined, how important has budget restraint been, and how important is it going forward?

**Senator Birmingham:** Saying no is an important part of managing the budget as well. Even with the extraordinary measures we've undertaken through COVID-19, there have been many calls for additional spending. The exchange that Senator Gallagher and I had before really related to some of those sorts of calls; when we established JobKeeper as a program, the opposition called for eligibility criteria that would have brought a further two million potential participants into the JobKeeper program and added substantially to its costs. When we sought to step down that program in terms of the amount that was being paid, or the eligibility criteria around it, the opposition called for us to continue with the elevated payments and broader eligibility criteria. Ultimately, as was demonstrated from the strength of the Australian economy and the strength of the jobs market, it was the right call to step it down at the time that we did. It would have been wasteful and reckless to continue the program in the ways that the opposition called for us to do, just as, for example, the \$300 cash payments for people to get vaccinated was proven to be a foolish and wasteful policy idea that would have seen billions of dollars wasted paying people to do something that they turned out to do for free and for the right reasons, recognising the public health benefits of vaccination.

**Senator O'SULLIVAN:** You've just answered my next question. Chair, that was my final question.

**Senator AYRES:** I have just a couple of quick things before I move to one issue. Ms Huxtable, that discussion about ABC funding that we just had—I'm curious—is the indexation rate the same for all of these organisations? I seem to remember that there was a different indexation rate applied to the ABC. Is it the same type of indexation rate as was applied before or is there some difference?

**Ms Huxtable:** The officer can answer the question, I believe.

**Mr Pelecky:** The short answer is, yes, it's the same indexation. I can give you the indexation rate. The ABC's operational funding is indexed by one per cent in 2022-23; 1.7 in 2023-24; and 1.9 in 2024-25. This is consistent with the indexation as released by Treasury.

**Senator AYRES:** So it is a consistent indexation rate across organisations?

**Mr Pelecky:** Yes.

**Ms Patterson:** For the ABC, it's wage cost index 6.

**Senator AYRES:** I had an argument over the weekend with somebody who said it was a non-farm deflator.

**Ms Huxtable:** There are different indexation rates that apply across a range of programs. Many are based off the WSCI indexes, so it is an area where it can become quite complex.

**Senator Birmingham:** We could have a fascinating discussion about wage cost index 6.

**Senator AYRES:** I'm sure we could but I hope this is the only time today your answers cause me to lose an argument. I wanted to remind you as well—can confirm that the usual staff tables will be available?

**Ms Huxtable:** Yes, they will. At the start of outcome 3.

**Senator AYRES:** We had a discussion earlier today with ANI and ASC essentially about the impact of the government's decision on submarines in relation to those two organisations. Secretary, I want to ask you some questions about what kind of oversight Finance has of Defence industry programs.

**Ms Huxtable:** The work that we do in respect of Defence crosses two areas of the department. The budget and financial reporting group, which Ms Patterson is the deputy for, has an important role in scrutinising the Defence costing process, the Defence investment program and the like. Ms Patterson sits on the Defence investment committee, so there's a lot of work that goes on on that side of the department. Mr Williamson's side of the department manages the shareholder engagement with ANI and ASC and, similarly, works back into Defence around particularly the shipbuilding programs. So depending on your questions—

**Senator AYRES:** These are very large and very complex undertakings. Illustrative, I suppose, is what's happened in the Hunter Class Frigate Program. As I recall it, initially it was \$35 billion in turned-out costs, now \$45 billion. What's Finance's understanding of the reason for that cost escalation?

**Ms Huxtable:** It's worth just dwelling a little bit on these costs because there is a degree of complexity that sits behind them. As you say, there is the out-turning process and then there is a parameter updating process that occurs at every budget, so the costs will vary.

**Senator AYRES:** I accept some of these programs' cost is not the only risk that is being managed.

**Ms Huxtable:** On the costs question, the latest published cost in respect to the Future Frigate Program was released in September. It's a budget 2021-22 cost. It was released as part of the AUKUS announcement, and that figure is \$44.1 billion. But that is effectively the out-turned and parameter-adjusted cost equivalent to numbers that previously have been published. For example, in the force structure plan in the 2019-20 MYEFO, it was \$45.6 billion. That's the same number which has now become \$44.1 billion, due to the effect of parameters and the like.

**Senator AYRES:** So in simple terms, as the time line blows out, the turned-out cost increases?

**Ms Huxtable:** Not necessarily. Defence is best placed to answer a lot of these questions but, from our perspective and our observance of these costs, at the time the naval ship building plan was announced, there was an announcement the Future Frigate Program was estimated to cost greater than \$35 billion, so that was a 'greater than' figure. The first time I believe that the actual published cost was released was in the 2024 structure plan, which was the \$45.6 billion I referenced earlier. But that same figure is now \$44.1 billion. So that is the effect of parameters; they have an impact on the out-turning calculations, effectively.

**Ms Patterson:** And refinement and understanding of what those costs are as you go through the development stage to second pass.

**Senator AYRES:** That's what I wanted to come to. I understand the first point. But, secondly, these are complex projects with many, many components and supply chain challenges and all sorts of things. How do you maintain control? These are eye-watering amounts of money. How do you maintain control over Defence's processes here?

**Ms Huxtable:** Really, Defence are best placed to talk about the details of their programs. I don't want to step into their space. But certainly, in the work we do with ANI and ASC and looking back into Defence, we do stay well connected to the naval shipbuilding programs. Mr Williamson has a close relationship with Defence in respect of how those programs are tracking. Our role is one of a kind of partner, I guess.

**Mr Williamson:** I will just add that Ms Patterson and I attend many different forums that Defence host, as the secretary mentioned—the Defence Investment Committee, which Ms Patterson sits on—and I attend naval shipbuilding meetings as well. The secretary's point is we have a number of interfaces with Defence around these matters and that's how we work with them to understand the various projects that they're undertaking.

**Senator AYRES:** The minister was talking about the importance of saying no before. It seems like this is a long way away from the kind of engagement that has an impact on controlling costs. Can you give me an example of where Finance's engagement with one of these programs has reduced cost?

**Senator Birmingham:** The Defence Integrated Investment Program operates as a budget analogous to the way in which the Infrastructure Investment Program, administered by the department of infrastructure, operates in the sense that there is a projected envelope established by government consistent with our commitment to the minimum two per cent of GDP investment in Defence and, within that envelope, Defence operates its budget. Finance has a number of engagement points as that occurs into prioritisation of the budget decisions that are made within that Defence Integrated Investment Program budget line. Certainly the type of collaboration that you heard from officials there is to seek to engage with Defence around lessons that are learned from the various reviews that have been undertaken over the years to get the maximum efficiency there. But, as I said yesterday, Senator Ayres, when we were having an exchange about these sorts of programs, nobody should pretend that any of them—regardless of who's in government—come without risk and uncertainty. That's been the experience, dating back through the Collins class and of course in subsequent programs, under all governments.

I think it is important that we do highlight the successes that have been achieved by Australia's shipbuilding industries to drive confidence in them for the projects that are being undertaken and to attract the best talent to workforces in those sectors. That's not at the expense of honestly reflecting challenges that are faced. The challenges are real and consistent, and of course it's a constant process of understanding lessons from past programs—such as some of the arrangements under the AWDs, for example—that have informed how future programs are structured.

**Senator AYRES:** As I said at the outset, cost is one of the risks. Capability risks are inherent in these projects. Delivery risks are inherent. If the submarines that the government has promised to deliver on time don't get delivered on time, there are significant issues engaged there that go beyond cost considerations. But this program

has had an almost 30 per cent increase in turned-out costs, and I'm trying to understand what the downward pressure is. Is it really just a matter of Defence coming up with the costs and engaging with Finance? Where is the point where Finance has a downward impact on costs, or is Defence essentially left to run these? Does the Department of Finance have any control over these cost blowouts?

**Senator Birmingham:** I don't accept the characterisation around the costs. Ms Huxtable took you through, before, the broad estimates around the Naval Shipbuilding Plan, the precise figure that was attached in the 2020 Force Structure Plan and the relationship of that with the most recent published update, which actually shows it to be slightly lower—but I wouldn't go out and chest-beat about that by any means—than what was in the 2020 Force Structure Plan.

In terms of Finance's engagement with Defence, I'm happy for officials to continue the discussion there. Defence is ultimately responsible for its budget and for the program delivery. As we went through with PM&C yesterday, there are a number of checkpoints in terms of Defence's reporting back, be it at cabinet level through the Naval Shipbuilding Enterprise governance committee or be it at officials level through the different structures that exist underneath that. I'm certainly happy for the secretary and officials to talk to those different points of engagement, where Defence will test both its status and some issues with agencies like Finance to help provide some external input into their work in order to minimise those risks.

**Senator AYRES:** On the Hunter class, what are the two drivers here that you mentioned? Ms Huxtable, you were the first, I think.

**Ms Huxtable:** Yes. I think I took you through the way that those numbers evolved, but the foundation number was a number greater than \$35 billion. The first published number was in the 2020 Force Structure Plan, which announced an investment of \$45.6 billion, which is an out-turned price and exchange number. That is consistent with the acquisition cost estimate which was established in 2018 as part of the second-pass decision. From that point on there hasn't been any change. There have been changes, as Ms Patterson said, related to the construction schedule being fine-tuned and the updating of inflation and foreign exchange rate assumptions. As you can see, that number has gone slightly down but, as the minister said, that number will move around at every budget update and will be reflected in the estimates just because of the effect of the forex assumptions and inflation.

Can I just address the other question that I think you had around our level of engagement. Following the first principles review, the role of the finance department at the table with Defence scrutinising defence investment is a very strong and real one. I sat on the Defence investment committee when I was in the role that Ms Patterson is now in. She sits on it. What that means is that Finance is getting visibility of every capability proposal that comes through and also the decisions that are being taken about trade-offs within the IIP envelope, because, as the minister said, we are dealing with a bound budget. Defence is a little bit different to many other areas where they come forward for new money. They have a bound budget that's factored into the forward estimates and then there have to be assessments made around capability and trade-offs as part of that.

Ms Patterson and her supporting staff are very much engaged in the capability assessment work and considering cost estimates at that point. I would say that the work we're doing on the naval shipbuilding side especially is really around the kind of interface with our GBEs, the construction schedules and ensuring that there are no impediments to work progressing as planned. As part of that I also have a regular meeting with the Defence secretary. We have a one-on-one with our immediate officials on naval shipbuilding, which occurs very regularly. I do feel like we are very integrated. But at the end of the day we are a relatively small department that has the resources available to us to support Defence. We seek to do that in a very collaborative, partnership based way. That's reciprocated by them. They manage their programs.

**Senator AYRES:** That's quite a different explanation to what the Minister for Defence gave on Sky the other day when he was challenged about this particular project. He said it's a contingency cost. The overruns are contingencies built into the original contract. He said:

No I think, again, Tom, there are two things here. One is that there is a contingency, big contingencies built into these contracts.

Is that right?

**Ms Huxtable:** In terms of what comprises these numbers, you'd really need to go to Defence in that regard.

**Senator AYRES:** But as a general principle. I accept the explanation that you've given in terms of the way Finance sees these overruns. What's Minister Dutton talking about?

**Senator Birmingham:** As Ms Huxtable said, I think that's more a question for Mr Dutton and/or Defence in terms of the choice of language he's used. You, even here, have sought to draw a comparison to current pricing with earlier, broader, non-specific estimates that were made. Provisions is probably the right—

**Senator AYRES:** That's not a contingency, though, is it? That's not the way—

**Senator Birmingham:** Obviously later, more detailed estimates of the project cost that are set do encompass at that stage the different provisions, design decisions and, of course, contingencies as part of that.

**Senator AYRES:** I suspect he was just saying what he needed to say to get to the end of the interview. There are other stories about a budget blowout in the flow-in cost of the MRH-90 helicopters, which have been cancelled—very significant expenditure items. What was Finance's role there with expenditure in the budget and the cancellation decision for that program?

**Ms Huxtable:** We clearly support our minister and NSC and provide briefings to him as matters come before the government. If you've got detailed questions on that particular proposal, Defence would be best placed to respond to those questions.

**Senator AYRES:** Thank you, Secretary and Minister.

**CHAIR:** Senator Waters, you have the call.

**Senator WATERS:** I have some questions first of all about the waiver of the overpayment to Mr Chris Jose. I understand that in December of last year the Ombudsman finalised an investigation report that was critical of the department's decision in 2020 to waive the \$41,000 debt owed by Mr Chris Jose after he was paid for both his role with ACMA and his role with the National Competition Council simultaneously. This was despite internal advice that the waiver would be unlawful and inconsistent with the way robodebts were treated. Firstly, has the Department of Finance received the Ombudsman's report?

**Mr Williamson:** The department was provided with a copy of a report relating to a public interest disclosure investigation in December. The department received a copy that was redacted.

**Senator WATERS:** I see.

**Mr Williamson:** We did not receive the full report.

**Senator WATERS:** Will that report be published, either in full form or redacted form, at some point?

**Mr Williamson:** The investigation was undertaken by the Ombudsman, and it's the Ombudsman's report, so that's a matter for the Ombudsman.

**Senator WATERS:** Has the Department of Finance asked that it remain confidential?

**Mr Williamson:** No.

**Senator WATERS:** What justification was given for granting the waiver?

**Mr Williamson:** You'll appreciate that I've got to be careful here because it's a public interest disclosure investigation undertaken by the Ombudsman. In providing that report to the Department of Finance, we get a redacted version that allows us to see any information that relates to the Department of Finance and the recommendations. Explicitly in the cover letter it says: 'I ask that this report not be disseminated to anyone who does not have a need to know,' so I'm happy to talk about it in the broad rather than going to the specifics of it.

The Ombudsman's report had one recommendation for the Department of Finance, and that related to ensuring that the documentation of decisions, whether they be positive or negative, is appropriately recorded and easily accessible. The Ombudsman's report did not contain a finding around the administration of the debt waiver decision or any issues around that. It was a decision that was taken by an appropriate delegate within the department, following the procedures that we have.

**Senator WATERS:** What was the level of that delegate?

**Mr Williamson:** The delegate was a senior executive.

**Senator WATERS:** Did that person act of their own accord or seek any further instruction from their seniors?

**Mr Williamson:** That person, as a delegate, is there to make the decision, but they made the necessary inquiries, both internally and with external parties, related to this particular matter.

**Senator WATERS:** Pardon my ignorance of internal ministerial processes, but would the delegate have checked with the minister?

**Mr Williamson:** No. In relation to debt waivers, under section 63 of the PGPA Act the minister may, on behalf of the Commonwealth, authorise the waiver of an amount owing to the Commonwealth. Under section 107 of the PGPA Act, the finance minister has delegated the power to decisions on waiver requests for amounts of up to \$100,000 to the finance secretary. Then under section 109 of the PGPA Act the finance secretary has delegated that power to making decisions on waiver request to specified officers, subject to financial limits based on their position. So there's a delegation hierarchy that comes through the PGPA Act that the minister has firstly



delegated, then the secretary, and the person who made this decision was an appropriate delegate under those terms.

**Senator WATERS:** So it wasn't the secretary in this case?

**Mr Williamson:** No.

**Senator WATERS:** Did the delegate receive advice about the legality of the waiver?

**Mr Williamson:** The waiving of debts comes from section 63 of the PGPA Act. The delegate, in exercising that delegation, undertook discussions and consultations et cetera with relevant parties on this particular matter, noting that the request for a debt waiver comes from an external party.

**Senator WATERS:** Yes, thank you. But did the delegate consider the legality of the waiver? Was advice sought as to the legality of the waiver?

**Mr Williamson:** Yes. I wasn't the delegate, but on the information that I have, yes, they did and they're entitled to make that decision. I should stress that the Ombudsman report that we've seen does not suggest that they didn't have the authority to make that decision.

**Senator WATERS:** Is that because it doesn't go to that matter at all or does it actively suggest that's not a problem?

**Mr Williamson:** I might have to check, but my recollection is that it broadly covers that matter. If there had been an issue the Ombudsman would've raised it, I would have thought.

**Senator WATERS:** The Ombudsman's report is silent on that point and you've, therefore, taken it as a green light?

**Mr Williamson:** I would have to take that on notice. I don't have the report with me.

**Senator WATERS:** I'm happy for you to do so.

**Senator Birmingham:** I think it is not unreasonable to assume though that if the Ombudsman hasn't raised such a question the Ombudsman, therefore, has not identified a—

**Mr Williamson:** We would've assumed if that was the case—for example, there would have been a strong finding, a recommendation. As I said earlier, there was one recommendation in the report—

**Senator WATERS:** Yes, about documenting decisions—

**Mr Williamson:** relating to finance. The report recommended that finance review its processes for documentation of waiver decisions to ensure both positive and negative decisions are properly documented. That was the only recommendation that was brought to finance.

**Senator WATERS:** Thank you for pointing that out several times now. On that point, does that imply that there have been many of these such decisions that in fact haven't been documented?

**Mr Williamson:** No. It wasn't that the decision wasn't documented. It was about, I guess, the fullness of the documentation, if I can put it that way, the completeness of it. But the decision was documented.

**Senator WATERS:** They're all documented but sometimes it's a bit shoddy and the Ombudsman said do better—

**Senator Birmingham:** I wouldn't accept that. I think, as far as I understand, in terms of the processes, there's been a historical approach in relation to the documentation of rejections versus the documentation of approvals. Unsurprisingly, people seeking a debt waiver are usually more aggrieved when they are rejected and so being able to clearly provide in that regard the rationale for rejections is an area more likely to be contested. It is, in the main, less likely that somebody who's applied for a debt waiver is going to be aggrieved if it has been approved.

**Senator WATERS:** Sure, but it's still expenditure of public funds. Hence the Ombudsman has made the right call here unsurprisingly. That's their job—

**Senator Birmingham:** It's not without the full process in the decision, as Mr Williamson has gone through, however, how that is then documented in terms of statements of reasons and those sorts of elements—

**Mr Williamson:** Yes.

**Senator Birmingham:** I think, is where I understand the Ombudsman recommendations are going to generate a greater equivalence between those two processes.

**Senator WATERS:** Thank you. That's nice and clear now. Coming back to, what was the justification given for the waiver in this instance, please?

**Mr Williamson:** I will take that on notice because I would need to take advice on what information I can release around that. I will take that on notice.

**Senator WATERS:** Thank you. Is there a policy around consistency of the approach to waivers?

**Mr Williamson:** Yes.

**Senator WATERS:** Why were the robodebts treated so differently to this? It is obviously a different context but it's the same concept.

**Mr Williamson:** If it's okay, I'll take that in two parts. The Department of Finance has internal procedures that support the consideration of debt waiver requests. They are followed by the delegates, and that was one of the things we did in terms of responding to the ombudsman's recommendations. We updated those internal procedures to address the point the minister made around ensuring that both positive and negative decisions are fully documented.

In terms of the other matter you raise, the income compliance program was dealt with under social security law. Social security law has its own provisions and the ability for debts to be waived or set aside, so that's a different legislative base.

**Senator WATERS:** Thank you. I appreciate that. There's clearly not an attempt at philosophical consistency. I'm interested in why there isn't.

**Senator Birmingham:** That goes to the setting of the legislation across different areas. The job of Mr Williamson, as of any official across the APS—

**Senator WATERS:** Yes. I don't hold Mr Williamson responsible for robodebt, but I do hold this government responsible.

**Senator Birmingham:** is to implement the law as it applies and to do so fairly under those terms, or, if not Mr Williamson, the officials in the case you've been asking about who were delegated to make those decisions.

**Senator WATERS:** Have any further actions—other than the ones you've already outlined, about changing your documentation processes—been taken in response to the ombudsman's report?

**Mr Williamson:** Yes. We've done three things. There was an email communication to all delegates within the department, reminding them of their responsibilities in this area. It was also discussed at a relevant section meeting—that's a team—so it's been done in writing and orally. The third part was to update our internal procedures to better reflect the need to record the reasons for the decision.

**Senator WATERS:** And you've taken on notice what the reasons were for the decision in this particular instance?

**Mr Williamson:** Yes.

**Senator WATERS:** This is my last question on this topic. Has any audit been undertaken to ensure no other government appointed members have been overpaid?

**Mr Williamson:** I'm not aware of any audits on that particular topic.

**Senator WATERS:** Minister, have you done an audit, considering this one was an overpayment? Have you checked to see whether there are any others?

**Senator Birmingham:** Agencies are responsible and do at times face audit arrangements in relation to their expenses, including payments. I would expect that agencies, where they've identified any systemic failures, work to address those systemic failures.

**Senator WATERS:** But has your department done an audit to make sure there haven't been any other overpayments that your department has presided over?

**Senator Birmingham:** Not to my knowledge in terms of that.

**Mr Williamson:** I'm not aware of a specific audit. My understanding would be that, when we have people likely to fill positions of the kind that you're talking about, we would, as part of that process, undertake due diligence to understand any other positions that they might hold at the time and take appropriate action.

**Senator WATERS:** So you'll do a case-by-case assessment going forward, as opposed to an audit. Is that what you mean?

**Senator Birmingham:** And have done in relation to—

**Mr Williamson:** Yes. As I said, those positions that might be in our portfolio that we are responsible for, we would seek to understand the other positions that the candidates hold. We would undertake appropriate due diligence, and, if we believed there was an issue, we would follow that issue through.

**Senator WATERS:** Minister, are you suggesting that, if other departments have presided over overpayments, that's their problem and not a role for your department to audit?

**Senator Birmingham:** Each agency is responsible for its own payment systems and the integrity and compliance of those payment systems. Each agency is also subject to audit processes. The Department of Finance is not an audit agency. That's what we have the processes of the ANAO for, in terms of working with agencies on different aspects of compliance.

**Senator WATERS:** I'll move now to government advertising. The ANAO report into Australian government advertising since the last election is due to be tabled this week, I believe. Has the department seen a copy of that report?

**Ms Huxtable:** I think I'm being advised that I may have received an embargoed copy, but I haven't actually seen it. It probably depends on how 'received' is defined. I received it today, but I haven't seen it because I've been here.

**Senator WATERS:** Is there any different approach exercised in the lead-up to an election than in normal non-election periods, to make sure that government advertising is properly limited to government campaigns and not proxy partisan promotions, or is it the same process no matter what the election cycle is?

**Ms Harris:** It's the same process. All departments are to follow the Australian government guidelines on advertising.

**Senator WATERS:** How many government ad campaigns have been endorsed so far in this financial year?

**Ms Harris:** There were 15 campaigns launched in the financial year 2020-21. Do you want me to list them?

**Senator WATERS:** And in the current financial year?

**Ms Harris:** Fourteen campaigns have launched in the 2021-22 financial year.

**Ms Huxtable:** Fourteen, not 15, Senator.

**Senator WATERS:** Fifteen was 2021 and fourteen is current. Are you aware or would you be aware of any future government ad campaigns that will come in in this current financial year, or do you just find out when they happen?

**Ms Harris:** I guess the way we talk about campaigns is that there are often campaigns or communication ideas that are being thought of or considered by government, but, until they launch, it's obviously a matter for government, when and if—

**Senator WATERS:** It looks like there will be slightly more this year than last year. I'll ask questions about them in subsequent estimates.

I'll go specifically to the positive energy campaign, which is a government campaign spruiking its alleged emissions reduction policies, which just had its funding boosted from an initial \$10 million to \$27.2 million, if my figures are correct. The Department of Industry, Science, Energy and Resources were asked questions yesterday about the ad itself, but I've got some questions regarding Finance's role in coordinating and overseeing this campaign. Did the Communications Advice Branch provide any advice relating to the framework for information and advertising campaigns for this positive energy campaign?

**Ms Harris:** We, in the Department of Finance, do provide advice to the SDCC, which is a subcommittee of cabinet.

**Senator WATERS:** Sorry, what does that stand for?

**Ms Huxtable:** It's the Service Delivery and Coordination Committee.

**Senator WATERS:** Did you provide advice to that SDCC on this particular positive energy campaign?

**Ms Harris:** Yes, we did.

**Senator WATERS:** When was that?

**Ms Harris:** I don't have in front of me when that meeting was. I'd need to take that on notice.

**Senator WATERS:** Thank you; please do so. Was the ad campaign subject to certification and endorsement under the guidelines on information and advertising campaigns?

**Ms Harris:** Yes, it was.

**Senator WATERS:** What was the public purpose benefit for the public energy ad campaign? To an outsider, it looks like Liberal polling said that the public thinks that the government's climate policy is terrible, so a PR campaign was hastily developed, as opposed to a decent climate policy—

**Senator Birmingham:** Well, I don't know about that—

**Senator WATERS:** That's my rhetoric. What was the public interest justification? What was the public purpose benefit for the campaign?

**Senator Birmingham:** It's your commentary, Senator Waters. I don't accept your commentary in regard to the significant investment in low-emissions technologies, in emissions reduction and, of course, the scale of emissions reduction being achieved to date. But you've focused your question a little more, so without the commentary, we can attempt to address the question.

**Senator WATERS:** So, Ms Harris, what was the public purpose benefit?

**Ms Harris:** I can give you a broad sense of what the aim was. It was to increase awareness of the government's emission reduction policies and the action that has been taken to date. Any more than that you'd need to direct to the industry department.

**Senator WATERS:** Is that normally the level of detail of public purpose? Can you just assert that awareness of a government's policy is in fact public purpose? It's not really my area, but that doesn't seem overwhelmingly public purpose to me, other than personal promotion.

**Senator Birmingham:** The guidelines on information and advertising campaigns, which were introduced in 2008, reference that governments may legitimately use public funds to explain government policies, programs or services. That is precisely what this campaign seeks to do in terms of the explanation of government policies and programs and in raising awareness of those and noting the significant role that many Australians are playing in terms of their contribution to the complementary reduction in emissions.

**Senator WATERS:** When did that particular campaign start?

**Ms Harris:** Phase 1 launched on 19 September 2021.

**Senator WATERS:** When did the boost from \$10 million to \$27.2 million occur? Was that a MYEFO decision?

**Ms Harris:** I don't know when the decision was, but I know that the phase 2 campaign was in December 2021.

**Senator WATERS:** So it started just before Glasgow and then it ramped up post Glasgow. To what extent does the certification process assess the truthfulness of claims made in the campaign?

**Ms Harris:** The role is for entities to comply with the five principles of the guidelines. The secretary or the CEO of that organisation, through various documentation that the department prepares for that CEO, certifies that it has complied.

**Senator WATERS:** Sorry, I'm not quite following you. They just say it's true and you have to certify that it is—is that what you're saying? I hope that's not it.

**Ms Harris:** Sorry. There's also an independent communications committee which assesses campaigns, and they do that early on in the process. They look at principles 1 to 4 of the guidelines. I'm not sure if you want me to go through what the principles are.

**Senator WATERS:** No, I'm sure I can look them up. I'm just after the process. You said the CEO just asserts that it is true—

**Ms Harris:** They don't just assert. There's documentation provided. Quite often, statements made in advertisements are verified by policy experts or a legal team, so that documentation is provided to the CEO or the secretary before they sign it off.

**Senator WATERS:** Is that what happened in this instance with the positive energy campaign?

**Ms Harris:** In terms of the specific information that was provided you would need to ask the department, but, broadly, I would think that is what would have happened.

**CHAIR:** Last question, Senator Waters.

**Senator WATERS:** I've got about three, and then I am done.

**CHAIR:** Okay.

**Senator WATERS:** The ad claims that the government's emission reduction initiatives are 'world leading'. Yet they were widely condemned in the lead-up to Glasgow, and Australia ranked last out of 60 places in the 2021 climate change performance index. The ad also claims that the government's long-term emissions reductions plan is to achieve net zero, but modelling shows that it won't actually achieve net zero. Again, I come back to the question about the truthfulness of the claims and how the veracity, or otherwise, of claims made is assessed. Who gives the final tick saying that this is true when many experts, and government modelling itself, show that it's not?

**Senator Birmingham:** I think you're starting to enter into wanting to debate policy issues with Ms Harris. The fact is that the Snowy 2.0 project, for example, which I think is one highlighted in the campaign, is the largest energy storage project of its type in the Southern Hemisphere. It is very clearly a world-leading project in that regard. I appreciate that, particularly around events such as the Glasgow conference, there are all sorts of overhyped statements, ratings, commentaries and analyses undertaken by organisations with their own different vested interests. But, as the government has outlined, our plan for net zero, the scale of investment attached to that, more than \$21 billion of Commonwealth investment in low-emissions technologies over the decade to 2030, securing more than \$84 billion of public and private sector investment together, is achieving a transformation across our energy and broader climate mix.

**Senator WATERS:** Ms Harris, are you able to, on notice, provide me with that information that you mentioned before about the process for the veracity of claims made in government ads? You mentioned a two-stage process with the independent committee as well. Can you give me as much as you can on that and, in particular, as it relates to this campaign, to the best of your ability, please?

**Ms Harris:** Just to clarify, I can talk generally, but if it's specifically about the emissions campaign, that is best directed to the industry department.

**Senator WATERS:** There's no independence of that process? It's just the department that—

**Ms Huxtable:** It is the responsibility of the accountable authority. We provide the guidance. We manage the Independent Communications Committee process, but the agency themselves are responsible for ensuring their compliance with the guidance and the accountable authority secretary signs it off.

**Senator WATERS:** Thank you for that. I'll take it up with them, but I'm still interested in your procedural advice. Just coming to the evaluation of these ad campaigns, what's the time frame for the evaluation of this specific ad campaign?

**Ms Harris:** I don't have the timelines, but generally campaigns are assessed at completion, and there is often tracking research through. I don't know the timeline for the emissions campaign.

**Senator WATERS:** Is there any sort of test of good value for public money?

**Ms Harris:** In terms of research?

**Senator WATERS:** In the evaluation?

**Ms Harris:** We have a panel arrangement. We have five research suppliers that work on government advertising. They've gone through a rigorous process, including assessment of value for money.

**Senator WATERS:** Do they do that after the campaign has concluded or before it begins?

**Ms Harris:** Each department would negotiate an arrangement with them ahead of the campaign commencing. But they have been selected to be part of our panel based on a range of things, including value for money.

**Senator WATERS:** Is the panel the evaluation panel or the panel that ticks off at the start?

**Ms Harris:** There is a research agency that is working on this campaign. The department would have negotiated up front the contractual arrangements and the costings. I don't know what that is. You would need to check with the industry department.

**Senator WATERS:** Thank you. Yes, I will. Just one point of clarification: how does anybody evaluate whether it's a good spend of public money? What is that process and when can we expect that to occur? Hopefully you don't outsource that to a separate agency?

**Ms Harris:** There's a range of things that they would assess. It depends on what type of campaign it is. The department would assess whether it has been effective or not.

**Senator WATERS:** And that's not you. That's the department that have done the ad themselves?

**Ms Harris:** That's right.

**Senator WATERS:** They look at whether it's been a good spend of public money, and there's no role for DOF in that?

**Ms Harris:** No, there's no role for DOF in that.

**Senator AYRES:** I have a few questions about government advertising too, so not so fast, I'm afraid. Could you list all the current government advertising campaigns that are in train at the moment, Ms Harris?

**Ms Harris:** There are 10 campaigns that are currently in market. The Australian Signals Directorate, act now stay secure. Department of Agriculture, Water and the Environment, national recycling campaign. Department of Defence, Defence Force recruiting. Department of Education, Skills and Employment, Job Trainer phase 2.

Department of Foreign Affairs and Trade, Smartraveller, Department of Health, COVID-19 vaccines. Department of Infrastructure, Transport, Regional Development and Communications, online safety. Department of Industry, Science, Energy and Resources, emissions reduction. Department of Social Services, care and support workforce. They also have Disability Gateway. That's all.

**Senator AYRES:** Thank you. Can you tell me what the current total value is of those campaigns?

**Ms Huxtable:** I know we've been through this before, but the figure we have is the most recent reportable figure. It's 45 days previous, because it takes time for all the invoices to come through and for things to settle. So we will have figures for the financial year up to 45 days ago.

**Ms Harris:** That's right.

**Ms Huxtable:** We can provide those figures, but we don't have a more recent figure than that. Whether we can provide that right now or a notice, I'm not sure.

**Senator AYRES:** Are you in a position to provide that 45-day figure? As I understand it the campaign advertising report for 2021 says there was \$145 million spent on government advertising in that financial year. I think even my rough maths says that the 45-day report would give us the six months effectively from July to the end of December. Is that right?

**Ms Harris:** We can give you campaign expenditure from July to November 2021. That is \$99.1 million. It's worth just noting in there, because it only happens every five years, that the 2021 census is in that figure, and that is \$23.5 million of that \$99.1 million.

**Senator AYRES:** Have all the new campaigns been reviewed by the ICC?

**Ms Harris:** There was one exemption provided. That was just for the month of January for this year, for the COVID-19 campaign.

**Senator AYRES:** What was the basis for that exemption?

**Ms Harris:** It was granted by the Special Minister of State on the basis of urgency. It was to do with the emerging Omicron variant and changes to testing requirements.

**Senator AYRES:** Do you have expenditure figures for the Remade in Australia campaign?

**Ms Harris:** Actually I don't. Sorry. They were in estimates yesterday. I know there was some questioning there around expenditure. But I don't have those figures.

**Senator AYRES:** Those July to November figures—\$99.1 million, \$23.5 million you can subtract from that because it's the census. Otherwise you'd reach the conclusion that on that trajectory government advertising was likely to be sitting at about \$200 million for the full year.

**Ms Huxtable:** I don't think you can draw that conclusion?

**Senator AYRES:** If the only thing that interferes with that is that there is a lump there of the ABS campaign of \$23.5 million.

**Senator Birmingham:** Different campaigns obviously have different peaks. Particularly with some of the health campaigns, especially, that government has been operating over the last couple of years, they have especially aligned with moments such as the need to drive vaccination uptake or provide awareness. They have different peaks.

**Senator AYRES:** We have talked about that campaign, thank you. But July to November, \$99.1 million—that's a significant uplift from the previous 12 months at \$145 million, isn't it? If it runs out at the same rate over the next six months, it wouldn't be anything like the Morrison government to accelerate government advertising in the lead-up to an election? There would be no evidence of that ever happening before?

**Senator Birmingham:** If we wanted to take your crude method of extrapolation and removed the census from that, then you'd be running pretty much on track with the previous 12 months. It depends how you look at that. There are also certain campaigns that would cease at some point during this financial year.

**Senator AYRES:** Does Finance have figures to estimate on the basis of the programs that you understand have been undertaken? I think when you were talking to Senator Waters, we almost got to advertising campaigns decided but not yet announced as one of the things that you'd have to consider. On the basis of the campaigns that you understand are running, at the levels that you understand they're running at, have you got a figure for what the next six months or the next few months are going to look like?

**Ms Huxtable:** No.

**Senator AYRES:** Is it not something you would normally do?

**Ms Huxtable:** We wouldn't have that, no, and the reason for that is that we're responsible for supporting agencies through the process of developing their campaigns, getting them in market, and supporting a value-for-money outcome through that process. But we're not responsible for their budget allocations in respect of those campaigns. What we can do after the campaign is report on the spending, and that's what we do. We have sought to do that up to the nearest possible date we can, for this committee. I would say that we now report more than we have in the past in respect of those 45 days. There was a time when we only reported on a financial year or calendar year. We have sought to be as helpful as we can be, but that's the information that we have.

**Senator AYRES:** In preparation for the caretaker period, are any of those campaigns required to stop?

**Ms Huxtable:** When the election is called, basically all campaign advertising ceases, and then there is a process of determining, in consultation with the opposition, which campaigns may be reinstated. That's a process that we support, and PM&C is also involved in that process.

**Senator AYRES:** Okay. Thanks for sticking around; I know it was a long set of questions. I don't have any further questions on that.

**CHAIR:** Thank you, Senator Ayres. Am I right in saying that no senators have questions for outcomes 1 and 2 for Department of Finance?

**Senator GALLAGHER:** Are we going to a break now?

**CHAIR:** Yes, at 3.45 we are due to go to a break, and the Future Fund is due to—

**Senator GALLAGHER:** Are they tuning in remotely? Oh, they're here. I have more questions, but I am happy to keep the program moving. I'll put some on notice. I probably won't get them back in time before the election, but anyway.

**CHAIR:** I appreciate that, Senator Gallagher. Thank you very much to departmental officials who were here for outcomes 1 and 2 this morning and afternoon. We will continue with the Future Fund Management Agency at four o'clock, after our break. The committee will now suspend for afternoon tea. Thank you.

#### **Proceedings suspended from 15:42 to 16:02**

##### **Future Fund Management Agency**

**CHAIR:** I welcome Dr Raphael Arndt, Chief Executive Officer of the Future Fund Management Agency, and other officers of the agency. Dr Arndt, in the interests of time, if you wish to make an opening statement I might ask that it be tabled.

**Dr Arndt:** Sure.

**CHAIR:** Thank you very much.

**Senator McKIM:** Can I start by raising the issue that was revealed in a response that the fund made to an FOI request that was put in by the Australian Centre for International Justice and Justice for Myanmar in November last year? Your response to that request revealed that at that time you were invested in a Chinese state-owned company selling weapons to the junta in Myanmar. Were you aware at that time that you were invested in companies that were arming the Myanmar dictatorship?

**Dr Arndt:** I assume you're referring to AVIC as the company.

**Senator McKIM:** That's correct.

**Dr Arndt:** I think I've explained previously that our job is to set the exposure for the fund. So, we invest in the emerging market equities index, and there are approximately 1,400 stocks now in that index. The AVIC position came about as a result of it being included in that equities index by the index provider, MSCI.

**Senator McKIM:** Thanks, Dr Arndt. I'm aware of that. Thank you. You had—or have; I'm not sure which—about a \$5 million stake in AVIC. I just want to ask you again: were you aware that AVIC has been arming the Myanmar military?

**Dr Arndt:** As I've explained previously, we don't look at the individual companies that we hold, that we take, through these types of index positions. We rely on our investment managers to do that. So, we wouldn't have had that information at the time, no.

**Senator McKIM:** Alright. Are you still invested in AVIC?

**Dr Arndt:** No, we're not. Just to explain, governments around the world have sanctions on investing in various companies, and in August 2021 the US Treasury announced that there would be investment sanctions for US persons investing in one AVIC subsidiary, that being AVIC Shenyang Aircraft Co Ltd, which is one of the companies we had an investment in. The way our process works is that our investment managers are required to

comply with sanctions, including from the US government, and they proceeded to divest that position. Under the sanction that was issued they had until June of this year to do that, and I believe that the response to the FOI request was October 2021. In November 2021 that position was fully divested.

**Senator McKIM:** So, you've divested from AVIC. Is that correct?

**Dr Arndt:** Well, there were several AVIC entities in that list, in that FOI disclosure that you've referred to.

**Senator McKIM:** That's right.

**Dr Arndt:** And one of them was sanctioned by the US Treasury. But our process is to also look at other closely related companies. So yes, we have divested from all of those positions.

**Senator McKIM:** So, you've divested from AVIC and all AVIC subsidiaries. Is that correct?

**Dr Arndt:** Yes.

**Senator McKIM:** Alright. Have you divested from other companies that have links to the brutal junta in Myanmar?

**Dr Arndt:** We've divested from companies that have been sanctioned by regulatory agencies. In this particular case the reason AVIC was sanctioned was, I believe, to do with its Chinese military activities, not because of any activity it had in Myanmar. Our process is to exclude. We've previously discussed companies that make tobacco that create various types of controversial weapons that Australia has signed a treaty to ban and obviously companies that are sanctioned. In this particular case they're the types of companies from which we've divested.

**Senator McKIM:** So, you've said that that investment decision to divest from AVIC and all subsidiaries of AVIC was based on the decisions of [inaudible]. Is that right?

**Dr Arndt:** Sorry—I didn't quite catch the last part of your question.

**Senator McKIM:** Was your decision to divest from AVIC and its subsidiaries based on the decision of a foreign government?

**Dr Arndt:** It was based on the sanction being applied by the US Treasury, and our investment managers are active and regulated in the US. So, the sanction applies to US persons. The Future Fund, of course, is not a US person, but our investment managers are, so they were required by law to divest that position.

**Senator McKIM:** So it's a policy of the Future Fund that's been impacted here. Is that right?

**Dr Arndt:** Well, we do have a policy that our investment managers need to comply with all applicable laws.

**Senator McKIM:** You're Australia's sovereign wealth fund. Does that mean that Australians should be making decisions about how Australians' money is invested? Why are we leaving it to foreign governments?

**Dr Arndt:** Our investment managers are US based and regulated in this case, so they need to comply with the laws of the country in which they operate.

**Senator McKIM:** Do any other countries sanction decisions that you're abiding by in terms of your investment? Or is it only the US?

**Dr Arndt:** It depends where the investment managers are domiciled and operate. But in general there are sanctions from around a dozen countries that we need to monitor and ensure that our managers are meeting their obligations. The obligation is actually on our managers, not us, because we invest through investment managers.

**Senator McKIM:** Could you, on notice, provide a list of those countries, please?

**Dr Arndt:** Sure.

**Senator McKIM:** Thanks. You're saying it was a sanction issued by the US Treasury in August. Are you aware that in fact the United States sanctioned AVIC for the first time in November 2020, and their US investors had to get out by January of last year?

**Dr Arndt:** There's a large number of AVIC companies, including a head company and a whole range of subsidiaries. We don't invest in all of them, nor have we ever. The AVIC entities that we invested in came as a result of them being included in the emerging market equities index, and that was only about half a dozen at the time. As far as I'm aware, and I think our sanctions checking process would confirm, only one of those entities was actually sanctioned, and it was sanctioned in August of 2021. There may be other entities that were sanctioned earlier, but we didn't own them.

**Senator McKIM:** Were you invested in the parent company of AVIC at any stage?

**Dr Arndt:** I'd have to take that on notice.



**Senator McKIM:** As part of taking that on notice, can you please make a response to this executive order 13959 issued on 12 November 2020, which sanctioned investment in AVIC, as in the parent company, and whether any of your investment managers, or your investments, were in breach of that order.

**Dr Arndt:** Sure.

**Senator McKIM:** Can you take that on notice as well?

**Dr Arndt:** Sure.

**Senator McKIM:** Are you suggesting that you haven't divested from AVIC through any embarrassment at being caught out by freedom of information requests, or because of any conflict with Australia's strategic geopolitical aims?

**Dr Arndt:** I've explained before that we held the position because we held an index investment—that was the decision that we made—and we divested because the US Treasury issued a sanction against the company. Our exclusions policy about what companies we will or won't hold has not changed for some time.

**Senator McKIM:** But you've got Australian government ministers out beating the drums of war pretty loudly at the moment. Do you have no problem with investing in Chinese, CCP government-owned companies? That's all fine, using Australia's money; there's no problem there, from your point of view?

**Dr Arndt:** I've explained our process. I'm not sure what else I can add to that.

**Senator McKIM:** I'm talking about outcomes here, not processes.

**Senator Birmingham:** Senator, you're starting to try to draw Dr Arndt into the realm of providing opinions. The Future Fund operates within its act and its legal arrangements there. It operates within the terms specified under the directions provided to the Future Fund as well. As Dr Arndt has advised, there are a range of other steps that the Future Fund undertake to ensure that they are cognisant of, and do not invest in, areas that they set exclusion policies around, such as certain weapons related activities, certain nuclear weapons related activities and tobacco related products and of course the further impacts of their adherence to requirements through the different investment vehicles they operate and to the requirements of sanctions regimes in places where those investment vehicles are domiciled or have operations.

**Senator McKIM:** Thanks, but the point remains, doesn't it, that even though the Future Fund's policies do relate to some types of weapons they don't extend far enough to cover weapons that are sold to a brutal military dictatorship in Myanmar that is massacring citizens and brutally repressing Rohingya people in Myanmar, including slaughtering women and children? It doesn't cover that, does it?

**Senator Birmingham:** As Dr Arndt's made clear, and we've gone through this at multiple estimates, the Future Fund invests through listed indexes. Some of the protections that exist in relation to the operation of those listed indexes are by virtue of the fact that they then have to adhere to certain regimes, including sanctions regimes, for example, that exist through other countries. That's ensured, in this case in relation to the companies that were brought to question, AVIC and its subsidiaries, that the Future Fund has divested that. Whilst I know you've asked about potential earlier issues with that, the advice that I have is that the Future Fund divested from that company and all of its subsidiaries during November last year, which was undertaken well in advance of the June 2022 deadline.

**Senator McKIM:** Dr Arndt, can you state unequivocally that the Future Fund is not invested in any weapons manufacturers who are acting contrary to any US government sanctions?

**Dr Arndt:** Part of our process is to ensure that we're not investing in companies over which there are sanctions restricting investment. Obviously there are other types of sanctions which don't restrict investment in a company, but might restrict commercial dealings with that company, or certain types of commercial dealings with that company. Those sanctions do not apply to investment decisions. It's probably worth pointing out that investing in equity market indices, such as the emerging market one, is a very, very common standard practice in the investment management industry. Almost every superfund and any retail investor that was investing in an exchange traded fund that tracked the index would have exactly the same exposures as the ones that I am talking about.

**Senator McKIM:** Can you state unequivocally that you are not invested in any way in actors who are acting contrary to Australia's national interests?

**Dr Arndt:** We don't look at that question. Our process, as I've explained many times, is to invest in the index, to exclude a limited number of companies from that portfolio for the reasons I have explained, and to ensure that our investment managers are applying applicable sanctions. In other words, sanctions that apply to restrict investment in those companies.

**Senator McKIM:** So you can't unequivocally guarantee that Australia's sovereign wealth fund, money owned by Australians, is not invested into weapons manufacturers who are acting against Australia's national interest? You can't make that guarantee?

**Senator Birmingham:** Senator, you are trying to—

**Senator McKIM:** We're through the looking glass here aren't we, Minister? *Alice in Wonderland* stuff, isn't it?

**Senator Birmingham:** Senator, I know you are trying to get some cheap headlines in certain publications, but in the framing of your question you are trying to force Dr Arndt to frame a response in ways according to the words that you want. Dr Arndt has outlined, in terms of the policy approaches of the Future Fund, those policy approaches in terms of how they manage risk, manage the different points of their exposure. They do that in accordance with various types and frameworks that apply in Australian law, in the international markets in which they operate, in accordance with the additional policies that they have put in place. They also do that in a way that has delivered very strong returns for Australians and for Australian taxpayers that will yield benefits for a long time to come, thanks to the operations of Dr Arndt and his team.

**Senator McKIM:** If the Future Fund has been investing in the Chinese military industrial complex for years and doesn't have any processes in place to find out about that until the US government lists certain companies in the Chinese military industrial complex for sanctions, how do we know that the Future Fund is not invested right now in the Russian military industrial complex, for example, and helping arm the Russian government as they make threats to Ukraine? How do we know we are not invested there?

**Senator Birmingham:** Countries with sanctions regimes have various sanctions that've been in place against Russia for a considerable period of time. Australia has certain sanctions in place against Russia. Dr Arndt has explained the operations of the Future Fund where they invest through certain listed indexes. I would imagine that, throughout the time of ensuring compliance by those indexes with the policies of the Future Fund and with the requirements of the markets in which they operate, including the US, they will potentially have had to, at different junctures, divest Russian interests in accordance with the types of sanctions in place.

**CHAIR:** Senator McKim, I have a couple of other senators here who would like to ask questions of the Future Fund. Could you please be as economical as possible in finishing up your questions.

**Senator McKIM:** I will. Dr Arndt, could I ask you to take on notice, please, whether you can find any details or assurances around whether the Future Fund has invested Australians' hard-earned public money in any companies that are in the Russian military-industrial complex.

**Dr Arndt:** Sure.

**Senator McKIM:** The FOI that we were talking about earlier showed that you had, at the time, an \$18 million stake in the Indian defence firm Bharat Electronics, who sell surveillance equipment to the junta in Myanmar. Do you still hold that investment?

**Dr Arndt:** We haven't divested that particular company yet.

**Senator McKIM:** So it's okay to hold an investment in an Indian company facilitating brutal massacres of Rohingya people, but it's not okay to hold an investment in a Chinese company facilitating those massacres—is that right?

**Dr Arndt:** I think I've explained our process. There are no sanctions applied to that particular company by any developed-market regulator that we're aware of.

**Senator McKIM:** The minister just mentioned Australian government processes. Since 1990, the Australian government has had in place an arms embargo under which it is prohibited to 'directly or indirectly'—I'll draw your attention to 'indirectly'—supply, sell or transfer arms or related materiel to Myanmar'. How is the Future Fund's investment in any weapons manufacturing companies that are selling arms to the junta in Myanmar consistent with that arms embargo from the Australian government?

**Senator Birmingham:** I really think Dr Arndt has traversed this ground quite extensively, in terms of—

**Senator McKIM:** Minister, I'll put the question to you, then. How's that consistent?

**Senator Birmingham:** the investment profile in indexes from which exclusion policies then apply where relevant and where determined. You continually come at the questions from an attitude and perspective—

**Senator McKIM:** It's from an outcomes perspective.

**Senator Birmingham:** of looking at the equation as if the Future Fund were itself determining each of the individual entities that it is investing in and as if it were undertaking all of the elements of due diligence across

each of those individual entities each and every time that it places an investment. For the Future Fund to be able to maintain the breadth of investment portfolio that it does, with the exposure to developing markets and other parts of the world that it has, it would not be practical or cost effective for it to operate its investment portfolio in the manner to which the presumption underpinning your question applies. The cost-effective way for the Future Fund to get the best possible returns for Australian taxpayers—which it does very, very successfully—is for it to invest in listed indexes as part of its suite of different investments. Then, within those listed indexes, as Dr Arndt has explained, there are exclusion policies that apply, which are built off a range of different policy settings that the fund implements.

**Senator McKIM:** The best way that the Future Fund—and, in fact, you, Minister—could serve the Australian taxpayers is to ensure that the Future Fund doesn't invest in weapons manufacturers and fossil fuel companies. That would be the best way that you could serve them. I'll go to a last bracket of questions here.

**CHAIR:** As quickly as possible, please, Senator McKim.

**Senator McKIM:** Doesn't this whole scandal demonstrate that in fact the Australian public has a right to know exactly where the Future Fund has invested their money? Wouldn't you agree, Minister?

**Senator Birmingham:** The Future Fund makes public its investment activities.

**Senator McKIM:** The Future Fund does not make public all the companies that it has invested into, does it, Minister?

**Senator Birmingham:** To go back to the basics of seeking to explain aspects of this, the investment across different listed indexes and the like are dynamic investments. The fund managers who operate those investment vehicles would have dynamic changes to those investments that are occurring. The Future Fund makes public where its direct investment undertakings occur, and of course it's from that that the type of scrutiny that we are discussing right here is undertaken.

**Senator McKIM:** Alright, Minister. Schedule 2 of the investment funds legislation bill that you have currently before parliament, if that were enacted how would anyone have ever found out that the Future Fund was invested in a Chinese state-owned company that was selling arms to the Myanmar junta? How would we ever have found that out if the legislation you have in the parliament, which exempts the core activity of the Future Fund, their investments, from the FOI Act? How would we find out where the money was invested if that went through?

**Senator Birmingham:** The Future Fund is accountable to the parliament and through the parliament to the public in a range of different ways, in terms of release of information, and would still be though under those legislative changes if enacted.

**Senator McKIM:** No, they wouldn't. Just to summarise, Minister. If this bill goes through—

**Senator Birmingham:** I think you are debating, Senator, not questioning.

**Senator McKIM:** I am putting this to you, Minister, and asking you to respond to this. If your bill goes through unamended, there is no way that the public could find out that the Future Fund is invested in a Chinese state-owned company selling arms to a brutal military dictatorship in Myanmar, arms that are being used, in my view, in an attempted genocide against the Rohingya people. Even though the Future Fund's divestments from that company coincided with the release of an FOI, it allegedly or purportedly wasn't done because of the FOI, but actually if that bill went through we wouldn't know about it anyway. And somehow this is all in accordance with international best governance practice? Have I got that right? I reckon we are well through the looking glass, here, Minister.

**Senator Birmingham:** The short answer to what your eventual question was is no. As Dr Arndt has made clear, the Future Fund's divestment of those holdings was undertaken consistent with the policy settings they have, working through their fund managers and the legal requirements that are there around such divestments. In terms of the public disclosure by the Future Fund of its activities, under those legislative changes which have been mooted all the way back to when Lindsay Tanner was the finance minister the Future Fund would still be fronting up here to answer questions from you and others. It would still be expected to disclose through these proceedings as well as through the other public processes that are there in relation to the fund's activities. It is a narrow scope that that that legislation seeks to undertake. I don't want to debate the legislation here. That is what the chamber is for.

**Senator McKIM:** Thank you. Minister, why don't you require the fund to regularly publish exactly where it has invested the \$250 billion worth of Australians' money that it has invested? Why don't you think it would be a good thing for Australians to understand how \$250 billion of their money was invested by the fund? Why won't

you simply require the fund, as the Greens' amendment to the legislation proposed, to publish their investments in full every six months? Why not?

**Senator Birmingham:** The fund does make public the nature of its portfolio and investments. I have answered, of course, some of the challenges when you want to seek a certain granularity of detail, given the dynamic nature of some of those vehicles that the fund invests in, that the fund does make public the nature of its investment profiles.

**Senator McKIM:** My last question is to Dr Arndt. Do you believe that the disclosure regime that the fund currently operates under is in line with international best practice? If you do, could you please provide on notice which other sovereign wealth funds around the world have governance regime and transparency regimes like the Future Fund and who basically are not required to publish the details of their investments and who are exempt, in terms of their investments, from provisions of Freedom of Information Acts or similar?

**Dr Arndt:** I'm happy to take that on notice.

**Senator DEAN SMITH:** On a similar topic, let me begin by thanking you, Dr Arndt for giving me some time in December last year to canvass some of these issues with you. I appreciate that. Since the publication of the story in *The Guardian* and the ABC and other news outlets, what governance changes have you embarked upon in the Future Fund to avoid a scenario like this happening again?

**Dr Arndt:** Maybe you can explain what you mean by a scenario like this?

**Senator DEAN SMITH:** I think it's fair to say that, over the last 12 months, matters concerning the military coup in Myanmar have received very, very wide coverage in the Australian media. I would have thought that your risk management approach would have sought to protect the Australian government and the Future Fund from any adverse publicity around any possible investments in Myanmar by the military regime or others. I was curious to know, was your radar on or off?

**Dr Arndt:** I think I've explained here before that the board's view is in general exclusions—we have been talking about companies where the will own or won't own is not the preferred practice, because companies themselves change their activities and their plans. We think it wouldn't be consistent with our long-term investment mandate to have wholesale exclusion policies, so we haven't changed our policy. Obviously, if governments around the world that we need to comply with their rules change their sanctions regime, then we would respond, as we had with AVIC.

However, we do have a very active engagement program with our investment managers, asking them to speak to companies we invest in. Indeed, in Australia we engage directly with companies, or at least larger companies where we have holdings. On a number of occasions we've raised the issues in Myanmar with either our investment managers or companies that we invest in and asked them what their view is or to justify their approach. While I can't say any one conversation we've had or whether or not the Future Fund has been included in those conversations, certainly there are quite a few companies now around the world that have announced that they're going to withdraw from their commercial activities in Myanmar.

**Senator DEAN SMITH:** So I am right to assume that the Future Fund in regards to Myanmar is engaging a higher level of inquiry, both with companies that you might invest with in Australia and also with those people that might manage the investment indexes?

**Dr Arndt:** Yes, that's correct.

**Senator DEAN SMITH:** If we take a broader look, this wouldn't be a problem unique to Australia's sovereign wealth fund. Are you able to share with us any approaches that other sovereign wealth funds might have been utilising in regard to not just the Myanmar matter but similar matters?

**Dr Arndt:** At the general level we talk about having an ESG policy. This would fall into that. We do have pretty active dialogue with sovereign funds and pension funds around the world, in terms of how they apply their ESG policies. I would say that our approach is pretty similar to that adopted by most other similar funds in the world, and more active in some cases. It's a moving feast. The world is complex, and the type of issues we deal with vary over time. I haven't personally had discussions with other sovereign funds about the Myanmar issue specifically, but I'm sure our ESG team will have done that.

**Senator DEAN SMITH:** From your evidence to Senator McKim, am I right to take out of that that the Future Fund only divests on sanction decisions taken by the United States government?

**Dr Arndt:** No, that's not correct. As I was explaining to Senator McKim, we look at sanctions which apply broadly around the world. Obviously, our investment managers operate in certain jurisdictions, and they're regulated, so they have to comply with sanctions. They're the ones that own and buy and sell positions on our

behalf. They will have a range of different regimes that they have to follow. Our job is to monitor their compliance with those sanctions. I took a question on notice from Senator McKim about coming back with exactly which jurisdictions we do that for.

**Senator DEAN SMITH:** In regard to Myanmar, is there an active reporting mechanism between the fund and its board about any matters that you might discover in Future Fund investments that are related to Myanmar and the military regime?

**Dr Arndt:** We've discussed with the board the particular issue, and the board has been interested to understand how we integrate this particular ESG issue into our investment approach.

**Senator DEAN SMITH:** The particular issue being Myanmar, or the particular issue being geopolitical considerations?

**Dr Arndt:** In general, our approach to ESG issues is that when companies engage in activities that are likely to be controversial or, in the long term, risky—'risky' could mean a change in future regulation or societal support—then our approach is we should take that into account in making investment decisions, or we should ask our investment managers to do that. We've had the conversation in that context.

**Senator DEAN SMITH:** Was the Myanmar matter on the Future Fund's radar before the FOI request?

**Dr Arndt:** There are a large number of ESG issues going on in the world. We have detailed discussions with our ESG team, including at the board level, several times a year in terms of tracking current issues. I'm not sure exactly when you mean—

**Senator DEAN SMITH:** The military coup happened on 1 February last year. I'm keen to know at what point the Future Fund put the Myanmar matter on its radar.

**Dr Arndt:** Well, I'm sure our investment managers would have started to track that issue immediately. I've explained the governance arrangement that we have with our investment managers. Our investment managers are required to understand these things and track them. Our job is to supervise the managers and make sure that they're applying the policies and processes that they have and that we've hired them for—

**Senator DEAN SMITH:** I'd add to that, but I would have expected investment managers to report back matters of sensitivity to your ESG group.

**Dr Arndt:** They do, but I couldn't tell you exactly when that conversation started.

**Senator DEAN SMITH:** Perhaps you could take that on notice and let me know.

**Dr Arndt:** Sure.

**Senator DEAN SMITH:** On page 16 of your 2021 annual report, under the 'Joined-up investment approach' subheading, the second paragraph starts:

Our top-down people look at the global economy, financial markets, and political risk, and think about how this will impact the portfolio.

Do you think that the government might have suffered any embarrassment as a result of the revelations that were revealed in these newspaper reports as a result of the FOI?

**Dr Arndt:** I think that's a matter for the government.

**Senator Birmingham:** That's asking for opinion, Senator Smith. We would wish that all of these matters were always easily foreseeable and able to be managed simply, but the reality is that the investment framework that the Future Fund operates in does entail complex investment in a diverse range of listed trusts, as Dr Arndt has outlined. There is a dynamic nature, as I said before in response to Senator McKim, to those listed trusts. The Future Fund seeks to identify where exclusions are necessary to those trusts, and it does so against a range of criteria I have no doubt that issues such as this one provide for the continued work of their ESG team in identifying how they can best respond to these circumstances and where possible to prevent them in the future. The fund managers they work with would face pressure from all of their different investors, who would variously wish to be in a position to not only maximise their exposure to growing companies in developing world environments but to minimise their exposure to areas of potential reputational damage or companies that are at odds with their ESG policies.

**Senator DEAN SMITH:** Based on the minister's evidence, how do you measure reputational damage?

**Dr Arndt:** That's obviously a non-quantitative area. We do, as you say, have an obligation to protect the government's reputation in financial markets in the mandate. We take that seriously. The board has policies around how we think about those things, and we have active debates at the board. We do track media mentions and other reporting on us and debate that with the board. But these things are a delicate balance because in order

to generate the investment returns that we're required to get, in terms of the investment mandate, we need to take investment risk. But sometimes you need to take reputational risk too, in the sense that there's a very wide range of views in Australian society, so it's very common that some people will have strong views on decisions we make. We just need to make the best decisions we can within our framework. In this particular case, I would just emphasise again that the positions were held through an indexed position. That's a commonly held, very wide-ranging strategy which most super funds and most retail investors that invest in exchange traded funds would have, and, I dare say, the vast majority of them would have had the very same positions that we have.

**Senator DEAN SMITH:** I think Australian citizens would regard the Future Fund as more of a public entity than as a private entity; a superannuation fund I would categorise as a private entity. But that's exactly the point: Future Fund has done remarkably well, enjoyed such high levels of confidence from Australian governments and from Australian citizens. A situation like this, unfortunately, does damage the reputation of the Future Fund and, by extension, the government. These decisions have upset large numbers of Australian citizens who are concerned about what is happening in Myanmar and it will be interesting to see where we get to in the next 12 months. Thank you very much and thank you for your time in December, Dr Arndt.

**Senator GALLAGHER:** My questions are to the Minister for Finance. There has been another cabinet leak, it appears, to Channel 10. They're reporting that the Prime Minister is getting ready to sack one of his ministers, but the member of parliament doesn't even know they're about to be dumped. Is the Prime Minister going to sack Mr Tudge?

**Senator PATERSON:** I have a point of order, Chair.

**CHAIR:** Senator Paterson, I will let you get your point of order but I anticipate that this might be about the fact that this has nothing to do with the Future Fund.

**Senator PATERSON:** You must be clairvoyant, Chair; that is where I was going.

**Senator GALLAGHER:** But it has something to do with the government and we have the Leader of the Government in the Senate sitting here. There are media outlets reporting that a minister is about to be sacked and he doesn't know about it. I am asking if the Prime Minister is about to sack Mr Tudge?

**Senator Birmingham:** We have an agency sitting at the table here administering \$204 billion of funds on behalf of Australian taxpayers and your priority, as the shadow finance minister, is to come in here and want to pursue political or partisan questions about a media story that hasn't even aired yet. I am not going to comment on those. If you have questions on Future Fund, that is what Dr Arndt and I are here to respond to.

**Senator GALLAGHER:** So you're not aware? You have not been part of any discussions about the sacking of Mr Tudge?

**Senator Birmingham:** I think Australian taxpayers deserve an opposition—

**Senator GALLAGHER:** We have a dysfunctional government that is leaking constantly. It is dysfunctional having leak after leak.

**CHAIR:** We are here to talk about the Future Fund at the moment.

**Senator GALLAGHER:** So you won't confirm?

**CHAIR:** I would ask you to focus your questions that you might have to the Future Fund. Otherwise, I will give the call to Senator Rennick, because he does have questions for the Future Fund.

**Senator GALLAGHER:** So you do know and you won't say?

**Senator FARRELL:** It does have some relevance to the future.

**Senator PATERSON:** That is a fair effort, Senator Farrell.

**CHAIR:** That was a very creative point of order, Senator Farrell.

**Senator AYRES:** If the minister is too frightened to answer—

**CHAIR:** Senator Ayres, that is rhetorical.

**Senator Birmingham:** If the opposition have no further questions for the Future Fund and the Department of Finance, we can happily go home, but I understand Senator Rennick has questions.

**Senator GALLAGHER:** We have had questions all day but this has just arisen. So you do know but you won't say—a desperate, desperate defence.

**Senator Birmingham:** Senator Gallagher, your contempt for and disinterest in the finances of the country and for the operations of an agency investing more than \$200 billion on behalf of Australians is clear.

**Senator GALLAGHER:** What is happening to this government?

**Senator Birmingham:** If political games are your priority, that is your business. You are wasting your time and the Senate's time.

**CHAIR:** Order! For the third time today, can we not speak over the top of each other. I will give the call to Senator Rennick to ask some questions about the Future Fund.

**Senator RENNICK:** My question is for the minister. Do you think the Future Fund is an appropriate name for the fund, given its purpose is to fund the gold-plated pension schemes of white-collar bureaucrats, excluding the other 25 million Australians?

**Senator Birmingham:** The Future Fund is not responsible for any of the policy settings around the pension schemes that exist, the various old defined benefit schemes which, in most cases, have been closed to new entrants. It is not the Future Fund's job to manage any of those schemes. The Future Fund's earnings in future are earmarked by governments to help with meeting some of the liabilities from those schemes. But the Future Fund's job as set is the administration and investment of the funds under its guardianship.

**Senator RENNICK:** No worries. In terms of ethics, should the Future Fund invest in companies that have a significant criminal record, such as Pfizer?

**Senator Birmingham:** I will let Doctor Arndt address that so far as he can. He has already put quite a lot on the public record this afternoon in relation to the governance practices of the Future Fund, around its investment and how those investment streams operate. I would note that Pfizer is a very large global company. I am not going to run commentary around the different aspects of Pfizer's operations but, clearly, there are significant parts of their operations that have provided major breakthroughs in medical science to the benefit of not just those in receipt of those medical and scientific breakthroughs but also to the benefit of investors in that company.

**Senator RENNICK:** Do you think it is okay that the chair of the Future Fund is also the chair of Nine Fairfax Media, a company that receives significant advertising dollars from the government to promote the vaccines sold by a company that the Future Fund has invested in?

**Senator Birmingham:** I don't think that there is any relationship between the chair's role, his duties as chair of the Future Fund and government procurement decisions in relation to the vaccines that have been made available to deal with COVID-19. I reject any linkage in that whatsoever. I reject the idea there is any linkage between advertising campaigns that might be run in relation to vaccines and the chair of the Future Fund's role. There is no basis upon which to suggest any of that. The Future Fund's Board of Guardians do have policies in place for managing potential conflict of interest and to secure a Board of Guardians with appropriate business investment skills. Those skills also mean those individuals do have a number of potential areas for conflict that each of them would manage and manage to the utmost of probity standards. I will let Dr Arndt speak to those conflict-of-interest management processes.

**Senator RENNICK:** No, that is okay; I will take that as the answer. When will the government start drawing down on the Future Fund to pay for defined benefit liabilities, defined benefits of public servants, rather than let it accumulate?

**Senator Birmingham:** We made the decision to defer that drawdown period until 2026. I was just double-checking; I had 2027 in mind, but it's 2026. We made that decision to provide for a longer period of time for the Future Fund to build its capital base during that time. I would note that there have been some changes to the budget reporting arrangements in relation to the Future Fund that kicked in at this time when it was originally envisaged that Future Fund earnings would be used for those defined-benefit schemes. But the decision has been made to extend that period of time, allowing the Future Fund to grow further.

**Senator RENNICK:** But what was the reason for that?

**Senator Birmingham:** I think the rationale was on the basis that the investment market and environment at present and the opportunities that exist there for the Future Fund to better meet the long-term needs of meeting those defined-benefit schemes would be better realised through that extra period of time. We may be able to go through some of the analysis, although I don't know that we have the relevant officials with us anymore.

**Ms Huxtable:** We probably do, if you wish to do that.

**Senator RENNICK:** That's okay. You don't need to go through the analysis. I'll just put in a quick question. When do you think the actual liability itself will peak? I know that when it was started originally, in 2004, it was meant to peak in 2020, and the forward estimates have it still blowing out enormously.

**Senator Birmingham:** I think there was—I'm just looking for an update table or graph in MYEFO—

**Ms Huxtable:** Ms Carroll's coming to the table. She can advise on the target asset level.

**Ms Carroll:** There's information that was released through the long-term cost reports—they were released last year—in relation to the peak of the superannuation liabilities. For the civilian schemes, the unfunded liability grows to an estimated peak of \$182.9 billion in 2034, before declining to \$60.8 billion by 2060, which is the life of the long-term cost report. For the military schemes the liability is projected to grow to \$477.3 billion by 2060. That's primarily a result of the ADF cover component of the military schemes remaining open to new members. But questions in relation to the long-term cost of the military schemes would be best directed to Defence.

**Senator RENNICK:** Thanks very much. I appreciate that.

**CHAIR:** Thank you to the Future Fund for appearing today and for answering questions relevant to the fund. If there are no further questions for the Future Fund, we might move on to outcome 3.

[16:55]

**CHAIR:** Thank you very much to the officials at the table for outcome 3. Minister, do you wish to make an opening statement?

**Senator Birmingham:** No, thank you, Chair.

**CHAIR:** Ms Huxtable, do you wish to make any statement at this point in time?

**Ms Huxtable:** No, thank you, Chair.

**CHAIR:** Thank you very much. I'm going to give the call to Senator Ayres.

**Senator AYRES:** Thank you, Ms Huxtable. On 31 January, Ms Rachele Miller appeared on 7.30. The interview did canvass her allegations against former Minister Tudge, but it also revealed that Ms Miller had submitted a new complaint to Finance, and I think the report said, 'in which she made a number of allegations about her treatment, from bullying to sexual assault, by others in Parliament House over the course of her 10-year career'. Ms Huxtable, can you confirm that there is a new complaint that has been submitted to Finance? Is anybody here in a position to confirm that that's the case?

**Ms Walsh:** I think Ms Miller has made a confirmation that she has engaged again with the department, but I'm not in a position to speak to any detail, obviously, in relation to that, because, for the reasons we've canvassed many times before, I'm not going to speak to individual matters, particularly where there are potential privacy issues involved.

**Senator AYRES:** You can't tell me how many members of parliament or senators this complaint relates to?

**Ms Walsh:** No I can't, Senator.

**Senator AYRES:** Or staff?

**Ms Walsh:** No, Senator.

**Senator AYRES:** It is unknown at the moment.

**Senator Birmingham:** Senator, as Ms Walsh just explained, individuals may choose to make certain information public, but the Department of Finance, in accordance with very longstanding practice, respects the confidentiality of those individuals and doesn't make details of their engagement with the department public.

**Senator AYRES:** So it could be one or none or many parliamentarians or staffers; you're not in a position to say at this stage. I'll come to the process. Can you talk about how many separate allegations there are?

**Ms Walsh:** Senator, I can't speak to the material that the department has in relation to any case.

**Senator AYRES:** Could you explain to me, Ms Walsh, how Finance is handling these allegations?

**Ms Walsh:** In the broad—I'm not going to speak specifically to an individual matter—it depends on what the complaint was. But if it was in relation to a bullying or harassment type of matter, there is obviously a policy framework that we operate within, and we work with the person who has engaged with us to determine the approach that they wish to take. It's not something that we would do without engaging closely with anyone that comes to us with a concern, but we have particular procedures and policies in place that we follow. Similarly, if it was not related to bullying and harassment and was related to expenses or some other matter that's within the purview of Finance, we have policies and procedures that we would follow.

**Senator AYRES:** Is it really satisfactory that you can't tell me whether this has been referred to an external investigator? Has there been a direction to interview witnesses?

**Senator Birmingham:** Senator, the matters have been traversed—

**Senator AYRES:** Sorry, Minister, I should say that I respect that there are issues of confidentiality and process here. I accept that. But these are very serious allegations on the face of it and I would like to have some



assurance for this committee that there is a proper process being undertaken and what the scale of that undertaking is.

**Senator Birmingham:** I have provided the assurance that in terms of the work Ms Walsh and her team do where issues are raised by MOP(S) Act staff they do respond thoroughly, comprehensively and also independently. I stress, as I've done multiple times, that neither I nor the Special Minister of State, Mr Morton, get any more details about these individual cases than you do, Senator Ayres, or anybody else. The department holds that information in confidence, respecting the privacy of individuals who make a complaint, those who participate in the complaints process and, of course, those against whom allegations are made.

As is well-known, and again has been well traversed in terms of procedural elements, the Jenkins review, and prior to that the Foster review last year, established some significant changes that are occurring, and so were these practices or complaints to occur in the workplace now in a contemporary way between current staff the new Parliamentary Workplace Support Service would handle those and the procedures there. There would still be an element of confidentiality in respect of how that is handled, but there are also new practices applied to that in terms of accountability from members of parliament and their officers and in terms of the way reports are there. The Jenkins report will extend the scope of the PWSS further and the work is being undertaken to implement that.

Finally, outside of those broad issues, in relation to the matters of Minister Tudge and what has been alleged, Ms Walsh has addressed what she can on the public record there in relation to where Ms Miller has made information public. As we traversed yesterday at some length, a separate independent process involving Dr Vivienne Thom was established by the Department of the Prime Minister and Cabinet.

**Senator AYRES:** I was asking about the subsequent allegations that Ms Miller made, but you were reluctant to answer questions that Senator Gallagher put to you before about the result of Ms Thom's investigation. Senator Gallagher is right, isn't she, that the Prime Minister's going to remove Mr Tudge permanently? Is that the case?

**Senator Birmingham:** Ministerial appointments, and indeed ministerial terminations, are matters for the Prime Minister who, as I discussed with Senator Gallagher yesterday, advises the Governor-General in relation to those he wishes to appoint to the ministry.

**Senator AYRES:** So even if Ms Miller has said publicly that she has made a complaint, you're not in a position to confirm that a complaint is being investigated?

**Ms Walsh:** That's right. That's correct. In every case when someone comes to us with a concern, a complaint or whatever the nature is, they do that on the understanding that we will deal with it in a confidential way.

**Senator AYRES:** Minister, I was provided with a photograph of some social media posted by your colleague Senator Hughes yesterday in an engagement with Ms Miller—I think on Twitter but I'm not sure. Senator Hughes said:

Wow - you have some serious issues! Honey, lots of therapy. Stop making unfounded accusations then hiding behind false legal premises. But insulting women who you don't agree with - you'll fit right in with your new Green mates. I notice silence about Chairman Dan as well.

Do you agree that's an acceptable way for someone in the parliament to engage with somebody who has made a complaint?

**Senator Birmingham:** I don't know what that was commenting on precisely—

**Senator AYRES:** It doesn't matter, though, does it? Sorry, Minister—

**Senator Birmingham:** I don't know what that was commenting on, precisely, but that is not the way that I would encourage colleagues to handle engagement with people outside this building who may have made complaints about activities inside this building. It's certainly not the tone or approach that I have sought to apply throughout a period of time in this job where there have been quite a lot of sensitive issues to handle. I would encourage people to handle them with sensitivity, even when they feel there may be provocation in relation to those matters.

**Senator AYRES:** Apparently, she also posted after that:

I also stand with Tudgey!

What's going on in the culture of this show?

**Senator Birmingham:** As I just said, I would encourage individuals across the parliament to handle engagement on these sensitive matters with respect, even when they may feel that there is provocation or otherwise in relation to matters that are there. In terms of the other observations, those are matters for Senator Hughes.

**Senator AYRES:** I think Senator Farrell has some questions for the department and the minister, Chair.

**CHAIR:** Senator Farrell.

**Senator FARRELL:** I refer to a response to questions on notice that, as of 31 October 2021, there were 2,131 individuals on the members of parliament staff payroll system. That's slightly down from the previous figure of 2,161 on 25 June 2021. Can you tell us—oh, it's a disappeared from my screen!

**Senator Birmingham:** I deduce that question might be able to be answered, if you want, Senator Farrell!

**Senator FARRELL:** You have your cup of coffee! I'm happy for anybody who knows the answer to this: how many individuals are currently on the MOPS payroll system?

**Mr De Silva:** That will actually depend on a point in time. We can run a report any day to say—

**Senator FARRELL:** When was the last time you ran a report?

**Mr De Silva:** We probably ran a report last week, but I can find out—

**Senator FARRELL:** And what was the figure?

**Mr De Silva:** I can find out the number as it was. It will change every payroll, based on the number of new employees who start, non-ongoings, casuals et cetera. Generally, it goes up and down but I would say it's generally between 2,100 and 2,200 over a 12-month period.

**Senator FARRELL:** Okay.

**Mr De Silva:** But if you want, I can find out the last time the report was run and give you the figure as at that date.

**Senator FARRELL:** Yes, I get that. It's a bit like a Newspoll; it's only accurate at that point in time, isn't it? It doesn't say anything—

**Senator Birmingham:** Payroll numbers are, hopefully, even more accurate than Newspoll, Senator Farrell!

**Mr De Silva:** We have a sample list, it's actually for every employee.

**Senator FARRELL:** I know why you'd be hoping for that, Minister, but, in footnotes on pages 12 and 51 of *Set the standard*, Commissioner Jenkins's review into parliamentary workplaces, it says:

Based on information provided by the Department of Finance, there were 2,222 MOP(S) Act employees working in CPWs, either as electorate staff or as personal staff to Ministers and office-holders, as at 1 June 2021.

On 25 June, according to our question on notice, that figure was 2,161. We've said the figures, roughly, go from—

**Mr De Silva:** From 2,100 to 2,200. It's not uncommon towards the end of a financial year for a number of casual staff to be engaged for periods of time, particularly where there is budget available to do that. So there are generally ups and downs, but, as I said, in any given payroll, the average is between 2,100 and 2,200.

**Senator FARRELL:** Yes, but this has gone the other way. On 1 June, the figure was 2,222, but for the QON on 25 June it was 2,161. That's gone the other way. Increasing the number of casuals as you get towards the end of the financial year can't be the explanation.

**Mr De Silva:** I was just making a general comment that there will be ups and downs, based on what parliamentarians choose to do in terms of engaging staff. There'll be staff who are on non-ongoing contracts for periods of time. Those will end, so the numbers of MOP staff on any given week or in any given payroll will oscillate up and down.

**Senator FARRELL:** I understand that, but your explanation that the numbers get ramped up closer to the end of the financial year—

**Mr De Silva:** Sometimes that happens. It really does depend on each individual parliamentarian making decisions about the employment of MOP(S) Act staff.

**Senator FARRELL:** Those footnotes to the Jenkins review go on to say:

Additionally, the Department of the Prime Minister and Cabinet informed the Review of 34 personal staff employed in Official Establishments (at the Lodge or Kirribilli House), as at 31 July 2021. For this reason, this Report uses a total figure of 2,256 MOP(S) Act employees.

Again, that's higher than the figure that you described at the ceiling. Who employs the 34 personal staff that I've just referred to there?

**Mr De Silva:** That would be a matter for the Department of the PM&C to comment on. My understanding is that it would largely be staff who are working in either the Lodge or Kirribilli House, but it would really be a matter for—

**Senator FARRELL:** But who's their employer?

**Mr De Silva:** I couldn't comment. It would be the Commonwealth, but they would—

**Senator FARRELL:** Are they employed as MOP(S) Act employees?

**Mr De Silva:** They are still engaged under the MOP(S) Act, but I would need to confirm under what provision they are engaged.

**Senator FARRELL:** How quickly could you do that for us? Is there anybody listening who might know the answer to that question?

**Ms Walsh:** We'll see if we can get that for you as quickly as we can, Senator.

**Mr De Silva:** We'll see if we can do that.

**Senator FARRELL:** Thank you. Are these included in the total figures of government staff on the staffing table?

**Mr De Silva:** I don't believe so. Those staff that you've referred to are paid through a separate HR process. The HR process that we manage will be under parts 3 and 4 of the MOP(S) Act, so they wouldn't be reflected in that. That is my understanding. I will confirm that, but I don't think so.

**Senator FARRELL:** Let's have a look at the figures. Have you seen this document that we were presented with today, Mr De Silva?

**Mr De Silva:** Yes.

**Senator FARRELL:** You've got it there? Okay. It doesn't have a page number, but it's the page after page 9. That figure for 1 February 2022, if the numbers are still the same—if they haven't changed since 31 July—would be roughly 504. Is that correct?

**Mr De Silva:** I don't quite understand what you're asking. The table that you've just referred to is the number of personal employees.

**Senator FARRELL:** Yes. So these are not personal employees?

**Mr De Silva:** No. If you're looking at that table, that's the number of personal employees that are engaged.

**Senator FARRELL:** These are not personal employees?

**Mr De Silva:** Who are not personal employees?

**Senator FARRELL:** The 34. We've just been talking about them.

**Mr De Silva:** The 34. I'll need to confirm the status—what they are. As I said, those staff are a matter for the Department of the PM&C, not Finance.

**Senator FARRELL:** Right.

**Mr De Silva:** So I'll most likely have to refer that question off to that department.

**Senator FARRELL:** Yes. But you were going to see if you could find—

**Mr De Silva:** I'll see if we can find a general comment based on what's previously been said, but if we can't we'll will have to refer it off to PM&C.

**Senator FARRELL:** But you're saying they are not personal staff?

**Mr De Silva:** I'm saying I don't have the answer to that, given that those employees are a matter for PM&C.

**Senator FARRELL:** Alright.

**Senator Birmingham:** Not in the manner in which personal staff have historically been counted, assessed and reported, Senator Farrell. I've certainly been present for some questioning of PM&C in relation to staff who help with the management of Kirribilli and the Lodge. It's not to a level of detail that I can necessarily jump in and attempt to answer questions on behalf of PM&C, but PM&C certainly administer the arrangements in relation to those residences and the staff who are employed around them.

**Senator FARRELL:** I suppose the key word here, in the Jenkins review—and perhaps Commissioner Jenkins didn't quite capture the correct description of these people, but she describes them as 'personal staff', which leads to why I asked those questions. Perhaps they're not personal staff. I notice you're looking over this way, Mr de Silva. Do you think somebody else has an answer?

**Mr De Silva:** No. I was just reading the actual text of what she wrote, and she did say 'personal staff'. As I said, those staff are engaged under the MOP(S) Act for Kirribilli House and for the Lodge.

**Senator FARRELL:** I suppose my question is, fundamentally, if they are indeed personal staff—and it's possible that that's not the correct description of them; I accept that—why don't they appear on that chart?

**Mr De Silva:** As I said, happy to take that on notice and to confirm the exact status.

**Ms Huxtable:** I think the other point to make, Senator, is that, in the time that I've been in this role, this table has not materially changed; I think we might have added a page to pull out variances. The risk is that, if we reflect other staff, then there will obviously be a point of an apples-to-oranges type comparison when we've basically been providing it in this way. But we will confirm that they're definitely not included here.

**Mr De Silva:** And they're not paid under the Finance HR.

**Senator FARRELL:** I'm not asserting that they should be; don't get me wrong. I'm just trying to find out, given the description that Commissioner Jenkins has used—personal staff of the government, employed under the MOP(S) Act—and this is further to Ms Huxtable's point, if they're not included in that table, why not. It may be that in the past they haven't been included. I suppose my question is if not, why not, and should they have always been included in that calculation? That's fundamentally my question, and there may be a very simple answer.

**Ms Walsh:** What we might be able to do quickly is answer the first question you had as to whether they're personal staff or not. If that characterisation is correct, I suspect we may need to come back on notice regarding the 'if not, why not' question, because we'll have to consult with the Department of the Prime Minister and Cabinet. But we will do that, of course.

**Mr De Silva:** This report's on staff that we are responsible for from an HR point of view. Those staff are the responsibility of PM&C.

**Senator FARRELL:** You've made that very clear, Mr De Silva. I haven't misunderstood anything that you've said so far. But I also hope you haven't misunderstood anything I have said.

**Mr De Silva:** No.

**Senator FARRELL:** But do you get the drift of my questions? It stems from the information that has come out of the Jenkins report that has raised questions about who is appropriately classified as personal staff.

**Mr De Silva:** And in what way, yes.

**Senator FARRELL:** Senator Smith has some very good questions that she would like to ask.

**Senator MARIELLE SMITH:** Ms Walsh, I'm just noticing on the document that you've provided for us that this indicates there's an additional 10 staff who have been added to the government ranks since October across the offices of cabinet ministers. Is there a reason for this increase?

**Ms Walsh:** The reason for any increase would be a question for the Prime Minister. It's the Prime Minister's decision, in terms of allocation of staff. What we're doing is just reporting the numbers that are then passed through to us to do the relevant responsibilities that we have. I can't answer the question as to why allocations of staff happen.

**Senator MARIELLE SMITH:** Perhaps that's something Minister Birmingham can make a contribution on.

**Senator Birmingham:** Senator, the allocation of staff is made by the Prime Minister. It occurs in response to the different portfolio pressures that different ministers may have at points in time. You can see that there are certain variances to different categories that have occurred during that window. I note that, under the arrangements we have in place, the staff entitlement for the opposition is tied to being a proportion of the number of staff that the government has, to keep a sense of equity in those arrangements.

**Senator MARIELLE SMITH:** Minister Taylor has had an additional three staff added to his office, all of them at senior ranks. Was there a particular reason for that, Minister Birmingham?

**Senator Birmingham:** Yes. As you would recall, Senator Smith, Minister Taylor acquired significant portfolio responsibilities during this reporting period. Minister Mr Taylor was already the Minister for Energy and Emissions Reduction, but in between times Minister Taylor has also picked up responsibility in relation to the industry portfolio.

**Senator MARIELLE SMITH:** Minister Birmingham, were you given additional staff as well?

**Senator Birmingham:** No. I think my numbers are static from the previous time, as I recall.

**Ms Walsh:** In fact, you lost a staff member from your total allocations, Minister.

**Senator Birmingham:** Well, there you go!

**Senator MARIELLE SMITH:** Thank you. They were just my questions to clarify.

**Senator Birmingham:** Thank you, Senator Smith.

**Mr De Silva:** Senator Farrell, I got the team to check that, as of today—

**Senator Birmingham:** I should say that I lost an allocation, not an individual, lest anybody think I'd forgotten that somebody who was actually in the team had left.

**Ms Walsh:** I should have been clearer.

**Mr De Silva:** As of today there are 2,021 MOP(S) Act staff currently on the payroll.

**CHAIR:** Senator Farrell, Labor has had the call for about half an hour. I have a very quick couple of questions I would like to ask.

**Senator FARRELL:** Please, ask your questions.

**CHAIR:** Thank you, Senator Farrell. I would like to table a copy of the constitution of the company Warringah Independent Ltd, which is the campaign vehicle for the member for Warringah. If a copy of that could be provided to the officials, that would be appreciated. In the company's objects within that constitution, on the last page, in particular in clause (b), it states that one of the objectives of the company is to manage the electoral office and support for elected representatives at a local, state and federal government level. Could you give me your view on how an outside organisation might be purporting to exert control over the functions of a federal MP and whether or not that's appropriate?

**Ms Walsh:** I'm sorry, Senator, I might need you to ask the question again.

**CHAIR:** The campaign vehicle for the member for Warringah has, within its constitution, objectives that include 'managing the electoral office'. Is that really consistent with the MOP(S) Act—to have some sort of outside entity, particularly a campaign entity, managing staff within an electorate office?

**Mr De Silva:** I don't think we can really comment on that. I can comment on what the requirements are under the PBR framework for electorate offices, but I can't really comment on that.

**CHAIR:** What are the requirements, Mr De Silva?

**Mr De Silva:** In terms of an electoral office, it would be a resource that's determined by the minister for each parliamentarian. It would set out where that electorate office is and what resources would be provided within that electorate office. The MOP(S) Act would then, through a determination, set out the number of staff that would go to an electoral office—say, four. That's in a very broad sense. I can't really comment on the question that you've posed.

**CHAIR:** Relevant to whether or not it's appropriate that some sort of external entity is asserting that it manages electorate office staff.

**Mr De Silva:** Under the MOP(S) Act, a parliamentarian is responsible for the employment of electorate office staff. Beyond that, I can't really comment on something that I haven't seen.

**CHAIR:** Okay, I might leave that with you. I have tabled the documents, so, if I have any questions to put on notice, I certainly will.

**Mr De Silva:** Sure.

**CHAIR:** Thank you very much for your insights.

**Senator Birmingham:** Obviously, we'll provide a response on notice. I've just received what you've circulated. At an overarching level, I'd stress that, whilst members and senators are entitled to use their electoral officers in efforts to support their own re-election as part of their engagement with the community, it would seem unusual to me to have a separate entity that had any role in the management of those electoral officers.

**CHAIR:** Indeed, it was the word 'manage' that I was interested in specifically.

**Senator Birmingham:** Yes. I think the obligations in relation to the management of electoral officers fall squarely on the shoulders of members of parliament—to be responsible for that management. We all have to sign off on the expenditure arrangements within those offices. We all have certain responsibilities in relation to the appointment and management of staff in those offices. Obviously, officials can provide any further advice, as they've indicated, insofar as the operation of the framework applies relative to such a suggestion.

**CHAIR:** It wouldn't be appropriate for me, for example, to have the state director of the Tasmanian division of the Liberal Party set up a desk in my office and manage my staff without me being there or without any form of consultation with me, I would have thought.

**Senator Birmingham:** I think people would see that as inappropriate, and I think that would be inappropriate relative to how the expectations are set.

**CHAIR:** Okay. Thank you very much, Minister. Thank you, officials. Senator Gallagher.

**Senator GALLAGHER:** I have some questions, Minister Birmingham, about the story that just went to air on Channel 10 about Minister Tudge and Ms Miller. The story—

**Senator Birmingham:** Yes, Senator. I've been sitting here the whole time, but away you go.

**Senator GALLAGHER:** Well, perhaps if we start with what I last asked you. Is the Prime Minister going to sack Mr Tudge, as has just been reported on Channel 10?

**Senator Birmingham:** Ministerial appointments, in all of their forms, are matters for the Prime Minister. I don't pretend to speak on his behalf in relation to such decisions.

**Senator GALLAGHER:** There's been a leak from the cabinet which has provided this information to Channel 10. So are you aware of it in your role as a senior minister? Are you aware that Minister Tudge is reportedly about to be sacked?

**Senator Birmingham:** I don't comment on cabinet deliberations, but I am not aware of any intended ministerial changes that the Prime Minister may be going to make. They are matters for the Prime Minister.

**Senator GALLAGHER:** Is the story that's reported on Channel 10, that Minister Tudge is going to be sacked because of a technical breach of the ministerial standards, correct?

**Senator Birmingham:** I understand that the Prime Minister's office has provided a response to the Network Ten story. That response says that the matter is still in process and is being undertaken without prejudice to ensure it is dealt with fairly. In relation to the release of the report, I direct you to the evidence given by PM&C Deputy Secretary Stephanie Foster on Monday in estimates, where she said it was her intention to release the report. The Prime Minister supports her view and approach. Senator, you were here and, indeed, the inquisitor—

**Senator GALLAGHER:** Yes, which is why I'm following up.

**Senator Birmingham:** for much of Ms Foster's evidence yesterday. Based on that statement from the Prime Minister's office, I would expect that all aspects of what Ms Foster said yesterday still stand.

**Senator GALLAGHER:** That's why I'm coming to follow up, because we did have quite a long session on this yesterday and I was given information around the process. Then this appears in the media, with quite a bit of detail attached to it that contradicts evidence given yesterday about the process that was being followed. Is this an authorised leak from someone within the government? That's essentially—

**Senator Birmingham:** No.

**Senator GALLAGHER:** what I can take from the Prime Minister's response and your response. Nobody knows where this came from?

**Senator Birmingham:** I can't speak for the journalist in question's sources or the accuracy of the story. I am advised that the story did not say that it came from cabinet—contrary to the way you framed the initial question. But, as per the response that the Prime Minister's office has issued, the status of those inquiries, as provided to this committee by Ms Foster yesterday, remains.

**Senator GALLAGHER:** If it didn't come from cabinet, and the Prime Minister's office has ruled out being involved, how could Channel 10 have information that goes to the heart of what Dr Thom's investigation found, and also that the investigation finds that there was a technical breach of the ministerial standards? It is quite detailed. How many people in the government know what's going on?

**Senator Birmingham:** I don't know the accuracy of the Channel 10 report. I can't speak for the journalist in question's sources. As was canvassed yesterday, I have not seen Dr Thom's report. Dr Thom's report is subject to the processes that Ms Foster outlined yesterday.

**Senator GALLAGHER:** So it must be a leak that's designed to again attack the Prime Minister's credibility at the moment. This is another serious leak.

**Senator Birmingham:** You're making assumptions about the accuracy of sources or otherwise of such information. I'm not going to draw any such assumptions. As I've indicated, the Prime Minister's office has issued a statement, standing by the information provided yesterday, and that that remains the current state of that matter, in terms of the finalisation and provision of the Thom report to Ms Miller and Mr Tudge.

**Senator GALLAGHER:** Does the Prime Minister have full confidence in Mr Tudge?

**Senator Birmingham:** Mr Tudge has been stood aside as a minister, and—

**Senator GALLAGHER:** So he doesn't.

**Senator Birmingham:** stood aside pending conclusion of the Thom review.

**Senator GALLAGHER:** Have you been involved in any discussions where the Prime Minister has canvassed sacking Mr Tudge?

**Senator Birmingham:** I'm not going to go into any of my conversations with the Prime Minister—

**Senator GALLAGHER:** Has the Prime Minister told you he's going to sack Mr Tudge?

**Senator Birmingham:** I'm not going into any of my conversations with the Prime Minister. I refer you to my earlier answer, in which I said that I am not aware of any intended changes to the ministry the Prime Minister may or may not make. They are matters for the Prime Minister.

**Senator GALLAGHER:** So you have had no discussion with the Prime Minister about the future of Mr Tudge.

**Senator Birmingham:** I think I've addressed that, Senator.

**Senator GALLAGHER:** In the way you address issues, which is a lot of words. But can you tell me directly whether you have had a discussion with the Prime Minister about the future of Mr Tudge?

**Senator Birmingham:** As I said before, I'm not going to go to my discussions with the Prime Minister. But as I said earlier I am not aware of any intended changes to the ministry. They are matters for the Prime Minister that would be announced by the Prime Minister if he were intending to do so. But his office has clarified these matters in response to the Network 10 story, and what they have done is point very clearly to the accuracy of the evidence provided to this committee yesterday around the status of the Thom report.

**Senator GALLAGHER:** Someone has leaked to Channel 10. So who is it? Is it you? Which minister has leaked this information? It has a detailed outline of the findings of the Thom investigation, and the evidence we heard yesterday was that it was hand delivered to the Prime Minister's office because of sensitivity. And now we have details of its findings appearing on the news. Who has had access to it and who has leaked it?

**Senator Birmingham:** You're drawing assumptions and conclusions about the accuracy of what's being reported. I'm not going to draw those assumptions or conclusions. As was made very clear yesterday, the report itself has been finalised. There is a process being undertaken at present to engage with the participants in that review to ensure that they are comfortable with the basis upon which their views have been reflected and those views have been provided to Ms Miller and Ms Tudge in the final report. If they come back with the need for variations, in terms of the evidence or information they've provided, Ms Foster indicated that she would work through that. It is the intention to provide a copy of the final report to Ms Miller and Mr Tudge, that the report is concluded and that the findings and conclusions within it will be provided to the participants. We hope to provide as comprehensive a document as possible, but are mindful of the privacy and interests of those who have voluntarily chosen to participate in that process.

**Senator GALLAGHER:** The findings and conclusions of this report were broadcast to a national TV audience this afternoon.

**Senator Birmingham:** You are in here having—

**Senator GALLAGHER:** Is the story wrong?

**Senator Birmingham:** Senator, neither of us has seen the report, unless you're going to volunteer information to me about whether you have.

**Senator GALLAGHER:** No, I haven't seen it. Of course I haven't seen the report.

**Senator Birmingham:** So neither of us has seen the report. You're the one who's drawing conclusions.

**Senator GALLAGHER:** Tell me the story is wrong then. It is very detailed.

**Senator Birmingham:** As I said, neither of us has seen the report. The Prime Minister's office have issued a statement making clear the status of that report, which is entirely consistent with the information Ms Foster provided yesterday.

**Senator GALLAGHER:** So the dysfunction of this government now means, based on the evidence we got yesterday, that neither Mr Tudge nor Ms Miller has seen this report as yet, because it is going through another process, yet somebody has gone out of their way to leak the story ahead of time and say that Mr Tudge is going to be sacked by the Prime Minister for promoting Ms Miller to senior adviser whilst in a relationship, which is a breach of the ministerial standards. That's what's happened now. Somebody has leaked this. Ms Miller hasn't had the opportunity to see anything that's come back. That's the state of the government now. I can't work out if it's someone trying to damage the Prime Minister or damage Mr Tudge or damage Ms Miller or just damage the lot of you.

**Senator GALLAGHER:** You can spend your time trying to run political hypothesis or commentary if you want. I've clarified the facts, in terms of the status of the review and the status in relation to the ministry. Ultimately, these matters will be finalised as quickly as possible, as Ms Foster indicated yesterday. The government is working through proper process there with those who have participated in that review.

**Senator GALLAGHER:** So I ask you again: is the story true?

**Senator Birmingham:** Senator, I've been sitting—

**Senator GALLAGHER:** You are getting updates from the Prime Minister's office, because you're reading them to me. Is the story true?

**Senator GALLAGHER:** You're getting updates from the Prime Minister's office, because you're reading them to me. Is the story true?

**Senator Birmingham:** I understand that you characterise the story as coming from within cabinet. I understand that is not what the story said.

**Senator GALLAGHER:** Who knows? Who has access to it?

**Senator Birmingham:** Sorry, you apparently watched it. I've been sitting here the whole time.

**Senator GALLAGHER:** No, I'm asking you. And presumably you've got a hotline to the Prime Minister's office right at this point in time. If it's not a cabinet minister, then it's someone in the Prime Minister's office because we were told that that document that you haven't seen—and presumably no other minister has seen—was hand-delivered to a senior adviser in the Prime Minister's office. It didn't come on email; it was a hand delivery. So, if it's not a cabinet leak, it's a leak from the Prime Minister's office—a leak from a Prime Minister who we know leaks, as we found out yesterday.

**Senator Birmingham:** I appreciate that you want to try to inflame this in all manner of different ways, through a whole lot of different conjecture on your part. The facts of the matter are, this report independently—

*Senator Ayres interjecting—*

**CHAIR:** Senator Ayres, order! The minister's responding to Senator Gallagher's question.

**Senator Birmingham:** The report independently commissioned from Dr Thom has been undertaken, seeking to engage those willing to participate in the review. It's reached its conclusion, been presented—

**Senator AYRES:** And now it's been leaked.

**Senator Birmingham:** Ms Foster—

**Senator AYRES:** You just diminish yourself by answering these questions this way.

**CHAIR:** Senator Ayres, please!

**Senator Birmingham:** I think you might want to take a look, from what I understand, quite carefully about what was or wasn't reported as to whether it actually does contain any quotes, any direct attribution, any direct information from the report. I understand there are a lot of assertions that are being made. I would caution against reliance upon assertions or assumptions. The government is going to continue to follow fair process in this regard, and it is in the midst of that with the participants in that inquiry. As Ms Foster indicated, they have until tomorrow, under the time line that she outlined, to provide comment back about what they are happy to have shared with Ms Miller and Mr Tudge, and, if there is then a period of work that is required, Ms Foster will go through that before sharing the report with Ms Miller and Mr Tudge, which, as the Prime Minister's statement from his office makes clear, he supports as an approach.

**Senator GALLAGHER:** You talk about a fair process—that the government's going through a fair process—but do you accept that it's only the government that could have leaked this information?

**Senator Birmingham:** Senator, again, I have been sitting here—

**Senator GALLAGHER:** Is that a fair process?

**Senator Birmingham:** I have been sitting here whilst the story has aired—

**Senator GALLAGHER:** Where else would it have come from?

**CHAIR:** Senator Gallagher, if you listen very carefully, the minister might answer your question.

**Senator Birmingham:** I have been sitting here whilst the story aired. I am not aware in detail of exactly what was said in that story, as to whether indeed it contains any direct quotes, any direct information about the review. As we've already canvassed, I also am not aware of the findings of that review. So, in terms of whether this story is accurate or not, let alone where it has come from, they really are matters that you can pursue, if you want, with



the journalist and the media, but I'm not in a position to be able to comment on the accuracy of a story that I haven't even seen.

**Senator GALLAGHER:** So Channel 10 just dreamed this story up, did they? It seems to have a lot of detail relating to those matters.

**CHAIR:** The minister isn't here representing Channel 10, Senator Gallagher.

**Senator GALLAGHER:** I am putting to you that the only place this story could have come from was within government, based on the evidence we got yesterday. Do you accept that?

**Senator Birmingham:** I'm not going to accept any conclusions you want to draw from a story that I haven't seen, from unknown sources, about content that I cannot verify its accuracy or not.

**Senator GALLAGHER:** Yesterday in evidence we found out that it's about \$80,000 that has been spent on two reports into Mr Tudge's conduct, the first of those being an investigation run by the finance department through Sparke Helmore. Why weren't the matters that Dr Thom has uncovered, according to these news reports, uncovered by the original Finance funded investigation?

**Senator Birmingham:** Senator, the Finance investigation was, obviously, undertaken by Finance, in accordance with the terms for which they investigate complaints. Finance is not responsible for investigation of or upholding of the ministerial standards.

**Senator GALLAGHER:** So they didn't look at the ministerial standards as part of that?

**Senator Birmingham:** In terms of the work of finance in handling MOP(S) Act matters, that has not been the responsibility of finance in relation to the ministerial standards—not ever, not under any government.

**Senator GALLAGHER:** I'm interested in your answer there, because the report on TV says there was a technical breach of the ministerial standards. You've made that point—

**Senator Birmingham:** In terms of ground, obviously, there are both the scope of complaint that was made by Ms Miller and the issues raised publicly by her, my understanding of which—whilst not privy to what she had discussed with finance previously but from what has been asserted and reported publicly—is that the scope of complaint changed, but also that the review commissioned by the Department of Prime Minister and Cabinet had the authority to assess that varied scope of complaint against wider implications, including the ministerial standards.

**Senator GALLAGHER:** Minister, will Mr Tudge have his job next week?

**Senator Birmingham:** As I've said multiple times, the decisions around ministerial appointments are matters for the Prime Minister. Minister Tudge stood down for the duration of this inquiry, which has not yet been finalised in terms of the Prime Minister's ability to see that Ms Miller and Mr Tudge have had the report provided to them and his ability then to discuss that appropriately with Mr Tudge.

**Senator GALLAGHER:** Considering the sensitivities of the matters that have been dealt with under the Dr Thom report, and the seeming leaking of that information on Channel 10—you can't tell me that that story is incorrect—will there be an investigation into how this matter has reached *Ten News at Five* and broadcast across the country without Ms Miller, in particular, or Mr Tudge, being given access to the report?

**Senator Birmingham:** As Ms Foster indicated, her team has been in regular contact with Ms Miller's representatives and team throughout the different junctures of this investigation. I don't think the type of leaping to conclusions or speculation off the back of the media report that you're engaging in at present is helpful. The government wants to make sure that the process is concluded according to the fair arrangements that Dr Thom has sought to oversee and that Ms Foster is seeking to conclude, and that the report is provided to both Ms Miller and Mr Tudge.

**Senator GALLAGHER:** But a fair process has not been observed, has it? I understand the goodwill talked about in the evidence yesterday—fair process, natural justice and time for people to raise concerns—but that's not what has happened, is it? Details of that report have been released to the media, and it's been reported. So the fair process time has disappeared because of the dysfunction of this government.

**Senator Birmingham:** I don't accept that. I don't think that simply concluding—

**Senator GALLAGHER:** So Channel 10 just dreamed it up?

**Senator Birmingham:** around the accuracy or otherwise of what is reported is useful or helpful in these matters. What I would urge people to do is respect the process that is in place.

**Senator GALLAGHER:** Respect the process?

**CHAIR:** Senator Gallagher, we have 12 minutes left before dinner.

**Senator GALLAGHER:** Yes, and I will finish on time.

**CHAIR:** Okay.

**Senator FARRELL:** But these are good questions.

**CHAIR:** I do want to finish up with MOPS before we get to dinner.

**Senator GALLAGHER:** If you want people to respect the process, I think someone needs to speak to the staff at the Prime Minister's office, because that's clearly where it has come from—softening the ground perhaps?

**Senator Birmingham:** I don't think seeking to slur, in particular—

**Senator GALLAGHER:** Not caring who gets damaged in the process? This is a pattern with this government and with that office in particular—and particularly around women.

**CHAIR:** Is there a question, Senator Gallaher?

**Senator GALLAGHER:** It is.

**Senator Birmingham:** I don't think speaking to—

**CHAIR:** What's the question?

**Senator GALLAGHER:** There was the backgrounding and undermining of Ms Higgins and Ms Tame, and now this has been backgrounded and put out about Ms Miller. There is a history of this pathological backgrounding against women who make complaints about men in this building. That is what's happening. It was softening up the ground, and it has backfired.

**Senator Birmingham:** Senator, I can't speak—as I have said before—to the accuracy of the reporting. You've ascribed multiple different motivations for it during the commentary you've run in here, with those motivations and observations changing. I don't see or believe that there would be any rationale for the point that you've just made, but—

**Senator GALLAGHER:** Well, it's come from somewhere, hasn't it?

**Senator Birmingham:** I cannot speak to the accuracy of the report, particularly a report that I haven't even had the opportunity to see myself.

**Senator GALLAGHER:** I'm happy to resume after dinner, once you've had the opportunity to look at the report, if that's convenient—if that allows you time to get further information.

**Senator Birmingham:** I would expect, as per the statement issued by the Prime Minister's office, that we will still want to conclude the process around the Thom report, making sure that that can be properly shared with both Ms Miller and Mr Tudge.

**Senator GALLAGHER:** It has been shared—nationally, on TV, at prime time. That's the problem. Minister, you've refused to tell us the report is wrong, you've refused to say the Prime Minister has confidence in Mr Tudge and you've refused to say whether Mr Tudge will have his job next week. What is going on? Wouldn't it have been easier if the Prime Minister had just listened to Ms Miller when she first approached him around issues with Mr Tudge, instead of this year-and-a-half, two reports, almost \$100,000, and now a leaking to the media against Ms Miller, by the looks of it? Wouldn't it have been easier if he'd just responded when he was first approached?

**Senator Birmingham:** On the same day that further new allegations were made last year, the Prime Minister put in place arrangements for the independent inquiry conducted by Dr Vivienne Thom. Mr Tudge stood aside at that point in time on that day, and he has been stood aside ever since, whilst the process reaches its conclusion. We want to ensure that it is concluded and that Ms Miller and Mr Tudge receive the findings of Dr Thom, which I'm sure—regardless of whatever it is Network 10 has reported—will be more substantive than what is in those reports, even if they are accurate.

**Senator GALLAGHER:** Has the Prime Minister's office advised whether they are taking any steps now (1) to find out where this story came from and (2) for Ms Miller and Mr Tudge to be provided with a copy of the report, now that it has been leaked?

**Senator Birmingham:** The process for providing that copy of the report is underway. There is the point of fairness to other participants in that review process, which Ms Foster went through extensively yesterday. Before providing to Ms Miller or to Mr Tudge the reports of others who have participated in that inquiry, it is only fair that they have an opportunity to see how their comments have been reflected and how their privacy will be handled in relation to the provision of that report. As Ms Foster made very clear yesterday, the findings—the substance of the report—will not change from that process; it is only about respect for the individuals who participated in it.

**Senator GALLAGHER:** And I support that approach, except the landscape has changed, hasn't it, because today this has happened. So there are no changes to that plan either—people will just have to wait?

**Senator Birmingham:** It would clearly not be fair on those individuals to now, because of whatever it is that Network 10 has reported, simply say we're going to provide the full report—knowing that, once provided, it may become a public document or it may have other implications, including potential legal implications. We're not going to respond to a news report in a way that undermines any further the rights of those who've participated in such a review process.

**CHAIR:** Thank you, Senator Gallagher. We have five more minutes before dinner break. Labor senators have five minutes' worth of questions for MAPS, and then we will finish up.

**Senator AYRES:** I have some quick questions.

**CHAIR:** They'd better be quick.

**Senator AYRES:** Minister, Mr Joyce has been approved to build a new ministerial office in Armidale prior to the election. What's the budget? Can anybody tell me how much is going to be spent on this ministerial office? The last one he renovated in Armidale cost \$670,000. What's the budget for this exercise?

**Ms Walsh:** I am not sure. I will ask my colleague, Mr De Silva, if he has those to hand. If not, we'll take that on notice and provide it to you.

**Mr De Silva:** I don't have that information on hand. I would go back to the standard principle that we do not comment on individual expenses, but we're happy to take it on notice.

**Senator AYRES:** This is an electoral office. This is a decision to, at two minutes to midnight, build a new ministerial office for Mr Joyce in Armidale. The last one cost \$670,000. Do you have no light to shed on this? Did you sign off on this, Minister? Did you approve this new office?

**Senator Birmingham:** I would have to take on notice as to at what point the request came through, but it was—

**Senator AYRES:** It's pretty unusual to do it so adjacent to a federal election, isn't it?

**CHAIR:** Senator Ayres, the minister is responding to your question.

**Senator Birmingham:** Senator, you would be aware that, in terms of capital works, expenditure on the offices of members of parliament, including office holders, are handled in a consistent way, across all parties, and that the reporting of those is, equally, handled consistently.

**Senator AYRES:** What on earth does that mean? Why, just before a federal election, is the Commonwealth spending—I assume it's the same amount of money as last time. Last time it was \$670,000 on this vanity project for Mr Joyce.

**Senator Birmingham:** The officials have agreed to take on notice what information can be provided in relation to that. I don't automatically accept the assertions you're making. In terms of approvals processes around it, I will have to take that on notice. I can't remember if it crossed my desk or Mr Morton's desk in relation to anything, taking at face value that the statement you are making in relation to any accommodation arrangements for ministerial staff in the Deputy Prime Minister's office is taking place. If there is further information we will provide that.

**Senator AYRES:** While we're on ministerial offices can you tell me why Mr Morton has now, apparently, established a ministerial office in Sydney? I was only faintly aware of Mr Morton before. He's a Western Australian, isn't he?

**Senator Birmingham:** That's correct.

**Senator AYRES:** What's he doing with a ministerial office in Sydney. What's that about?

**Senator Birmingham:** It's not uncommon—if you want me to blow up convention, in terms of discussing—for ministers and shadow ministers around the country to have staff who may be based in alternate locations.

**CHAIR:** Particularly during COVID-19, I would have thought, Minister.

**Senator Birmingham:** There's certainly been an increase in such requests for alternate workplaces during COVID-19, Senator Chandler, you're right. But in terms of Mr Morton and having staff based in Sydney, that would not be unusual, in terms of any number of ministers over a period of time. Senator Ayres, I have a staff member based in Melbourne.

**Senator AYRES:** You'll have had an opportunity, since you've been asked in the Senate about these issues a number of times, to review Mr Christensen's expenditure of public money on far Right antivax conspiracy theory

material that directs people to his Nation First website. Why is Mr Christensen still in the Liberal National Party, and have you spoken to him about this, and what are you doing about public money being spent on this far Right propaganda?

**Senator Birmingham:** To unpack those, the leader of the National Party has spoken to Mr Christensen about the government's disagreement with some of the views he has expressed and materials he has distributed. I disagree wholeheartedly with much of that, and I condemn the distribution of such opinions and using such means to do so. That said, it is not for me or the Special Minister of State to seek to police what individual members of parliament disseminate by way of political or public information, no matter how much I might disagree with much of it, from the far left or the far right, or indeed how much I might disagree with some of the assertions made even by many of those on your side who might occupy slightly more centrist positions than those on the far left or the far right. There is freedom—

**Senator AYRES:** Nobody is asking you to police it.

**CHAIR:** Senator Ayres, I thought that was your last question.

**Senator Birmingham:** Senator, I just condemned much of the content and views, as I have done previously. Mr Joyce has raised those matters with Mr Christensen, but he is a duly elected member of parliament who is able to utilise those entitlements.

**CHAIR:** Ms Huxtable, I understand you have some information to provide to the committee before we break for dinner?

**Ms Huxtable:** That's correct. Earlier today Senator Gallagher asked questions about an article in *The Australian* on 9 February. I said that I would undertake to find the draft response prepared in the event of media. I now have that, and I would like to read that into the record. 'The table and graph attributed to the Department of Finance in the article "Labor Covid policies an extra \$81 billion hit: Finance Minister" published in *The Australian* on 9 February 2022 were not prepared or supplied by the Department of Finance. *The Australian* has corrected the attribution.'

**CHAIR:** Thank you for that, Ms Huxtable. We will finish with outcome 3 now. Thank you very much to the officials for coming along. We will reconvene at 7:30 PM with IPEA.

### **Proceedings suspended from 18:01 to 19:31**

#### **Independent Parliamentary Expenses Authority**

**CHAIR:** I welcome Ms Annwyn Godwin, Chief Executive Officer of the Independent Parliamentary Expenses Authority and other officers. Ms Godwin, I understand you wish to make an opening statement.

**Ms Godwin:** Thank you, Chair and committee members. I appreciate the opportunity to provide the committee with my annual statement as CEO of the Independent Parliamentary Expenses Authority and to reflect on the work of the last year. 2021 had two important governance milestones for IPEA. It started with the tabling of the ANAO's performance audit on IPEA's administration of parliamentary expenses, and it ended with IPEA's submission to the independent legislative reviews of the IPEA Act 2017 and Parliamentary Business Resources Act 2017. We welcome both as important opportunities: the performance audit to reflect on how we undertake our legislative responsibilities; and the legislative review on what we do. While we await the government's response to the legislative review recommendations, IPEA has well progressed the ANAO recommendations.

In IPEA's view, the principles based approach to parliamentary work experiences has proven to be flexible and adaptable. It has catered for bushfires, the pandemic, an election and floods. We base this assessment on results from IPEA's annual independent client survey and our own monitoring of media and press coverage of travel related issues. I want to thank parliamentarians and their staff for participating in our annual client survey and letting us know where we can improve. For example, as a result of the client feedback, one of our projects this financial year is the upgrade of our website facilities. The survey shows that client satisfaction with the advice line service is above 90 per cent. I believe IPEA's strong culture of assistance and the regular use of the advice line by parliamentarians and their staff to seek and receive travel related advice are important factors in the acceptance of the framework.

From the start, IPEA adopted an education-first approach for travel related expenses. This included developing IPEA-ED, an online training tool capturing the processes and decision-making for claiming travel expenses, and aligning it to the principles based framework, and also providing education material to the public. Building on this education focus with new parliamentarians and staff as they commence their parliamentary careers has led to increased understanding and capability in the administration and management of travel related expenses. IPEA

believes this is critical to the ongoing success of its administration of the PBR framework and will continue to do this; it will be a focus during an election year.

A previous estimates I have spoken of some of the areas of particular focus for our assurance function, including travel associated with sporting and cultural events and travel to what might be called desirable destinations. Much of our assurance activity takes place unnoticed and in the background. We engage regularly with parliamentarians when conducting assurance reviews, and I also want to acknowledge that the overwhelming majority of that engagement is characterised by cooperation and a sense of mutual purpose. We have been encouraged by the preparedness of parliamentarians to assist us in our examination of their use of work resources. In turn, this has enhanced IPEA's capacity to help parliamentarians meet their obligations required of them by the PBR legislation.

There is one highlight event during the year that I particularly want to mention—that is, IPEA hosting an international forum for parliamentary colleagues in partnership with the UK and New Zealand. The forum was an opportunity to explore how different countries approached integrity, trust and transparency while maintaining business-as-usual client service. This foray into a virtual community of international best practice was a new and challenging experience for many IPEANS and I wish to publicly acknowledge their commitment and success. Thank you, IPEANS, and it remains an honour to be your CEO. Thank you, Chair. I'm available for questions.

**CHAIR:** Thank you very much, Ms Godwin. Tonight is the first time I think I've heard you refer to employees as IPEANS!

**Ms Godwin:** They are IPEANS, and they're very proud of it. It's a lovely turn of phrase.

**CHAIR:** That is good to hear.

**Senator FARRELL:** Ms Huxtable did warn me off from asking any questions, in relation to PEMS, that are more in her bailiwick than yours. So if you think I'm straying into questions that are more appropriately in her bailiwick, don't hesitate to pull me up. In the absence of that, I would like to say that in the IPEA annual report of last year, at page 7, the chair, Ms Jillian Segal, said:

The implementation of the PEMS modules relevant to IPEA is still some time away and is dependent on the Department of Finance ensuring that the build and post implementation work successfully incorporates IPEA's needs.

The last time we were here, you were also expressing some concern. The first question is: are you confident that IPEA's needs will be met by June 30 when the project is due to be complete?

**Ms Godwin:** Thank you, and we'll keep in mind your comments, regarding where this sits, with regard to the Department of Finance. As we have reiterated at every estimates, the Department of Finance is the project leader for this particular project and IPEA is just one of a number of clients involved in that project. I brought the annual report with me because I can reiterate that the chair, since our very beginning and our very first annual report, has stressed the importance of the PEMS project and how it is a foundation for IPEA, as we go forward, not only in terms of our efficiency and effectiveness but in our ability to add value-added services to parliamentarians. As my opening statement just said, that's been an important part of IPEA's culture in the way we approach things.

In response to your specific question, I think at the last estimates I noted that I was positive that we would be able to deliver a product by 30 June 2022 or 1 July 2022, which is the go-live date. I still remain positive that there will be a product that will be delivered. Whether it fulfils all of our requirements at the first phase is something that we're continuing to work with the Department of Finance on. I do note that it is an IT project, and IT projects are rarely able to deliver everything on the first go. I think we need to look at this project in that light. It is a massive project and, as we've spoken before, it's a very complex project as well.

**Senator FARRELL:** Yes, but it's also way over budget and way behind, isn't it?

**Ms Godwin:** That's probably a question you would need to talk to the Department of Finance about.

**Senator FARRELL:** You've said there will be a product there by 30 June. I'm a bit unclear as to whether or not you think that product will, ultimately, meet your needs or will there still be things that you know of now which you are just not going to get come 30 June?

**Ms Godwin:** I think we need to look at the IPEA side of the project in two parts. There are a number of phrases that have been included as milestones in this project. Certainly, there are the travel modules that we currently have been working on and those upfront modules about how you put in claims. That product that is well advanced and will be delivered. I'm not saying that there won't be further enhancements down the track; as I said before, all IT projects will have further enhancements down the track. So I don't have any qualms about that component of it. I'm not sure that all the back-end arrangements will be in place; however, that has a ready been

anticipated and, as you recall, there was some funding extended to IPEA. That will cover us as we go through that ongoing back-end approach to things.

**Senator FARRELL:** And the contribution to PEMS?

**Ms Godwin:** We made a \$5 million contribution last time around. We continue to make contributions in-kind contributions—

**Senator FARRELL:** But there have been no further contributions?

**Ms Godwin:** We have made no further financial contributions.

**Senator FARRELL:** Last time you mentioned that PEMS had had an impact on staff turnover, something that's also mentioned in the annual report. You say, 'Strategic workforce planning, job redesign, capability, capacity and recruitment are delayed while immediate operational needs are met. In turn, this hampers our ability to recruit to ongoing positions.' Are you still having issues with staff turnover that you referred to there in the report?

**Ms Godwin:** I think they are ongoing issues. As I mentioned last year and in the annual report, one of the issues has been that the majority of staff we have been recruiting in those particular areas have been on non-ongoing contracts and arrangements.

**Senator FARRELL:** Is that because that's what you have chosen to select or is that because that's all you can get people to apply for?

**Ms Godwin:** That's an interesting question. It's probably a mix of both. The reason that we've gone for non-ongoing positions is that we aren't necessarily sure about what capabilities we're going to need as we go forward, plus we are aware that we are expecting benefits to be realised which means that there will be a reduction of staff in IPEA, so we need to have some contingencies about how we move staff at the end; hence us employing people on short-term non-ongoing contracts. I think I've said this before as well, but that means IPEA really does invest in our staff. We do some excellent training, if I might say so, in terms of what it means to be a public servant. Those staff to get snaffled by other agencies. We bring quite a lot of APS2 AND APS3 staff. It is a good training ground. Those staff move on to permanent and ongoing positions within the APS. We're just in a flux state with regard to a more consistent staffing profile, which will work its way through. It's just something we have had to manage. I have to say that recruitment of particular skill sets is an issue across the Public Service, particularly in Canberra. At the moment, you will see in the newspapers regular articles about skill sets, data and HR skills in particular being difficult for agencies to maintain.

**Senator FARRELL:** Thank you for answering those questions. I have a couple of questions about the new travel service provider, CTM, which commenced on 1 January. Staff have reported that there have been some teething problems. Please give us an update on what issues have arisen with a new provider.

**Ms Godwin:** Certainly. I will give you an overview and then I will hand to Ms Grant, the branch manager for that area. She is much more across the day-to-day operational detail there. You are correct: we have a new travel provider that came on board. They started the transition at the end of December and came fully on board as of 1 January. Again, it's a big project, and I'm not surprised that there are a few teething issues with that handover. The previous provider had been in that role since 1 January 2013.

**Senator FARRELL:** Did any of the staff who worked for FCM come over?

**Ms Godwin:** I don't personally know about the contractual arrangements that were put in place by those particular organisations, but, as I said, FCM, who is the previous provider, had been in place since 1 January 2013, so they'd been on board for a long time. We are required to go out to market and test the market on a regular basis, and all extensions for the first contract have been exhausted; hence us going out to market.

**Senator FARRELL:** Yes. I think you explained that to us last time.

**Ms Godwin:** I will hand over to Ms Grant for particular details.

**Ms Grant:** There have been a couple of bumps in the process, mainly around travel profile numbers and the transition to travel profile numbers. Every parliamentarian and staff member is allocated a travel profile number, and that's how we allocate flights against the individual. The previous provider had been in place for a really long time and knew a lot of people by name and voice. As the new provider has come in, those arrangements are still being implemented, so they are relying people to give a travel profile number when they ring up to book their flight. We have worked with the new travel provider, CTM, and they have put in place some new arrangements so that they can identify people by name and other means than just travel profile number. We're hoping that issue will be addressed.

**Senator FARRELL:** How are those teething problems? How have they evidenced themselves? What sort of problems have people been having that you are aware of?

**Ms Grant:** We haven't had a lot of issues raised with us, but a couple of calls have come through to our inquiries line, concerned that the travel provider was asking them for a travel profile number, and they weren't sure what that was. We can provide the travel profile number at any time to parliamentarians and staff and we can provide the travel profile numbers for the whole office. We've done that for many offices now so they have them on hand. I think it was just a bit of initial confusion. I don't have the exact number of calls that we received about it—it wasn't a huge number—but that's the issue that I am aware of.

**Senator FARRELL:** Okay. Has all the data being transferred over to CTM?

**Ms Grant:** All the travel profile numbers were transferred. FCM and CTM, under the contract, are required to go through a transition period, and that's covered by the contractual arrangements. IPEA doesn't hold the data; FCM held the data, and now CTM holds the data. A lot of that data has been transitioned across. We are still in the transition phase, so there is probably still more data to move across, but that should be completed by the end of this month or next month. We're very close to having that process completed.

**Senator FARRELL:** Are you satisfied that CTM are familiar with all the rules regarding parliamentary travel and the requirements associated with it?

**Ms Grant:** CTM is not able to provide advice under the PBR on travel. If a parliamentary or staff member would like advice on whether a piece of travel meets the legislative requirements, that advice must come from IPEA; it can't come from CTM. CTM is just a travel booking service. It's really only there for you to book travel. There are requirements under the contracts, but that's a little bit different from whether you could or couldn't travel.

**Senator FARRELL:** Travel has been fairly limited because of COVID. The expectation, I think, is that it will start to increase around election time. Are you confident that CTM are capable of ramping up for an increased volume?

**Ms Grant:** I have no reason to think that they wouldn't be. All of the processes for this period—flights are flowing through to IPEA, and everything is looking fine. Annwyn mentioned that she wasn't sure whether any staff had moved across from FCM to CTM, but I am aware of at least one staff member who has moved across. I'm confident that the corporate knowledge is there. I know that my teams are working very closely with CTM. They have weekly meetings and close contact points so that, whenever an issue, confusion or question arises, it is addressed very quickly. I think the information sharing is working well. FCM has been fantastic in the handover and transition arrangements, and CTM are extremely excited to have the contract and really looking forward to working with parliamentarians and their staff.

**Senator FARRELL:** How long is that contract for?

**Ms Grant:** That contract has three one-year extensions and it is for—

**Ms Godwin:** 1 January 2022 to 31 December 2024—

**Ms Grant:** Two years with—

**Senator FARRELL:** Two years and then three one-year extensions. Thank you for that. I want to ask a couple of questions about election preparation. What sort of preparations are you putting in place for the election?

**Ms Godwin:** Again, I will start us off and then I'll handover to Ms Grant, the head of the branch that looks after those things. We did an internal review. We did a lessons learnt assessment of the previous election: what things worked and what things didn't work as well. We've embedded that into the processes we have got set-up. Clearly, we could anticipate that there would be an election, we just didn't know exactly when it would be. Part of the things that we're replicating for this election are we have got a dedicated processing team for the major and the minor parties; we are engaging with the key staff, such as travel providers and partner agencies, early to discuss travel requirements and we are also issuing guidance to parliamentarians and their staff. They're the three things that we took as big learnings for us and we've already put those issues in place. We are also aware that we need to have some surge capacity so we have been actively recruiting and training people as early as possible. We are confident that we have the number of staff that we need to have on board to be able to take us through an election, and that they are already very well progressed with their training and their understanding, so we should have some good capability and capacity there. They're the big picture issues. I am happy to handover.

**Senator FARRELL:** Just before we handover, how many extra people have you employed for that surge capacity?

**Ms Grant:** I guess we haven't engaged staff for one particular activity. We will put our most experienced staff on election travel and running those teams. I think we have engaged an additional four junior staff, but they are doing a range of activities. They will process travel. They will maybe do PEMS testing and a range of things as well. There aren't staff that I've engaged specifically just for the election, but we have made sure that we have enough staff overall to cover all of the work that we have coming up, including the election.

**Senator FARRELL:** Do you have any expectation as to what you might expect by way of extra travel and so forth during the election? Have you done some pre-planning around that?

**Ms Godwin:** Yes and no. It's a little bit difficult to plan at this stage because of COVID and we're just not quite sure how that's all going to pan out and how that will work. I think the most important thing to understand is that election travel is not something that is specifically identified under the PBR; it is just under the general framework, so the dominant purpose et cetera—all the principles still apply. I think the COVID aspects are making it a little bit more difficult to be specific in our planning, but again, Christina, if you have something further that you can assist Senator Farrell with?

**Ms Grant:** I guess when we look at travel during previous election periods the amount of travel isn't necessarily vastly bigger but the specific nature of the travel, and the way that the travel takes place, is a little bit different. That is why we set-up teams a little differently, so that we have specific teams dedicated to the major parties, and in that way we can support the way that that party is travelling during the election period, which might be a little bit different to normal.

**Senator FARRELL:** Obviously with COVID state governments have made decisions to close borders unexpectedly, has that created some problems with how you have been processing claims?

**Ms Grant:** Overall, the amount of travel being undertaken is much lower than normal. But it has meant that our focus has been diverted to providing advice on claiming travel during quarantine periods or having to travel earlier so that people are quarantined in time for sittings. What we have found is that, particularly, the Parliamentary Business Resources framework has been flexible enough because it operates on a principles based framework rather than a set of rules, and has supported those arrangements really well. That has not been a major challenge.

**Senator FARRELL:** You haven't had any problems in that regard?

**Ms Grant:** Not insofar as that framework. In regard to staff it is a little bit different because obviously they're working under the MOP(S) Act and the MOP(S) EA. Those arrangements are a bit more specific and a bit more rules based, so maybe there have been a few more challenges in that space, but none that we haven't been able to work through with our colleagues in Finance.

**Senator FARRELL:** And not that many staff have been travelling in any event, I would expect.

**Ms Grant:** A lot of staff have not, that's true.

**Senator FARRELL:** Thank you. That completes my questions.

**CHAIR:** No other senators have questions for IPEA. Thank you so much, Ms Goodwin and other officers, for coming along this evening. We will call on the Australian Electoral Commission.

#### Australian Electoral Commission

[19:56]

**CHAIR:** I now welcome the Electoral Commissioner, Mr Tom Rogers, and officers from the Australian Electoral Commission. Mr Rogers, do you wish to make an opening statement?

**Mr Rogers:** I don't, thank you.

**CHAIR:** Senator Farrell, you have some questions for the Electoral Commission?

**Senator FARRELL:** I do, thank you.

**CHAIR:** Very good. I will give the call to you.

**Senator FARRELL:** Welcome. The election is almost upon us.

**Mr Rogers:** Apparently so, Senator.

**Senator FARRELL:** Last time we met there were still a few potential options for the election, but it now does appear as if May is shaping up as the month of the election. Does that assist you in booking polling places and securing staff?

**Mr Rogers:** Effectively, every week that we get is useful for us, but we're ready to go whenever that election is called. But there are always last-minute things to do. We've been involved in checking polling places, booking



polling places, looking after staff and making sure we've got the other logistics in train so that we're ready to go. Obviously, every day that we get is useful for us, particularly as we build up to delivering what will be the most complex election in our history.

**Senator FARRELL:** That's probably an understatement at this stage. Have you looked at securing larger venues than you might normally so that you can still get the volume of electors through while maintaining social distancing?

**Mr Rogers:** We are very, very conscious of that in terms of not only the size of the venues and the number of venues but also how we are conducting the polling to make sure that we're doing it in a safe and secure way. We've been working with health officials from around Australia, with the Chief Medical Officer for the Commonwealth. The deputy and the national election manager have also addressed the AHPPC at least once. We're working with all of the health officers from every state and territory. We will also be implementing whatever state health order is in place in the individual state in those polling places to make sure that voting can continue in a safe and secure way. We're very conscious this will be the largest workforce we've ever had—I think something like 105,000 people. A large number of those will also be devoted to keeping polling places clean and sanitising in between voters. We've been using a simple figure to demonstrate this. I think in 2019 we used 100,000 pencils; at this election we're estimating about 4.5 million pencils so that we can keep things clean. Some pencils walk out the door. We will be sanitising the ones we can.

**Senator FARRELL:** What does that mean, that everybody will get a new pencil? No, that can't be right.

**Mr Rogers:** Every voter will receive a clean pencil. But we've got to make sure that there's a system in place to sanitise. We'll be collecting them as people leave. We'll be sanitising those and recycling them, but because that's a process we have to have enough pencils for people to use. I also happen to know that we're using something like 34,000 bottles of surface cleaner, 63,000 litres of hand sanitiser and a huge number of other bits of equipment that you'd expect to see in an event like that. In some ways those figures sound fairly small, but actually it's a significant event just to get that equipment, and the largest workforce we've ever had, and then make sure that we can offer polling in a safe and secure way. We are confident we can do that, that in-person voting will be a safe and secure event. We're confident with what we've done.

**Senator FARRELL:** I think there are roughly 17 million voters, and let's say there are five million pens. That's about 3½ times each pencil is going to be used—is that about the figure?

**Mr Rogers:** Remember: every polling place will have to collect, sanitise, circulate and make sure they're there. Many pencils walk out the door. I don't want to be flippant about this, but we would prefer people didn't take our pencils as souvenirs and a whole range of other things.

**CHAIR:** BYO pencil!

**Mr Rogers:** People are able to bring their own writing implement.

**CHAIR:** I'll remember that.

**Mr Rogers:** Senator, if you don't mind, this also enables me to deal with the conspiracy theory that's been running that the AEC erases ballots and a range of other things, which of course we don't. If people wish to bring a pen, they're welcome to. People frequently ask why we use pencils rather than pens. There are a whole range of reasons—probably not relevant for this evening. People will find that there are sufficient pencils for them to cast a vote in a safe and secure way and that they will be cleaned and sanitised accordingly.

**Senator FARRELL:** If you bring your own product, it doesn't have to be a pencil, does it?

**Mr Rogers:** It can be a pen as well.

**Mr Pope:** I want to remind the committee that the act was actually changed last year, for the first time in over 100 years, to allow electors to bring their own pen, pencil or whatever they prefer. This will be the first election where that has occurred.

**CHAIR:** Really—when you are allowed to bring your own pencil?

**Mr Pope:** Yes.

**CHAIR:** I didn't know that. I thought it had always been something that was permitted.

**Senator FARRELL:** Will you publicise that more broadly?

**Mr Rogers:** We are doing so. In fact, we have put on our YouTube channel, called AEC TV, which I encourage people to look at, a series of something like 40 short-form videos, of two or three minutes, where we're dealing with a range of issues, either providing information about commonly misunderstood processes or dealing with conspiracy theories like that the AEC is going to erase votes or things like that. We're putting those bits of

information out there as much as we can. We will also be writing to every household in Australia explaining the voting process when the writ's issued, so there will be a very, very large public awareness campaign about the event. We're also, in as many forums as we can, talking about the processes that we have in place to make sure people understand that the Australian vote is one of the most secure and transparent in the world—we should be very proud of it—and that we are confident of being able to conduct a good election.

**Senator FARRELL:** Alright. I want to talk about queuing because that issue got a bit of a run when the government's crazy voter ID laws were being discussed.

**CHAIR:** Very rhetorical of you, Senator Farrell.

**Senator FARRELL:** I'm full of rhetoric!

**CHAIR:** I've noticed!

**Senator FARRELL:** How long should people expect to queue at this election? I notice that in the past you've said that 15 minutes is the extent of people's patience.

**Mr Rogers:** There are several answers to that question. One of those is that, sadly, for some Australians 15 minutes is at the outer level of their tolerance. And I understand that. Australians don't have a love affair with queuing, and our aim is to make it as smooth as possible. I would point out that, unlike in a lot of other electoral systems, we don't know where people are going to turn up to vote; we have to predict where citizens vote. With many overseas voting systems your name is on the door at one spot, and you must vote in that booth. For us it's very different, so we predict. We do pretty well. I think our assessment was that in the 2019 election—and I'll correct my evidence if I'm wrong—we got 75 per cent of people through in 15 minutes or under, which is an amazing result. If you look at what occurs overseas—and, again, I'm not criticising any jurisdiction—in a couple of the elections that we saw over the past couple of years, some people allegedly were waiting for up to 10 hours to vote. It's an extraordinary figure. We do very well internationally.

**Senator FARRELL:** Are you talking about a COVID election? Or pre—

**Mr Rogers:** In fact, there are overseas jurisdictions even without COVID that hit that mark. With COVID it becomes even more complex, of course, because people are wearing masks. Even if you go to a coffee shop and put in an order for coffee when you're wearing a mask, the order can be misunderstood. We're doing a very detailed piece of work in marking somebody off the roll. One of the things we are doing when we speak publicly about this is reminding people that we do very well internationally and that the people in the polling place are not permanent AEC employees but are effectively members of the community—your mother, your father, your brother or sister and in many cases your grandmother and grandfather—and we're asking for people to be patient and to treat those individuals with respect. We think queuing will be managed well.

I think I've mentioned here previously that since the 2016 election we've been working with a Victorian university—Deakin University—to assist us to manage queues, to understand queue behaviour and how we can ensure that people have a pleasant experience in the polling place, or at least a positive experience. That's something we continue to do. We're working with Deakin University right now. Again, I will tell people that I think the process will be smooth, safe and relatively swift.

**Senator FARRELL:** Will any police presence be organised by you at polling booths?

**Mr Rogers:** I'm conscious that I'm giving you very lengthy answers to these very simple questions, but—

**Senator FARRELL:** No, I think the electorate wants to hear it.

**Mr Rogers:** We're really conscious of the environment in which this election's being delivered, and the international environment, and we want to make sure, as I said before, that the election is a positive experience. We're very conscious of the security of the vote and the security of voters. Over the past two weeks the deputy and I have met with the Federal Police Commissioner twice. Last week we addressed all the police commissioners online, and we are coordinating our efforts with them. I have also mentioned previously that this will be the first election at which we have a proper command-and-control centre. It will also be the first election where we have an AFP officer permanently located in the command-and-control centre during the election. That will assist us to respond very swiftly to any incidents that might occur; we're very conscious of that. And we think we're doing about as much as we can do to make sure we are responsive to that. Were we to have a police presence at the polls, it would be a fundamentally different election from the ones Australians are used to, and we're taking risk advice from security agencies and we're implementing that advice. Again, we're confident that, with the measures we've got in place, it will be a safe and secure event.

**Senator FARRELL:** I'm not sure whether that was a yes or a no—more a no than a yes?

**Mr Rogers:** It's a no, with a context.

**Senator FARRELL:** You sort of touched on this one in your explanation as to discussions with the states, but you've previously said that you were hoping for a uniform approach across the country, if that's possible. You were talking with the states about that, particularly to reduce training costs. How far have you got with that uniformity?

**Mr Rogers:** There are two issues there. One is the uniformity of the federal election and the way that we're conducting that within the states. There will potentially be differences at this election, given each state has its own COVID health orders and we are complying with those COVID measures.

The bigger picture that you are talking about is uniformity of approach with the state electoral commissions, particularly with training and a range of other issues. I sit on part of a body called the Electoral Council of Australia and New Zealand, which is all the commissioners of the states and New Zealand. We work on a range of projects, and we try and standardise where we can. There's always a project on foot where we're trying to look at something like that, either with common equipment or more common training.

In our great federation it's sometimes not as easy as it sounds, and we're working as much as we can towards that. In the long term, it would be far more efficient if we had a common curriculum with all the state electoral commissions, or at least partially common. I think that is a long-term work priority for the electoral council, and we'll get there in time.

**Senator FARRELL:** What I'm really asking is: in the more immediate three months, are you going to get the states to adopt—

**Mr Rogers:** We have a uniform training approach, and internally, absolutely, we've done more work on training in the last five years than in any other area of our development. We have better training, better procedures, and common training and procedures around Australia. You will find little difference if you were being trained as a temporary member of staff in Queensland or Adelaide, and that's something we're very proud of. The deputy may care to enlighten us a bit more.

**Mr Pope:** In addition to the national training we've been undertaking, which has continued virtually during COVID, we have national standard operating procedures, national policies, and we undertake rehearsals nationally to practise and rehearse the implementation of the training and standard operating procedures. We're driving a centrally-led, nationally consistent election across all of the states. As the commissioner said, the only thing that may impact on some elements of our operational delivery is compliance with each state and territories' health orders.

**Senator FARRELL:** That's really the nub of what I'm trying to get to. Have you managed to achieve that, or will we find on election day that there'll be differences from state to state, depending on—

**Mr Pope:** From our staff perspective, I'm confident that through the training, procedures and rehearsals, there will be national consistency. However, we're going to have nearly 8,000 polling places. We've got 8,000 officers in charge. They have nationally consistent training, and there is only one source of training for those staff. They will all go through that training process. Different modules depend on what their role will be within polling places. However, how some people interpret that training and apply—

**Senator FARRELL:** I'm not really getting to that point but rather: will the states impose different rules on this election, depending on which state you're in? If you've trained your staff in a nationally consistent way, but South Australia says, 'Well, you're not going to be able to do it that way'—

**Mr Rogers:** I understand the question, and that's why we're working so closely with health and security officials in each of those states. My statement at the moment would be broadly consistent: when you turn up to a polling place at the moment, you're going to see the sorts of things you would see if you went to a venue in one of the states. There'll be masks, social distancing, QR codes and a range of other measures, so that bit will be broadly consistent. What I can't predict is if something occurs and one of the states decides to implement something that we've then got to adapt as part of our model. At this stage, I'm expecting it will be broadly consistent around Australia, and we're confident of that.

**Senator FARRELL:** Okay. Will voters have to wear a mask?

**Mr Rogers:** Yes.

**Senator FARRELL:** What about your staff?

**Mr Rogers:** Yes.

**Senator FARRELL:** Will you be supplying those masks?

**Mr Rogers:** Yes, we will, and we believe we have secured adequate stocks of PPE to be able to do that. To be clear, we're not going to be providing voters with masks. That's a slightly different thing. Our expectation is that people will turn up with masks.

**Senator FARRELL:** And if you turn up without a mask, what's going to happen to you?

**Mr Rogers:** We will have a supply, but we are also telling people before they come, in one of Australia's largest public awareness campaigns, what the requirements are. Given we've been living with the virus for two years and people need a mask for a whole range of things, we think that is not an unreasonable approach.

**Senator O'SULLIVAN:** In Western Australia right now, you can't even go to a drive-through bottle shop without having a vaccination certificate. What if a state wants to require people to have a vaccination to go to a polling booth?

**Mr Rogers:** Good question. What we have said is that there is no requirement for you to be vaccinated to attend a polling place. We have mandated that our staff—the temporary staff—will need to be vaccinated if they wish to work for us. That is something we have mandated for our staff, but we're not doing that for citizens. I know that health orders are varying, and we'll have to take account of that, but we are working our way through talking to each of the state health authorities. We're confident we'll have a solution in place. If there is some sort of blanket order—and please let it not seem like I'm picking on Western Australia—let us say, in a state due to a particular thing, we'll work around that at that point. We're looking at a range of different scenarios. To be very clear, because this is also a bit of misinformation that has been popping up on our Twitter feed over the last few days, we will not be mandating vaccination status for anyone voting.

**Senator O'SULLIVAN:** Can a state jurisdiction impose that?

**Mr Rogers:** I'd have to weigh that.

**Senator O'SULLIVAN:** I'd hope they wouldn't.

**Mr Rogers:** I would dearly hope they wouldn't as well, because that would be interfering with the voting process. That's one of the reasons we are spending so much time working with state and Commonwealth health officials and security officials, and we've got a good relationship with them. I'm hoping that won't be the case. If it is, we'll have advance notice in any case because of our relationships, and we'll be working through a solution for that.

**CHAIR:** I want to pass the call around because I recognise that, particularly given our proximity to an election, there's a lot of interest in the AEC this evening. Senator Farrell, would you like to take the call back for a couple of minutes or are you happy to move it on to other senators and then come back?

**Senator FARRELL:** I have a few more questions on this topic.

**CHAIR:** Let's do that then.

**Senator FARRELL:** The commissioner has been giving a very thorough explanation, and I think the electorate would appreciate that. I have a quick question on contingency plans. If an early voting centre or a counting centre is declared a COVID hotspot, will you still be able to retrieve the ballots and count them?

**Mr Rogers:** Yes, we're very confident with that. I will ask the national election manager to opine very briefly on that.

**Dr Gleeson:** The question was is if an early voting centre was to close—

**Senator FARRELL:** No—well, potentially close. If an early voting centre or a counting centre is declared a COVID hotspot, will you still be able to retrieve the ballots and count them?

**Dr Gleeson:** The short answer to that is yes. As the commissioner has indicated, we are working extremely closely with the various jurisdictions. Hotspot constructs differ in the various jurisdictions, but some of the engagement we've had goes to the nub of those very issues, and there are contingency plans in place. Should we need to suspend polling, for instance, we would retrieve votes, take them to the count centres in the division and arrange for the counting of those votes.

**Mr Rogers:** I might also point out that, very helpfully, we've been allocated a pandemic advisor. We might talk about that briefly.

**Dr Gleeson:** We've been supported by a pandemic advisor, Dr Catherine Kelaher at the Department of Health. She has been extremely helpful in giving us advice on implementation of various measures. Her advice has been extremely useful also in engaging with the chief health officers and their officials in the various jurisdictions.

**Senator FARRELL:** Is there anything else you want to tell us on that?

**Dr Gleeson:** No, Senator.

**CHAIR:** We could be here all night!

**Senator FARRELL:** On that topic I was referring to.

**Mr Rogers:** Other than, of course, that she's very confident that we are going to be delivering a very safe and secure election and that people should feel safe to walk into polling places and vote.

**Dr Gleeson:** Absolutely.

**Mr Rogers:** That's what you needed to say at the end.

**Senator FARRELL:** Yes, that was something else that needed to be said. Commissioner, when we last met, you mentioned that you'd had a couple of hundred thousand expressions of interest of staff. This follows the last estimates session, where you estimated there'd be around 100,000 polling staff engaged. How does a level of interest compare with previous elections?

**Mr Rogers:** Good question, Senator.

**Dr Gleeson:** I'd be happy to take that. We've been really impressed. Our polling staff are a dedicated bunch. We have a pretty healthy register of interest and we've been engaging with them throughout the electoral cycle. We have more expressions of interest than positions, which is a good place to be, and we are certainly working on the assumption that there may be furloughing of staff required, so we've built in a buffer of positions so that we know that we'll have enough on the day. We are still actively advertising through our social media channels for people to register their interest to work with us. We're always working to build those expressions of interest so we have a really healthy pool to draw from, but I'm confident we'll have all the people we need.

**Mr Rogers:** I know you know this, Senator, but the management of that—the recruitment, the training, the selection and the character clearing of a proportion of those—is a hugely complex process. And it's not necessarily stable. People pop on and then they fall off for various reasons, and then, even close to the day, something happens and they can't come. And we're expecting that, with COVID, that will be more the case, so the more people we can get the easier it will be for us to manage that quite lumpy process as we work towards the polling day.

**Senator FARRELL:** Has the omicron outbreak changed the number of staff that you think you'll need on the polling booths?

**Dr Gleeson:** We have a dedicated unit, our COVID variants response unit, who have been doing progressive modelling based on the variant that we are dealing with at the time. Omicron has certainly shifted the landscape slightly, and we're building higher rates of furloughing into our staffing models. So the short answer is yes, we're making sure we have a greater buffer of staff for polling locations, and for counting as well.

**Senator FARRELL:** This is my last question on this topic. I think that in the past, Commissioner, you've indicated this is going to be Australia most expensive election, and you've talked of a figure of around \$400 million to conduct the election. The government actually doesn't have to hold an election for the House of Representatives until much later in the year. I won't go through the formula that you go through, but it could be as late as September or October. But, of course, there has to be a Senate election and the writs return by 30 June. If the government were to split the election, which is an option that the Prime Minister does have, how much extra would that add to the cost of elections this year? Would that simply double the cost, or would there be some other calculation?

**Mr Rogers:** I'm very nervous about even talking about that lest I contribute to the debate on that issue. But if that were the case, it wouldn't just be a doubling or a halving. There are a number of things we'd have to look at about how we did that. But I'm presuming that some of the elements of that would be exactly the same. We'd still need to write to every household. We'd still need to contract those polling places. We'd still have the supply chain issues that we've got. So it wouldn't be half the cost spread over that period of time.

**Senator FARRELL:** Thank you.

**CHAIR:** Senator Farrell. Senator Mirabella, you have the call.

**Senator MIRABELLA:** May I compliment you on your tie.

**Mr Rogers:** Thank you, Senator.

**Senator MIRABELLA:** I've been mulling what to call it, and I think I'll call it 'AEC imperial'.

**Mr Rogers:** Thank you, Senator.

**Senator MIRABELLA:** I'd like to ask you a few questions relating to reports arising from the member for Warringah's donation disclosures, including the member's appearance on a Radio National breakfast show this morning. Are you aware of these reports?

**Mr Rogers:** I'm broadly aware. For the record, I didn't listen to the Radio National report this morning. I'm aware of the broad reporting that's occurred.

**Senator MIRABELLA:** To provide context for the committee, the interview concerned the compliance review of a company called Warringah Independent Limited—which, I believe, is a company limited by guarantee—which is an entity to be donated to for the purpose of spending money via the member for Warringah. It specifically related to a \$100,000 donation to the company by one John Kinghorn, which was ostensibly split to reduce the possibility of scrutiny. While every member of parliament is responsible for the donations they receive, would it also be correct to say that a disclosure entity's financial controller—this is an officer of the company and in this case it is Damien Hodgkinson—would also have some distinct responsibility for disclosures of that entity?

**Mr Rogers:** Given this was raised today—I think it was today, not yesterday, that it emerged—

**Senator MIRABELLA:** It emerged a couple of days ago.

**Mr Rogers:** I'm not aware of that level of detail, but I'm aware in the broad. In terms of the question you're asking about the duties of the registered officer, I might just ask Ms Reid to step forward for a moment. I might preface the remarks to say we will talk in the broad, rather than about specifics, for the moment.

**Ms Reid:** The financial controller does have liability under the Electoral Act for lodging the return and making accurate disclosures in the return.

**Senator MIRABELLA:** That's very clear, then. I see that Mr Hodgkinson, who the member for Warringah asserted today no longer works with her from an accounting point of view, was the listed financial controller for the 2018-19 term. Under the act, as it was then, was this individual therefore responsible for the failure to disclose the donation in question? I think you've already answered that question, so I'll just keep going.

I also note that subsequent to recent reforms by the government, we've seen Mr Holmes a Court's Climate 200 entity now register as a significant third party, and a number of the Voices campaigns are now registered with the AEC as associated entities; is that correct?

**Mr Rogers:** Yes, and there's been a fair bit of reporting on this over the last few months. I'm broadly aware of the Voices of, Voices for and a range of other movements. Our team have contacted pretty much all of those entities and we're observing exactly what they're doing. We've reached out and told them what their obligations may be, and they're assessing those obligations. In some cases, they've then registered as either associated entities or significant third parties, and I think we're in contact with others at the moment that are going down that path. Some other of those entities have said that their own self-assessment is that they do not fall into that category, and that may well be the case. We are continuing to observe their activities. At this stage, we haven't seen, or I haven't seen, any breach of the Electoral Act, unless Ms Reid has a different view.

**Ms Reid:** That's correct, Commissioner.

**Senator MIRABELLA:** From the AEC's transparency register, I can see that Mr Hodgkinson remains the listed financial controller for a number of Voices candidates' donor companies, including Allegra Spender's Wentworth Independents Pty Ltd, Monique Ryan's Kooyong Independent Limited and Kim Rubenstein's Kim for Canberra. Mr Hodgkinson is a busy man. From the same AEC register, he's also listed as the financial controller for Climate 200. He is also a director of Climate 200, according to their website. Commissioner, other than those entities that I've just mentioned and other than Australia's existing political parties, are you aware of any other existing entities that share a financial controller, either Mr Hodgkinson or anybody else?

**Mr Rogers:** I would have to take that on notice given the large number of entities. There are over 200 entities at the moment registered, something like 64 political parties in addition, so I am not quite sure but I can take that on notice.

**Senator MIRABELLA:** Given all these connections we can now see, sharing the same financial controller—so that's one individual—across multiple candidates, multiple fundraising vehicles and associated third-parties' entities, it looks and sound like a political party or, to put it another way, an elaborate attempt not to look like a political party. Would you agree that, collectively, that would be the appearance?

**Mr Rogers:** I would have to really think my way through that with the information you have given me this evening. I don't think there is an identified breach of the Electoral Act from someone being a financial controller of multiple parties. It is not a part of the scheme of the act. Whether or not, as you are indicating, in that specific case, it would indicate that looks and feels like a political party, I would have to think about that and come back to you.

**Senator O'SULLIVAN:** I was not going to go there.

**Senator MIRABELLA:** I would like to move on to some questions about the recent reforms I referred to earlier, resulting from the government's electoral legislation amendment 2021. There was a *Sydney Morning Herald* article on 3 February, a couple weeks ago, which revealed that Climate 200, which I have already pointed out is now registered as a third-party entity, received \$304,000 in anonymous donations from an entity called Climate Outcomes Foundation. At the time of receiving these funds, Climate 200 was a donor as distinct from a significant third-party prior to the amendments. Is that correct?

**Mr Rogers:** That is probably correct. I don't have the information in front of me. What I would point out, as you are indicating, is there has been a significant number of changes to that part of the Electoral Act. It has been a very fertile area for parliament over the last couple of years. It is complex, so it always worries me talking about this issue, lest I say something that may reflect the previous act rather than the current. But we are very aware of those changes. I am broadly aware of the Climate Outcome Foundation. From memory, as you pointed out, they are on record as donating to Climate 200. Also, they sought deregistration from ASIC or something.

**Senator MIRABELLA:** Prior to those amendments, is it correct that the Climate Outcomes Foundation entity had no obligations to disclose its sources of income or funds so long as it did not specify how it intended Climate 200 to use those funds or, alternatively, the intended ultimate recipient of those funds at that time?

**Mr Rogers:** At that time, I think you are correct.

**Senator MIRABELLA:** Does this also mean that Climate Outcomes Foundation would not have had to comply with foreign donation laws for funds given to Climate 200 at that time?

**Mr Rogers:** To be accurate, I would phrase it as 'they had no obligation'. Again, if I am wrong, Ms Reid or my chief legal officer would correct me but I think I am accurate.

**Senator MIRABELLA:** Is it possible that any of the voices candidates backed by Climate 200 could have received foreign donations in this way at that time and we would not know about it? I am not saying it happened; I am asking if it is possible?

**Mr Rogers:** We are in the realms of hypothetical here with that one. I would prefer not to comment because I don't have the information in front of me. Again, I try not to talk in hypotheticals here because it also means that we enter into the realm of commenting on a current political issue. So what I would say is I'm broadly aware of the issue. Climate Outcomes Foundation did not have an obligation at that point.

**Senator MIRABELLA:** Climate 200 is now registered as a significant third party. The government's recent reforms mean that the Climate Outcomes Foundation entity could now be deemed as an associated entity of a significant third party, would you agree?

**Mr Rogers:** Yes, I think that is correct.

**Senator MIRABELLA:** Considering this Climate Outcomes Foundation entity appears to have the sole purpose of providing funds to Climate 200, can you confirm they would now be required to register with the AEC as well as adhere to foreign donation laws and transparency standards if their dominant purpose is to funnel money?

**Mr Rogers:** Now we are heading into territory where I'm not quite aware of what their dominant purpose is.

**Senator MIRABELLA:** But if it were?

**Mr Rogers:** Again, it is a hypothetical. I am sorry that is not helpful for you. I do not know what their dominant purpose is but I do know they would likely have an obligation under the act.

**Ms Reid:** That is correct, as the act stands, for the definition of an associated entity, if that was their dominant purpose.

**Senator MIRABELLA:** Do you think it's completely coincidental that Climate Outcomes Foundation cancelled their ABN at the start of this month, 4 February, shortly after the government's reforms passed in December last year?

**Mr Rogers:** I have drawn no inference from that.

**Senator MIRABELLA:** Alright. Considering everything I have just related, you have one or two people—registered entities under ASIC—with company offices, controlling various entities, channelling money ultimately to political candidates. Would you agree that these entities and these arrangements were, in all likelihood, a deliberate mechanism—I'm not saying they were illegal—to obscure the source of political donations?

**Mr Rogers:** I would not say that but I am not saying yes or no. It is because you are presenting a piece of information this evening that I am not going to opine on without looking at that in far more detail before making some sort of public comment on it.

**Senator WATERS:** On a similar theme, we have previously spoken about oversight of associated entities like Kooyong 200 and you have advised that there are no options to interrogate data outside the audit process. In 2020-21 the Kooyong 200 Club associated entity—I have a copy here if you need it—declares returned income of \$1,095,387 but provides literally no detail at all about the source of that income, none whatsoever. Is that consistent with the disclosure rules?

**Mr Rogers:** Let me start out by saying again this will sound remarkably unhelpful. There are over 200 associated entities and over 60 political parties and so the detail of that particular one I don't have to hand.

**Senator WATERS:** Would it assist if I tabled it?

**Mr Rogers:** You could give it to me, which would be great—you don't need to—but it is such a complex area that I worry about talking about these things extempore without having some time to examine the issue. I might ask perhaps our chief legal officer to step forward as we talk in the broad about those obligations.

**Senator WATERS:** My first question was: is that consistent with disclosure? Potentially, all donations could be below the disclosure threshold, but how would you know without the details?

**Mr Johnson:** That is exactly right about knowing that detail.

**Senator WATERS:** So it is not knowable, okay. Is the total absence of information enough to trigger a compliance investigation?

**Mr Rogers:** I think we said to this committee previously that we have a range of criteria we use to select entities for those compliance reviews. At the moment, we have about 30 on foot. We have deliberately, for obvious reasons, not published the selection criteria for the entities. But we could have a discussion and work it out. One of the factors—as I have said previously it is the one I am happy to talk about—is materiality. So the size of the transactions is something we are attracted to as we try and use our scarce resources to do those compliance checks.

**Senator WATERS:** Would you consider just shy of \$1.1 million to be a material amount?

**Mr Rogers:** That depends on one's interpretation. Again, because I am deliberately avoiding talking about the exact criteria for those compliance reviews, materiality is a factor. We examine materiality.

**Senator WATERS:** How can the public find out where the money from Kooyong 200 has come from?

**Mr Rogers:** If you're talking about donations below the threshold—as you said these are anonymous donations—then it is not possible, unless the Chief Legal Officer is going to correct me on that.

**Mr Johnson:** No. To add to the Electoral Commissioner, and I think we've talked about this in previous estimates, this is the level of how far the electoral act goes back through the process and the what resources we have to follow through gifts to donors to associated entities to candidates or parties. The electoral act doesn't go beyond that associated entity.

**Senator WATERS:** Is there any way for the public to find out where that money to Kooyong 200 came from?

**Mr Johnson:** Not through the electoral act.

**Mr Rogers:** To declare, I've never looked at the Kooyong, whether they have a website, whether they talk about the purposes of their foundation or the source of their money. I'm not sure—maybe there's a website where they do that, but not through the electoral act; it's not possible.

**Senator WATERS:** Except if you did a compliance investigation and looked at the—

**Mr Rogers:** Which may well occur.

**Senator WATERS:** The National Party return doesn't include a donation from Philip Morris, the tobacco company, but the Philip Morris return donor states that the company donated \$55,000 to the National Party. In fact, the donation was to Laneway Assets Pty Ltd who then passed the money on to the National Party. So donors themselves clearly consider that the donation to the fundraising body is a donation to the party. Given that discrepancy, is AEC exploring ways to make the disclosure data more transparent, regarding a relationship between fundraising bodies and political parties?

**Mr Rogers:** I'll ask Ms Reid to come up, but I might perhaps talk generally about that for a minute. It is not completely unusual for there to be a discrepancy between a donor return and the body to which that donor return applies. It can just be a misunderstanding, in some cases. All parties have had this—and I mean all parties, across the board. It can be that because of the party structure where some parties have state branches and other entities there is a confusion about which entity received the donation. Sometimes there can be a thing called donation splitting, which can cause some confusion. When we do the initial checks, when people submit returns, we quite often pick those things up and we clarify those matters. Sometimes it can be difficult to track back.



Having said that, and I'll ask Ms Reid to talk on that in a moment, I did want to point out that at the start of 2019 we put the transparency register online. That is the most searchable database of information regarding all sorts of returns that we've ever had. Of course, what people would say is, 'I don't like the act and what the act stands for,' but what I'm saying is the way that we are within that act, the way that we're providing that information, is already searchable and transparent within the bounds of the electorate act. I might ask Ms Reid to talk very quickly about donors.

**Ms Reid:** Thanks, Commissioner—you stole most of my thunder, I think. As the commissioner said, when the returns come in we do a discrepancy analysis between all the returns. Our system will match donors named, from donor and political party returns. There's a big process our team undergoes, where we correspond with both sides if there's a discrepancy to try and work out who has it right or wrong, and amendments are lodged if necessary. As the commissioner said, sometimes there can be differing views where, under the electoral act, it may not be a gift but, for whatever reason, the donor wants to declare it as a gift if it's attending one of those fundraising events where they pay the ticket for something. That can occur and be a reason why there remain discrepancies on the record.

**Senator WATERS:** My question was are you looking at ways to make it more transparent, and you're saying you have internal processes where you do a comparison and seek to correct any inaccuracies.

**Ms Reid:** Correct.

**Senator WATERS:** Is there any thought being given to more guidance being provided to parties and entities about how to record donations?

**Mr Rogers:** We have a very active education campaign with parties and candidates. We continue to do that. We reach out, and we particularly reach out at election time. As you know Senator, quite often some of the issues with compliance with the act are caused by new candidates. They don't have some of the resources that some of the major parties have. So we try and spend as much time as we possibly can to make sure that people understand their obligations. We have a lot of material online about exactly that. We have a number of handbooks. We provide briefings to parties and candidates, and we continue to do that. We are happy to enhance that at any time. It's in our interests as well to make sure that people understand what their obligations are. So we're already doing a lot and are always happy to review that, as we do on a regular basis, and provide more information.

**Senator WATERS:** I have lots more questions but I'll ask to get the call a bit later, whilst I go to the other committee.

**CHAIR:** Thank you, Senator Waters. Senator Ayres.

**Senator AYRES:** I think the last estimates did follow the Eden-Monaro and Groom by-elections, and I think there was a discussion with Senator Farrell about you anticipating a higher number of postal votes in future elections. Do you think that the current COVID case numbers are going to strengthen that trend?

**Mr Rogers:** We do. I think the discussion we had was about the kind of flip in the numbers we saw with Groom and Eden-Monaro. Previously there had been this big increase in prepoll and postals had been largely static, and then at Groom and Eden-Monaro we saw that reverse; prepoll went up a little bit and postal went up quite significantly. We are also seeing that in other electoral jurisdictions, not just in Australia but globally, and we're looking at that and doing some modelling. So we think that there will be an increase in postal votes at this selection as a result of the COVID pandemic.

If you would indulge me, I would like to say slightly more on that. We will have extended polling hours at prepoll centres for the full period of prepoll. There will be more availability of prepoll in that period than there has ever been previously. We are working with health authorities around Australia to make sure it is a safe and secure environment. But what I would say to people is that postal voting is not the prime means of voting at the election. I would urge people, if they can, to vote either on the day, as they are supposed to, or, if they can't, there are other options: option 1 is prepoll, option 2 is postal. There is a whole range of reasons for that.

The Australian election is supposed to be an in-person voting experience, so it's a community event, it's transparent. We are running it in accordance with health orders so that it will be safe and secure, and people should feel safe to do that. Within the limits of those health orders, we are urging people to make sure that they are adhering to their obligations by turning out to vote, and it's only the exceptions when postal voting occurs. The other fact is that if there are more votes in envelopes at the other end, it's going to make it difficult to achieve a clear result on the night, and potentially for some time afterwards. Everyone understands the reason for that. The community is sometimes confused by that: 'Why would that take so long?' It leads to some of the conspiracy theories that we have seen overseas. We have designed a polling process in line with health authorities around Australia to be as safe as it can, and we are urging people to think about those options.

**Senator AYRES:** Thank you, Commissioner. I agree with you; there is something democratic about people doing something together. Notwithstanding that, I think you said at the last estimates that you hoped that in this election you would be able to get a better data feed from Australia Post to sort of manage it. Has there been success in discussions with Australia Post about that and the other aspects of ensuring that there is a reliable postal service for the election? It might be easier to answer these all at once. Have there been any discussions about prioritising postal votes above other post to make sure that votes get in on time?

**Mr Rogers:** It's a great question, and the short answer is yes. Again I might ask for your indulgence because it is important for the community to understand that. I have met with the head of Australia Post twice over the last few months, and, at a lower level, our teams are working very closely together. At this stage, it looks like we will be getting that data feed from Australia Post, as I understand it, into our command-and-control centre. That will really help us. Australia Post have been very responsive in talking to us. As you know, it's not just that want to use Australia Post at election time—there are political parties and a range of other entities. They have assured us that they will be affording priority to electoral mail. This is the bit where I might be putting words in their mouth, but I think they even restrict the number of commercial contracts they take during that period so they can focus on the postal vote process. All of that is a positive, and we are very confident. We will have a better data feed, and we've got a better relationship with Australia Post than we have ever had before, which is great.

So it will sound odd when they say the next thing: again, I am conscious of the voting process—we've got prepoll voting and voting on the day—and I would urge people to consider those options as part of their voting plan. But I'm very confident with the work that we're doing with Australia Post. The other thing, Senator, is that, as you know, the vast majority of postal votes are returned to the AEC after polling day, which creates some issues with how quickly those results can be determined, particularly if there's a large number of close seats.

**Senator AYRES:** So, information campaign in the lead-up to the ballot to encourage people to vote on the day—

**Mr Rogers:** Or prepoll, if that's what—

**Senator AYRES:** Or prepoll. But I take it from your comments so far that you are concerned about the count taking longer than the community would expect the count to take.

**Mr Rogers:** That's correct. I'm concerned about that bit. I'm also concerned about the nature of the Australian vote. As you said, it's supposed to be a community event. It's also supposed to be transparent. We saw some of the conspiracy theories overseas and what happened when there was a large number of postal votes. We're seeing some echoes of that already on our social media feed, with people worried about the postal vote. Now, it's a good process; it's solid. But, again, I'm conscious of the nature of the Australian vote, and that's why I'm making these slightly quirky comments about how we would see that play out.

**Senator AYRES:** No, I don't think it's quirky at all. Is there any doubt in your mind that you'll have the Senate vote counted by the time the new Senate takes effect?

**Mr Rogers:** Yes. We are very, very confident that we have everything in place to be able to deal with that. I'm not sure that the community understands just how enormous that project is—to ensure that we have accurately captured all the preferences. Just on that, at the last event—and, again, I'll clean this evidence up in a minute—I think we had to process 15 million or so Senate ballot papers, but within that, in all of those counting centres, we had to capture 105 million preferences. That's in a very short period. It's under intense pressure and scrutiny—and the scrutiny is good, by the way; again, having scrutineers there, in a public place, makes that happen. It is a mammoth project. It's why we say that the election really is one of Australia's largest peacetime logistic events, with ballot papers returned from everywhere, all over the world, back to those count centres to be processed and captured in order for us to be able to return the writs in time.

**Senator AYRES:** Going back to postal voting: I didn't perhaps follow this as closely as I should have, but I saw that there was some real controversy about what the New South Wales Electoral Commission did in terms of issuing the postal votes automatically, only in English, into at least one of the electorates where there is a very high proportion of non-English-speaking-background voters. Do you have any reflections on the lessons that have been learnt by the AEC from observing that process?

**Mr Rogers:** Again, sorry, but this is going to be a slightly—

**Senator AYRES:** Sorry—I might just supplement that: I mean, it is an encouragement to people, isn't it, to not turn up on the day?

**Mr Rogers:** Yes. And I'll deal with a couple of those issues, because, again, these are important messages. As I understand it, their legislation was changed at the last minute—well, not at the last minute, but it was a late change—to enable them to force issue ballot papers. Again, for the record, our colleagues in the state and territory

electoral commissions do an excellent job, and we work very closely with them, and the New South Wales Electoral Commissioner in particular does a great job as well. So, let me put that on the record.

**Senator AYRES:** Yes.

**Mr Rogers:** We don't have that ability, even if we wanted to, legislatively, to do that. There is no ability for us, under the legislation, to issue postal votes as part of—

**Senator AYRES:** To universally issue them.

**Mr Rogers:** Yes. The second issue you've raised, though, is an interesting one, and I did see some coverage about the issue of support for culturally and linguistically diverse communities and ballot papers. To be very clear, in Australia we only print the ballot papers in English. It would be impossible for us to not print the ballot papers in English. But we do provide a lot of support in language around that. For example, we translate much of our material into something like 33 different non-Indigenous languages and something like 18 Indigenous languages. We have separate Indigenous YouTube videos and Facebook pages. We work with CALD media. On that material that we are sending out to citizens, the householder guide which we sent to every house in Australia, there would be QR codes that take you directly to a series of images that tell you how to fill out a ballot paper and also where translation services are available for you. There is a huge push for us to make sure we reach into that group.

Having said that, out of interest, over the last few elections there has been a top 10 list of where most informality occurs. Up until 2019 that top 10 list was mostly in Western Sydney. That's the way it was. At the last election, I think it was the first time we've had two Victorian seats that entered into that top 10 list. We look at that as part of what we're doing. We try and provide additional support into those areas to make sure that people are supported by those in language resources. That's a long answer, but it is important, I think, for people to know that we really go the extra mile to make sure that people are supported and can access the vote in a way that suits them.

**Senator AYRES:** It seems to me those issues are different. If you do a universal posting out of postal votes, that does create an onus, I think, to grapple with those language issues. Any prospect of the pre-poll period being extended? What would it take?

**Mr Rogers:** As you are aware, there is a contingency bill that gives me, the commissioner, some powers to extend that postal vote period. It does require a Commonwealth health order to be in place for that to be activated. If that's not in place it can't be activated. From memory I think I also have to liaise with the Leader of the Opposition and the Prime Minister, so it's a fairly high bar. We are doing modelling about that. What we are doing for the first time in our history is for the two-week period that is allowed, we will be having extended hours with many of those centres to enable people to get out at times that suit them. Again, that's part of that bit about telling people that there are a number of options for them at election time.

**Senator AYRES:** Thanks, Commissioner. I think Senator Smith had some questions, Chair.

**CHAIR:** Yes, absolutely.

**Senator MARIELLE SMITH:** I only have one or two. Following on from Senator Ayers, I think you've pretty much covered it, but in terms of the early voting question—and I appreciate that there are certain thresholds you'd have to meet for that to be changed—what sort of circumstances would lead you to consider an extension of the 12 days?

**Mr Rogers:** I'm conscious I'm going to give you another long answer here, but in essence we are monitoring the situation nationally. We are looking at COVID data nationally. I think as the national election manager mentioned before, we have established a COVID variants response unit, which is the internal team that're helping us put together our response to all of these issues. We're looking at the data nationally to see caseload, vaccination rates and whole range of other things. I don't want to talk about a particular state because then that becomes a headline. I'm not referring to any state in particular, but were something to occur in a particular state where there was a much higher caseload, or some sort of issue like that, and there was a Commonwealth health order in place we would look at those options at that point. Of course, if there is no Commonwealth health order the power is moot because I just don't have it. There is nothing I can do. But within that two-week period that is there—that's why we are offering those extended hours, including weekends, so that people can pop in and vote in a safe way.

**Mr Pope:** In addition to the commissioner's evidence, my understanding is that the contingency measures bill that was passed was not intended to give a blanket authority to extend all pre-poll all around Australia. There is a geographical element to that where the commissioner has got to believe on reasonable grounds that it a requirement. It could be a requirement for a particular division or multiple divisions or a particular state, but I

think unless there is a widespread new variant affecting all of Australia it's sort of unlikely that it's going to meet the threshold.

**Senator MARIELLE SMITH:** Right. So we could have a situation where a certain state had a longer pre-poll period where the rest had 12 days?

**Mr Pope:** Potentially.

**Mr Rogers:** Potentially, but we will be, as I said, working with the Leader of the Opposition, the Prime Minister; we'll be taking advice from health authorities, both Commonwealth and state, before we make that quite significant decision.

**Senator MARIELLE SMITH:** So at this stage you're not anticipating that that pre-poll period would need to be extended?

**Mr Rogers:** That's correct.

**Senator MARIELLE SMITH:** You've said previously that, while you saw an increase in postal voting in the Eden-Monaro and Groom by-elections, you didn't see an equivalent increase in pre-poll voting.

**Mr Rogers:** A little increase—and I was reflecting back to the quite significant increases that had occurred in the 2013, 2016 and 2019 federal elections, when pre-poll voting had gone through the roof. I think, from memory, the combined pre-poll and postal vote at the 2019 election was almost 40 per cent of the electorate, and I think, of that 40 per cent—and someone might correct me here—there were about 30 per cent pre-poll. I forget the seat where pre-poll was highest—we've probably got that—but it was almost 50 per cent pre-poll. So it was a huge increase. Then, when Groom and Eden-Monaro occurred, there was a little increase in pre-poll but a rapid increase in postal. Obviously, Groom and Eden-Monaro occurred in the middle of the early part of the pandemic, and I think that might have influenced voter behaviour there as well.

**Senator MARIELLE SMITH:** What are you expecting in the upcoming election then? Are you expecting trends that are more similar to 2019 or more similar to what we saw in the by-elections?

**Mr Rogers:** We are modelling a range of different options. It's so difficult to predict that at the moment, given where we are and where we could be and when the election is. We're still potentially a couple of months away from it—and, obviously, just for the record, we have no insight into when that election may be—so there could be a vastly different set of circumstances in place then from now. We are preparing for a range of different scenarios to ensure that we're able to cope with whatever occurs.

**Senator MARIELLE SMITH:** Would you suspect, though, that the by-elections would be a better indication, or was it because they were during the peak?

**Mr Rogers:** I think they were during the peak. Also, Australians are now much more used to the sort of situation that existed at that point, and it was a very novel situation at that point.

**Mr Pope:** I have some data here, Senator, if you'd like it.

**Senator MARIELLE SMITH:** Absolutely.

**Mr Pope:** The Eden-Monaro by-election saw an increase in pre-poll from 36 per cent, which was the rate for the 2019 election, to 43 per cent in the by-election. Groom saw an increase from 25 per cent, which was the pre-poll rate in 2019, to 29 per cent in the by-election.

**Senator MARIELLE SMITH:** That's not particularly consistent between those two seats, is it?

**Mr Pope:** No. And there are different voting habits and behaviours in different geographical areas.

**Senator MARIELLE SMITH:** Thank you. I think Senator Farrell has a few more questions.

**CHAIR:** I was going to take a chunk here, if that's alright, and then I'll come back to Senator Farrell. I'm trying to share it around a little more, given the interest in this topic.

Thank you very much, Mr Rogers. I have a couple of questions about the compliance review that the AEC conducted on Warringah Independent Ltd, which I think my colleague Senator Mirabella briefly touched on earlier. My understanding is that that review examined, amongst other things, this \$100,000 donation from JA Kinghorn & Co for the Kinghorn family trust that wasn't disclosed. Is that correct?

**Mr Rogers:** Given the newness of this information in the public domain, let me talk briefly about my understanding.

**CHAIR:** That'd be great.

**Mr Rogers:** As I understand it, there was a \$100,000 donation disclosed by Warringah Independent Ltd, and I think what occurred during a compliance review is that the compliance team became aware that that \$100,000,

instead of being from several different individuals, which was what had been originally put in the return, actually came as one cheque from one foundation. So the compliance review team formed the view that that was a single donation; therefore, that was then declared as a single donation and the donor then had an obligation to submit a return. That donor—I think you mentioned his name—a Mr Kinghorn, then submitted a donor return for that \$100,000 amount. I think that was in February—I'm not sure; at a point—last year.

**CHAIR:** How was that \$100,000 donation made to Warringah Independent Ltd?

**Mr Rogers:** As I understand it, through a cheque.

**CHAIR:** And that was signed by Mr Kinghorn?

**Mr Rogers:** I'm not sure of the exact details of who signed that cheque. I'd have to take that on notice and come back to you.

**CHAIR:** As previously discussed, this Warringah Independent is the campaign support body for the member for Warringah. I have a media release that she gave yesterday, saying that all amounts received were disclosed in accordance with requirements in 2019. Is that an accurate assessment? I know we're talking about three slightly different things, one being the disclosures that have been undertaken by Warringah Independent, what has been disclosed by anyone who might have donated to the Warringah Independent, consistent with the conversation we were having earlier, and what the member for Warringah might have disclosed on her candidate disclosure. Given that statement in Ms Steggall's media release, is it fair to say that everything has been disclosed as it should have been?

**Mr Rogers:** I don't have the benefit of having seen that media release, and I'm very conscious of that as I'm talking.

**CHAIR:** I can table it if you like.

**Mr Rogers:** I'll come to that in the fullness of time. My understanding, based on a quick discussion today with my teams, is that the compliance review teams, as frequently happens, made a finding about a particular donation. It has since been declared and the donor has completed a donor return, so from our perspective, unless you've got some additional information, the act has been satisfied. A declaration has been made and people are now aware of where the money came from.

**CHAIR:** You said that the donor has completed a return. Do you know when Mr Kinghorn might have completed the return?

**Mr Rogers:** My excellent staff are looking at that at the moment.

**CHAIR:** I'd like to know the answer to that question, hopefully before we get to the end of this session. Commissioner, can you confirm that Ms Steggall lodged a candidate return which listed every donation above the threshold except this \$100,000 donation?

**Mr Rogers:** I can't, only because I don't have that detail in front of me. I can take that on notice. I'd have to go through it and look at it in detail.

**CHAIR:** Has Ms Steggall made any attempt to update her candidate return, given the error?

**Mr Rogers:** Again, I'm not aware, given that this has only just emerged. I'll take that on notice.

**CHAIR:** Should this Warringah Independent body have lodged a 2020-21 return with the Electoral Commission?

**Mr Rogers:** I'll have to check.

**Ms Reid:** Warringah Independent, under the new legislation, has registered as an associated entity with the reforms that came in late last year. It is required to lodge a 2020-21 return. That return has been lodged and we're looking into some matters with that return before we publish it.

**CHAIR:** Is it your understanding that they will lodge a return but they haven't done so?

**Mr Rogers:** I think what Ms Reid said is they have lodged and it is currently with us. Frequently, when returns come in, we spend some time going through those returns to make sure we're satisfied that they're accurate. That's the process we're going through at the moment.

**Ms Reid:** Then it will be published on the transparency register.

**CHAIR:** That was similar to the work we were discussing earlier on about making sure that—

**Mr Rogers:** That it's accurate.

**CHAIR:** Exactly. In a situation where, as has been canvassed in the media, there are some questions being asked around this \$100,000 donation that was made, it would be good to check that everything is above board. Is

it usual to see a donation come in in the form of a cheque that is then subsequently split up into smaller donations when declared?

**Mr Rogers:** Maybe I'll take a slightly different tack, to answer that, and Ms Reid can correct me. Nothing is unusual when it comes to funding and disclosure. There are a whole range of ways in which people make donations, record those donations, from cheque through to bank deposits and a range of other issues. Also, may I say, it's not necessarily unusual for our compliance team to find technical issues with those submissions. All parties, across the board, are given a chance to amend their returns if the compliance team finds something is wrong, because the very basis of the act is that it's about achieving disclosure.

Once disclosure has been achieved, even if that's after a return has been put in, we think that the purpose of the act has been met. So we afford the opportunity to parties across the board to make amendments to those returns after the compliance review process.

**CHAIR:** The end goal being that everyone just does the right thing, right?

**Mr Rogers:** Citizens can then look at that and make their own view of who donated that money and the purpose for the money.

**CHAIR:** I think the important part that you just said was ensuring that everyone is 'given a chance to amend their returns'. If any of us or anybody who might be donating to a political party became aware that there were errors in any of the returns that they had made, you would think the first thing they would do is ensure that everything had been undertaken appropriately and was above board and they had made any updates to their returns as might be necessary.

**Mr Rogers:** We love it when people are accurate on their returns. That makes us very happy.

**CHAIR:** Yes, it makes your job easier, I'm sure.

**Mr Rogers:** It makes the job easier and—

**CHAIR:** But it also ensures that—

**Mr Rogers:** Citizens have a better view of—

**CHAIR:** Absolutely, that we are being transparent with our constituents.

**Mr Rogers:** But we do adopt, with all parties and candidates, an educative approach. That's what we've done, right from the outset of the beginnings of this scheme, way back, lost in the mist of time, whenever that was. We always afford an opportunity to people to correct those returns, unless it's, in those very rare cases, either a deliberate attempt or a very material issue or, indeed, there is a repeat pattern of behaviour where that occurs. May I be very clear. I am not saying that about this particular case, just for the record. But that's the basis upon which we work.

**CHAIR:** How many pencils did you say you would obtain for election day?

**Senator FARRELL:** It's 4.5 million.

**CHAIR:** What will we do with them after election day?

**Mr Rogers:** They become very blunt, for a start! People have been furiously voting.

**CHAIR:** Yes! I don't know if anyone's furiously voted.

**Mr Rogers:** You'd be very surprised, Senator. We do a range of things with the equipment. For example, with some of the cardboard we use we donate some of that to the schools in which the voting occurs, because some of those schools like using that equipment to run their own elections.

**CHAIR:** Yes, I did that when I was at school.

**Mr Rogers:** Great. In fact, it gives me the opportunity to also make a comment about our cardboard equipment, if I might. For this election, for the first time in history, it is unmarked cardboard equipment. If you remember, when you walk into the polling place it is normally covered with white and purple—

**CHAIR:** White and purple stripes, yes.

**Mr Rogers:** So, for the first time, we've decided to go with completely unmarked cardboard, which is far more recyclable. Not only that; it means we can share it more easily with other entities, including, we hope, with state and territory electoral commissions. We're hoping it represents better value for the taxpayer and is better for the environment. It's been a big project for us and we're very pleased with it.

**Senator O'SULLIVAN:** Is it reused for electoral purposes?

**Mr Rogers:** It won't be used between elections because it degrades in storage. That's why we share it with schools and we recycle it and do a range of things.

**Mr Pope:** I might just add, we do donate some materials not just to schools but also to disadvantaged communities and Indigenous communities, and we also send some material into the Pacific islands, to some of our electoral body partners.

**Mr Rogers:** For example, the deputy might correct me here but one of the things we did was have first-aid kits in the polling places. There's shelf life for those, so instead of disposing them we shared those with a number of communities that could use them. We try to get as much value out of this stuff as possible. The bigger question of 4.5 million pencils—maybe some of them might end up with a medal of several campaigns.

**Mr Pope:** They're only short.

**CHAIR:** True! They're not long pencils; I do remember that. Thank you very much. Senator Waters.

**Senator WATERS:** I've got a number of topics here that I want to try to cover really quickly, because it's very late for all of us. Starting off with the significant third parties: how many organisations have registered as significant third parties since those changes to the act last year lowered the threshold for being considered a significant third party?

**Mr Rogers:** Allow me to grab Ms Reid again, to step forward. She may have that information. If she does not have the precise information, we might have to take some of it notice, and then we'll provide it to you.

**Senator WATERS:** That's fine. If you've got it to hand, that's great.

**Ms Reid:** So, significant third parties—

**Senator WATERS:** Obviously the new name for what was 'political campaigner'.

**Mr Rogers:** That's correct.

**Ms Reid:** I believe we have 10 that have registered.

**Senator WATERS:** Could you provide, on notice, the names of those, if you're allowed to do that?

**Ms Reid:** Yes. They should be on our website.

**Senator WATERS:** Okay. Great. Has the AEC made any assessment of the additional costs in administering the expanded range of third parties that are now required to disclose?

**Mr Rogers:** Obviously the funding and disclosure area does an enormous amount of work. We have received supplemental funding over the past couple of years for that. But I might perhaps provide more information than you're asking for. At the moment it's a team of about 15 people who are responsible for this entire process, including all the compliance reviews and other work that we do. We are growing that team, and we hope to eventually hit between 25 and 30 people. But we've been struck with the same issues that everyone else has been struck with during the pandemic, of getting appropriately skilled staff for tracking and then retaining them. We're working through that process at the moment. We're aware that a volume of work is required here. The compliance reviews are complex and chew through resources. The other work we do is difficult. And Minister, I'm not asking for additional resources, just for the record! I'm just talking through—

**Senator Birmingham:** I noted the very wise efficiencies around the printing before, Commissioner!

**Mr Rogers:** Perfect. So, Senator, we always assess what we're doing, but, to be fair, we have received some supplemental funding that's assisting us with that, and we're confident that we can make the inroads that we need to make in order to administer the scheme.

**Senator WATERS:** Is any additional support being provided to new third parties for them to understand their obligations?

**Mr Rogers:** Again, we are already providing an enormous amount of educative material to everybody, and we're pretty proud of the work we do in that space. And I might say that if people would like additional support then we're happy to provide that as well.

**Senator WATERS:** Okay. Great. Can I now move back briefly to pandemic voting? We just had a bill rushed through the Senate last week—and it may well have passed the House today; I haven't had a chance to check—that allows voters who are required to isolate after the cut-off for postal votes to vote by phone. Is that something that the AEC has advocated for?

**Mr Rogers:** We are very conscious that it's a very limited category of people—

**Senator WATERS:** Yes, I understand that it will be small.

**Mr Rogers:** and we think that that is an appropriate response to that category.

**Senator WATERS:** Did you ask for it?

**Mr Rogers:** Yes. And can I also say that that solution is absolutely designed as an emergency measure for a very small number of people, and I want to be on the record with that as well. If people think that's going to become an alternative channel for voting and they just phone up and that's going to be great—it's not. The other thing I can guarantee you, Senator, is that it will be a lumpy experience for those who have to use it. We've never done it before. It's a new measure that we're putting in place. It is absolutely designed to cater for that very narrow group. I don't know what the shape of the bill is at the moment—what amendments have been put in—but it will be very restricted. And, again, it will only be for a group of people who are absolutely subject to a health order. I would ask people to think about the environment during the voting period and to plan their vote. That means they've got two weeks of prepolling and other ways of voting. That telephone voting is brand new. It's something we're doing for this pandemic. It will not be smooth—I give you a gilt-edged guarantee of that—because it's an emergency measure. So, I urge people to think about that.

**Senator WATERS:** Yes. You've made that clear. What safeguards will be in place? I understand that it's going to be a two-step process, which I found reassuring.

**Mr Rogers:** I'm not sure whether you're aware, but we have a model already in place that we use for blind and low-vision voting. At each election maybe 2,000 or 3,000 people use that. Exactly as you've said, there's a two-step process where we give people a code, and they ring back with it. It's anonymised, and to make sure it's safe on the other end we always have two people recording the vote, so there can't be an accusation that one person has done something with the vote. It'll be something along those lines. We're working with a range of other agencies to assist us with that. In fact, today Mr Pope met with a range of other agencies to assist us with putting together that solution.

**Senator WATERS:** Thank you. It sounds like you'll manage it to the best of your ability. I'd now like to move to the Senate count audit. In December last year the assurance of Senate counting bill got royal assent and that set up a process for auditing the Senate ballots. What work has the AEC done to implement those changes and prepare for the audit of the upcoming election?

**Mr Rogers:** We're well advanced on that. We're aware of what the requirements are, we're putting in place a range of measures, we're working with other providers and we're very confident that that will be exactly as the legislation demands.

**Senator WATERS:** The software audit was deferred to 2023. What's the status of the AEC request for tender for scanning solutions?

**Mr Pope:** I'm just trying to understand the question, Senator. Is it the procurement of services to actually audit the software or the procurement of the scanning services for the Senate election after this election?

**Senator WATERS:** I think it's the latter, but I'll take both.

**Mr Rogers:** We have a contract for the scanning of the Senate solution, which we've got in place at the moment, and we just have to go through a procurement process as we do every few years, as that contract comes about. Obviously, we don't want to do that at the moment because we're in the middle of the election, so after the election we'll be looking at that process.

**Mr Pope:** That's right. There is an option for us to extend the existing contract for the scanning provider for the 2025 election. However, we've not yet decided as to whether we will do that or whether we'll go to market after this election. We're working through that now.

**Senator WATERS:** That sounds fair enough. Can I have the answer to the first question?

**Dr Gleeson:** Senator, can I clarify the answer around the audit of the software used for the Senate scanning?

**Senator WATERS:** Yes.

**Dr Gleeson:** It's primarily about the time that is needed to undertake the audit appropriately. It is a priority for the AEC to do that after the upcoming federal election and have it done by 2023.

**Senator WATERS:** Were the terms of reference for the tender for the scanning solutions amended to take account of the audit requirement?

**Mr Pope:** We haven't gone to tender yet.

**Mr Rogers:** They will absolutely encompass those when, and if, we go to tender for that.

**Mr Pope:** One of the reasons we've had to delay any decision around going to market for a new provider is that we've had to wait for the legislation to be passed through parliament to consider the implications of our legislation and update our statement of requirements. We're continuing to do that work now.

**Senator WATERS:** Yes, obviously you've had not quite two months yet.



**Mr Pope:** The answer to your question is yes, if we go to market and don't exercise the option, the statement of requirements will reflect the most recent legislative amendments for Senate assurance.

**Senator WATERS:** I might ask some more things on notice about the subtleties of that technology. On the multitude of changes that we've had to the act: there have been 10 government bills proposing changes to the act since September 2021, which is quite the flurry. The interaction of those changes has got clear implications for you. Were you consulted on all those changes?

**Mr Rogers:** There's a normal process in place for governments of all hues to liaise with affected departments, and that process was followed, and it's a—

**Senator WATERS:** So you were consulted?

**Mr Rogers:** Yes. There's always a flurry of bills, particularly towards the latter part of electoral cycles, I think.

**Senator WATERS:** That's a big flurry, but anyway.

**Mr Rogers:** Yes, a big flurry, but we're there.

**Senator WATERS:** Will the impact of the various changes have budget implications for the AEC, and have you requested additional funding to cover that?

**Mr Rogers:** The budget process is part of the consultation process for those bills, and we've been consulted where needed about funding.

**Senator WATERS:** Have you got more as a result to deal with those changes?

**Mr Rogers:** We think we're adequately funded at the moment. I'm just very cautious of—

**Senator WATERS:** That's the first agency I've heard say that. Good on you!

**Mr Rogers:** I'm just cautious of saying that. We've got the minister at the table, and not many agency heads—

**Senator WATERS:** I would've thought it was the perfect time, but whatever.

**Mr Rogers:** But I'm trying to be a good corporate citizen at the same time, and I'm aware of the fact that it's not just us; there are a whole range of other agencies. However, we have undergone a range of issues, including the funding review, over the last few years, which was a process undertaken with the Department of Finance through an independent accounting firm. The deputy commissioner was part of that team, and he might just talk about that for a moment.

**Mr Pope:** Our funding situation is certainly adequate, at this stage, for the election. With respect to those bills, where there were identified financial implications, we received funding to meet those implications.

**Senator WATERS:** Was it sufficient?

**Mr Pope:** Yes. There may well be a couple where we've been unable to identify the full cost, and we've put a marker there that we may need to come back to after the election and reconcile the full costs because sometimes it's a little difficult to predict. Telephone voting is a classic example. That will be determined largely by the volume of people that call, which is difficult to predict.

**Mr Rogers:** I don't want to be flippant about it, but if the minister did wake up one morning, and he was in a very generous mood and he threw us some extra resources they would not go astray, but we are okay at the moment for the elections.

**Senator WATERS:** You took your opportunity there.

**Senator Birmingham:** The key point is, as the commissioner and his team have acknowledged, with each of those bills, there is an assessment undertaken.

**Senator WATERS:** Yes, at the time. I was pleased to hear that.

**Senator Birmingham:** That assessment has looked at cost implications, and the AEC is resourced accordingly to reflect those policy decisions the government's taken. The legislation, once it's passed, will become an obligation for the AEC.

**Senator WATERS:** I've only got two more lines of questioning that are nice and short. On remote voting, we've talked previously about the impediments to enrolment that already exist for regional communities, particularly in, say, the Northern Territory. Is the AEC aware of how those barriers are being exacerbated by the pandemic, in particular by making it impossible for mobile voting to occur, especially in areas that have been declared biosecurity zones, like East Arnhem, West Arnhem and a whole range of other West Daly and Central Desert areas? What are you doing in relation to that? Have you got any proposed solutions?

**Mr Rogers:** We're very aware of that, so let me throw that on the table to start with. As you know, our remote area mobile polling teams cover an enormous area at election time. I think, at the last election, they covered something like 3.2 million square kilometres, and we went into communities, at one point with a community as small as having 20 registered voters, to try and get the vote out. We're very proud of the offering we do up there, and we will, indeed, have the remote area mobile polling teams again in location.

We're also working with health authorities in those remote areas, and with land councils and others, to make sure that we understand what those restrictions are and that we can develop solutions that meet community needs. I'm also conscious that when those services are delivered we might be in a very different situation from where we are now, because we're talking, potentially, a couple of months away. We are working on a range of solutions, even for those communities where there are biosecurity orders in place to prevent the sort of remote area mobile team visits that we normally do. Dr Gleeson might expand on that a little more.

**Dr Gleeson:** The commissioner's correct: we're engaging very closely with health authorities and we've had excellent support from them on this particular matter. We have engagement with land councils, where possible, generating confidence in our COVID-safe measures in a way that will enable us access, even if there is a biosecurity measure potentially in place. That engagement has been extremely positive so far. We're confident that we'll be able to provide a strong service, as we always have, to those communities, and a slightly expanded service relative to previous events.

**Senator WATERS:** That's positive news. Will you be seeking to extend the voter enrolment process right up until polling day so that voters in remote communities are able to participate?

**Mr Rogers:** This is something that we became aware of, I think—

**Senator WATERS:** It was one of the flurry. We had an inquiry into it.

**Mr Rogers:** We won't be doing that, because it wouldn't be possible under the Electoral Act for us to accept enrolments up to the day of voting and then for people to vote. One of the things we need to do is to make sure the roll is as complete as possible, and I'm happy to share with you some of the many things we're doing in that regard. I'm happy to do that tonight or I'm happy to take it on notice, but we are really focused on that issue at the moment.

**Senator WATERS:** You're trying to get it done within the statutory time frame with a focus on that now.

**Mr Rogers:** Yes. At the moment we have something like 48 partnerships in place around Australia, mostly with Indigenous organisations, to help us deliver services into the community and also to tell us what the community wants and needs. It's been a really successful model. Don't get me wrong, the estimated level of Indigenous enrolment isn't the same in some areas as the non-Indigenous roll, and we are trying to match that gap. We have been hugely successful over the last few years. The rate of growth in the Indigenous roll has outstripped the growth in the non-Indigenous roll to a greater extent than ever previously. It's not at the level we would like, but there are all these green shoots occurring. We think this partnership model that we are pursuing is making a difference and will continue to make a difference. In fact, we'd like to have more partnerships in place, but the pandemic has made that slightly difficult. We are working as hard as we can to make sure that everyone understands their responsibility to enrol.

I might just point out that, before the last election, as a sort of last-gasp thing to encourage people, we sent out something like 400,000 SMSs around Australia to people we thought were unenrolled, including Indigenous Australians, and that did have an impact as well. We will be doing the same thing at this event, and I think we've done the same thing for state events to help state electoral commissions. Let's be real: everyone we send a text to doesn't then check their enrolment, but many people do. We are trying as many things as we can to try and make sure that people have the right to exercise the franchise.

**Senator WATERS:** Excellent. I will accept your offer of a bit more information about your other strategies.

**Mr Rogers:** I'm happy to provide it.

**Senator WATERS:** I agree that that's sounding really positive, and I commend you for the necessary additional efforts in that regard. The Electoral Legislation Amendment (Foreign Influences and Offences) Bill 2022 proposed banning foreign entities from directly incurring electoral expenditure, and it increases penalties for misleading voters in relation to the casting of their vote. That was another one that just passed the Senate last week and may well have passed the House today. Has the AEC noticed an increase in misleading election materials? Did you request an increase in the penalties as a way of deterring that behaviour?

**Mr Rogers:** As I understand the question, if you're talking about misinformation and disinformation, I would like to spend a few minutes talking about that.

**Senator WATERS:** I have a few separate questions on misinformation as such; this is just in relation to misleading on the process of voting, which that particular bill captures.

**Mr Rogers:** We might lead into some of your other questions here, Senator. Yes, we have seen an increase in misinformation. Part of this would be a subjective judgement. I mentioned at the start tonight that we've seen on our social media pages a number of—I'm using the term—conspiracy theories about a range of things. We've seen one that has emerged since the weekend about postal voting. In fact, if I can use it as an example, our first step was that we deployed some of our educative videos that I mentioned before.

**Senator WATERS:** Apparently they're really good. I haven't watched them yet.

**Mr Rogers:** They are very good, Senator, and I encourage people to watch them. We've got a range of things, including explaining to people why not to import conspiracy theories from overseas—the specific thing is that this is the Australian election, not the US election. The postal voting one was so concerning because of the importance—

**Senator WATERS:** Forgive me, what was that conspiracy theory around postal voting?

**Mr Rogers:** Someone said, and it gets repeated, that the postal voting process isn't secure. This individual said, 'I've got no evidence, but I think there's something wrong and something will happen to your vote.'

**Senator WATERS:** The stolen election notion. Righto.

**Mr Rogers:** We were so concerned with that that we actually went to Twitter and pointed out to Twitter that we think that was a breach of their terms of service. They agreed, and within three hours they removed that information. I know Twitter and others get rightly criticised, but it's a shout-out to them for being very responsive and removing something that was dangerous. It's a result of the relationship-building we've been doing with the social media companies over a number of years.

There are other conspiracy theories right now. One that doesn't go away is that somehow we are mandating that voters be vaccinated and that this will deny people the vote. There's the one about pencils, which we mentioned before, and that somehow we are erasing votes. We continue to deploy our videos to tell people that that is not the case. We are seeing an increase, and we think it is in line with some of the stuff we've seen overseas, which is why our social media team are amongst the most assertive in the Commonwealth, because we think if we don't deal with that information, who will? We try to protect—

**Senator WATERS:** Yes, and people won't trust it unless it's coming from you.

**Mr Rogers:** That's right.

**Senator WATERS:** They might still not trust it, but they certainly won't trust it coming from any of us.

**Mr Rogers:** We're hoping that they trust it. We're being assertive and we're involved in a grand experiment here because, frankly, it's never been done before by a Commonwealth department. Not everyone welcomes our input, as you know, because Australians have the right to believe that the earth is flat and to say that, and sometimes they tell us that. We are doing as much as we can to protect Australia's electoral processes, and I'm very proud of the work of our social media team, who are doing a great job. But we are seeing an increase. Whether that's related simply to the increased usage of social media I'm not sure, but it's there.

**Senator WATERS:** It's probably both, isn't it?

**Mr Rogers:** Yes. So anything—any tools we get that we can use or any legislation—is welcomed by the AEC, and we'll be using that, particularly regarding that bit that you've said, which is about the process of voting. There's a broader issue where people think the AEC has a role in regard to—in my terminology—truth in advertising by political parties.

**Senator WATERS:** Yes. I understand you haven't been given that power yet, although we're working on that.

**Senator Birmingham:** Be careful what you wish for, Senator!

**Senator WATERS:** Bring it on!

**Mr Rogers:** My pulse was racing a bit as you said that, Senator. I think there are many, many issues with that. As you know, an election is a contest of ideas. At election time, one person's 'truth' is another person's 'lie'. We're very, very conscious that being involved in that process and getting between political parties could lead to the neutrality of the Electoral Commission being damaged. If we take a stand on a particular thing—

**Senator WATERS:** I don't think anyone is proposing that you be the arbiter of truth. There are a number of different models.

**Mr Rogers:** In that case, I think somebody else should do [inaudible]

**Senator WATERS:** We are digressing a little. It's all very interesting, but I am particularly interested in the impact of that new law—assuming it's passed today—which is about the increased penalties for misleading people as to the validity of the voting process and as to whether, when they cast their vote, they do it in a way that will be lawful or not lawful. There are increased penalties for that. Was it a request of the AEC to increase the penalties?

**Mr Rogers:** We've been consulted through that process, but I'd have to take the exact detail of that on notice. We don't normally comment on that legislative process, but we're broadly aware of what occurred. May I say that anything that deals with the rise of misinformation and disinformation—

**Senator WATERS:** You would welcome that?

**Mr Rogers:** I absolutely welcome.

**Senator WATERS:** Sticking with that bill, is the AEC aware of any foreign entities purchasing electoral ads in Australia?

**Mr Rogers:** I'm not aware of any foreign entity that's purchasing electoral ads at the moment. I'll be very clear: that doesn't mean that that's not occurring; it's just that I as the Electoral Commissioner am not aware of that.

**Senator WATERS:** Thank you.

**Senator FARRELL:** I'd like to ask some questions regarding party registration requirements. Of course, you'll be aware that last year we increased the number of members a party was required to have up to 1,500 unless the party has a representative in parliament. Recently, as I'm sure you're aware, Commissioner, the Country Liberal Party's Senator McMahon quit that party—a very sensible decision, I have to say—so the CLP no longer has parliamentary representation in the federal parliament. Has the AEC contacted the CLP about whether it meets the membership requirements?

**Mr Rogers:** We have contacted the CLP and have discussed that with them, but, given that's a matter on foot, I'm loath to go through any more detail other than to say that we have contacted them.

**Senator FARRELL:** I have another couple of questions about it. Let me know whether or not you're happy to answer them. Media reports have suggested that the rules don't apply to associated parties. My understanding is that the CLP are not a branch of the Liberal or the National parties but have their own independent party. Does that mean they have to show 1,500 members?

**Mr Rogers:** Again, given this matter is being looked at the moment, I'm very nervous about making any further comment on that.

**Senator FARRELL:** Alright. If the CLP does have to show 1,500 members, how long will that process take, and will it be completed by the May election?

**Mr Rogers:** To be very helpful, I might talk about a process, rather than the process that you're asking about.

**Senator FARRELL:** I'm happy to do that. We can extrapolate to current circumstances.

**Mr Rogers:** Again, I'm not talking about the specifics of that issue, because that's a matter on foot and there'll be a number of things we have to do, but, even if a party were required to demonstrate that they had 1,500 members, we would have to do membership testing as a step 1. That takes a significant period of—

**Ms Reid:** I think step 1 is to issue a notice for a party to provide that. It has a legislative time frame.

**Mr Rogers:** They then have a legislative time frame—thank you for correcting me—of something like two months to produce that list of members. Then we have to do the membership testing. That takes some time. And then we have to review that process and make a determination at the end of that. So we are months rather than weeks away from that process.

**Senator FARRELL:** If that process is not completed by the election and there's no final determination, does that mean the CLP will appear above the line on the Senate ballot paper even though they may not meet party registration requirements?

**Mr Rogers:** Again, because we're now talking about specifics, I'd prefer not to discuss that.

**Senator FARRELL:** Alright. I want to talk about some fundraising that the Liberal Party has been doing in relation to a former United Kingdom prime minister, Theresa May. She's been appearing at a Liberal Party fundraiser as a guest speaker, although I read in the *Australian* today that it wasn't too successful; they didn't get very many people to it. I understand that Theresa May is obviously a UK citizen and that she charges up to 115,000 pounds for her speaking engagements. Both the Victorian and the New South Wales branches of the Liberal Party are reportedly charging anywhere between \$1,000 a ticket, which seems to be the Victorian one,

according to the *Australian* today, and \$3,000 a ticket, which must be the Sydney one. They must be more wealthy in Sydney when it comes these sort of fundraisers.

Are state branches of political parties covered by a ban on foreign political donations? You don't have to talk about it in terms of this particular one. You can treat it in the same way as—

**Mr Rogers:** I'm going to find it very hard to separate this particular thing from the actual. Let me say this, though: I am aware of it, after you very helpfully—

**Senator FARRELL:** I sent you a letter.

**Mr Rogers:** sent me a letter pointing out that issue late on Friday. That matter is currently being examined. I can say that our team have contacted the party and started a process—

**Senator FARRELL:** Contacted the Liberal Party?

**Mr Rogers:** They have started a process of looking at that matter, but I'm not prepared to make any further comment on that this evening, given that matter is being examined at the moment.

**Senator FARRELL:** I'll ask you this question in the general rather than in the specific. Again, you may choose not to answer it, for the reasons you've just outlined.

**Mr Rogers:** I think I can almost predict that that will be the case, because I see where you're heading with this.

**Senator FARRELL:** Don't jump to any conclusions, particularly not this late at night and so close to the election. Is a gift in kind, such as a discounted service, considered a gift under the donations framework?

**Mr Rogers:** It's a highly complex area of the law, for a start, and each case turns on the individual merits of the case.

**Senator FARRELL:** Who knows most about it at the table?

**Mr Rogers:** Well, we have several experts right here, but I'm going to prevent them from speaking, because I'm very concerned that that is going to tie in to the specific case. Again, because it's being looked at, I don't want to cloud that issue as we work it through. I can tell you, in response to your very helpful letter, that we have started a process. We've contacted the party, and we are examining it.

**Senator FARRELL:** Thank you, and thank you for the prompt way in which you've dealt with it. I won't ask the other questions; I think I'm going to get a similar response. I think Senator Ayres had a question.

**Senator AYRES:** I've got a couple. Commissioner, last year the commission found that Mr Laming had breached authorisation laws by failing to authorise Facebook pages—35 pages, remarkably—or pretending to be community group pages that contained political material critical of the Labor Party. I understand the commission has now lodged proceedings in the Federal Court about one of those sites. I expect that you can't comment on the case, but can you tell us what stage the matter is up to?

**Mr Rogers:** I might start and then the deputy commissioner might add. I am very conscious that we have to be careful here. We are well advanced, and I mean very well advanced, on that process, as a result of very hard work by our team. The deputy commissioner might want to add to that.

**Mr Pope:** I'm just not sure how much I can add to that.

**Senator AYRES:** What can you tell me about what stage it is up to? The commissioner says very well advanced. An application has been lodged?

**Mr Pope:** Yes.

**Senator AYRES:** No hearing at this stage. Has a hearing date been set?

**Mr Pope:** Not yet, no, but we think we are in the final stages.

**Mr Rogers:** A preliminary hearing has been established for early March.

**Senator AYRES:** But no sense how long evidence might take to be produced in front of the court? So it is a preliminary hearing date and those matters are yet to be determined, is that right?

**Mr Pope:** Yes.

**Senator AYRES:** Is this the first time the commission has taken court action in relation to authorisations?

**Mr Pope:** With a civil penalty? Yes, under the new—

**Senator AYRES:** Under the new provisions, yes—

**Mr Pope:** civil penalty regime. Yes, that is.

**Senator AYRES:** What is the maximum penalty?

**Mr Rogers:** I might get the chief legal officer to pop up if you don't mind.

**Senator AYRES:** Thank you.

**Mr Johnson:** It is 120 penalty units for a breach. Then it goes to court and you determine how many breaches, if the court agrees that there have been breaches. I think we calculated that previous estimate at about 24,000 or 26,000—or thereabouts.

**Senator AYRES:** Thank you. Senator Smith has questions, I think.

**Senator MARIELLE SMITH:** Commissioner, I would like to talk about mobile polling in aged-care homes. I understand you will be providing mobile polling in some aged-care homes but residents of others will need to vote by postal vote or attend a polling place. Given so many aged-care homes are locked down and there is a staffing crisis, how do you intend to facilitate mobile polling within them?

**Mr Rogers:** Senator, as you know, at each election we have a large number of teams who go around to aged-care homes and provide in-person voting services at those homes. We certainly don't want to turn this into a super spreader event so we are working with state health authorities and, indeed, those aged-care homes about how they would prefer to be given the vote. They've started to write back to us. Some have said that they can't accept mobile polling. Others have said that they would still like that and they think we can do it in a way that is safe for the residents. At all times the safety of those residents is utmost in our minds and, in fact, the safety of our own teams. Where we can't get into those homes we are adopting a model that we used during the two by-elections where we are working closely with the aged-care homes to make sure the residents of the aged-care homes, if they can, are registered as general postal voters. For those who are not infirm and they can still leave they might still care to leave and vote in person. We will make sure that we are working very closely with each of those aged-care homes to make sure that no-one misses out on a vote.

**Senator MARIELLE SMITH:** Commissioner, we know across the country that we have aged-care homes which are so overwhelmed that residents are missing out on food and water, they're not getting the medical care that they need. Have you encountered any aged-care facilities that have said they just aren't in a position to assist with mobile polling?

**Mr Rogers:** I might ask the national election manager to pop up, but I would say that there are almost definitely aged-care homes that have said their preference is not to receive mobile polling at this stage. Senator, I know you'll understand when I say that I'm not making a comment on the initial part of your question, but just for whatever reason the aged-care home will say to us: 'We would prefer not to have mobile polling.'

**Dr Gleeson:** Yes, that's correct. Is engagement with residential aged-care facilities is your preference? Would you be able to support our teams attending? We outlined the risk mitigations we have in place, which is a range of PPE, our temporary staff being vaccinated and other mitigating measures to make it a safe experience—only visiting one establishment per day and having our teams trained in COVID-safe measures. Then we put it to the establishment, essentially for them to make a judgement on whether they're comfortable with our teams attending or not, and—

**Mr Rogers:** The final layer, of course, is whether there's a health order in place that prevents that from occurring in any case. So there are a range of things we're considering.

**Dr Gleeson:** Correct. So we have a current footprint of a number that will be attending, but of course we'll need to liaise with those establishments on election announcement to confirm that they're still willing for us to attend.

**Senator MARIELLE SMITH:** How would that look different to, say, the 2019 election? I mean, COVID has amplified a crisis in aged care. In terms of the facilities that you reached out to at the last election compared to now, what sort of trends are you seeing in terms of which facilities are able to help facilitate or incorporate mobile polling on-site?

**Dr Gleeson:** There will be fewer facilities willing to have people attend to undertake polling, due to the pandemic. But we're still confident that our service will be able to ensure that electors are able to cast their vote. In addition to the strategies that the commissioner has outlined, we will have support cells dedicated in all of our state offices around the country to be in contact with facilities that have opted not to have mobile polling teams so that we're offering service on the phone and support to ensure electors are comfortable casting their postal vote.

**Senator MARIELLE SMITH:** What happens in the instance that an aged-care home is locked down at the last minute after you've already arranged for a mobile polling visit to take place and that isn't able to happen?

**Dr Gleeson:** We have business continuity measures. We would make arrangements with the establishment to urgently get postal voting material to them to support electors having their say. The timing of mobile polling

means we will know that before the postal vote cut-offs so we'll be able to make arrangements locally to get postal votes in as a matter of urgency and support the facility to do that.

**Senator MARIELLE SMITH:** Some residents are likely to need assistance casting a postal vote. How confident are you that residents of aged-care home who need to complete a postal work will be able to do so? I'm particularly concerned because we've been hearing reports of facilities being short-staffed. We know that in some instances families aren't able to visit, because of lockdowns or other issues. What happens to these residents where that help isn't necessarily available?

**Mr Rogers:** I might answer to start and Dr Gleeson can correct my evidence. It's one of the reasons why we have very close liaison with those aged-care homes, so that they understand the importance of the act of voting. We'll be spending time with them before the event to make sure that they do understand that residents will need that support. We'll be providing whatever support and materials we possibly can to ensure that the residents of those aged-care homes can exercise the franchise.

**Senator MARIELLE SMITH:** Are you concerned about aged-care residents missing out?

**Mr Rogers:** We're always concerned if anyone misses out. It's one of the reasons we go the extra mile into disadvantaged communities and aged-care homes, and a whole range of other measures that we take, to make sure that people are supported. Of course, I wish it wasn't a pandemic and we could get in there and do what we normally do, but we are trying to come up with a solution that's a best fit for the situation. I'm pretty confident that we'll be able to work with health authorities and those aged-care homes to produce a solution that works.

**Senator MARIELLE SMITH:** Senator Waters covered most of our questions on issues relating to remote polling. I want to go to the electoral roll. We know that there are over 17 million people on the electoral roll, and that's a good achievement. The AEC should be congratulated for that. I'm interested percentage-wise how that compares to the enrolment rate for the last election, the 2019 election.

**Mr Rogers:** We ticked over to over 17 million electors in December of last year. That's the first time in Australia's history that we've managed to do that. It's a huge effort by the AEC. It really is something. It's kind of a modern democratic miracle. We never thought we would get to the sort of level of completeness of the electoral roll that we have. In December of last year, 17 million voters equalled about 96.2 per cent completeness of the electoral roll. At the last election we just hit, at the close of rolls period, 97 per cent completed. So a lower number but a greater proportion.

There are a couple of things on that. First of all, the biggest spur to people completing their enrolment is the announcement of the election. There's always a huge rush of people enrolling at the last minute. We're very confident that that will increase. Secondly, we've put on the roll an additional 600,000 citizens between 2019 and where we are at the moment. It's this huge effort for a great increase in the number of citizens on the roll. We are hoping that increases again. We are chasing that 600,000. We are urging people to check their enrolment and make sure they are enrolled. Particularly when the election is announced, we will do a series of public awareness campaigns. The first one of those is to make sure that you're enrolled. Again, we're confident that the roll will be in even better shape by the time the election occurs.

**Senator MARIELLE SMITH:** I understand you have started contacting around half a million people who are potentially unenrolled. Is that because you're aiming to match the rate of the 2019 election?

**Mr Rogers:** We are really pushing to get that done. It makes us very happy when people enrol and it makes us very sad when they don't, so that's something we're looking at. We really will be running a large-scale campaign right up to the election for people to check their enrolment details.

**Senator MARIELLE SMITH:** It's been a while since I've done statistics, so can you tell me how many more people you would need to enrol to match that rate of 97 per cent?

**Mr Rogers:** Likewise, it's been a while since I've done that. We might have to take that on notice.

**Dr Gleeson:** I don't trust my statistics either.

**Mr Pope:** Would you like a little bit of data?

**Senator MARIELLE SMITH:** Yes.

**Mr Pope:** In 2019 we had 16.4 million enrolled for the 2019 election out of a eligible population of 16.9 million. That was an enrolment rate of 97 per cent. We currently have, as the commissioner said, an enrolment rate of just over 17 million—17,032,000—which at the end of December represents 96.3 per cent of the eligible population given the population growth. To get to the 2019 level, we do need an extra 0.7 per cent.

**Senator MARIELLE SMITH:** Do you know how many—

**Mr Pope:** I'm trying to do that maths as I'm talking!

**Senator FARRELL:** It is 70,000? It can't be 700,000.

**Mr Pope:** No, it'll be 70,000-ish.

**Mr Rogers:** I think we're going to check that figure.

**Senator MARIELLE SMITH:** We have the finance minister at the table! Can you do that?

**Senator FARRELL:** I wouldn't trust his figures. He can't count!

**Senator Birmingham:** I was just observing that that doesn't sound like very much to reach when you think about people's motivations in that early week or two of an election campaign.

**Mr Rogers:** We might confirm that figure.

**Senator FARRELL:** They'll be very keen to get rid of this government.

**Mr Rogers:** I wouldn't comment on that, but, as you know, as we have discussed before, electoral administration officials love landslides. We don't care which side; it just makes our job easier! It is just a process, the more people on the roll.

**Senator MARIELLE SMITH:** I'm sure we'll all be working toward that goal in our own way!

**CHAIR:** Indeed!

**Senator MARIELLE SMITH:** A news.com.au article from 5 February says that fewer young people are enrolled to vote now than were at the 2019 election. What's the current youth enrolment rate?

**Mr Rogers:** I will get the deputy or the national election manager to give you the figures, but I might go back on what I said last time. We find that youth enrolment really does bump up in those last couple of weeks before the close of rolls. It acts as a real spur for young people to enrol. Even though it's not quite at the same level it was at in 2019, it really is at a high level historically. We're very pleased with the amount of youth enrolment. Of course, we'd love it to be great. There's a whole range of things about youth enrolment, interestingly. One of the bits of research internationally shows that, if young people enrol for their first election, they are more likely to become lifelong voters. So it's important for young people to get on the roll. We do a number of reach-outs into the community to engage with young Australians and we'll be continuing to do that in the lead-up to the close of rolls.

**Mr Pope:** The youth enrolment rate at the end of December was 84.4 per cent. Youth enrolment at the 2019 federal election, after the close of rolls, was the highest it had ever been, at 88.8 per cent. We're confident, given what the commissioner has outlined. We know the data tells us that youth tend to enrol at the close of roll, when it's prevalent and more front of mind. We're confident that we can meet that target.

**Mr Pope:** To contextualise that: the 2019 federal election youth enrolment rate benefited from the enrolment that occurred from the same-sex marriage survey, where we saw a significant increase in younger Australians enrolling to vote for that particular event and that particular issue. We're hoping to retain or attract back those people if they've slid off the roll, obviously.

**Senator MARIELLE SMITH:** Dr Gleeson, are you able to provide a breakdown of the enrolment rate for each age group between 18 and 24, so for 18-year-olds, 19-year-olds—

**Dr Gleeson:** We could, and we'll take that on notice.

**Senator MARIELLE SMITH:** That would be great. Could you do that in terms of the current youth enrolment rate? Also, I'm sure you have at hand those figures for 2019.

**Mr Rogers:** Certainly.

**Senator MARIELLE SMITH:** You mentioned that part of your engagement strategy for enrolling young people is around that targeting close to the election. Can you talk me through any other strategies you're undertaking to help boost the youth enrolment rate?

**Mr Rogers:** We target the youth cohort specifically through some of our mainstream advertising and also social media work. In fact, it's one of the reasons we're on social media: to remain engaged with young Australians and also to make sure that people like me don't use social media, because it needs to be in the language that young people understand. So we do that. We have specific campaigns that we run. We partner with youth organisations as well and we're continually looking for partners that we can use. We use, as I mentioned, mainstream media activities. We also try to use champions, where we can, who might be relevant for the particular audience—that's very important. You might care to add to that as well, Dr Gleeson?



**Dr Gleeson:** The only other thing I might mention is that we've also slightly adjusted the internal business rules for our FDEU—Federal Direct Enrolment Update—process now that we have access to very reliable data on people turning 18. So we've made some slight adjustments that should see that youth enrolment rate increase also.

**Senator MARIELLE SMITH:** Are any additional resources going into this?

**Mr Rogers:** We're pretty comfortable with the approach we have. We think we're tapping the market pretty well and we have a comprehensive and quite sophisticated approach, particularly during that period in the lead-up to rolls. We're effective; I think the results at 2019 demonstrate that the approach that we're taking is working and we're going to continue to do that.

**Senator MARIELLE SMITH:** Mr Pope mentioned the enrolment drive sparked by the same-sex marriage vote—

**Mr Rogers:** Yes. But our methods have improved also, including our use of social media, amongst other tools as well, so we are very confident. We have a community engagement team as well that are very good in this space. It can be a mistake to lump youth together, because there are some specific issues with CALD youth and Indigenous youth, and we do try to look at all of those categories to make sure that we are encouraging people to enrol.

**Senator MARIELLE SMITH:** Do you collect data on that in terms of the enrolment rate across those different—

**Mr Rogers:** We do, but I'd just point out that they're estimates, because we don't ask people about their status on the roll and whether they're Indigenous or non-Indigenous. We use a number of other data sources to help us assess what it looks like. Anything we provide is good, but it's an estimate.

**Senator MARIELLE SMITH:** What is the current Indigenous enrolment rate?

**Mr Pope:** The estimated rate for 2021 was 79.3 per cent, which was an increase of 1.3 per cent from 2020.

**Senator MARIELLE SMITH:** How much money has been allocated for an Indigenous enrol-to-vote campaign for this coming election?

**Mr Pope:** I'll have to take that on notice because there are actually many strands to that. We have our community and international engagement team, and our Indigenous engagement people. We have partnerships and we also have our overarching partnership with NITV, for instance, Indigenous radio and our overarching advertising campaign for the election. I'd have to take that on notice and do my best to try to draw those threads together.

**Senator MARIELLE SMITH:** There's obviously a considerable gap between the Indigenous enrolment rate and the enrolment rate of the broader population. I know your target for the broader population is 97 per cent. Do you have a target specifically for the Indigenous enrolment rate—a point that you'd like to reach at this election?

**Mr Rogers:** Broadly, not for this election. We'd love it if the estimated rate of Indigenous enrolment was exactly the same as the general rate of enrolment. That's our long-term goal.

**Senator FARRELL:** Or even better.

**Mr Rogers:** Or even better. That's correct, Senator. That's our long-term aim. It's why we started in 2013 looking at other ways of engaging Indigenous communities. We think what we were doing previously—in fact I might just preface this: there's no criticism of any previous member of the AEC. Everyone's been doing their best and working out how to do this, so it's very important that I make that statement. In 2013 we started a partnership model and experimented with different ways of engaging with Indigenous communities, and it's what's led us to the current state where we've got 48 partnerships around Australia with a number of other organisations that are assisting us in that process. It's also why we go the extra mile in creating in-language materials for Indigenous communities, and we'll be translating much of our campaign material into about 18 different languages. On top of that, there will be some verbal and non-written languages that we're translating into as well.

We are working with those community groups to make sure that they are able to exercise the franchise. I say this carefully as a positive, not a negative: as a group, we spend more time looking at that single group of voters than any other single group of voters in Australia, and it's based on need, because there's that gap. We are doing as much as we possibly can to ensure that Indigenous Australians have the same opportunities. It's a long-term body of work.

In many ways the rate of growth in the estimated Indigenous roll has consistently outstripped the rate of growth in the non-Indigenous roll over the last few years, which is great. We're seeing all those green shoots, and in some cases that's been significantly outstripped. We're very conscious of that. It also shows that the estimated rate

of Indigenous enrolment isn't just growing in line with their population growth; it's exceeding the population growth in that community as well.

We're focused on that; we're looking at the data; and we're coming up with ways of working with those communities. Before COVID hit us, the deputy was involved with a number of Indigenous groups in various parts of Australia, but that got truncated because of COVID. We're going to continue that after the election, and we'll be continuing with a very solid focus on this issue.

**Senator MARIELLE SMITH:** Thank you. I have a few questions related to misinformation. I know you answered some questions on this topic more broadly with Senator Waters, and that the AEC is working hard to combat misinformation and disinformation as it relates to the election process. All of us have seen recently, with the antivax protests at Parliament House, that there is increasing antigovernment sentiment that could have a flow-on impact or effect on the election. Have these protests and this sort of sentiment that we've seen over the past few weeks in Canberra caused you to invest more resources in this area or look at this differently?

**Mr Rogers:** We were aware of this, in any case. We've been preparing for this event, in this area, for quite some time. Like everybody, we saw what occurred overseas—I don't want to mention particular jurisdictions, but it's obvious what we're talking about; other large democracies—where there was a large-scale misinformation and disinformation campaign. For the first time ever, we have created a thing that we're calling our reputation management strategy. We think what happened in part overseas was the collapse of the reputation of the electoral system based on misinformation and disinformation.

Where we see those sorts of things here, and we've seen a lot of it, we are taking action. As to the protestors on the weekend, it would be wrong of me to criticise individuals or to become involved in making a judgement call. We do note that there were some pretty outrageous conspiracy theories about the election at some of those rallies, and the reason we know that is other citizens have provided some video clips to us, including a wild one about Dominion voting machines; I don't know whether that's related to the US Dominion thing. There was a speaker in the crowd that kept repeating this over and over: that the AEC is using Dominion voting machines, there's some sort of secret going on, and the election's going to be stolen. That's also been repeated on some of our social media pages, which is very disappointing, and we're batting that back as much as we can. I've mentioned some of the other ones this evening. On our AEC TV page, we even have a video about Dominion voting machines.

Because we want people to think about this, at the election we're re-running our Stop and Consider campaign, which we ran in 2019. That's designed to help citizens think about the source of information. We think that was successful; we got over 50 million social media impressions at the last event from that campaign; we got 100,000 click-throughs to the website and many thousands of downloads of the information. We'll be running that even more fulsomely at this event, and we're really focused on the issue of misinformation and disinformation, particularly when it comes to the electoral system and the integrity of that process. We have been preparing for that for quite a while, and I'm really proud of the work that the staff have done.

I'm sorry for doing this, but it's an important community message as well. I mentioned before that this is the first election at which we have had a proper command and control centre where we'll be monitoring a range of issues, including social media. We're using various social media monitoring tools to help us help citizens understand the electoral process. Plus, most importantly, we have the Electoral Integrity Assurance Task Force, which is a group of other government entities, including security agencies, that are assisting us with the election. The board for that is co-chaired by the deputy commissioner and the Department of Finance. Many of those will be co-located with us at election time, and they'll be helping us in that regard as well. So we've done a whole range of things where we're looking at the environment; we are watching what's occurring, and we think we are in the best position we've ever been in to be able to respond to some of that.

**Senator MARIELLE SMITH:** What sort of progress have you made on reaching agreement with social media companies about taking down disinformation and misinformation?

**Mr Rogers:** I used an example before where Twitter removed something at our request within three hours. In fact, there are a couple of other things that they're looking at at the moment, and we expect that they'll remove some of that as well. So that's a good example.

I think I'd mentioned to this committee previously that I had hoped that by now we would also have a formal protocol in place with DIGI, the industry body for the social media companies. We had hoped that that protocol would be not just a protocol for the AEC but also for all the states, territories and the New Zealand Electoral Commission as well so that it's a collective approach. We haven't quite got there. We're still negotiating with DIGI and the social media companies, but our individual relationships with those social media companies has been pretty good.

There are examples from the last election where there was information online that did not necessarily breach the Electoral Act but we felt was confusing to voters, but did breach the terms of service for those social media companies. On at least one famous occasion we asked them to remove that material and they did. So the relationships are good.

At the last election—if I go too far with this, I'll be corrected—we were the first commission in the world that took the time to go and meet all of those social media companies. Mr Pope, people from the department of communications and others went and met the social media companies, including Tencent, the holding company for WeChat. We went to—wherever we went to, Mr Pope?

**Mr Pope:** Shenzhen.

**Mr Rogers:** There we go. We met with them to explain the process. So we're pretty comfortable with where we're heading with those social media companies, even though I would have preferred to have had a more formal protocol in place.

**Senator MARIELLE SMITH:** You mentioned that you had one case where Twitter took down something after three hours. During an election campaign, when we suspect that there will be significant amounts of misinformation and disinformation online, how quickly can you expect that you will be able to act to make sure that false claims are removed and, specifically, that they're removed before people vote either in person or in their postal vote at pre-poll?

**Mr Rogers:** Mr Pope might talk about that, but I also point out that, generally speaking, particularly at election time, the social media companies have been relatively responsive. I'm very conscious of what you've just said, because once something is up, it's seen and then can be spread.

**Mr Pope:** We have a very close relationship with all the social media companies, and we meet with them very regularly at various levels, and they are very responsive. That's been a particular area of focus for us. For this election—as many of them did last time—we are getting assurances from all of them that they will be expanding their hours of service, including having not just expanded hours of service here in Australia but staff in other parts of the world so that they can try and get as close to 24/7 coverage, so they're not confined by the business hours of their staff here in Australia. For instance, some of them have staff in Australia, they have a regional office in Singapore and another office in Europe. They'll be effectively following the sun as we go through the election to try and get as maximum coverage as possible.

**Mr Rogers:** There's one twist with taking stuff down—just a cautionary note. The nature of some of these conspiracies is that, when they're removed, that actually encourages further conspiracies about the removal of the conspiracy. It can become very circular, so you need to exercise some judgement about how we deal with those issues.

**Mr Pope:** Senator, I have an answer for one of your earlier questions, along with a bit of performance feedback for myself, which indicates that I'm, rightly, the Deputy Electoral Commissioner and not Deputy at the ABS—because I don't understand stats, clearly! I'm advised that we would require 127,000 electors to reach the 97 per cent enrolment rate for this election.

**Senator MARIELLE SMITH:** Your confidence meant we never had to call on the finance minister to do the maths and test his skills, so I'm sure he'll be thanking you. I appreciate you bringing that back. That's all from me.

**CHAIR:** Senator Ayres.

**Senator AYRES:** I'll resist making jokes about the finance minister's modelling and staff; it's been a long day. I want to ask a couple of quick questions about the electoral funding and disclosure reforms. I understand that for the 2019 election Senator Hanson's One Nation was required to pay back \$165,000 or so. Was this the result of a routine compliance review, or was it because the commission became aware of it because they had already rejected One Nation's initial claim?

**Mr Rogers:** As you've mentioned, that was a brand new scheme in place, with the requirement for parties to produce receipts for a certain amount of the funding et cetera, and I do know that there were some issues. Ms Reid, do you recollect—

**Ms Reid:** Yes. Because it was a new scheme, we made the decision to do a compliance review of all election funding claims. So it was as part of a routine compliance review that that was detected.

**Senator AYRES:** Why was it found that there was an overpayment? Was it because the items weren't electoral expenditure or because the electoral expenditure that had been claimed had not been incurred?

**Ms Reid:** I'd prefer not to go into the detail of exactly why. The notice that we published set out that it was either of those criteria that was not met.

**Senator AYRES:** I see. I might come back to you on notice on that question. I haven't been advised as to whether or not—in fact, I'll just put that question on notice and you might tell us.

**Mr Rogers:** We'll come back to you.

**Senator AYRES:** Yes. Has the money been paid back by Senator Hanson?

**Ms Reid:** Yes, it has.

**Senator AYRES:** There is an enforceable undertaking, I understand, for future claims. What are the terms of that undertaking?

**Ms Reid:** The undertaking essentially states that if that offence is repeated then we can take the party to court.

**Senator AYRES:** Are any penalties applied?

**Ms Reid:** Not at this stage.

**Senator AYRES:** So the enforceable undertaking is in lieu of penalties?

**Ms Reid:** Correct.

**Senator AYRES:** That's all I have.

**CHAIR:** Thank you very much, Senator Ayres, and thank you very much to the AEC for coming along tonight and answering our questions. In closing, I'd like to thank the minister and all of the officers who have appeared before the committee today and provided us with evidence. I'd also like to thank Hansard and Broadcasting for their assistance. I now declare this meeting of the Senate Finance and Public Administration Legislation Committee adjourned. Thank you, all.

**Committee adjourned at 22:18**