



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

Estimates

Public

TUESDAY, 5 APRIL 2022

CANBERRA

BY AUTHORITY OF THE SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Tuesday, 5 April 2022

Members in attendance: Senators Ayres, Chandler, Gallagher, Lines, McKim [by video link], O'Sullivan, Paterson, Patrick, Roberts and Wong

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

Ms Jennifer Stace, Acting First Assistant Secretary, Budget and Financial Reporting

Ms Lorraine Holcroft, Assistant Secretary, Budget and Financial Reporting

Ms Elizabeth Hickey, Assistant Secretary, Budget and Financial Reporting

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

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

Ms Radmila Ristic, Acting 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

Ms Abby Whiting, Acting 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, Assistant Secretary, Quarantine Infrastructure Delivery

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

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

Mr Nick McClintock, Acting First 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 [by video link]

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

Mr Cameron Jose, Assistant Secretary, Commercial and Government Services

Ms Rachel Antone, Assistant Secretary, Commercial and Government Services

Mr Gareth Sebar, 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 Lucelle Veneros, First Assistant Secretary, Governance and Resource Management

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

Ms Radmila Ristic, Acting Assistant Secretary, Governance and Resource Management

Mr Michael Graham, Director, 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

Ms Abby Whiting, Acting 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

Ms Abby Whiting, Acting 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]

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

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

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

Future Fund Management Agency

Dr Raphael Arndt, Chief Executive Officer

Ms Tracey Carroll, Acting Deputy Secretary, Governance and Resource Management, Department of Finance

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management, Department of Finance

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

Mr Neil Robertson, Assistant Secretary, Governance and Resource Management, Department of Finance

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

Ms 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, Chief Finance Officer

Mr Scott Dilley, First Assistant Secretary, Governance and Resource Management, Department of Finance

Mr Sebastian Powney, Assistant Secretary, Governance and Resource Management, Department of Finance

Committee met at 09:09

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 budget estimates for 2022-23 for the parliamentary departments, the Prime Minister and Cabinet portfolio, the Finance portfolio and 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 budget estimates 2022-23 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.

The committee has before it a program listing agencies and outcomes relating to matters for which senators have given notice. The committee's proceedings today will examine the Department of Finance and its agencies as listed on today's program. The committee will examine the National Indigenous Australia Agency, other Indigenous agencies and the Department of Health on Friday, 8 April at the hearing on cross portfolio Indigenous matters.

Under standing order 26 the committee must take all evidence in public session, and this includes answers to question on notice. The committee would appreciate it if senators could please provide any written questions on notice to the secretariat by Friday, 22 April 2022; however, it reminds all senators as well as departments and agencies that written questions on notice can be provided at any time until the tabling of the estimates report.

The committee has fixed Friday, 20 May 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 positions 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. The order will be incorporated in the Hansard.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

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

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. In doing so, the committee reminds the media that they must follow the directions of the committee and the secretariat and remain within those areas clearly marked for the media. In addition, 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 that 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

[09:12]

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

Mr Whiley: No, Chair.

CHAIR: Senator Wong, you have the call.

Senator WONG: Good morning, Mr Whiley. How are you?

Mr Whiley: I'm fine, thank you.

Senator WONG: I wanted to start with the Sovereign Shipbuilding Talent Pool. You might recall that on the last occasion I and also Senator Marielle Smith asked some questions about that program. How many people have applied for the SSTP? We'll do this in sequence. How many have applied and how many have been successful and how many have commenced? Can we do them in that order?

Mr Whiley: Two hundred and ninety-six offers went out to affected workers on the SSTP; 233 were accepted by those affected workers, and to date we've had 155 commence.

Senator WONG: Was the process that people simply be offered, or can they also apply? You said there were 296 offers. Was there a preceding step where people applied for that?

Mr Whiley: The process was that ASC set up a portal to allow affected workers to apply to join the SSTP. The portal didn't restrict people applying. The number I quoted was those people who were determined to be affected workers—that is, they were non-executive employees of LMA or NGA.

Senator WONG: Okay. How many applied through the portal? You gave me 296 offers. In order to have an offer presumably somebody has indicated an interest through the portal.

Mr Whiley: We had a total of 577 people apply through the portal.

Senator WONG: Five hundred and seventy-seven applied through the portal, but there were only 296 offers, so why were a couple of hundred people excluded?

Mr Whiley: The portal was used by a wide-ranging group of people to apply for jobs into ASC that weren't deemed affected workers. The 296 were deemed affected workers under the definition.

Senator WONG: I understand that. Just under 300, 280—something like that—workers. So nearly half who were refused access to the talent pool were deemed not affected. I'd like you to explain to me why. Where were they employed? How was it deemed that they weren't affected?

Mr Whiley: I will have to take that question on notice. The group of people came from a wide range of backgrounds, some from overseas. The 'affected worker' was a filter, effectively, on that number. If you let me take that question on notice, I will give you a breakdown of—

Senator WONG: Is it possible just to get some indication? Are they people working in Australia for contractors but were regarded as not being affected by the decision, or are they people offshore?

Mr Whiley: There were no people who triggered the definition, if you like, of an affected—

Senator WONG: I understand. With respect, Mr Whiley, that's a bureaucratic answer, because I don't know what your definition is. We can come to that. I'm asking a different question. Were they Australians?

Mr Whiley: They were people who had no defence experience. We had applications from people from Bunnings and KFC and various other broad-ranging applications of people who wanted to join or saw this as an opportunity for other employment.

Senator WONG: Okay. What's the 'affected worker' definition that you used? Can you read it to me?

Mr Whiley: All shipbuilding workers deemed as affected by government will be offered—I've got to find it. I actually don't have the definition in front of me. Can I ask somebody to get me the definition and come back to you with that?

Senator WONG: I think Senator Patrick is going to turn up shortly. I'm sure he has some questions so you'll have a bit of time. I would like to know what the definition is if that's okay.

Mr Whiley: Yes.

Senator WONG: Thank you.

Senator Birmingham: I have some information if it would help, Senator Wong.

Senator WONG: Okay.

Senator Birmingham: For Naval Group Australia, all Australian citizen employees are eligible to apply for the talent pool by default, except executive level employees. For Lockheed Martin Australia, all Australian citizen employees are eligible by default, except the following: employees of Lockheed Martin Australia not directly or wholly engaged on the Attack class program or executive level employees. Non-citizens are not eligible by default but ASC may, in consultation with Defence, accept these employees into the talent pool on a case-by-case basis.

Senator WONG: Where did you provision the funding for this program out of?

Senator Birmingham: Funding for the Sovereign Shipbuilding Talent Pool was provisioned from within the Sea 1000 program.

Senator WONG: So within the 5.5 over the forwards?

Senator Birmingham: Sorry; I'm not sure about that figure. The figure I think you're using, Senator Wong, includes expended funds as well.

Senator WONG: Yes.

Senator Birmingham: But it was provisioned from within the previously existing budget for Sea 1000.

Senator WONG: Basically, you're funding this redeployment service or redeployment mechanism out of the money that was supposed to be spent on the submarines?

Senator Birmingham: Yes, as a workforce retention strategy for submarines and other shipbuilding programs.

Senator WONG: What's the provision for the program over the forwards, for this component?

Senator Birmingham: I don't know whether Mr Whiley can help. We can see what we can do there.

Senator WONG: Mr Whiley, what's the provision for the SSTP over the forward estimates? Did you need me to repeat that, Mr Whiley?

Mr Whiley: Sorry; you're asking me?

Senator WONG: Yes, I was asking a question. What is the budget provision for the SSTP over the current financial year and forward estimates year by year?

Mr Whiley: I haven't got it by financial year. I have it over a three-year period. It is \$290 million over a three-year period.

Senator WONG: So that's a cumulative cost?

Mr Whiley: That's the cumulative cost, yes.

Senator WONG: Can someone please give me the annual allocation? Secretary?

Ms Huxtable: No, we don't have that detail.

Senator WONG: This is ridiculous. It's a program. Can someone just find out and come back?

Ms Huxtable: We can see what we can find out, Senator, but—

Senator WONG: How hard is it to work out? ASC should be across all of this. You budget in financial years. What is the allocation? How is the allocation of \$290 million broken up?

Senator Birmingham: This is funding from Defence to ASC. If Mr Whiley is able to provide that at his end then that's fine. Otherwise, we'll have to seek it from Defence.

Senator WONG: Mr Whiley, someone in your organisation will know how much they're allowed to spend each year on this.

Mr Whiley: Yes. We'll action that.

Senator WONG: Thank you. There were five work streams for the SSTP, Mr Whiley, that you and I and you and Senator Smith also discussed. I will just go through them and make sure we've got them right: (1) the core Collins sustainment work, including the LOTE; (2) seconding persons into other shipbuilding programs; (3) placing displaced people into overseas secondments with nuclear industries and universities overseas; (4) establishing a future focus learning and development program; and (5) providing people into the nuclear-powered task force. Are they the five streams?

Mr Whiley: That is correct.

Senator WONG: Right. Have you allocated any of the 155 people who have commenced to any of those streams?

Mr Whiley: The majority are now working inside the Collins stream. We have approximately 25 in the learning and development stream and three in the nuclear task force advisory stream.

Senator WONG: And how many in the first?

Mr Whiley: Approximately 129.

Senator WONG: It would be 128, if it's 155 commenced. Anyway, it doesn't matter—120-plus. Are there any in No. 2, seconding persons into other shipbuilding programs?

Mr Whiley: Not at this stage, no.

Senator WONG: Are there any into overseas secondments?

Mr Whiley: No, not at this stage.

Senator WONG: Future focus learning and development is 25, and nuclear powered task force is three.

Mr Whiley: That's correct.

Senator WONG: So that's the 155—although that doesn't quite add up, but anyway.

Mr Whiley: Those streams are available to all ASC personnel. The learning and development stream and nuclear-powered stream could be with ASC original personnel.

Senator WONG: Can you tell me: of the 155 who've commenced through SSTP, how many have been allocated to the streams? I don't want the streams with existing ASC personnel and others mixed up. I'd actually like to know: of the 155, how many have been allocated to each stream?

Mr Whiley: A hundred and twenty-nine are definitely in Collins.

Senator WONG: You gave me 128 before, but that's all right.

Mr Whiley: Twenty-five, I believe, are—

Senator WONG: Stream 4.

Mr Whiley: Yes; 25 is the number I have here. So that's 154. It's one in the nuclear task force advisory—

Senator WONG: And the other two are existing ASC employees?

Mr Whiley: That's correct.

Senator WONG: Thank you. What happened to the other—what was it?—233? So what's that—78?

Mr Whiley: They still work for NGA and they will transition as the program closes.

Senator WONG: NGA? Naval Group Australia?

Mr Whiley: Naval Group Australia, yes.

Senator WONG: So they'll go from there to these streams. When?

Mr Whiley: Over the next six to nine months they will slowly transition across.

Senator WONG: Mr Whiley, the *Advertiser*, using a question on notice I'd asked in estimates, wrote an article about, basically, Defence forward planning on submarines showing about 1,080 fewer jobs in South Australia as at 2030 under the government's new program compared with the French submarines. Do you have any knowledge of those figures, Mr Whiley?

Mr Whiley: No, I don't.

Senator WONG: The answer that Defence provided in response to a question on notice, which I can barely read because it's in very small font, essentially looked at where the submarine program would be in South Australia as at 2030 under one policy and under the other. So we've got two snapshots of workforce projections for submarines, one pre the ditching of the Attack class subs and one post. The difference as at 2030 in South Australia is 1,080. So 1,500 people are expected to work on the nuclear-powered subs in 2030 compared with the anticipated 2,580 on the Attack class boats.

Mr Whiley: Is there a question there?

Senator WONG: I'm asking you whether those figures reflect your understanding of workforce requirements for ASC going forward.

Mr Whiley: ASC had no engagement with the Attack numbers, so I would have no basis of understanding of those numbers. Again, I assume the numbers are forecast based on the nuclear program. That would have come from the task force. Again, we've not provided those or had any input into those numbers. We've not seen those numbers or had any engagement in providing data to those numbers.

Senator WONG: Right. So there's not been any discussion with you about how many people we need to keep engaged, including through the SSTP or other programs, to ensure that we have the workforce, even at the lower level, in 2030? That hasn't been discussed with you?

Mr Whiley: Not in that sense, no.

Senator WONG: What has been discussed with you about workforce retention? Have any numbers been discussed with you?

Mr Whiley: Not specifically on workforce retention. Obviously, the retention piece has been priority focused around SSTP. We have provided data to the task force on potential scenarios of nuclear build.

Senator WONG: So you've been asked to do that? By whom?

Mr Whiley: Under a tasking inside the task force we have provided data to the task force on potential build scenarios.

Senator WONG: Potential build scenarios. How many scenarios were you asked to provide information on?

Mr Whiley: We provided one scenario.

Senator WONG: Does that scenario involve a proportion of the build in South Australia at ASC?

Mr Whiley: It wasn't specifically in South Australia, but we provided some analysis about what a build workforce could look like.

Senator WONG: Assuming what proportion of the build?

Mr Whiley: Full build.

Senator WONG: And when was that provided?

Mr Whiley: About three or four weeks ago.

Senator WONG: Was that at the request of the task force?

Mr Whiley: That's correct.

Senator WONG: Did it go to workforce numbers?

Mr Whiley: Total numbers, yes.

Senator WONG: Did it go to expertise?

Mr Whiley: No.

Senator WONG: With the issue that currently we don't have a workforce that's trained to construct, were there plans as to how you would ensure you developed those workforce skills to enable the construction of a nuclear submarine part of that analysis?

Mr Whiley: Not in that part of the analysis. That is part of the remit that we have to do under the SSTP, to look at those skills and training programs. That is work that is currently ongoing as part of the SSTP. But it wasn't part of that analysis.

Senator WONG: How long does it take from a construction point of view, leaving aside the operation? What are you working to? If the government's policy of building in South Australia is to come to fruition, what is your assessment or your analysis of the sort of training that would be required, of the workforce numbers, for how long and to what level?

Mr Whiley: We haven't done that detailed analysis across the board for an entire workforce. Again, we're in the early days of SSTP. That is part of some of the work that we need to consider. Obviously, with the range of training, the skill set will vary greatly, depending on skills and skill types. It's quite a complex question that you ask, and we certainly haven't done that analysis to date to be able to fully answer it.

Senator WONG: Has anyone asked you to?

Mr Whiley: It is part of the work we're doing under SSTP to consider skill sets and skill capabilities.

Senator WONG: Sorry, that's a different point, isn't it? I understand redeployment, and skill sets as a component of how you support people and develop people through a redeployment process. I'm actually asking a different question. Constructing a nuclear submarine is a massive, complex undertaking—a more complex engineering and technological task than we've undertaken. I'm assuming that if we're going to build it here, construct it here, we would require quite a lot of training and skills development for our workforce. Of course, you're right; you'd have some at some level and some at another level et cetera. But given the lead time on that, I'd like to know what work is being undertaken to invest in those skills—that is, the skills that would be required to deliver what the government's promising.

Mr Whiley: As I indicated, I believe those skills, and that analysis, is part of our remit under SSTP, to consider the education and training development required for this endeavour. We're currently going through a market scan of educational providers and industry agencies to look at what are the lead times and how that training could be provided. We have a number of deliverables that we have to deliver to the task force that will inform some of those questions.

Senator WONG: What can you tell me about those?

Mr Whiley: At this stage we're in the infancy regarding doing this work. We're only two or three months into this. We are engaging with the universities and overseas providers of these services. We are currently planning an overseas trip to go and talk to them. We're very much in the early stages. The data available is very minimal at this point.

Senator WONG: Okay, so we're still in the preliminary stage. Would it be a fair assessment or a fair summary to say that, as yet, we don't have a clear plan as to how many people are to be trained in which areas and the lead times associated with them, but that work is starting?

Mr Whiley: That work has definitely started. It's going to take some time to actually put together and provide that detail.

Senator WONG: Going back to the 128, the 25 and the one—these are the SSTP people who have been accepted and have commenced: are the 128 who are allocated to Collins sustainment actually doing work on the Collins?

Mr Whiley: That is correct, yes.

Senator WONG: The 25 who are in the future-focused learning and development program, what are they doing?

Mr Whiley: They're working on a range of studies. They could be working on CPM certification, postgraduate certification, marine engineering, associate degrees in engineering, graduate certs in business, bachelor of engineering, and we also have 12 personnel who are doing a cert III in fabrication who are linked to the apprentices.

Senator WONG: Okay. And we've got one in the nuclear-powered task force, which is what we've been discussing?

Mr Whiley: Yes.

Senator WONG: Chair, I think Senator Patrick was keen to have the call.

Senator PATERSON: Could I ask one clarifying question?

CHAIR: Yes, Senator Paterson.

Senator PATERSON: Mr Whiley, what are the total workforce numbers that you're expecting under the scenario you presented to the task force?

Mr Whiley: Under the SSTP we believe that we're going to have 233 personnel come across. In terms of the total numbers of workforce that we're going to train up, that's going to be varied in terms of the positions that become available and the placements. As I've said previously, these opportunities are not just available to the affected workers; they're available to all of the ASC workforce. We actually haven't been given a target number.

Senator PATERSON: Do you have an estimate?

Mr Whiley: At a minimum, we'd definitely want to keep as many of the affected workers as we can. But we want to look at trying to maximise the opportunity inside the workforce to start these training activities. I haven't got a target number or an estimate.

Senator PATRICK: Going back to the study that was commissioned by the Nuclear-Powered Submarine Taskforce, how was that work commissioned? Was it by way of a purchase order? Or is it somehow funded through Collins sustainment?

Mr Whiley: Are you referring to the analysis that we provided? It was a request that came through. Under the SSTP we have a stream of work called the nuclear task force advisory to the stream 5, and we got a request to provide some advice on that. It would be funded for stream 5 of that work, for the SSTP.

Senator PATRICK: Within that body of work you get a tasking instruction and you've got some agreed rates; is that how that works?

Mr Whiley: Yes, effectively.

Senator PATRICK: What was the time frame in which that analysis was conducted, and has it concluded?

Mr Whiley: The analysis was done very quickly. It was probably done over a period of a week. It wasn't a formal tasking per se; it was a question that came through from the task force to provide some advice. We turned it around in about a week.

Senator PATRICK: The nature of that advice was the impact of a build, a 100 per cent build, here in Australia; is that how I understand it?

Mr Whiley: We were asked to provide an indicative estimate of a likely build workforce for a nuclear platform—a generic platform, basically.

Senator PATRICK: What was the number that was provided to the task force?

Mr Whiley: The number obviously depends on where you take the reading. With an abundance of caution, as this work that we do is classified, I will take that question on notice as to whether I can provide it.

Senator PATRICK: I don't think workforce numbers are classified. We talk about them all the time in these proceedings. You're suggesting that you need to take that on notice to refer that to a minister; is that what you're suggesting?

Mr Whiley: No, I need to make sure that I'm not breaching any confidentiality agreements that we've committed to on this.

Senator PATRICK: I'm afraid confidentiality agreements, particularly between a government entity and a government business enterprise, don't apply in respect of the Senate. You'll have to do better than that, Mr Whiley.

CHAIR: He's taken it on notice, Senator Patrick.

Senator PATRICK: Okay.

Mr Whiley: Yes, I said I'll take it on notice.

Senator PATRICK: Okay. Can you please table the advice that was provided to the task force? Again, I'm happy for you to take that on notice.

Mr Whiley: Okay. I'll take it on notice.

Senator PATRICK: Thank you very much. In relation to that tasking, I recall that during the Attack class program ASC provided a significant amount of advice and interaction with Naval Group. That's correct, isn't it? That was your previous evidence?

Mr Whiley: Yes, that's correct.

Senator PATRICK: Were you ever paid for that activity or was that just a business development activity?

Mr Whiley: It was a mixture of both.

Senator PATRICK: In the assumptions used in the study, was it to be ASC as the builder of the nuclear submarines or was it to be a US or UK company? I'm not asking which company.

Mr Whiley: That wasn't part of the question. It was looking generically at what is the size and shape of the resource profile that would be generated from a nuclear build. It wasn't a question of whether it was Australian, US or UK. It was just looking at the resource profile.

Senator PATRICK: You would have worked from your own understanding of how your shipyard works to be able to give reasonable, well-informed advice back to the task group?

Mr Whiley: Yes, we certainly used our experiences on Collins to shape some of the numbers.

Senator PATRICK: In relation to the task force, you said in an answer last time that you only had one member embedded in the nuclear task force. Is that still the case?

Mr Whiley: We've currently got three members. We're actually looking to provide other services for a number of other taskings as well. So that number is increasing.

Senator PATRICK: Only one member surprised me, noting that you are, in fact, the single body here in Australia that has the greatest expertise in submarine building. Do you expect that number to go up significantly?

Mr Whiley: Yes, I would expect that number—I'm aware of taskings coming through which we are responding to now that would put between 10 and 15 people, potentially, into the task force. I would anticipate that may increase further as well.

Senator PATRICK: How many other taskings have you received in relation to the future submarine?

Mr Whiley: We've got two more that have come through in the last week.

Senator PATRICK: And what are those taskings?

Mr Whiley: They're to provide a range of services relating to support to the task force.

Senator PATRICK: That's a very *Yes Minister* answer! Can you give me some detail as to what the tasking is?

Mr Whiley: Program and build knowledge in support of the task force. I'm not sure what the task force is going to do with that knowledge. It's the expertise in program build, effectively, in terms of submarine skills.

Senator PATRICK: You clearly have that expertise. What's the question that has been asked by the task group?

Mr Whiley: These people are going to work above the line, effectively. I don't know what question they're asking. What I've been asked to do is to provide expertise into the task force and for them to work—

Senator PATRICK: I may have confused you. You've indicated there are three people working inside the task group. Clearly, they're working, as you say, above the line, and you might not have knowledge as to what it is they're doing. I'm talking about tasks that have been requested of you, of ASC, similar to the one that you talked about to Senator Wong.

Mr Whiley: We have no more tasking—

Senator PATRICK: So that's the only task you have received in relation to the Future Submarine program?

Mr Whiley: That's correct.

Senator PATRICK: Thank you. I asked last time how many General Dynamics Electric Boat personnel were at ASC, and I didn't get an answer to that. You took it on notice.

Mr Whiley: Yes.

Senator PATRICK: Maybe it hasn't made it through the system. I'm hoping you can help me out.

Mr Whiley: We don't have anyone currently on site. We have re-engaged with Electric Boat in terms of their support. Those conversations are currently ongoing, about re-engaging with them and getting support to Collins.

Senator PATRICK: When did that presence at ASC conclude?

Mr Whiley: I'm not sure of the specific date. I'll take it on notice but I think it was late last year, but I don't know the exact date. I'll take it on notice and provide that date.

Senator PATRICK: Have you looked at any upgrades to ASC in respect of a future submarine build at all?

Mr Whiley: In terms of has ASC considered facilities, is that the question?

Senator PATRICK: Yes, just in relation to the Future Submarine program. I'll come back to the Collins shortly.

Mr Whiley: No, ASC has not done any work in that space.

Senator PATRICK: You had talked about upgrades to ASC North just as a matter of course to address ageing technologies and your requirements in relation to LOTE. Any further details on what upgrades might be happening at ASC?

Mr Whiley: I've previously talked about the digital upgrade that's going on. We're currently considering the opportunity to move some personnel into the CSPIF facility that was part of the Attack program to allow for maybe the LOTE team to work as an integrated project team inside that building and release some of our pressures from a workforce perspective.

Senator PATRICK: It was reported last year that the Minister for Defence had discussions with his counterpart in Sweden, Minister Peter Hultqvist. I presume you are doing work with the Swedes on a Collins batch 2 or looking at things like addressing obsolescence?

Mr Whiley: We're not working with the Swedes' Collins on a batch 2, but we're looking to engage Saab Kockums as part of the LOTE program, and we have engaged them with some consultancy services to date where they have provided support into the LOTE program.

Senator PATRICK: What sort of tasking is it possible that the Swedes may get out of the LOTE program? Has that been looked at?

Mr Whiley: Yes, as a pre-support, we are in negotiations at the moment but they haven't come to conclusion. But I'm very confident this month they will do, where they are going to provide a role of capability partner into the LOTE program, where they will provide skills, specialist skills, on particular equipment and installations. They have a range of integration skills that ASC doesn't have because obviously their currency as the builders is newer than ours. I think leveraging off those integration capabilities will be definitely beneficial to LOTE. We're in the process of trying to draw them in to the LOTE program for those types of capabilities.

Senator PATRICK: How will that look in terms of numbers of people? I understand it's not finalised but are we talking tens of Swedes, hundreds of Swedes? Are we talking people that are located on site in Osborne or are they going to be at Malmo or somewhere else?

Mr Whiley: I think all of those scenarios, as you covered. We're certainly looking to have probably up to eight or nine Swedish engineers in Adelaide and the ability to reach back and deliver packages of work to be done through Malmo as well. So it's a broad-ranging solution.

Senator PATRICK: Thank you, that's helpful. On the topic of COVID, how many ASC workers have been affected by COVID, either infected or have had to take leave for isolation purposes?

Mr Whiley: I haven't got those numbers to hand. We've had significant impact on the workforce shifts associated with isolations because of COVID but I don't have the specific numbers.

Senator PATRICK: Sorry, did you say significant or insignificant?

Mr Whiley: Yes, we've lost thousands of shifts associated with COVID.

Senator PATRICK: And how has that affected the schedule for the current boat that you're working on?

Mr Whiley: There obviously have been some disruptions inside that program but we're looking at how we can mitigate that, and we continue to manage COVID as best we can.

Senator PATRICK: So what boat do you have doing a full-cycle docking right now?

Mr Whiley: *Dechaineux* is currently doing a full-cycle docking.

Senator PATRICK: And what is the scheduled impact of COVID on that full-cycle docking?

Mr Whiley: The loss of the volume hours hasn't actually driven the duration of the activity. We've lost skills at volume rate. What it means is we're doing more work in phases when we weren't doing it before. So we're having to sort of look at our resources differently. The schedule per se is not expected to be extended due to COVID.

Senator PATRICK: As a former project manager I don't quite understand how you might do that with a workforce that is capped and would normally be attuned to doing a full-cycle docking. If you've lost a significant amount of time early in the piece, unless you expand your workforce—that is, increase the resources—it's not normally possible to maintain schedule.

Mr Whiley: The profile of a full-cycle docking is not level. It's got a series of peaks. And the back end of the activity is in the in-water phase and where the volume of labour is probably half of what it would be inside the hall. We're having to shoehorn a lot more work into that activity. From a schedule perspective, it's not driving the activity but from a cost perspective it will obviously increase because it's being done probably more in an inefficient manner because we're doing work we normally do in the outfitting hall while we're doing in-water. And replanning and redistributing work is disruptive and less efficient, as you'd appreciate.

Senator PATRICK: Can you just on notice provide those details of interruptions—that is, the number of hours—just so we can reconcile that when *Dechaineux* comes out?

Mr Whiley: No problems.

Senator PATRICK: And just finally, how has COVID affected the work at Henderson, both directly and also in relation to things like border closures and people in Adelaide who might have been required to provide expertise to the Western Australian shipyard?

Mr Whiley: It's a similar story. COVID has been disruptive. We did lose, currently in an activity in the west, a week on the critical path because of COVID where we lost a whole team of people that meant we couldn't do work. So there was an activity that was extended by a week over there specifically directly linked to COVID. It's been very difficult to manage resources in Western Australia with the restrictions on being able to travel. And we've had to become really self-reliant in WA as much as we can. Technology has helped us quite a bit in terms of being able to have Teams and work remotely, and the technology and the way that has now allowed us to work has significantly been accelerated, I think, by COVID. If you like, a positive that's come out of the COVID environment is the ability to support remotely has been significantly improved.

COVID's been a very difficult period for the business. However, we have continued to manage and find actions to mitigate those difficulties. And we remain primarily on track to meet all our objectives.

Senator PATRICK: When you provide those answers on notice could you please differentiate between Western Australia and South Australia when you provide those numbers?

Mr Whiley: Okay.

CHAIR: Before I hand over to Senator Wong, there was a little bit of weird feedback. I think it was something with the video connection. If that continues, we'll address that. But as long as everyone can hear everything, fine; we'll move on.

Senator WONG: Mr Whiley, I want to ask you some questions about the possible expansion of the Osborne shipyard and the earmarking or ostensible earmarking of land, I think to the north of the existing shipyard, for a possible expanded shipyard to house proposed nuclear submarines. But first I want to ask you: what involvement have you had or has ASC had in this?

Mr Whiley: I personally am involved in supporting the infrastructure as a member of the infrastructure expert advisory forum where I provide advice to that forum, sort of directly to the task force. But generally ASC has no involvement other than that advice that I provide.

Senator WONG: Did you ever provide advice to that forum about the need to earmark land north of the current shipyard to expand the shipyard?

Mr Whiley: Again, I'm not sure what I can say here in this space. I've had to sign confidentiality agreements on the work and the advice I've provided. I've not shared that advice with anybody. So abundance of caution—

Senator WONG: Whom did you sign confidentiality agreements with?

Mr Whiley: As a member of the IEF, I am signing agreements not to share the information that I'm privy to as part of that group.

Senator WONG: Who asked you?

Mr Whiley: It's part of being part of the task force.

Senator WONG: But whose decision is that? Is that a government decision?

Mr Whiley: I'm not sure whose decision that was. But that's part of the agreement for providing advice to the task force.

Senator WONG: And who runs the task force? Is that run out of Defence?

Mr Whiley: The task force is led by Vice Admiral Mead and Defence, yes.

Senator WONG: So presumably Defence has asked you to sign this non-disclosure or confidentiality agreement?

Mr Whiley: That's correct, yes.

Senator WONG: And Senator Patrick can jump in and explain to you that we don't accept that here in the Senate, but just for the purposes of moving on for the moment—

Senator PATRICK: Can I ask one question, maybe?

Senator WONG: Always.

Senator PATRICK: Thank you. Mr Whiley, in fact, it's standard procedure in any confidentiality contract signed by the Commonwealth to include a carve-out for the disclosure of information in circumstances where it's required by, for example, a court or in response to a question from a member of a house of parliament. Can you tell me whether or not that requirement is in that particular agreement that you've signed?

Mr Whiley: I would have to check. I'd have to take that question on notice. I don't remember, I've got to be honest.

Senator WONG: How about we do it this way? I just want to know whether or not, as part of the discussions in that forum, the issue of land acquisition by lease or purchase has been considered?

Mr Whiley: Not with me, no.

Senator WONG: There's an article in the *Advertiser* which splashes with 'massive new shipyard', 'additional leased land' et cetera. Did you have any knowledge about that proposal before it appeared in the *Advertiser*?

Mr Whiley: I had knowledge of the considerations of the task force. I'm not sure I'm really answering your question. It's difficult. I'm trying to think how I answer this. Obviously as part of the task force we're asked to consider a range of scenarios, and some scenarios such as increasing site capacity—I'm probably talking too much at this point in time—were considered but, again, regarding those—

Senator WONG: Sorry. I don't understand the answer. The *Advertiser* splashes the front page with lots of comments from Senator Birmingham about the proposal to lease land north of the shipyard. I'm asking whether prior to that going public you had any knowledge of that proposition.

Mr Whiley: I had no knowledge of the commercial arrangements of leasing of land, no.

Senator WONG: And were you involved in providing advice as to the area of land that might be required?

Mr Whiley: I think I'm straying into areas that I'm not sure I can provide advice on. As again, with an abundance of caution, I would like to take the question on notice. I provided advice on considerations by the task force, and that obviously is in relation to shipyard potential scenarios in terms of space.

Senator PATRICK: Your shareholder minister is here. So, in terms of advancing public interest immunity, the minister can do that right now.

Senator Birmingham: Senator Patrick, I think Mr Whiley, in terms of at least wishing to check some of these matters as part of the arrangements he has entered into with Defence under the task force, is being prudent. I would note that the work that the task force is doing is not work exclusively with the Australian government; the task force is working closely with the governments of the United States and the United Kingdom as part of the nuclear-powered submarine procurement arrangements. So the confidentiality arrangements and security arrangements that the task force is undertaking are matters which Vice Admiral Mead and Defence are better placed to respond to, but which do have some of those sensitivities of engagement with foreign governments attached to them.

Senator PATRICK: I don't think any foreign government is going to be concerned about the site at Osborne.

Senator Birmingham: No; and I'm sure that, with ANI, we will get into the detail of some elements of that insofar as Mr Seaton can speak to. We've heard from Mr Whiley that, as part of the task force and the workings of its different groups, there have been, as he has put it, discussions about the potential requirements in terms of land or infrastructure. But obviously the actual responsibilities for land or infrastructure are not ASC's responsibilities; they are ANI's responsibilities.

Senator WONG: I'm only asking about your understanding, Mr Whiley, as to the status of the expansion. Do you have any knowledge as to the status of the expansion?

Mr Whiley: No, I don't.

Senator WONG: I'm sorry?

Mr Whiley: No.

Senator WONG: I hadn't actually asked a question. What are you answering no to, Mr Whiley?

Mr Whiley: I have no knowledge of the status of the expansion.

Senator WONG: So you've not been advised or you don't have any information as to how much it's proposed to cost?

Mr Whiley: No.

Senator WONG: Or where budgeting for that is provisioned from?

Mr Whiley: No.

Senator WONG: Or any time frame for completion?

Mr Whiley: No.

Senator WONG: Do you have any knowledge of any other areas around Osborne that could be considered?

Mr Whiley: No.

Senator WONG: Has there been any discussion about the possibility of an option other than Osborne?

Mr Whiley: I have no knowledge of any other options, no.

Senator WONG: You can't tell me when this so-called triple-sized Osborne shipyard facility is targeted to be operational?

Mr Whiley: No, I can't.

Senator WONG: The task force that you have described has an 18-month review period, which ends in about March of next year; correct?

Mr Whiley: I believe that to be correct, yes.

Senator WONG: Do you have any knowledge as to why a lease was required now for what is already South Australian government-owned land?

Mr Whiley: No, I have no knowledge.

Senator WONG: Did anyone explain to you why, under Steven Marshall's government, we had to start talking about a lease in order to obtain land that was already owned by the South Australian government?

Mr Whiley: No. The only information that I heard about the lease has been in the press.

Senator WONG: The implication seems to be that a South Australian government might sell the land, and we were hedging against that risk. Is that really a possibility?

Mr Whiley: These are not questions for me; these are questions for the task force. I've not been involved in these types of conversations.

Senator WONG: Can I ask about the quantity of land? I don't accept your non-answering but, if we choose to leave that to one side, have you actually worked out how much land you might need?

Mr Whiley: That's part of the deliberation of the task force. I don't believe they have landed on what they need. That's part of the scope of work that is currently being undertaken.

Senator WONG: How did the government know how much land to lease, if we haven't landed on how big this is?

Mr Whiley: These are questions for the government and not for me. I don't know how they came up with that analysis.

Senator WONG: I suspect that it was to make sure there was an announcement before an election.

Senator Birmingham: They are questions for ANI, Senator Wong.

Senator WONG: They're questions for you.

Senator Birmingham: They'll be here in a few minutes. ANI can tell you who advised whom on that.

Senator WONG: Okay. Can I go to workforce again? I'll go to question on notice 4 from the last estimates, the supplementary estimates. I don't seem to have that. Perhaps someone in my office could email me question on notice No. 4, or maybe the secretariat can give it to me. I've got a reference to it in my pad, but I don't think I have the attachment.

Senator PATRICK: Is that the one—

Senator WONG: This is the one that looks at the OPVs and the loss of industry jobs in the OPVs as a consequence.

Senator PATRICK: No. 4 is about general dynamics.

Senator WONG: Do you still have questions, Senator Patrick? I'll try to ascertain what's happening.

Senator PATRICK: I might just ask a couple of supplementaries in relation to what has been put. Mr Whiley, you might recall that, during the discussions about whether full-cycle dockings were to be conducted in Perth or in Adelaide, the government made a claim that there was not enough room to simultaneously carry out future frigate work, future submarine work and Collins full-cycle docking work at the same time. I rubbished that in the media. Were you aware of the claim that there was a problem in relation to the size of the facility at Osborne?

Mr Whiley: No.

Senator Birmingham: Senator Patrick, I certainly know, in relation to my language at the time, that I made it clear that those factors were all factors of assessment in terms of the decision. It wasn't a claim that there was not enough room; it was a matter of what was being assessed as part of the consideration there.

Senator PATRICK: I went for a drive past there and I assessed it immediately. I don't think there were any significant difficulties. Particularly in circumstances where it is South Australian-owned land, I find that response a little disingenuous, Minister.

Senator Birmingham: Senator Patrick, the decision wasn't just about land. The decision was to maintain full-cycle docking and undertake life-of-type extension at Osborne.

Senator PATRICK: But there was a concern that there was not enough room to be able to do that, and it seems to me that was pretty much a furphy. We've now gone to a point where we're requiring land for a future submarine that requires even more room than the Attack class did, whilst still doing Collins light work, Collins full-cycle docking work and future frigate work. I'm just trying to get to an understanding of what happened.

Senator Birmingham: Senator Patrick, those issues were all satisfactorily addressed to provide for all of those work streams to be undertaken at Osborne as well as the considerations around workforce availability and other factors, in terms of cost and effectiveness. It was determined in favour of keeping the work at Osborne.

Senator PATRICK: When you made those assessments or raised the point about there needing to be an assessment, who advised you on that?

Senator Birmingham: Senator Patrick, they were the matters that were being looked at to inform the decision: all of those matters, in terms of the effectiveness of the continuous ship build program, the operation and availability of Collins class and those workforce land costs and other factors.

Senator PATRICK: But someone would have given you some advice that needed to be assessed. I would like to be able to ask whoever gave you that advice the basis of their concern and why they provided that advice to you. Hence the reason for my wondering who provided you with the information that raised that concern.

Senator Birmingham: With the analysis, the factors that were being analysed were undertaken by Defence.

CHAIR: Senator Wong.

Senator WONG: I don't seem to have a reply, but I'll wing it. I think the question on notice was from Defence. It projected, as between 2022 and 2023, the number of industry jobs as a consequence of the OPV program in South Australia finishing. This is a QON from October 2021. It said that 300 industry workers employed in the OPV program in 2022 then become zero in 2023. Are those figures still correct; that is, are we anticipating the OPVs ending next year?

Mr Whiley: Is that a question for me, Senator?

Senator WONG: Yes, it is a question for you.

Mr Whiley: That question should be asked of Defence. ASC isn't privy to that information.

Senator WONG: What information do you have about workforce on OPVs?

Mr Whiley: We provide certain skills into the program, but not the whole range of skills; so the complete picture would have to come from Defence.

Senator WONG: I understand that. What can you tell me about the OPV workforce?

Mr Whiley: I can't tell you anything about this program and its run-off and its resource at the moment. I can't tell you what that demand looks like or its forecast. That's a question for Defence.

Senator WONG: You have no knowledge of what's happening in the OPV workforce?

Mr Whiley: We have a rolling wave on certain skillsets based on the program, but it's not a complete picture of the program. Basically, it only relates to the hull fabrication and some sector work activities. The electrical skills and other outfitting skills are provided by other providers. We only provide part of that workforce.

Senator WONG: Which part do you provide?

Mr Whiley: The hull fabrication skills primarily.

Senator WONG: How many do you have employed on that?

Mr Whiley: Currently, through ASC, there are 19 ASC employees, 173 BAE employees and 44 from other suppliers.

Senator WONG: So, in terms of the reduction in BAE employees, you're saying that you have no knowledge of that?

Mr Whiley: We would have some projection; I don't have it in front me. I could take on notice what our forward projection of our work scope is relating to the program, but it's not related to the total workforce and it's not related to the program.

Senator WONG: So Defence?

Mr Whiley: Defence.

CHAIR: Thank you to ASC for coming along today.

Australian Naval Infrastructure Pty Ltd

[10:14]

CHAIR: I welcome Mr Andrew Seaton, Chief Executive Officer and Managing Director of Australian Naval Infrastructure, and other officers of ANI. Mr Seaton, do you wish to make an opening statement?

Mr Seaton: No, I won't.

CHAIR: Senator Wong.

Senator WONG: The Prime Minister, in his Lowy speech of 7 March 2022, announced the shortlisting of three potential locations for a supposed new east coast submarine base. I want to know what ANI involvement there was, if any, in relation to what we know was a down selection of 19 locations to the three locations.

Mr Seaton: ANI was not involved in that decision at all. You need to understand that ANI was formed to own, develop and operate shipbuilding infrastructure, not naval bases.

Senator WONG: Yes, I understand that. I just wondered whether you had any involvement.

Mr Seaton: The answer is no.

Senator WONG: You probably heard the discussion that we had with Mr Whiley. Was ANI involved at all in the decision to engage in lease negotiations with the South Australian government?

Mr Seaton: Yes, absolutely.

Senator WONG: Can you tell me about that? When did that start?

Mr Seaton: ANI started its involvement with the nuclear submarine task force shortly after the AUKUS announcement. There was an infrastructure working group formed as part of that NPS task force, and ANI has a role in that infrastructure working group.

Senator WONG: Who else is on the working group?

Mr Seaton: Defence personnel from the NPS task force. I heard Mr Whiley talk about his role; there's an independent expert advisory panel that provides input into that working group.

Senator WONG: You've given me three entities: Defence, ANI and ASC. Are there any other entities?

Mr Seaton: Finance are involved. That's to the best of my knowledge.

Senator WONG: How often does the infrastructure working group meet?

Mr Seaton: It has met regularly; I'd estimate monthly.

Senator WONG: Are there any representatives from any ministers' offices on either the working group or the task force?

Mr Seaton: I'm not sure of the differentiation between the minister's office and the bureaucracy.

Senator WONG: It's probably something that you should learn.

Mr Seaton: There are people from the Department of Finance and people from the Department of Defence, but not specifically directly from the minister's office.

Senator Birmingham: We have to be clear here, Senator Wong; there is not.

Mr Seaton: No. The Department of Finance and the Department of Defence are represented.

Senator WONG: Was there a decision of this working group to advise the government to commence lease negotiations with Renewal SA?

Mr Seaton: Yes. Options were worked up for facilities.

Senator WONG: By whom?

Mr Seaton: Through the working group, with input from ANI.

Senator WONG: So there were options worked up; at the request of whom?

Mr Seaton: As part of the NPS task force deliberations.

Senator WONG: NPS being nuclear—

Mr Seaton: Nuclear-powered submarines.

Senator WONG: Did the task force ask the working group to work up options? What's your evidence on that? Things don't just appear out of thin air. Somebody has tasked you to do this, so how did that happen?

Mr Seaton: The working group is part of the task force.

Senator WONG: Yes, I understand that.

Mr Seaton: So the working group worked up options for the facilities at Osborne. It became evident, quite early in that process, that we needed more land, so ANI was tasked initially informally some months ago.

Senator WONG: By whom?

Mr Seaton: Through the working group.

Senator WONG: So the working group says to you, 'Go away and look at options for more land'?

Mr Seaton: That's right.

Senator WONG: And you came back to the working group?

Mr Seaton: Yes.

Senator WONG: When did you do that?

Mr Seaton: Through late 2021 and early 2022 we came back to the working group with a number of options.

Senator WONG: A number of options.

Mr Seaton: I think I said in the February estimates that we were looking at the 'art of the possible' at Osborne as to what facilities we could—

Senator WONG: So there were a number of options, some of which involved Osborne and some of which involved other locations.

Mr Seaton: We were focused on Osborne.

Senator WONG: That wasn't my question. Did you provide any options that looked at other locations?

Mr Seaton: No, we didn't.

Senator WONG: So you came to a number in options with Osborne?

Mr Seaton: Yes.

Senator WONG: All of which involved land acquisition of some form?

Mr Seaton: No.

Senator WONG: So there were options that didn't involve an expansion of the facility, the actual footprint.

Mr Seaton: There were options that didn't involve an expansion of the footprint; that's correct.

Senator WONG: So there are options which involve no extension of the footprint and there are options which involve extension of the footprint. I would infer that there were options as to how you would extend; is that correct? So there's a number of decisions to be made.

Mr Seaton: Yes.

Senator WONG: Who made the decision to go with the leasing option?

Mr Seaton: The options are still live.

Senator WONG: Right.

Mr Seaton: But the clear direction is that more land is required.

Senator WONG: 'The options are still live'. What does that mean?

Mr Seaton: The design of the infrastructure will be dependent on the submarine: the build strategy for the submarine; the length, the diameter and the displacement of the submarine.

Senator WONG: What does 'build strategy' mean?

Mr Seaton: 'Build strategy' means how the submarine is fabricated, so the size of the sections of the submarine that you fabricate individually and then put together, and whether you're outfitting the submarine vertically or horizontally. There's a lot of nuance in how you build a submarine.

Senator WONG: Can I just ask about the build strategy? You've looked at a range of options on that because that then has consequences for infrastructure; correct?

Mr Seaton: At a very high level; that's correct.

Senator WONG: But one of the options that you've considered is, essentially, assembly as opposed to building from scratch.

Mr Seaton: No, that's not correct.

Senator WONG: Well, you just talked about things coming together, so I'm just trying to understand whether that means that we get different component parts offshore coming to Adelaide or wherever and then getting assembled?

Mr Seaton: No. The work that we're doing is looking at a fully integrated submarine yard at Osborne.

Senator WONG: What did you mean by 'build strategy' then?

Mr Seaton: Naval Group, for example, had a different build strategy than Electric Boat or BAE would use. It's just the processes, technology and methodology that they use to build the submarine.

Senator WONG: When did you first come back to the working group with your options about land expansion?

Mr Seaton: This has been an iterative process. I don't know that there was a specific date, but it was through late 2021.

Senator WONG: Was the option that was announced, which is the leasing of land, something that you put forward?

Mr Seaton: Yes.

Senator WONG: But that's not the only one.

Mr Seaton: There were other options to use the existing footprint, but they're not as attractive as the expanded footprint.

Senator WONG: Who made the decision to go with the leasing option; was that a decision of government?

Mr Seaton: No. It's been an iterative process with the working group.

Senator WONG: So there isn't a decision as yet.

Mr Seaton: There is a clear direction that the additional land is required, so we have been tasked with ensuring that we have access to that land in future. The way that we're doing that is through leasing the land initially but with a view towards ultimately purchasing that land.

Senator WONG: Was there any government decision associated with this?

Mr Seaton: There was a government direction to—

Senator WONG: No. Have you actually commenced negotiations for lease?

Mr Seaton: Yes, we have.

Senator WONG: When did you commence those?

Mr Seaton: Early this year; I'd say January this year.

Senator WONG: With Renewal SA?

Mr Seaton: That's correct.

Senator WONG: I'm asking whether, in order to do that, there was any decision by government.

Mr Seaton: A direction was given to ANI—

Senator WONG: I don't understand what 'a direction' means.

Mr Seaton: We brief our shareholder departments.

Senator WONG: Thank you; and you indicated that this was what was going to happen, on the basis that you had authority to negotiate.

Mr Seaton: That's right.

Senator WONG: And who negotiates?

Mr Seaton: My staff.

Senator WONG: Not you?

Mr Seaton: No.

Senator WONG: Can I ask one thing: the South Australian government already owned the land?

Mr Seaton: Yes.

Senator WONG: Was there any suggestion that they would have not been cooperative?

Mr Seaton: No.

Senator WONG: Then why do we have to lease it?

Mr Seaton: We didn't want to leave anything to chance.

Senator WONG: How much is the lease going to cost?

Mr Seaton: It will be a commercial lease rate.

Senator WONG: It just seems bizarre. I can't imagine the Marshall government or any South Australian government actually saying to the Commonwealth, 'We're not going to give you the land for nuclear submarine builds'. It's a ridiculous proposition.

Mr Seaton: I can't imagine it either, but I think it's a prudent step for us to lease it.

Senator WONG: To give them money. How much is it going to cost?

Mr Seaton: In the scheme of things, this is going to be a very small cost.

Senator WONG: When you're spending \$5½ billion on non-existent submarines, that's probably true, but I—

Mr Seaton: ANI is not doing that.

Senator WONG: I'm sorry; you're not doing that?

Mr Seaton: No.

Senator WONG: No; it's just the rest of them.

Mr Seaton: No. In the scheme of things, this is a very prudent step and—

Senator WONG: How much?

Mr Seaton: We haven't yet agreed the lease cost, but it will be a commercial arms-length rate.

Senator WONG: We're now moving onto shipbuilding and sustainment rather than subs. Is ANI involved in looking at the infrastructure to maintain ADF vessels more broadly? Is that part of your remit, or are you only submarine construction?

Mr Seaton: Our remit is the Osborne facilities, and it was recently announced by the Prime Minister that we will become involved in the Henderson large-vessel dry berth.

Senator WONG: I should ask you, actually: on the lease, when were you aware that would be in the media? Were you aware ahead of the article appearing?

Mr Seaton: Yes.

Senator WONG: Who told you?

Mr Seaton: I was told by my office; we'd been advised by the minister's office.

Senator WONG: By the minister's office, that they had dropped it to the papers.

Mr Seaton: I was advised prior to the announcement.

Senator WONG: As part of the discussion about Henderson, has there been consideration of the Captain Cook Graving Dock and its operations?

Mr Seaton: Yes, there has.

Senator WONG: Tell me about that. I need to inform myself on this, Mr Seaton.

Mr Seaton: Okay. I'm not the authority at the moment on Henderson.

Senator WONG: No; I'm asking for your knowledge.

Mr Seaton: I intend to become better advised on Henderson.

Senator WONG: I'm sure.

Mr Seaton: Captain Cook Graving Dock was built in the Second World War time frame. It's a very well utilised facility. It requires some upgrades later this decade. The decision to build a large-vessel dry berth in Western Australia is something that has been studied over a period of time.

Senator PATRICK: Senator, can I just interrupt?

Senator WONG: Can he just finish, please?

Senator PATRICK: The Captain Cook Graving Dock is in Sydney.

Mr Seaton: That's right; it's in Sydney.

Senator PATRICK: We are talking about Henderson.

CHAIR: Senator Patrick, thank you. Senator Wong has the call.

Mr Seaton: Senator Wong, you were asking about the Sydney facility.

Senator WONG: Yes. Let's start again. I'm asking in the context of the decision to invest in Henderson. I first want to understand what the assessment was or the considerations were about—as Senator Patrick says, it is a Garden Island facility—the refurbishment and limitations of the Captain Cook Graving Dock. I'm trying to understand the Henderson decision, so do you want to go back to where you were?

Mr Seaton: My understanding is that the business case for Henderson is to supplement the Captain Cook Graving Dock in Sydney.

Senator WONG: What needs to be supplemented; in other words, what do you understand can't be done at Captain Cook?

Mr Seaton: There is to be a capability for building the fabrication of large vessels at Henderson.

Senator WONG: I think you've referenced—certainly public reporting has referenced—that the Captain Cook dock requires some significant refurbishment. As you've said, it's a 1945 facility; correct?

Mr Seaton: That's right.

Senator WONG: So, as part of the discussion about Henderson, has there been consideration of when you close Captain Cook in order to do that refurbishment and how that relates to the development of Henderson?

Mr Seaton: Yes. My understanding is that there is an integrated plan.

Senator WONG: And when is what closed?

Mr Seaton: I think that's a question for Defence.

Senator WONG: So they've got an integrated plan on this?

Mr Seaton: I believe so.

Senator WONG: What do you understand?

Mr Seaton: My understanding is that the new facilities at Henderson will be required later this decade to enable that work to be undertaken at Garden Island.

Senator WONG: So the idea is for Henderson to be up and running before Garden Island closes?

Mr Seaton: That's my understanding.

Senator WONG: What do you understand to be the case with the dates, for both?

Mr Seaton: Later this decade. It's subject to ongoing work in relation to the actual design of the facilities at Henderson and the functional requirements of those facilities.

Senator Birmingham: I understand that the intention is for initial operations at Henderson to be possible by 2028.

Senator WONG: Is that what you're working to?

Mr Seaton: Yes, it is.

Senator WONG: And full operational capacity not until 2030 or beyond.

Mr Seaton: I'm not sure on that second point. Certainly 2028 is the need date.

Proceedings suspended from 10:32 to 10:46

Senator WONG: We were talking about Henderson and the Captain Cook graving dock. I want to finish this series of questions, then Senator Patrick has some questions. Previous responses to this committee—I'm not sure whether they were from you or Defence—were that the Captain Cook dock modernisation would be programmed over five years, to minimise impacts on dock operations, but it is possible that the dock could be unavailable for an extended period of potentially longer than a year. Are you aware of that sort of time frame and non-operational risk?

Mr Seaton: That would have been from Defence. It certainly wasn't from me.

Senator WONG: I'm just asking whether you were aware of it.

Mr Seaton: I've seen various reports in the Henderson context that are consistent with those comments. As the minister said, the intention is to have the Henderson large-vessel dry berth operational by 2028 to enable that extended maintenance at Garden Island in Sydney.

Senator WONG: How were you advised about the maintenance of Captain Cook graving dock?

Mr Seaton: We were briefed on Henderson in late 2021 and, as part of that briefing, we were given various documents which went to the capabilities required at Henderson and the logic and the business case for Henderson. I became aware of those requirements as part of that briefing.

Senator WONG: As a consequence of that briefing and elsewhere, is it your understanding that at all times either Captain Cook or Henderson will be operational?

Mr Seaton: Yes.

Senator WONG: I'm trying to understand the maths here. If Captain Cook is programmed over a five-year period and it's possible that it could be unavailable for an extended period of potentially longer than a year, and Henderson isn't fully operational until 2030—so this is an eight-year period—it means that there's a year or more when we don't have a dock available. Do you see my logic?

Mr Seaton: I'll defer to Defence on this line of questioning. ANI's involvement is in its early stages, and that is to work with the government to define the requirements at Henderson, and ultimately to undertake—

Senator WONG: The announcement is a 2023 start date with operations to commence in 2028. Everything else in the Defence portfolio has slipped, but for the purposes of this discussion, let's take it that this will be uniquely the unicorn and it will not slip. Even on that, at some point in that five-year period, if Captain Cook commences at the same time, there's up to a year or more when we don't have this docking facility available, because Henderson is not operational and Captain Cook is out of operation. Is that not something you've been engaged on?

Mr Seaton: You're getting out of my level of knowledge.

Senator WONG: Okay. I will ask someone else. Is the cost of \$4.3 billion something that you've been part of costing?

Mr Seaton: No.

Senator WONG: So you don't know how that cost was arrived at?

Mr Seaton: I've seen some supporting material. The Commonwealth has engaged engineers and has been actively working in a taskforce with the Western Australian government.

Senator WONG: Sure. But it says that government-owned ANI—that is, you—will oversee the design and build of this nation-building infrastructure, with work to start in 2023 and initial operations to commence in 2028. You're telling me that you don't know where the \$4.3 billion cost comes from.

Mr Seaton: I didn't say that.

Senator WONG: Where does it come from then?

Mr Seaton: I said that the Commonwealth has been working with the task force. They've appointed engineers and expert advisers.

Senator WONG: I thought you said that you weren't involved in the \$4.3 billion.

Mr Seaton: I wasn't involved; that's correct. I wasn't involved in the \$4.3 billion.

Senator WONG: How can the entity that's building, owning and operating supposedly not know the cost?

Mr Seaton: We were briefed on Henderson in late 2021. At that time the Commonwealth was still deciding whether ANI would be involved or whether there would be other delivery methods for the Henderson infrastructure. ANI has now been down selected, and we've been formally advised that we will be involved now in the design and ultimately the build of that infrastructure. Our involvement is growing now.

Senator WONG: When were you advised that it would be you? When were you advised that you were down selected?

Mr Seaton: I was advised on 11 March.

Senator WONG: On 11 March.

Mr Seaton: That's right.

Senator WONG: By whom?

Mr Seaton: By Tony Dalton from Defence.

Senator WONG: And you were advised that you had been down selected to build, own and operate?

Mr Seaton: Certainly build and own. The 'operations' is still for discussion.

Senator WONG: That was just three days before the announcement.

Mr Seaton: I'd been briefed in December, and we worked with—

Senator WONG: But the selection of you was not done until 11 March.

Mr Seaton: The selection of ANI was before 11 March, but I was formally advised on 11 March.

Senator WONG: Yes, three or four days before the announcement.

Mr Seaton: That's the date.

Senator WONG: Were you aware that the Prime Minister was going to announce it?

Mr Seaton: No, I wasn't.

Senator WONG: When did you become aware of the figure of \$4.3 billion?

Mr Seaton: When it was announced.

Senator WONG: So you weren't even aware of it before that.

Mr Seaton: I wasn't aware of that figure, no.

Senator WONG: In answer to my next question—whether you were consulted on cost, location or operation—you obviously weren't consulted on cost.

Mr Seaton: As I said, there was a taskforce and there were options for delivery. It was only shortly before the announcement that ANI was down selected to deliver the facilities.

Senator Birmingham: Senator Wong, there were two decision points, if you like, in terms of the work that Defence led there. One was the nature of what was required for the facilities at Henderson, the work that was done around that and the cost estimates and time lines required for those facilities. The other was the delivery partner for the facilities, for which consideration was given to models other than a government-led partner. Ultimately, the decision was for a government-led partner and for ANI to be that government-led partner.

Senator WONG: I think you've answered this. My question was going to be: will you operate it, or will it be a private operator? I think you said, in answer to an earlier decision, that's still for decision. Is that right?

Mr Seaton: That's right.

Senator WONG: So the \$4.3 billion is for what?

Mr Seaton: It's for the large-vessel dry berth.

Senator WONG: Design and build only?

Mr Seaton: Design and build.

Senator WONG: Has there been a decision on location at Henderson?

Mr Seaton: Various options have been presented, and ANI's role now is to mature those options in conjunction with the working group.

Senator WONG: 'Mature those options' means that you haven't yet decided precisely where it will go.

Mr Seaton: ANI has only just become involved, since December. There's been a lot of work done on this.

Senator WONG: Sure, but you're not aware of an actual location being determined as yet.

Mr Seaton: There is a location that's identified and that has been studied extensively over a very extended period. This has been on the drawing board for quite some time.

Senator WONG: There are a lot of words. What does 'mature the location' mean?

Mr Seaton: In a project life cycle, you go from a concept—

Senator WONG: Has a location been determined?

Mr Seaton: There is a location which I have been—

Senator WONG: Has government chosen a location? Why is this so hard to answer? Is there a decision about a specific location?

Mr Seaton: There is a location at Henderson that's been identified, and the work over coming months is to firm up the design for that location.

Senator WONG: What does that mean? Has the government determined a location or not? We've had three or four different answers. It's a very simple question: has government made a decision about the precise location?

Mr Seaton: There is a preferred location, Senator. Is that a 'yes'? I guess it is.

Senator WONG: They have or they haven't? You said 'maturing' before, so I'm a bit confused.

Mr Seaton: There is a preferred location that's been extensively studied.

Senator WONG: Minister, would it be correct to say that, at this stage, you still haven't made a final decision on location but there is a preferred location and other options?

Senator Birmingham: Senator Wong, I think there is very clearly a preferred location. ANI, now having been awarded the decision to develop it, will move through their work with the Western Australian government and other potential users on that site, in terms of the planning and other functions, to finalise arrangements in relation to that location. I think it would require something unexpected for that not to be the location.

Senator WONG: I'm just trying to work out the status of decisions.

Senator Birmingham: Mr Seaton is in the business of delivering infrastructure. He's at the point where—

Senator WONG: I'm just asking about point-in-time decisions.

Senator Birmingham: if his team finds something unforeseen over the next few weeks, then the preference—

Senator WONG: The government actually has to make a decision, Senator Birmingham.

Senator Birmingham: Yes, and the government—

Senator WONG: And they haven't yet. Is that correct?

Senator Birmingham: Senator Wong, the government has made the decisions. Mr Seaton now moves through a process of the actual delivery of the infrastructure—

Senator WONG: Let's be clear: has government determined the precise location at Henderson, or not?

Senator Birmingham: My understanding is that there is a preferred location, and the work that Mr Seaton is going to undertake now is in terms of the next stages of design and planning around that. If, of course, they find something unforeseen in that process, you would have to look at other contingencies.

Senator WONG: So can we say that there's no final decision as yet. Would that be accurate?

Senator Birmingham: I don't think that would be accurate, no.

Senator WONG: I understand that you've got to go through all of this work. But when you say 'preferred', that says to me—and I think to most people—that you still have to do the work. It's preferred but, as yet, there's not the final decision that it will be here.

Mr Seaton: A lot of work has been done on the Henderson location. There is a preferred location, and a final investment decision will be taken once ANI has done some more analysis of that site.

Senator WONG: The final investment decision has not yet been taken. Is that the better nomenclature? Is that easier terminology?

Senator Birmingham: And that will be taken at the point where the government can determine—as we did, for example, with Osborne South—the mix of equity injections that is provided to ANI in those sorts of parameters.

Senator WONG: When are you anticipating the final investment decision?

Mr Seaton: In late 2022.

Senator WONG: Late this year?

Mr Seaton: That's right.

Senator WONG: What were the other locations at Henderson?

Mr Seaton: It's a question of the orientation of the berth. It's broadly in an identified location which is part of the AMC at the moment.

CHAIR: Senator Patrick.

Senator PATRICK: I want to ask a broader question, and it follows from Senator Wong's questions about bases in the east. I understood that ANI was responsible for naval shipbuilding infrastructure but in some sense it also extends to sustainment infrastructure. Can you just describe where the boundaries are?

Mr Seaton: When ANI was formed in 2017 we were provided with a statement of expectations from the Commonwealth. At that time the expectation was that ANI would own, develop and manage Osborne. It also had a paragraph that said there may be a future role for ANI at Henderson, and that was the extent of it.

Senator PATRICK: At Osborne you own all the sites: ASC North, ASC South, the new shipyard and the future submarine yard?

Mr Seaton: Correct.

Senator PATRICK: So it's all owned by you?

Mr Seaton: Correct.

Senator PATRICK: At Henderson, what do you currently own?

Mr Seaton: Nothing.

Senator PATRICK: Even though ASC have a site there?

Mr Seaton: ASC's site is owned by a commercial entity, an investment bank, on land owned by the Western Australian government.

Senator PATRICK: Is that the only construction that you own?

Senator Birmingham: In terms of shipbuilding construction versus sustainment?

Senator PATRICK: Yes.

Senator Birmingham: No, because the Osborne site obviously includes the sustainment activities of ASC.

Senator PATRICK: So there's no line between them. I was just wondering, when we get to a new submarine yard in New South Wales, one would expect that there would be sustainment work that's carried out on the east coast for the east coast bases just as there is for the West Australian submarine force now.

Senator Birmingham: It's true that, wherever there's a permanent base, there's at least some need for sustainment activities now of varying degrees, depending on the nature of that basing and the way in which sustainment is undertaken. The basing decisions there are, first and foremost, about a Defence base, and I would expect that the land and development would, first and foremost, be a Defence base and Defence responsibility. Whether then a particular industrial precinct might be necessary to support sustainment alongside such a Defence base, those policy decisions would be taken at a later stage. But I can see where you're going about whether, once ANI expands out of its Osborne footprint, to also have the Henderson footprint responsibilities. That's a partnership with the Western Australian government. At this stage, in terms of how that develops, then could there be other sites that ANI becomes responsible for that also are a Defence industry precinct providing sustainment services? Theoretically yes, but no decision has been taken in that regard.

Senator PATRICK: Mr Seaton mentioned the words 'integrated plan', and that's what sort of sparked me to ask that question. There are various different facilities around Australia such as NQEA in Cairns. From memory, the Garden Island dockyard precinct in Sydney is actually owned by the Commonwealth and leased to Thales; is that correct?

Ms Huxtable: I think that's probably a question for Defence. I'm just not sure of the arrangements that underpin that.

Senator PATRICK: You can see where I'm going. I'm not objecting to your policy; I'm just seeing where it ends up taking you.

Senator Birmingham: I see where it's going. I would just draw the initial distinction that, under the continuous shipbuilding strategy, the government has for some period of time identified Osborne and Henderson as the two precincts that are central to that strategy and that, whilst, yes, there's not a distinction in the sense that ANI does not have land on which sustainment activities occur—because transparently they do with ASC's

operations at Osborne—you could draw the distinction between Osborne and Henderson as elements of shipbuilding construction work and the greater needs that entails versus then more discrete and specific sustainment activities elsewhere around the country.

Senator PATRICK: In essence—I don't object to this policy at all—what you've done with these facilities is cemented the idea that this is critical infrastructure owned by the Commonwealth through ANI. It just seems to me that you might extend that to other new facilities; hence the question about the integrated planning. Does the integrated plan only deal with Henderson and Osborne, Mr Seaton?

Mr Seaton: I'd have to know the context of 'integrated plan'.

Senator Birmingham: I'm sorry, I'm not sure what you're referring to there with 'integrated plan'.

Senator PATRICK: You were talking about the Capital Cook Graving Dock in Sydney, you were talking about a dock in Western Australian, you were talking about Osborne and you mentioned that this was an integrated plan. That's the reference that you made.

Mr Seaton: I think the context of that statement was around the business case for the large-vessel dry berth at Henderson, to integrate that planning with the work required at the Captain Cook Graving Dock in Sydney.

Senator Birmingham: But Senator Patrick, as for the principle that you outline, I understand that the government, yes, did take a conscious decision in the end to give preference to a government-owned and government-led vehicle for the delivery of the additional facilities at Henderson. I know that you appreciate—but it's worth stressing in these hearings so that it's on the record—Henderson is a different precinct from Osborne. Osborne is a Defence-only precinct. Henderson has commercial shipbuilding activities as part of that precinct as well. So there are different factors in working with the Western Australian government and industry that ANI will have to work through as part of the Henderson precinct compared with historically what they've done in the Defence-only context of Osborne. The last point I'd make in terms of your question about submarines is that there is, of course, the crucial element around nuclear stewardship and safety and protection arrangements that may, in terms of any type of sustainment activities, necessitate a greater role for government holdings or sites in the future than perhaps would have been necessary under a conventionally powered option.

Senator PATRICK: What is the stated purpose of the new, intended dockyard in Henderson?

Mr Seaton: It's for the construction and sustainment of large vessels.

Senator PATRICK: That's inconsistent with the Naval Shipbuilding Plan. I'll just go to para 1.18 of the Naval Shipbuilding Plan that was released in 2017. It says that in April 2016 the government announced that the Osborne Naval Shipyard in South Australia would host the major surface combatant and submarine continuous build program and that Henderson maritime precinct in Western Australia would host the minor naval vessel continuous build program. It goes on to say that the Osborne South site would host the major surface combatant continuous build program. It made a distinction. I've also talked to the Chief of Navy, in Defence estimates, about large vessel construction or major vessel construction that takes place in Adelaide and minor construction that takes place in Henderson. Indeed, I had a conversation with the Chief of Navy—I'll just read from the Hansard back on 20 February 2019—about the split there. He said:

I think I'd probably characterise it roughly but not exclusively as anything up to, say, 2,000 tonnes would be a minor vessel and anything over that would be a major vessel.

Is the government departing from this principle that major combatants are built in South Australia and minor combatants are built in Western Australia?

Mr Seaton: No.

Senator PATRICK: So why are you talking about construction—

Mr Seaton: I think it's the word 'combatants'. I think the facility at Henderson is for large vessels but they are support-type vessels. They're not warships as such, combatants as such.

Senator PATRICK: To put some context around this, one of the first things I did when I came into the parliament was introduce a private member's bill about building all Royal Australian Navy vessels in Australia unless there was an emergency reason not to. One of the restricting factors in relation to that was the size of things like our supply ships. Indeed, we ended up seeing an icebreaker for the Antarctic Division being built in Romania. Is part of the intent here to be able to build those larger ships here? Maybe that's a policy question but you may have been involved in discussions in relation to the use of that facility.

Mr Seaton: I think it is a question better directed to Defence or to the minister.

Senator Birmingham: But I think, in terms of your distinction there, Senator Patrick, the Prime Minister at the announcement highlighted vessels such as survey vessels, the icebreaker replacement for the Navy's *Ocean*

Protector, a new large salvage-and-repair vessel. Yes, the distinction that Mr Seaton has drawn there is in terms of not only the size distinction that you cited but also the combatant versus the non-combatant or the nature—

Senator PATRICK: It's the complexity.

Senator Birmingham: in that large, complex warships and submarines are built at Osborne. Other vessels that are either smaller or less complex in nature are being built at Henderson. That's consistent with that decision. Of course, the work around the facilities required at Henderson has been undertaken over a period of time with the Western Australian government. It's not new, in terms of the identification of the need for these sorts of facilities, to deliver on those commitments made around the continuous shipbuilding strategy for both sites.

CHAIR: Senator Patrick, do you have much longer on this line of questions? Senator O'Sullivan does have a couple for ANI. Also, we are running a little over time; so I'd like to move on.

Senator PATRICK: I do have some more questions. I'm happy to cede the call, if you want to give someone else a chance. But I'm not going to stop my questions, because this committee finished early yesterday and the Senate has allowed until 11 o'clock tonight for questions to be asked.

CHAIR: Yes, that is the case, but at the same time we have an agreed program, and we are running over time to get the Department of Finance proper in.

Senator PATRICK: Sure.

CHAIR: What if we go for another five minutes on your questions and then I'll go to Senator O'Sullivan?

Senator PATRICK: Thank you. Does the new, planned dock at Henderson have the capacity to build supply ships such as the two new supply vessels that we're receiving or an LHD, for example?

Mr Seaton: That is the intention, yes.

Senator PATRICK: What's the tonnage capacity likely to be for that particular dock?

Mr Seaton: It's a preliminary design of the order of 40,000 tonnes.

Senator PATRICK: In relation to Osborne North Shipyard, how many of Laing O'Rourke's contractors have had their contracts terminated?

Mr Seaton: We haven't terminated any of Laing O'Rourke's subcontractors. We've de-scoped work, but the contracts remain on foot.

Senator PATRICK: For the de-scoped work, is there any compensation involved for subcontractors?

Mr Seaton: We have worked with each of the subcontractors, together with Laing O'Rourke, to ensure a fair and equitable parting of the ways.

Senator PATRICK: Sure; but does that involve compensation?

Mr Seaton: Not compensation as such, no. But we have treated them fairly and with respect and reflected on the work they were undertaking at the time, the workforce they had engaged at the time and their ability to redeploy that workforce to other projects in the construction sector.

Senator PATRICK: I note that with Naval Group, for example, the prospect of compensation was raised last week in estimates for a very large French company. Are we treating Australian companies in the same manner in which we're treating French companies?

Mr Seaton: We have worked closely with our contractors and subcontractors to ensure that they have been treated fairly and equitably and in accordance with our underlying contracts.

Senator PATRICK: Has any decision been made regarding what to do with the equipment that was furnished by Naval Group?

Mr Seaton: That's a question for Defence. We didn't procure that equipment; that was directly into Defence.

Senator PATRICK: In relation to the announcement—this touches on a couple of questions Senator Wong asked about the new area—the owner of that land is the South Australian government; is that correct?

Mr Seaton: That's right.

Senator Birmingham: Through Renewal SA.

Senator PATRICK: Have we signed a lease agreement, or is that still under negotiation?

Mr Seaton: It is still under negotiation.

Senator PATRICK: So we don't know what the cost of that is yet?

Mr Seaton: No, I don't have a cost to hand.

Senator PATRICK: How many square metres are we seeking to lease?

Mr Seaton: Roughly 45 hectares.

Senator PATRICK: What is the area of the Osborne Naval Shipyard for the Attack class, just to give a feel for how much area that covers?

Senator Birmingham: So the current Osborne North site?

Senator PATRICK: Yes.

Mr Seaton: I will take that on notice.

Senator PATRICK: Can you give a rough order of magnitude?

Mr Seaton: Yes. I think it's of the order of 25 hectares.

Senator PATRICK: So this is quite a significant expansion.

Mr Seaton: Yes, it is.

Senator PATRICK: Again, how was 45 hectares decided on? Is it just the land they had, or a portion of the land they had?

Mr Seaton: We started working with the task force through the fourth quarter of 2022. It became evident very early on that the footprint of the Attack class yard was not suitable for nuclear-powered submarines because of the size of the yard but also the location of the yard and the proximity to the Port River. Nuclear-powered submarines need to be consolidated a lot closer to the water so that they come almost straight out of the consolidation shed into the water; whereas with the Attack class we were going to bring the submarines out to the west of ASC and then on SPMTs onto the existing shiplift. Quite early on a number of things became evident: the existing shiplift wouldn't be suitable for nuclear-powered submarines because it hasn't been designed to nuclear safety and security requirements; and the transit distance going past other buildings and other capabilities was not acceptable from a nuclear-safety perspective. That then led to needing a site fronting the Port River. So we looked at several options, both with the existing footprint and with a new footprint. We are fortunate this additional land is available.

Senator PATRICK: And the access to the water is to do with nuclear cooling, or nuclear safety?

Mr Seaton: It's nuclear safety, in that you want to be able to put the nuclear submarine in the water before you activate the nuclear reactor and then keep it near the water once the nuclear reactor is activated.

Senator PATRICK: It's good to keep them cool.

Mr Seaton: That's right.

Senator O'SULLIVAN: Following on from this discussion we're having about the Henderson project, Minister, it is a significant decision to invest up to \$4.3 billion into building a new facility in Western Australia, the first large-vessel dry berth in WA and only the second in Australia. I would like you to describe the project a little and then I have two questions: when is the project expected to start; and how many jobs will it create?

Senator Birmingham: It is a significant project. It's a recognition of the next stages in the government's Continuous Naval Shipbuilding Program, which has been to establish streams of work in both South Australia and Western Australia to consolidate the activities of naval shipbuilding in Australia around two centres that can provide for ongoing security of workforce, ongoing opportunities for industry development and, in relation to Henderson, build upon the commercial shipbuilding activities and success that has been demonstrated there with the types of vessels we were just exploring with Senator Patrick. In Henderson, the opportunity for both smaller naval vessels or naval vessels of larger scale but outside of the warship type categories is significant and an important part of keeping the Navy with the capability they need and developing further the sovereign industrial capability in Australia of the different arms of shipbuilding activities. The work in coming to this decision has involved engagement with the Western Australian government and extensive assessment of different options in terms of delivery. Ultimately, the government has determined that a government-owned and government-led agency through Australian Naval Infrastructure is the optimal way to provide for the secure, sensitive delivery of critical naval infrastructure for the future. The large-vessel dry berth is estimated to support around 500 direct construction jobs at the peak of construction over that period, from work scheduled to commence in 2023 flowing through to that initial operating capacity of 2028 and to help support at least 2,000 direct shipbuilding jobs in WA. Once operational, those jobs will sit alongside the thousands of shipbuilding jobs in SA, the two together providing an enhanced industrial capability in Australia that helps to ensure that our naval shipbuilding industries and supply chains are as strong as possible.

Senator PATRICK: At the last estimates, you advised that 467 personnel—292 office staff and 275 site-based staff—were on your books. How many do you have now? Has it gone up or down?

Mr Seaton: At the last estimates, I advised that ANI had a staff of 45 people.

Senator PATRICK: They were contractors, yes.

Mr Seaton: At the peak of the Osborne North development project there were 550 to 600 involved. As for the relative numbers, ANI now has 41 employees and, for the Osborne North Development Project, the numbers on site on a daily basis are between zero and 10.

Senator PATRICK: Based on your previous evidence, I presume that not much of that ASC North site will be reusable.

Mr Seaton: The ASC North site will be used for Collins sustainment and LOTE.

Senator PATRICK: That's what I meant.

Mr Seaton: The Attack class site: the combat systems facility is completed. Mr Whiley earlier said that he's looking at leasing that from us; my expectation is that would be used for nuclear-powered submarines in the fullness of time. The other facilities on the site—site-wide utilities and things—will be useful and will be reused, and we're looking at ways of reusing some of the other foundations and pilings and things that we've put in.

Senator PATRICK: But the land-based test site for the propulsion is unlikely to be suitable.

Mr Seaton: We're still looking at whether it is suitable for other programs or not.

Senator PATRICK: What is the financial impact of the shutdown of the Attack class program on ANI?

Mr Seaton: ANI had approved equity funding of \$554 million. At the last estimates, I advised of our expectation that we would spend up to \$490 million. I can now update that number is closer to \$470 million that we will have expended to date on the program. So that \$470 million has funded facilities, some of which will be reused and some of which will not be reused. We will salvage some of the equipment we have already purchased or will re-use some of that equipment on other programs.

Senator PATRICK: On notice, can you provide a more detailed summary of the estimate of what will be re-used?

Mr Seaton: Yes.

Senator PATRICK: Both in terms of the physical description and the financial component of the \$470 million.

Mr Seaton: Okay.

Senator PATRICK: Finally, we asked questions about upgrade work in the last Senate estimates and mostly your answer came back talking about roofs and admin building upgrades but nothing substantive around submarine construction. That surprises me, noting the age of the shipyard. I don't understand why there is not a requirement for greater investment for the shipyard, noting things like Collins LOTE and the age of the site.

Mr Seaton: It is probably a better question for Mr Whiley; he is the user of the facilities. We're responsive to his needs, in terms of upgrading or refurbishing the facilities as required.

Senator PATRICK: And there's no chance that he can take some of that remaining money that was set aside for the Attack class and redeploy some of that into the current Collins shipyard?

Mr Seaton: Yes, there is opportunity there. That is something we are discussing with our shareholder departments at the moment, not just into the Collins shipyard but also into the Hunter shipyard, with some upgrade works that are required there as well.

Senator PATRICK: Thank you.

CHAIR: Thank you to ANI for coming in today. We will now bring on the rest of the Department of Finance to do outcomes 1 and 2.

Department of Finance

[11:30]

CHAIR: I welcome Ms Rosemary Huxtable PSM, Secretary of the Department of Finance, and other officers of the department for the committee to start our examination of outcomes 1 and outcomes 2. Before I ask for opening statements from the minister and the secretary, I want to recognise, in my capacity as chair of this committee, Ms Huxtable, that it is expected this will be the last time you appear at an estimates committee.

Ms Huxtable: Sad though that is!

CHAIR: You've been the Secretary of the Department of Finance for five years, in acting and official capacities, and have spent 25 years in the Commonwealth Public Service, which is a very impressive record. I note that you first joined the Department of Finance in mid-2013 as a deputy secretary, so that would mean you've had almost a decade of appearing at this committee and being questioned by senators. Of course, we thank you very much for the service that you have provided to the Commonwealth but also to this committee in always responding to our questions in such a professional manner. Minister, I wasn't sure if you wanted to make a couple of remarks at this point as well.

Senator Birmingham: Thank you, Chair, for those kind words. I also add my thanks and the government's thanks to Rosemary Huxtable for your very long service to the people of Australia and the Public Service of Australia. Obviously, you started at a very, very young age in your Public Service career to have stretched it out beyond 25 years and to have contributed in a range of different roles, including working in this building—and the other building?

Ms Huxtable: Both.

Senator Birmingham: Both. You were working in roles for ministers during the Hawke government and attaining that experience, as many departmental staff do, whilst still going on to serve in the appropriate apolitical way that staff do across the public sector. You have extensive experience, particularly in the health space, having served as a deputy secretary there with reforms in relation to the Medical Benefits Schedule, the Pharmaceutical Benefits Schedule and work on hospital funding. You were awarded a Public Service Medal in 2005 for your work in support of Medicare and service in the finance department, as you have said, Chair, since June 2013. You have served as secretary since December 2016, in that time showing incredible commitment to policy principle. As a good finance department head, like your ministers, it is not about being able to win every argument but about always bringing the right approach and commitment to the nation in the discussions and debates that you have been a party to. I have been very grateful, as I know Mathias was, Rosemary, for the support that you have provided to each of us, and as I know you have in your previous roles to ministers right across the political spectrum. In particular, during this time of COVID-19, the health experience that you can bring to the finance role has been an especially useful skill and attribute.

I also acknowledge the role that you play in terms of mentoring and leadership of your team and across the public sector. It is obvious to me that you care for your team and seek to provide the support to advance them. Of course, you set a very positive example to young people across the public sector, especially young women, in your capacity.

We thank you for your service. I particularly thank you for being here because you were due to finish a few months ago. The government asked you to extend your term to provide your services through this budget and beyond the election so that the proper processes around your replacement could occur later this year. We wish you well for future contributions that I am sure you will make in other ways to the nation. We also thank Ian for sharing you with the country and giving you that time. I know that you look forward to more time hiking with him and more time with your three sons, whom you are very proud of as well. Thank you, Rosemary.

Senator GALLAGHER: On behalf of the Labor Party, I would like to associate ourselves with the remarks that have been made by the chair and the minister. Congratulations on a wonderful public sector career. I'm sure there's more to come once you've unwound a little, perhaps. I am sure you will be convinced that there are other exciting opportunities. You have had a very distinguished career. Certainly, in my interactions with you, I have felt that your professionalism, your support for your team, and the breadth of knowledge that you bring to the table are extraordinary. Thank you very much. I think that often we forget the sacrifice and the effort that's made being a senior leader in the APS, but we recognise that today and wish you all the best. I can't wait to see what you do next. Maybe people will be able to strong-arm you into something exciting. I wish you all the best. I hope that you are able to have that time with your family that you've missed out on, particularly in the last couple of years, which have thrown such big challenges to the Public Service. You're in a key role that's had to respond, so hopefully you do get some time. Thank you very much for your service.

Ms Huxtable: Thank you, senators; it's a bit unexpected, to be honest. I think you're going to go easy on me at estimates! Is that right? I would just say briefly that it has been a privilege to lead Finance in particular. As the second woman to lead a central agency, I think it's been very important for young women throughout the Public Service to see female leaders in these positions. You're right; I've had direct involvement in nine budgets—many more than I thought I would endure when I came to Finance—and upward of around 20 economic updates, including PEFOs, with another of those yet to come. I am very proud of Finance as an organisation. We bring contestability to the heart of decision-making, and that makes for better decisions and basically a better

functioning democracy. We have really focused not just on what we do but how we do it, as well as working strongly with other agencies, who also bring their own objectives, and very legitimate objectives, to the table.

I would say I feel very privileged to have worked with many fantastic ministers in my time. In the Finance portfolio I've worked with three ministers: Senator Wong, Mr Cormann and Minister Birmingham. Before that, of course, in the Health portfolio I also worked very closely with a number of ministers. I had the privilege of working directly with ministers and staff. Senator Susan Ryan was a minister I worked for. I want to call out the strong partnership that we have with ministers and, in particular, their offices, who I think are sometimes the unsung heroes in budget processes. They're very intense processes.

I would acknowledge, Minister, you and your staff, who really make our job so much easier, and thank you for the support that we've been provided. It is fair to say that I'm looking forward to viewing estimates rather than attending estimates in the years to come, but I do very much appreciate the comments from the committee. Thank you.

CHAIR: Minister, did you wish to make any further opening statement at this time?

Senator Birmingham: No, thank you, Chair.

CHAIR: Ms Huxtable, anything further?

Ms Huxtable: I have one additional matter. I just wanted to advise the committee that I have a number of senior staff who were on the witness list who, unfortunately, are absent today—I think that the AFL would say 'for health and safety protocol reasons': deputy secretary Nathan Williamson, first assistant secretaries Anna Harmer and Shannon Frazer, and assistant secretary Sally Harris. We will seek to answer the committee's questions with the staff who we have available.

CHAIR: Thank you very much, Ms Huxtable. I am sure senators will be suitably flexible, given those absences.

Senator AYRES: Can I just indicate, before Senator Gallagher starts, Ms Huxtable, that it's our intention to navigate our way through to outcome 3 circa three to 3.30—a little bit earlier, in any case. That does have some implications for the rest of the schedule. That is just so that whoever has got the heavy job of providing the staffing tables could have that in mind. The earlier we get them, the sharper the discussion in outcome 3 will be. That also has implications for the rest of the schedule.

CHAIR: Yes. It is fair to assume we will be getting to outcome 3 at around three to 3.30. Senator Gallagher, you have the call.

Senator GALLAGHER: Thank you. Minister, are there any savings in this budget?

Senator Birmingham: There are some measures that have a positive impact in the budget. In particular, I think of the measures in relation to the operation around ACCUs, carbon credit units, as one. It's not a saving per se, but it is, for example, one that has a positive impact. There are other smaller ones, but the main savings are probably the decisions not taken that can always add further to a budget bottom line.

Senator GALLAGHER: In relation to the decisions taken, not announced but then reversed, or then changed, to cost less—if they're not reversed—it's hard to know if they've been reversed entirely or reversed for the amount that they've been reduced.

Senator Birmingham: As we touched on previously—and indeed Ms Patterson and Ms Huxtable can answer—there are probably two pathways around some of those decisions taken and, once they are published, how they are published, depending on the way in which government has finalised those decisions. One is simply that you don't see in budget paper No. 2 an actual financial impact because the decision has been provisioned previously as a decision taken but not yet announced in the CR. It essentially gets shifted from the CR to a budget line for that particular program. Because it was already reflected in the budget it doesn't show as additional spending. Or there is the option that's been pursued in some areas, where a conscious decision to reverse the money out of the CR and allocate it to the particular program has been applied. That's where you will see, for example, the negatives in the CR that show at that point because that's one decision; and then the positive in the allocation to women's safety, as we've canvassed before, is one of those examples as another decision.

Senator GALLAGHER: Am I right that this is a new way?

Ms Huxtable: No.

Senator GALLAGHER: So this has always been the way that you would have accounted for that. I understand about the contingency reserve, but what about the decisions taken but not yet announced line?

Ms Huxtable: There's no change to how this has always been dealt with. In fact, if you look back at previous PEFOs, so the pre-election fiscal outlook, there is a specific line that references the reversal of some individual items from previous rounds. That was the case both in the 2019 PEFO and also the 2013 PEFO. I think the difference predominantly is that we have made it very explicit that it also includes the not-for-publication funds. I think previously the DTBNYA heading and the line just said 'for decisions taken but not yet announced'. The budget papers, for transparency and clarity, have added that it also includes the not-for-publication moneys. In every other respect the way in which DTBNYAs are dealt with and the way in which that line is shown is exactly the way it has always been shown in my time in Finance for the last nine years.

Senator GALLAGHER: In terms of what you previously provisioned in that part of the budget, you are now advising that you are spending \$3 billion less; is that correct?

Ms Huxtable: If you look at that line as a whole, it's actually \$550 million over the reported period because there is additional spending in the first couple of years.

Senator GALLAGHER: Yes, I understand that.

Ms Huxtable: So the total is \$550 million. It reports the decisions taken but not yet announced financials and not for publication financials in this budget compared to the decisions taken but not yet announced financial aggregates at MYEFO. It shows the movements in that line and, as the minister said, there are two things that happen to a decision taken but not yet announced. One is that it is announced, and at that point the money moves from the contingency reserve to the entity. That doesn't have an impact on the bottom line because it's basically already provisioned. The other is that the decision is reversed, so that there's a decision either not to proceed with something that had previously been provisioned or it is varied or addressed through some other means so that it appears elsewhere in the budget papers with its own financials. The example that the minister has given is the women's safety package. If you look at women's safety in the budget papers, in the measures, it has the financials in there allocated to the entity, so it is reversed out of where there was previously a provision, and it shows against the entity. That's where you get the negative, but it's reducing the CR.

Senator GALLAGHER: I understand that, but there's been some change. If we use the example of the women's safety package that was in there; it's now come out. It has shown how that flows and where it flows.

Ms Huxtable: Yes.

Senator GALLAGHER: But it might be less than was originally decided or was originally provisioned for; is that correct? Or we just don't know.

Ms Huxtable: That's correct.

Senator GALLAGHER: Did you say, 'That's correct'?

Ms Huxtable: I said, 'That's correct,' in response to 'We just don't know.'

Senator GALLAGHER: I thought you meant, 'You were correct in the first bit.' Okay. So we just don't know and we're not going to know; right? You're not going to tell me what constitutes those final years where there is a negative impact because it's in the decisions taken but not announced; therefore you don't tell me anything until they're announced.

Ms Huxtable: That's right. And it's in the contingency reserve, which is not something that is cracked open, except to the degree that we've said quite a lot in the budget papers this time around because we'll be going into a PEFO. Good practice is to spell out in a bit more detail some provisions in the contingency reserve.

Senator Birmingham: Senator, I'm happy, at the broad level, at least in terms of the example there, to say that, pre MYEFO, the government had discussions about women's safety, the work that Minister Ruston was doing in particular, with other relevant ministers, and the needs that were likely to need to be addressed in this budget. Provisioning was made in the MYEFO context around that. That provisioning was informed by policy proposals, but those policy proposals were further developed and refined into the final decisions taken, and reflected in this budget. In that case the government had taken a decision to invest in the women's safety package and had a fair idea as to what the composition of that package would be, but, in terms of the finalisation of it, there were then a whole series, as you can see through the budget papers, of different measures that apply across different agencies, some in Health, some in Attorney-General's, some in Social Services and so on. That meant it was the more appropriate final call to say, 'This is the series of decisions we've now taken. We reverse out the provision and reflect the specific measures that we've committed to.'

Senator GALLAGHER: In a media article I read there were three examples given—the national skills reform agreement, the women's safety package and the infrastructure investments or national skills agreement, as being the components that would have changed the provision or lessened the provision that had been made. I presume

that's come from the government, in terms of advice to journalists who were asking about it. Is it fair to say that the combination of those three are what has lessened the provision that needed to be made in that line?

Senator Birmingham: It's fair to say that, whilst we won't be going through and breaking down the CR and the DTBNYA line, yes, there are those sorts of factors that you can see in decisions in the budget, particularly the decisions in women's safety and infrastructure that are explicit as different measures across the budget; you can also see it in relation to the national skills agreement, and the measure there, albeit the funding remains in the contingency reserve, as part of the negotiations that continue around that.

Senator GALLAGHER: That's probably as much as you are going to give me on that, isn't it?

Senator Birmingham: Specifically on those aspects, yes. Last estimates we went through some of the DTBNYA items that had been publicly announced in that period between MYEFO being published and us gathering together in February. Obviously, there are others that were subsequently announced following that, that reconcile back against the MYEFO outline.

Senator GALLAGHER: There may be some questions around that. There are 19 mentions in budget measures where it says, 'Funding for this measure has already been provided for by the government.' When you say that—that it is decisions taken but not yet being announced—is that for certain?

Senator Birmingham: Yes.

Ms Huxtable: That's right.

Senator GALLAGHER: That's koalas, planting trees for Queen's Jubilee—a whole range. There are 19 of them. They add up to about \$3 billion.

Senator Birmingham: Antarctic, Great Barrier Reef.

Senator GALLAGHER: There are different categories. When you say, 'Funding for this measure has already been provided by the government,' that's where I think the whole allocation in the budget measure is out of that line, or coming out of that line. There's then a whole range of 'partial funding for this measure has been provided by the government', or similar words to that—about 37 different mentions of that. In that category of 'partial funding', does that mean some of it has come out of decisions taken and you've also had to supplement, perhaps, with additional resourcing?

Ms Patterson: Yes. Sometimes that is because there has been additional funding provided for that particular previous DTBNYA, so it comes out and there is supplementary. Sometimes it's because of the way the measures are constructed, whereby there are some components in that measure which were decisions taken but not announced and some which are new decisions. At the end of that measure, we will use that language so that it's clear that some of those things have come out of the DTBNYA line, but some of them involve a new decision and new funding.

Senator GALLAGHER: Partial funding includes DTBNYA. Some of the funding comes out of that allocation; then some new funding as well.

Ms Patterson: Yes. It could be new funding for—

Senator GALLAGHER: Or new decisions.

Ms Patterson: Or a new decision. Sometimes a measure will include more than one component. One component may have been a previous decision taken but not announced but another component of that measure may be a new decision of government.

Senator GALLAGHER: You couldn't have a new decision from the decisions taken, could you? Do you see what I mean? If a decision was taken in the MYEFO, you couldn't then allocate a new decision, but you could if the new decision was linked to a decision that had already been taken. Do you see what I mean?

Ms Patterson: Yes, I think so.

Ms Huxtable: That's right.

Senator GALLAGHER: It makes sense to me. When we say 'partially met' from within existing resources, that could mean that you're using some funding from within, say, the agency or department and some supplementation?

Ms Patterson: Yes.

Senator GALLAGHER: It's almost impossible to reconcile how much that would be, isn't it, because when we say 'partially', it's not clear how much of that is involved. I have tried to go through and work it out and I can't seem to work it out. You'd have to have whatever the department was bringing to the table. You could do it from what's the new bit, couldn't you?

Ms Huxtable: You can do it from the numbers. If you look at page 57—

Senator GALLAGHER: Of which folder?

Ms Huxtable: Folder 2. 'Partial funding': 'Supporting the management of Commonwealth national parks'. You can see there it says that the government will provide an additional \$26.8 million. But if you look at the table above, \$16.2 million is being provided in this update. So the delta would be coming from the previous round DTBNYA line, if that makes sense.

Senator GALLAGHER: Right. In that instance, that actually isn't a one-year funding program, is it?

Ms Huxtable: What you can assume from that is that the \$16.2 million in 2022-23 in the measure description is new, because it's in there, and the \$10.6 million over five years was provisioned previously.

Ms Patterson: Similarly, on the previous page, on page 56, with the Barrier Reef, you can see there—because that was one that was announced post MYEFO—that the only funding shown there is \$12.4 million.

Senator GALLAGHER: Because that's the new bit.

Ms Patterson: It is just the new bit, which is just for the Great Barrier Reef Marine Park Authority to extend their fee relief. That's shown there but it's shown as dashes for the remainder.

Senator GALLAGHER: Because the \$579 million and the \$252 million has all been provided for; provision has been made for?

Ms Patterson: Yes.

Ms Huxtable: I think that is a general rule of thumb that you can use in interpreting the budget papers, but there is a lot of complexity that sits under that. There's a lot of complexity in the CR provisions and the decisions taken but not yet announced. But I think that's a good framing principle.

Senator Birmingham: Of course, in terms of the actual budgeted expenditure, if you stick with that Great Barrier Reef measure, if you move across to Environment's portfolio budget statements, you'll find the actual projections there as to what they will receive to invest under that measure or under those different programs that measure would fund.

Senator GALLAGHER: I'm just trying to now find one to ask you about. Let us say Agriculture, Water and the Environment on page 50, because this one is where it says 'will be partially met from within the existing resources of the Department of Agriculture, Water and Environment'. Are we in the same category that you can work out how much is coming from the existing resources by adding up the total costs and subtracting the new supplementation, or is it harder when it is coming from existing resources? It says 'will provide a further 135' and then they break it down and say 'the cost of this measure will be partially met'. So that's the difference between the 135 and whatever the total cost is?

Ms Huxtable: Yes. And that means that there's some repurposing within the department in respect of these priorities. You just have to be a little bit careful I think because—it might work in this case—there will be some instances where it's over a longer period; so we are only reporting in the budget papers what's in the forward estimates but something might be over six years or over nine years. It's not entirely straightforward. Ms Lee is the absolute expert on this, though. She has taught me everything about decisions taken but not announced.

Senator GALLAGHER: Like what's in them; that's what we really want to know.

Ms Lee: The other thing that's really important to look at when we look at those tables is that sometimes the money may be coming from agriculture but it might be going to another agency for delivery. So what you do need to have a look at there is whether or not the funding is moving between agencies as well. How Ms Huxtable has described it is right, but it's just that we do also need to be careful there looking at those numbers.

Senator Birmingham: Yes. I think the premise of your initial question there of 135.6 over five years, if we add up the total payments across that measure, which add up to a bit over 110 I think, then the delta—to use one of Ms Huxtable's favourite words—is what is being met from within reprioritisation by the agency.

Senator GALLAGHER: It's gone to Treasury, skills and agriculture. That's the point you're making?

Ms Lee: Yes.

Ms Huxtable: That's showing the way the money flows through the entities. Then in the yellow books for those entities you'll see the other end of that.

Senator GALLAGHER: I think I've got all that. Then, minister, to go back to where we started, I think you said there are some measures that have a positive impact—the carbon credit units and some things that are less than what you would have expected them to cost—but, outside that, are there any savings? Can you point me to any expenditure savings in the budget that might be tucked away and hidden that I can't find?

Senator Birmingham: No. There isn't anything hidden in that regard. If there are particular items that officials have that leap to their mind, they are welcome to highlight them to you but—

Senator GALLAGHER: But you would know.

Senator Birmingham: Yes. But the types of things that you were just asking about, such as reprioritisation of existing resources within an agency to partly fund a measure, obviously entail an agency finding some area of savings and being able to put them towards a higher priority purpose. You can find that scattered throughout the budget, as you've just scrutinised.

Senator GALLAGHER: There's about \$39 billion in new expenditure in the budget and I think when you add up the announcements you've made since December about \$70 billion—admittedly there are big ones in that, like the Defence component of that is a huge part of it over 10 years. But you're not offsetting that expenditure anywhere in this budget—is additional expenditure that's going to flow out over the next four years and indeed over the next 10 years that you've made decisions on in this budget?

Senator Birmingham: There are a few competing factors there. Yes, there are additional payment decisions that have been made which are shown in the budget. The totality of payments by government is expected to continue to fall from this financial year into next, and indeed across the forward estimates total payments are expected to fall as a share of GDP from 27.2 per cent of GDP to 26.3 per cent of GDP. There are policy decisions that total around \$25 billion over the four years but the reduction as a share of GDP is obviously a function of the faster growth of the economy in that space. The bulk of the improvements to the budget bottom line since MYEFO have been banked to an improved deficit position compared with previous forecasts. \$103.6 billion of the improved budget position from improved revenue outlooks has gone against reducing the underlying cash balance which now trends down from 3½ per cent of GDP in the current financial year to 1.6 per cent of GDP by 2025-26.

Senator GALLAGHER: I understand all that. I'm asking though whether any of that spending has been offset from within the budget? I can't see anywhere that it has been. It's additional expenditure against an improving revenue coming into the budget. I accept that. You've definitely got over a hundred billion dollars of improvements, but the spending time.

Senator Birmingham: There's a reduction in both the nominal and real levels of payments. From the last financial year into this financial year that reduction has totalled around six per cent in real terms. And from this financial year into next it totals around five per cent in real terms. Yes, there are then new policy decisions taken which are net in those figures I gave before. So that reduction still occurs, notwithstanding those new policy decisions. Within those, some of them, as with some other policy decisions that we just discussed, entail reprioritisation within agencies but others entail additional commitment by government where we believe that's been necessary. Some of it is still in areas of COVID support or flood and emergency support, others for particularly those areas of infrastructure investment or women's safety that we've been discussing before.

Senator GALLAGHER: The point I'm making is whether that spending has been offset. I can see you don't want to answer that question.

Senator Birmingham: No. Some of these are additional policy decisions taken by government. Some of them, as I said, entail elements of the reprioritisation that is offset within agencies from one function or activity to another, but others are additional commitments by government that are not.

Senator GALLAGHER: I'm not criticising the spending. I'm just trying to make the point that it doesn't seem that any of that is spending that has been offset, which is something that is often asked of people in your position and mine, about where the spending is coming from.

Senator Birmingham: The point I make is that some of it is offset when we get agencies to reprioritise and to meet new measures within existing resources; that's an agency offsetting within their activities. Some of it, by necessity, is additional.

Senator GALLAGHER: So when you said some of it is offset within existing resources, as we've discussed, do you have a figure for that?

Senator Birmingham: No, not that has been put into any sort of aggregate.

Senator GALLAGHER: We don't have a figure but it might be these ones where it says 'partially met from within the existing resources'. It's a relatively small part but outside that it's additional expenditure. Do you want me to keep going?

CHAIR: I understand that we're due to break at about 20 past 12 or quarter past 12.

Senator GALLAGHER: I'll try and find a relatively small number of questions I have. I've got all these little bits of paper that I'm getting lost in. There seems to be a number of one and two-year additional funding. Mindful of the discussion we've just had, where there are ones that have funding that's previously been provided, you can't just look at it and say just because there's one year that's all there is. But there were a couple which I was looking at and which looked to me like it was unusual that they would be just a one-year one. I think there was an adult dental program which looked like an agreement with states and territories, I thought. But I was just intrigued by that one. There were quite a lot in the mental health space such as suicide prevention. I can go through them and give you the page numbers and things. I guess, in a general sense, if a program is ongoing, has an ongoing purpose, would it be unusual to just give it one or two years funding? Under your budget rules, if you are funding a program that has ongoing impact you wouldn't just fund it for one year or two years, would you? That wouldn't be proper budgeting?

Senator Birmingham: The budget follows the decision of government. In some cases such as the dental agreement you mentioned I think that has been subject to a number of one-year extensions. That's consistent with the ongoing practice there. In others they are programs that run for a particular discrete period of time and then will have review mechanisms or the like built into them to assess the effectiveness of those programs and whether they continue in their current form or in different forms. In terms of the overall budgeting management of those sorts of issues, this is probably a key factor why the Conservative Bias Allowance exists in the contingency reserve to accommodate the fact that those sorts of time-limited commitments will see some of them renewed or extended or done in a different way over the years to come. So the Conservative Bias Allowance provides that future allowance in a conservative budgeting sense that says future governments will make decisions in some of these areas, potentially elsewhere. If you look at the formula for that, which provides more and more headroom in each of the out years as you get progressively along, that reflects the fact that some of the sorts of things that you're asking about, which end after one year, two years, three years, four years, will be subject to those sorts of considerations by future governments.

Senator GALLAGHER: If we use the adult dental one, that's been rolling on as an extension of the NPP, is it, the national partnership?

Ms Patterson: The National Partnership, yes.

Ms Huxtable: There were some questions asked of Health, I saw, the other day.

Senator GALLAGHER: I don't want to get into the agreement. It's more about how you make provision for it. It would seem to me you are always going to have a funding agreement on public dental services for adults; that doesn't stop on 30 June next year. You're saying to me that you do provide some allowance for that, probably in the contingency reserve, and then it is subject to negotiations with the states.

Senator Birmingham: To be clear, not specifically case-by-case in the contingency reserve, but the operation of the Conservative Bias Allowance in terms of what is projected in the CR—

Ms Huxtable: On that, it really is case-by-case. It is quite hard to talk in the generality of these matters. When government looks at what is in front of them and makes decisions, it can be because there is a process on foot, a negotiation process or the like, that has a point when it is to return. It can be because there is an evaluation of a program that might mean that the program changes in the future. The Conservative Bias Allowance is particularly to adjust for the tendency for there to be an underestimation of the cost of programs going forward. Generally, entities tend to be over-optimistic on what they can spend in the budget year—there is an underspend provision that goes to that—and then be pessimistic or underestimate what they will spend in the future years. So a longstanding adjustment mechanism sits behind the budget that takes account of that tendency to be conservative in terms of what programs will cost in the out-years. In regard to why you would provision a shorter period, it depends on the case in point. There are times when governments will provision in the CR where they have a reasonable expectation that something will continue but they don't want to go so far as to put that money into an entity's yellow book. It matches the circumstances that are in front of you on a case-by-case basis. Many of the shorter-term measures in this budget relate to COVID. It is where a near-term issue is being addressed and one or two year's funding is provided with respect to that issue.

Senator Birmingham: An example of last year's budget, for instance, around a policy measure that had been subject to terminating points in the future was preschool. We took the decision in last year's budget that the parameters around that were all certain enough and so forth for the future that it should reflect in and of itself in the bottom line as against other ways of budgeting for unknowns in different areas.

CHAIR: The committee will now suspend for lunch. We are deviating somewhat from the program.

Proceedings suspended from 12:19 to 13:46

CHAIR: The committee will resume its examination of the Department of Finance. Senator O'Sullivan, you have the call.

Senator O'SULLIVAN: Thank you. Minister, the improvement in the budget bottom line is extraordinary—an improvement of more than \$100 billion in the current year and across the forward estimates. What's driving this improvement, and how has the government's economic plan been central to this achievement?

Senator Birmingham: Thanks, Senator O'Sullivan. There are a few factors at play there. One is the government realising on our commitments in relation to the COVID expenditure being temporary and targeted, wherever possible, and that is enabling the reductions in payments by government that I spoke about earlier. This will see a particular step down from last year to this year of real payments to the tune of around six per cent, and then, from this year to next year, of around five per cent. That is overwhelmingly a function of those emergency COVID measures sticking to the temporary and targeted nature that we had outlined as a government.

On top of that, we have the dividends of the stronger economy, which has seen a significant increase in revenue. That revenue is a function mostly of income related taxes over the forward estimates. That is because we've got record numbers of Australians in jobs undertaking more work, earning more. Even though we've cut the rates of income tax, we are seeing higher yields from income tax due to the significantly higher workforce. It has also placed further downward pressure on the payment side, in terms of less funding in areas of social safety net expenditure because we've got higher levels of employment. Company tax plays a role, but a much smaller role across the forward estimates than other revenue streams because of the very conservative assumptions we've made about commodity prices—the assumptions being that they normalise or return to previous long run much lower prices over a six-month horizon.

If we look across the forward estimates, we can see \$103.6 billion of improvements in the underlying cash balance from the current financial year through to the out year of 2025-26. In the current financial year it is an improvement of \$19.4 billion. Out there in 2025-26, it's an improvement of \$25 billion. That's just compared against last year's MYEFO in terms of improvements. If we actually went back and compared it against last year's budget, let alone the budget before that, we'd see even greater rates of improvement. In fact, the scale of improvement in the budget bottom line is the fastest rate of consolidation in 70 years. That comes off very rapid challenges that we had to face during the depths of the COVID crisis, but it shows that our medium-term fiscal strategy—growing the economy and, in doing so, reducing deficits as a share of the economy—is working and, over the medium term, it's now forecast to be around half of what they had previously been expected to be.

Senator O'SULLIVAN: What have been the key outcomes of the government's COVID-19 response, in terms of Australia's relative performance in protecting lives and protecting livelihoods? How do we compare internationally in terms of our health outcomes and economic performance, Minister?

Senator Birmingham: Australia has recorded some of the lowest fatality rates in the world and, in doing so, it's estimated more than 40,000 Australian lives have been saved from our COVID-19 response. Australia has also recorded some of the strongest economic outcomes in the world in terms of rates of growth and recovery exceeding that of other G7 economies. Our rates of employment are pushing now to historic lows. Analysis shows that more than 700,000 jobs were saved during COVID with measures like JobKeeper, but the capacity that we maintained in the economy has enabled us not just to have saved jobs, but to have come into a recovery phase where we've created them. There are some 375,000 more jobs in the Australian economy than we had pre-COVID.

If we look at even the management of government finances we can see very positive relativities compared with other countries around the world. If you look at pages 87 and 88 of Budget Paper No. 1, they show our fiscal performance compared with other G7 economies. Page 87 shows the significantly higher debt levels as a share of GDP across all of those G7 economies. Page 88 shows the relativities in terms of the credit ratings that Australia and other countries have. We maintain our position as one of only nine countries in the world to have that AAA credit rating from all three of the major international rating agencies, as shown on page 88.

Senator O'SULLIVAN: When you were talking about the responses to COVID, you emphasised the importance of temporary measures that were addressing the needs at the time. I take it from that that you mean not to bake in measures that would be a burden on the budget going forward. There were many vocal demands to do otherwise at that time—I certainly recall it, as I'm sure you do—from different sections of society and indeed in this building here. What would have been the consequence for the budget if a government was incapable of saying no to those sorts of demands—that is, to bake things in, to make some of these measures even larger or quite possibly permanent?

Senator Birmingham: Permanent or ongoing measures would create structural challenges for the budget going forward and would mean that the rate of repair that we've been able to achieve to date would not have been able to be secured. The temporary nature of our commitments has been an essential part of the ability to reign in the size of deficits, to in fact halve them as a share of GDP going out over the medium term. Some of the pressures we faced were, for example, for JobKeeper to be made available to noncitizens. When we decided to start the step down of JobKeeper, there were various calls for us to maintain the eligibility criteria that had been there before, or to maintain the rates of JobKeeper at levels that had been there before. We withstood each of those calls and pursued the step down we did and, in doing so, saw on the other side that there was growth in jobs and unemployment continued to come down as JobKeeper came off.

There have been other calls through the course of the pandemic for policies demonstrably unnecessary, such as the vaccination payment that the Labor Party called for. If you look at all of those sorts of programs or calls that the government has resisted, you can easily see at least \$80 billion worth of additional spending that the government could have incurred during this time, which, obviously, given the results we achieved, was quite unnecessary to have occurred.

Senator O'SULLIVAN: That's right. There were statements like, 'The sky is going to fall down,' but that obviously didn't eventuate. Thank you, Minister. That's it.

Senator AYRES: I have a little bracket of questions about government advertising.

Ms Huxtable: Sorry, before you start, I have the deputy and the relevant first assistant secretary, but the assistant secretary is actually one of my people who have been affected. We can seek to respond to your questions.

Senator AYRES: Thank you. Can you tell me how many current government advertising campaigns are underway and can you list them for me?

Ms Carroll: Currently there are 17 campaigns in the market. The Australian Signals Directorate has the Act Now Stay Secure cybersecurity campaign. The Department of Agriculture, Water and the Environment has a national recycling campaign. The Department of Defence has Defence Force recruiting and defence industries. The Department of Education, Skills and Employment has VET skills and JobTrainer phase 2. The Department of Foreign Affairs and Trade has a Smartraveller campaign. The Department of Health has accessing health care and COVID-19 vaccines. The Department of Home Affairs has the Border Watch campaign phases 1 and 2. The Department of Infrastructure, Transport, Regional Development and Communications has an online safety campaign. The Department of the Prime Minister and Cabinet has the occupational mobility scheme. The Department of Social Services has care and support workforce, Disability Gateway and Stop It At The Start phase 4. The Department of the Treasury has financial capability and economic recovery phase 3.

Senator AYRES: Thank you. I think last time we met in February, which seems like a long time ago now, there were 10 campaigns in the market. Which of those campaigns are new and when did they start?

Ms Carroll: The campaigns that have launched since the February Senate estimates are: the Department of Social Services Stop It At The Start phase 4; the Department of Education, Skills and Employment VET skills; the Department of Health accessing health care; the Department of Defence defence industries; the Department of the Prime Minister and Cabinet—it's a slightly different name—automatic mutual recognition JobPass—

Ms Huxtable: It's the same as the national mobility scheme—JobPass.

Ms Carroll: the Department of the Treasury economic recovery phase 3 and Youth Financial Capability; and the Department of Home Affairs Border Watch phases 1 and 2.

Senator AYRES: I got eight new ones there. Does that mean one of them has dropped off?

Ms Carroll: Yes. The campaign that is no longer in the market is the Department of Industry, Science, Energy and Resources emissions reduction campaign.

Senator AYRES: I'm assuming—correct me if I'm wrong—that all of those have been through the ICC process.

Ms Carroll: Yes, that's right.

Senator AYRES: Do they now go to the Service Delivery and Coordination Committee of cabinet as well?

Ms Carroll: My expectation is that they would each have been through the Service Delivery and Coordination Committee of cabinet, yes.

Senator AYRES: Who's on that committee, again?

Mr Dilley: I don't have the full list in front of me. It's chaired by Minister Robert.

Ms Huxtable: I think normally the questions about cabinet committees go to PM&C in terms of membership, so I don't think in our briefing we actually have the membership.

Senator AYRES: I think I've just learnt all I need to know about this particular operation. As they say, the plot thickens. So last financial year there was \$145 million, basically, in government advertising. That's right, isn't it?

Mr Dilley: That's correct—last financial year.

Senator AYRES: Bigger than Coca Cola, Qantas, McDonald's, KFC.

Ms Huxtable: I think it's fair to say that government advertising has historically been quite large when compared to the advertising by companies. My understanding is that that's always been the case.

Senator AYRES: Yes, it dwarfs them, really, in the market.

Senator Birmingham: And, Senator Ayres, particularly over the last year, with programs like COVID vaccination and so forth dwarfing, I would argue their importance to the nation, compared with some of those other messages. But there were many others, constants like Defence Force recruitment and those sorts of things too.

Senator AYRES: Let's talk about an advertising program that's a little bit harder to reconcile with the public interest, shall we? I think in Treasury estimates it was revealed that the government is spending a million dollars a week on whatever the new version of our economic comeback is—Australia's economic plan, the next steps? Is that right, a million dollars a week?

Senator Birmingham: Treasury gave their information at their estimates in terms of the current expenditure against budget in that program.

Senator AYRES: They're right, aren't they?

Senator Birmingham: I don't know. I was there, but I can't say that I committed their answers to memory at the time.

Senator AYRES: It would be unlikely that they'd be wrong. Is there any information that you have that would contradict that?

Ms Huxtable: We actually don't have information, as you're aware from our previous evidence. We have expenditure data up to 45 days from today, because there is a lag in the reconciliation of data. In fact, in the data that we have available up to the end of January, there had been no spending on the Treasury campaign at that point, which makes sense, because it hadn't launched at that point. But you really need to go to the portfolio to get information about expenditure since that point, because we just don't have access to that.

Senator AYRES: Can you tell me when that commenced?

Ms Huxtable: I think it was the week commencing 6 March, from what I have in front of me.

Senator AYRES: So a nice 12 weeks before the election campaign. Can you tell me what materials the Independent Communications Committee reviewed for that campaign?

Ms Carroll: I'm not able to tell you. I'm not sure.

Mr Dilley: The Independent Communications Committee would have seen—

Senator AYRES: They 'would have seen'. Can you tell me what they did see.

Mr Dilley: They do for all campaigns, including this one. They see materials that outline the strategy and the media plan et cetera for the committee. I don't have the date that was considered. I've got the date it was published, which was 16 March.

Senator AYRES: And would that typically have at least a page that sets out what the policy rationale is for this particular piece of propaganda?

Senator Birmingham: Senator, it's not for officials to respond to some of your baiting—

Senator AYRES: Does it have a policy rationale set out in the—

Senator Birmingham: but they can talk through what type of information needs to be presented through those committees.

Senator AYRES: Is there an effort to make some sort of public policy argument—that there's some policy rationale to this campaign?

Mr Dilley: The purpose of the committee is to consider campaigns at an early stage of their development and approval against the government's guidelines, in particular the four communications guidelines. Those guidelines

cover off some criteria. It has to be relevant to government responsibilities; presented in an objective, fair and accessible manner; objective and not directed at promoting party political interests; justified and undertaken in an efficient manner. Those four criteria are the criteria that the ICC considers the planning of the campaign against.

Ms Huxtable: I'll just add to that. I think we've been through the process in previous estimates, but the Independent Communications Committee considers the campaign at various stages in its development generally. I don't have the detail about this particular campaign, but I can speak in the generality. At the end of the day, it's the accountable authority that effectively certifies the campaign. The ICC provides assurance, I guess, that the campaign is capable of meeting the principles, and on that basis the campaign is certified by the accountable authority.

Senator, before you go on, I can see you have detailed questions on this. We may be a little bit hamstrung because the officer who does all the detail on these matters and supports the SDCC is not able to attend today. We might find that we run into a point where we can't assist you today, but we can definitely take it on notice.

Senator AYRES: I'm not sure what could be done, given what I've just heard about the criteria, to satisfy these sort questions. Presumably advertising campaigns have a purpose in terms of the response that they want to excite in the audience that sees them. What possible public purpose is there in, 'Australia's Economic Plan—we're taking the next step'? What does, 'We're taking the next step' mean, Minister? What are people supposed to do? The next one says, 'Helping individuals take the next step.' There's a picture of people's feet. What is it for? What is it asking people to do apart from vote Liberal? The other one says, 'Business, take the next step.' 'Keeping taxes low'—which is a lie. 'Skilling the workforce' for a government—

CHAIR: Do you have a question, Senator Ayres—

Senator AYRES: that has got 140,000 fewer apprentices than when they started. What is the total amount of taxpayers' money that is going to be spent on this campaign and on government advertising yourselves for the next six weeks?

Senator Birmingham: Senator Ayres, there are quite a few questions you asked amongst all of that. Of each of the little images you held up, I am assuming—without knowing where they've been sourced—that as digital images they each would contain links embedded within them to further policy information in relation to government measures and initiatives as part of the economic recovery plans that we've been pursuing. An important part of our economic recovery has been and continues to be elevated rates of consumer and business confidence, and that those confidence drivers which inform investment—

Senator AYRES: Sorry. Is the advertising supposed to be a confidence driver?

Senator Birmingham: In terms of it underpinning awareness of different policy measures and supports across government, such as in the latest budget, and the support for small businesses to invest in skills and in technology—that was in previous budgets and continues as a measure to support investment overall—these are important policy measures that are helping to fuel our successful economic recovery. Awareness of them, to encourage business to make use of them and to encourage those confidence drivers, is an important part of driving the outcomes. The discussions around government advertising are things I've seen at these estimates many, many times before. In the two years leading up to the 2013 election there were significant spikes in advertising to around \$200 million in each of those years of Labor's last term in office. That was a spike of \$40 million to \$50 million more than had been reported in each of the preceding years. So the use of government advertising campaigns for a range of factors is not uncommon. You've just asked about the economic ones. I've highlighted some of the roles that they can and do play.

Senator AYRES: It's pretty thin, isn't it, really? It's political advertising, isn't it?

Senator Birmingham: No.

Senator AYRES: Is the only reason we're here all this week so the government can milk as much advertising out of the system as it can?

CHAIR: I thought we were here for scrutiny this week.

Senator AYRES: I'm asking the Minister.

Senator Birmingham: If we weren't here you would have accused us of dodging that scrutiny.

Senator AYRES: Can you tell me how many campaigns have been reviewed by the ICC this year that have not launched?

Mr Dilley: If it hasn't launched it's not a campaign. So that's a little bit of a difficult one.

Senator AYRES: Before I disappear into a vortex of circular argument, have any proposals gone to the ICC that have not turned into campaigns?

Mr Dilley: ICC considers campaigns at quite an early stage. I think we've outlined in evidence before that sometimes they can be considered and developed further, but I'm not sure that's the same as stopped.

Senator AYRES: There are three possibilities, I suppose, aren't there? One is that they are supported through the process. The second is they're sent back to the relevant agency for a bit more work so they comply with the guidelines, at least in the limited sense that that appears to be required. Thirdly, they are rejected. Or I suppose fourthly, they're approved but have not been launched yet. Those are the four logical possibilities, aren't they?

Mr Dilley: To clarify, it's not for ICC to approve a campaign continuing. That's a decision for the accountable authority, as the secretary outlined, to approve its compliance with the guidelines. The ICC supports the accountable authority to come to that view. Ultimately it's a decision of government as to whether a campaign proceeds.

Ms Huxtable: Just to add to Mr Dilley, probably not helpfully, I'll remind you that the SDCC is a committee of cabinet, so we would not normally be providing details about what is considered by cabinet.

Senator AYRES: Yes, the SDCC is. How long has that been part of Mr Robert's engagement and the SDCC's engagement in this—how long has that been going on for?

Ms Huxtable: The SDCC and the fact that there is a committee of cabinet around communications is not a recent initiative. I'd probably have to take on notice exactly how long, but it is certainly not recent. In terms of Minister Robert's chairing of the committee—

Senator AYRES: It's not an obstacle to telling me how many campaigns have had to go back to the authorising agency for review in year.

Mr Dilley: I don't have that information to hand, in terms of campaigns that might have been considered by ICC on more than one occasion.

Ms Huxtable: We can take it on notice and see what we can provide on notice.

Senator AYRES: Have any exemptions been granted from the guidelines?

Mr Dilley: Yes.

Senator AYRES: What was that in relation to?

Ms Huxtable: I don't think there's been any change since the last time we appeared at the committee.

Mr Dilley: There's no change.

Senator O'SULLIVAN: Just for completeness, I understand that the census advertising was included in this financial year. Is that correct?

Ms Huxtable: My recollection is that the census crossed the financial years—is that correct? There was some spending that would have been picked up in the report. Senator Ayres referred to the \$145.3 million. Some of that related to the census; but there is also an amount in this financial year. The officers would have it.

Mr Dilley: If I could clarify the three exemptions. As per last time, they were the COVID-19 public health campaign, COVID-19 prevention campaign and Treasury's COVID-19 activity. There have been no additions since then. As the secretary has outlined, in terms of the figure that we provided, \$23.5 million of expenditure for the census has been incurred in the period of July to January 2022.

Senator O'SULLIVAN: How about COVID advertising—health related advertising?

Mr Dilley: For that same period, for COVID, \$37.5 million.

Senator GALLAGHER: Minister, has the Prime Minister provided guidance to ministers about decision-making and caretaker and appropriate conduct once the election is called? Is that something that routinely happens?

Senator Birmingham: The Prime Minister has reminded all ministers that once the election is called we will enter into a caretaker period and to be aware of the caretaker principles and alert for advice from departments in relation to the operation of them.

Senator GALLAGHER: Was that a briefing that he provided to cabinet or was it in correspondence to ministers?

Senator Birmingham: It was a verbal briefing.

Senator GALLAGHER: As part of the briefing, was there a request to make sure all decisions needed to be made this side of a particular date, as happened in 2019?

Senator Birmingham: No, there wasn't specifically that suggestion or request. The function of government continues, but the caretaker principles provide guidance for how that function occurs.

Senator GALLAGHER: I think we learned through some of the ANAO reports that on the night before caretaker kicked in there was a flurry of activity between the former Minister for Finance, the Prime Minister and line ministers in approving expenditure of funds on the eve of caretaker, which were then announced as election commitments during the election campaign. Is the government going to take a similar approach this time around?

Senator Birmingham: Decisions of government will be made transparent in PEFO. If the government has decisions that it's making or makes that it chooses to announce, they will either have to be announced before PEFO or otherwise. Ms Huxtable and Dr Kennedy will do their bit in relation to publishing any such decisions.

Senator GALLAGHER: If we use the example of the car parks in the Urban Congestion Fund, I am interested in how maybe this was an issue that wasn't picked up or was picked up then was argued about. One of the issues that arose here in the Urban Congestion Fund was that there was an exchange of letters between the minister and Prime Minister around the car parks on 10 April, and we entered caretaker I think in the morning of 11 April. Were those decisions on 10 April then shown up somewhere in PEFO?

Senator Birmingham: There's probably a distinction to be drawn there between a decision of government in relation to funding particular programs or measures, and any variance to the funding of those programs or measures, and decisions of government taken more ordinarily within a line portfolio area about the utilisation or delivery of programs that have already been funded for a measure already in existence.

Ms Huxtable: If you look at the 2019 PEFO, there is a footnote to the expenses table which references the allocation of funding from unallocated funding in the Urban Congestion Fund. That, I presume is what you're referencing. While there are specific measures published at PEFO, there is a table which summarises any decisions taken since the most recent economic update, and then footnotes effectively identify the nature of those measures.

Senator GALLAGHER: Did you know the figure in PEFO?

Ms Huxtable: It's referenced in PEFO. We might be at slight crossed purposes if you are going into an element of an allocation. At footnote (k) to the expense table it says:

This measure commits funding of \$895.1 million over five years from 2019-20 for additional projects from unallocated funding in the Urban Congestion Fund ...

It then sets it out by state—

and \$389.0 million for car park upgrades in New South Wales and Victoria.

Senator GALLAGHER: This is what I'm trying to understand. The audit office took it that because it was included in PEFO it shouldn't be considered an election commitment, but the ministers and the department in their response to the audit report argued that it was an election commitment and not a decision of government. That's what I'm trying to understand. You recorded in PEFO—

Ms Huxtable: What we have recorded is a commitment of funding for projects which are not named—that is, drawn from unallocated funding. What we try to do with PEFO is to be as clear as possible and incorporate any relevant decisions between point A and point B. How that translates into what you're referencing, I don't have knowledge about the details of what the audit office might have considered—

Senator GALLAGHER: You and the audit office are on the same side of the ledger.

Ms Huxtable: Assuming we're talking about the same thing—

Senator GALLAGHER: Yes, we are.

Ms Huxtable: I thought you prefaced your statement by saying there wasn't a reference in PEFO.

Senator GALLAGHER: No. I think was just confirming. I said, 'Would decisions taken this side of caretaker'—this was at basically eight hours before caretaker kicked in. On the night of the 10th there were a range of decisions made, and they allude to letters going between the Prime Minister, line ministers and the finance minister. In fact, I think the letter had a whole range of movements of decisions taken and funding allocated on the eve. Would that have to be provided to you for if purposes of PEFO?

Ms Huxtable: For PEFO, we follow the requirements that are set out in the Charter of Budget Honesty. PEFO, quite clearly sets out the responsibilities of the finance secretary and the Treasury secretary, and provides the detail, and we will just follow. In terms of my responsibilities with PEFO, I will follow the detail of that. I don't have the charter with me, but Ms Lee may. It sets out, effectively, how we provide information on decisions taken since the last update—not only decisions; there may also be estimate variations and the like.

Ms Lee: Also, the thing that has to happen is both the Treasurer and the finance minister have to make a declaration to the secretaries that they've been advised of all of the decisions of government.

Senator GALLAGHER: When does that happen?

Ms Lee: That needs to happen within two days of the writs being issued.

Senator GALLAGHER: Of the election being called?

Ms Lee: Yes.

Senator GALLAGHER: You've got 10 days, I think, after the writs.

Ms Huxtable: In the charter, it sets out that up to 10 days from the date of the writs being issued we will publicly release a PEFO report—sorry, 'within 10 days' is the actual wording.

Senator GALLAGHER: The finance minister and the Treasurer have to sign, effectively, a statutory declaration, or a declaration which is—

Ms Lee: Which is published.

Ms Huxtable: It's in the PEFO, so there is a statement—

Senator GALLAGHER: These are all the decisions that have been taken.

Ms Huxtable: On page VIII there's a statement by the Treasurer, the then Minister for Finance and the Public Service, if you look at 2019.

Senator GALLAGHER: The issues that were identified in the audit report, where there's an argument about what constitutes an election commitment and what constitutes a decision of government should really be made clear by PEFO and the declaration that the ministers have to sign.

Ms Huxtable: We basically follow, without commenting on this particular issue, the requirements that are in the charter.

Senator GALLAGHER: Minister, from your point of view, whatever you sign off on before caretaker would appear in the PEFO, but there's a difference between a decision taken in the ordinary course. You had a slightly nuanced explanation before, so I want to go back to that.

Senator Birmingham: What the Treasurer and I sign off on is a declaration that we have disclosed to Ms Huxtable and Dr Kennedy all details of any government decision or any circumstance that we know about that has or could have material, fiscal or economic implications and that neither of the responsible secretaries could reasonably be expected to know about. In relation to decisions that have material, fiscal or economic implications, yes, we would expect to disclose those. I would expect that the manner in which such decisions are made, in most instances, the secretaries would reasonably know about them as well, so I don't anticipate that there will be a great deal that we need to separately disclose as distinct from the nature of correspondence, approvals, briefs that we would copy our departments into in any event.

Senator GALLAGHER: Say we took a new measure that's been provided for in the budget—I'm looking in the regional booklet, a glossy. Treasury have the responsibility for the glossies, don't they?

Senator Birmingham: I'm looking at my pile of budget papers and the secretary's pile. There are glossies somewhere else in the room, just not at the table with either of us.

Ms Huxtable: Here they are.

Senator GALLAGHER: I should have highlighted it. There's a \$500 million regional fund—I can't remember the name of it.

Senator Birmingham: The Regional Accelerator Program?

Senator GALLAGHER: I think it might be the regional accelerator fund, yes. Is that \$500 million? I think it is.

Senator Birmingham: It's more that.

Senator GALLAGHER: No, there's a program—

Ms Huxtable: I think there's an element of it—

Senator GALLAGHER: There's an element.

Ms Huxtable: which might be from modern manufacturing, maybe.

Senator GALLAGHER: In that fund, it's not clear how that's been allocated or when that would be allocated. If, for argument's sake, you decide how you're going to allocate that between now and during the election campaign, or even if you decide that now before you go into caretaker, do the decisions on allocations have to be

disclosed or is there no change because it's already in the budget, so it wouldn't classify as a change that's significant or material to the fiscals? I just want to use that measure as an example, once I find it.

Ms Huxtable: To be honest, I'm a bit loath to provide a view without—I need to consider, in the development of the PEFO, whether there is any matter that needs to be highlighted. As a general rule, where measures are announced and they've been in the budget update, then that is the announcement of those measures—both announcement but also provisioning. What we will do generally in the PEFO—and the best thing is to look at a previous PEFO, because you can see the kind of thinking there—is to provide information, as I just read out in respect of the Urban Congestion Fund, that provides sufficient information for a reader to reasonably understand what may have changed since the budget update or what may have been unclear. I haven't really thought about PEFO at this point because we have been focused on budget. The election has not yet been called, but, at that point, we will go through a process of preparing the PEFO, consistent with the charter.

Senator GALLAGHER: I don't want to ask you unreasonable questions that you're not in a position to answer. I'm trying to find, if there are unallocated pockets of funding that appear in the budget as, say, a \$500 million fund—'This still has unallocated funding in it; the Building Better Regions Fund has unallocated funding in it'—whether the amount that's allocated gets disclosed or not. It is an issue. If there is billions of dollars tucked away in the budget that is just lumps of money, not broken down, that are going to be broken down later, how do we get transparency and line of sight on that ahead of the election? Or do we not? Do we just accept that—

Ms Huxtable: I think there are a couple elements to that. I spoke before about the Contingency Reserve and about the text in the Contingency Reserve chapter of Budget Paper No. 1.

Senator GALLAGHER: But these aren't in the Contingency Reserve.

Ms Huxtable: But, when you're talking about where funding may be where it's not clear how much funding has been allocated, in the CR text, in statement 5, the elements of what's in the CR are stepped out. Clearly there are some things that can't be disclosed, for national security or commercial-in-confidence reasons, but we seek to be as clear as possible in that CR text. Then really there just needs to be a consideration—which hasn't yet happened—about whether there is anything else that, consistent with the charter, should be called out in the PEFO. I'm being very frank with you: we haven't got to the stage in the process where we are considering those matters. But, if you go back—through not just this PEFO but any number of PEFOs—you will see the approach that we have consistently taken, which again would be the approach that I would take, where, in the footnotes to the tables, we seek to provide information. Amanda is more the expert than me, probably.

Ms Lee: That's right.

Ms Huxtable: She agrees, which is good.

Senator GALLAGHER: It's just that, as the shadow finance, trying to get across the expenditure in the budget and, with some of these grants funds or large allocations of funding to be allocated down the track, trying to get a grasp of what's been allocated as a decision of government and then what emerges in the election campaign is almost impossible. It's a clever way of allocating money; it's very easy to use for the purposes of an election, but it's difficult for any party outside of government to understand how that money is being allocated or not.

Ms Huxtable: I think the thing to come back to, really, is the purpose of the PEFO, which is set out in the charter and which is 'to provide updated information on the economic and fiscal outlook', taking 'into account, to the fullest extent possible, all government decisions and all other circumstances that may have a material effect on the economic and fiscal outlook'. That's its purpose, so it's really about the assurance around the budget bottom line, the aggregates et cetera and about calling out any issues that might affect the aggregates and that an incoming government may be unaware of.

I can assure you, having done one myself and supported another two, that we take our responsibilities very seriously in terms of how we prepare the PEFO and that it is very much the views of the secretaries that are in—

Senator GALLAGHER: Yes, sure. I'm not casting any judgement on that at all. I just see it as a genuine issue. If you have, say, a regionalisation fund of \$500 million as part of a bigger \$2 billion regional accelerator measure and it does appear in budget—so everyone knows it's there—what's not clear is how it's being allocated, how much is being allocated, how much was a decision of government and how much potentially is there for election campaigning purposes. Anyway, I'm not sure it's going to be solved by me continuing to press it. It's just that I think there are large pockets of money that are very difficult to track through this budget and might be used for the purposes of election commitments.

I do have some questions on BP 4. Are you happy if I keep going?

CHAIR: Until about three o'clock.

Senator GALLAGHER: Till three. Alright. The DTA have already appeared, haven't they—yesterday? I noticed that, under 'Digital Government Services', the digital economy gets quite a lot of money across MYEFO and this budget—and, I think, in previous budgets. On page 15, it says:

... the Digital Government Strategy sets a bold vision for Australia to be a top 3 digital government by 2025, in line with a broader vision to be a top 10 data and digital economy by 2030 ...

Do we know where we are now? Is there a measure of where we sit? I'm not even sure what the assessment criteria are to measure a digital government, but I'm sure there are some somewhere. Are we anywhere near the top three now? I can leave that with people, if there's a person.

Ms Huxtable: This is really one for the DTA, but I think that goes back to the Digital Economy Strategy, which is out of PM&C. We can seek to get their advice and provide a response.

Senator GALLAGHER: Alright. In your letter, or your foreword, Minister, you talk about the ASL, and you say that this is about managing 'the size of government administration through careful assessment of any specific needs for additional staff'. And it says:

Where new activities cannot be undertaken within existing staffing resources, an assessment is made as to whether ASL or other delivery methods are the appropriate way to deliver policy outcomes.

Is that a whole-of-government process that agencies have to follow, and, if so, how are they required to assess that?

Senator Birmingham: Yes. That's referencing the agency-specific ASL caps and the way they operate, and that, where new activities by an agency cannot be undertaken within their existing staffing resources, an assessment is made—that is, they make a case, and the case comes either to me or through cabinet processes with the contestable advice and assessment of the finance department as to whether it's a strong case or not for them to receive an increase in their ASL cap, or, if it's a budget measure, going through the budget processes that may give them both additional capacity for additional ASL and additional capacity for contractors or other services.

Senator GALLAGHER: So it's a formal process they have to go through. Where does it report? Does it report back to finance or does it just get ticked off as part of the measure? Like, do they say, 'Well, we've got to do this, and we'll need ASL'?

Ms Huxtable: It's part of the process of government considering new policy proposals. New policy proposals include information around ASL requirements, and, clearly, our officials in the agency advice units have a good understanding of the agencies and engage with the agencies on a very regular basis. There is an assessment, usually in consultation with the agency involved, in terms of the mix of resourcing, the type of resourcing and the capacity to reprioritise within existing resources. It's a pretty tried and true process now, over many years.

Senator GALLAGHER: When you talk other delivery methods, are you talking non-ongoing, external labour? Does it encompass all of the external ways you manage some of your workload pressures?

Ms Huxtable: Generally, it's around what's the proposal that's come forward and what's the right mix of resourcing for that particular proposal. It may be that, where there's specialist expertise required or if it's a short-term deliverable, it's more appropriate to have a shorter-term workforce than if there's an ongoing need.

Senator GALLAGHER: In graph 1, on page 18, of your table that we always talk about—I think I have asked for this before—what are the total government expenses? Isn't that the piece of information that's missing in that table? You're trying to tell a story that your Public Service costs or your public administration costs are going down, but the other piece of the information is: what are they going down against? Do you see what I mean? It's hard to measure whether you're actually driving efficiencies in the Public Service or just spending more broadly.

Ms Huxtable: I think we have taken on notice before some of the underlying data from the table.

Senator GALLAGHER: I'm not sure I saw it come back.

Ms Huxtable: I'm sure it's been responded to if it was taken. The other thing to look at is, of course, BP4 does report on the detailed ASL forecast for 2022-23, and you'll see from the preface that there's been a slight increase in ASL allocated in this budget. I think it is fair to say that one of the things we're seeing, as many areas of the workforce are seeing, is that there is quite a recruitment challenge for the public sector and for the private sector at the minute, and we're seeing that in some of our expected outcomes for the current financial year. Some agencies are not achieving their ASL caps, because they're finding it hard to find staff. There were some questions asked to the commissioner about that yesterday.

Senator GALLAGHER: We'll have a look at that.

Ms Huxtable: I'm not sure if we took exactly that question on notice.

Senator GALLAGHER: I noticed in the *State of the service report* that 13 per cent of the Public Service total workforce is now non-ongoing workers. These are the ones that are directly engaged by the APS. That's the highest on record and almost double the percentage when the coalition took office. Is there an explanation for that? Is that a COVID impact, perhaps?

Ms Huxtable: We might have to take that on notice. To be honest, I haven't focused on that. I could opine that there are certainly some things where we've seen a significant uptick in activity that is COVID related, so you might reasonably expect that that might occur. I think there are also those broader workforce pressures that I talked about, and the capacity to engage staff short term might be one way around a gap that you're trying to fill in your workforce, pending other processes, but I haven't looked in depth at the data, so the commissioner's probably better placed to respond to that.

Senator GALLAGHER: Chair, I am done with my questions.

CHAIR: Senator Ayres?

Senator AYRES: No, thank you.

CHAIR: Is there anything you would like to ask, coalition senators? Anything further? Okay. Thank you very much to Finance for outcomes 1 and 2. We will continue with outcome 3 later on.

Future Fund Management Agency

[14:50]

CHAIR: I welcome Dr Raphael Arndt, Chief Executive Officer of the Future Fund Management Agency, and other officers of the agency. Dr Arndt, do you wish to make an opening statement?

Dr Arndt: I would, thank you. In the seven weeks since we last appeared before this committee, some very significant global events have caused extensive disruption in global markets with a widespread flow-on effect for economies and implications for investors. In our most recent position paper, *A new investment order*, published in September last year, we talked about a number of paradigm shifts that are shaping investment globally and that we have been watching closely for some time. These shifts include deglobalisation, inflation and fiscal monetary coordination. We've seen many of these changes accelerate recently.

The unprecedented and ongoing response to Russia's invasion of Ukraine is impacting global market supply chains and traditional geopolitical models. With this backdrop, our view remains that the biggest challenge for long-term investors is rising inflation and rising interest rates and the effect these will have on asset prices. I also note that, on 28 February, following Russia's invasion of Ukraine, we moved to sell down our holdings in companies listed on the Russian stock exchange. Sanctions on Russia and the closure of the Moscow stock exchange have hampered every investor's efforts to sell. We have reduced our holdings from over \$200 million to around \$180 million, which is less than 0.1 per cent of the fund, and intend to wind down the holdings as market conditions allow. The portfolio continues to be positioned with a neutral risk setting and around the middle of the range we would normally expect. However, as I mentioned at our last appearance late last year, we took some risk off, particularly in the listed equities program, given that risk is likely to be less well rewarded in the future.

We continue our work to identify opportunities to access value from less liquid and more skill based investments and working our relationships with our partners to identify more focused opportunities both to secure returns and to manage risk. Just prior to our last appearance, we reported on the performance and positioning of our funds to 31 December 2021. The Future Fund performed strongly through the December quarter, delivering an annual return of 19.1 per cent for the calendar year. Over 10 years, the fund has delivered a 10-year return of 10.8 per cent per annum against a target of 6.2 per cent per annum. Looking ahead, we expect returns will be harder to achieve, with ongoing fragility and disruption to global markets and economies continuing as key themes for some time to come. Low returns will become the new norm over the long term.

The Medical Research Future Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the DisabilityCare Australia Fund, the Future Drought Fund and the Emergency Response Fund continue to perform as intended. In total across the six funds, the Future Fund Board of Guardians invests around \$250 billion for the benefit of future generations of Australians. I welcome your questions.

CHAIR: Thank you very much, Dr Arndt.

Senator Birmingham: Chair, for the awareness of senators, Ms Huxtable—who doesn't need to be here, in any event—and I have a meeting at three o'clock that, ideally, we will attend. Our intention is that we will be back in time for the resumption of the examination of the Department of Finance. Unless there are any objections from senators, I will leave Dr Arndt and the Future Fund in your capable hands.

CHAIR: Just to clarify, we're expecting to get back to Finance at 3.30.

Senator Birmingham: Understood.

CHAIR: Thank you. Senator McKim, you have the floor.

Senator McKIM: Dr Arndt, thanks for your appearance and your opening statement. There is one matter to follow up from your opening statement. I'm paraphrasing you here. You indicated that the fund would continue to reduce your exposure in Russia as market conditions allowed. Would it be accurate to take from that that the price that you are able to realise from your investments in Russia will be a factor in determining whether you will continue to divest?

Dr Arndt: No. We've put in sell orders with our investment managers over the entire Russian position, and that isn't what's called a limit order—so it doesn't have a price element to it. The market conditions I'm referring to is the limitation on selling by foreigners on the Moscow stock exchange.

Senator McKIM: Thank you, I appreciate you clearing that up. Last estimates I asked whether other countries sanctions decisions affect where the fund invests. You took that question on notice and I appreciate the response that you provided. That response says that you require your investment managers to comply with sanctions that are applicable in the jurisdictions in which they operate—which I understand they'd probably have to do anyway. But you also said that you require investment managers to comply with sanctions issued by Australia and the United States. What is the rationale for singling out the United States and their sanctions, as opposed to, say, a country like the United Kingdom?

Dr Arndt: Sanctions are quite complex and operate right around the world, and we've seen in recent months how complex they can be. Of course, Australian government sanctions would apply directly to the Future Fund Board of Guardians, and so that's why we instruct our managers to follow them no matter where they're investing. They have to follow the sanctions in the countries where they operate, as you point out, Senator. In respect of the US, given its scale and significance in the global financial system and the fact that—I'd suspect—all our investment managers would be licensed to operate in the US, the board took a decision that it was appropriate to also ensure that we comply with US sanctions.

Senator McKIM: Was there any consideration given to complying with sanctions issued, for example, by the United Kingdom, where—unfortunately, in my view—the UK still provides our head of state in Australia? There are sanctions issued by the European Parliament, for example. Was there any consideration given to requiring your investment managers to comply with sanctions issued, for example, by the UK or by the European parliament?

Dr Arndt: Yes, there was. We had quite a lengthy discussion with the board around a year ago on the applicability of global sanctions regimes. It can get very complex when you instruct your investment managers to follow multiple rules from multiple jurisdictions and rarely but sometimes those sanctions conflict with each other. And so the view was taken to follow, obviously, Australia, and the US for the reasons that we raised. And then—I think as I pointed out last time I was here—we monitor the sanctions regimes across around 10 or so different jurisdictions, of which the UK is one. And so our system would set up a flag if there was an entity that was sanctioned—that we held—by a jurisdiction other than one that we'd directed our managers to not hold directly. It would be pretty likely that, if it was a jurisdiction like the UK, that would affect them directly anyway because most of our managers are global in nature and would certainly operate in the UK. But that's for them. Then, if something is flagged in our system, it can be elevated for a specific discussion.

Senator McKIM: That was going to be my follow-up question: if a flag was raised in the circumstance that you've just described, what level would that be elevated to?

Dr Arndt: It would depend on the complexity of the situation. But, in the ordinary course, our investment operations risk team, which is responsible for monitoring these things, would elevate it to the appropriate team within the investment business unit. In most cases it would be not that complicated to determine whether something is allowed to be held or not. If there was complexity around it, it could be elevated up to the senior executive level.

Senator McKIM: When you say, 'whether something is allowed to be held or not,' are you referring there to whether, in fact, it has been sanctioned by either Australia or the United States?

Dr Arndt: No—or a jurisdiction where the fund manager is operating. I should clarify that, when I say that, I'm referring to sanctions against investments in companies, as opposed to the operation of companies, which are different types of sanctions.

Senator McKIM: Could you please take on notice the list of jurisdictions which you monitor and which may lead to a flag that you've just described?

Dr Arndt: Of course.

Senator McKIM: Thank you. The government has circulated an amendment to the Investment Funds Legislation Amendment Bill 2021, which we've discussed a couple of times previously, that would require the fund to prepare a periodic investment report with details to be prescribed in legislation. Was the fund consulted during the preparation of that amendment?

Dr Arndt: Sorry, I missed the last part of your question. Could you repeat it?

Senator McKIM: I said that the amendment would require the Future Fund to prepare a periodic investment report, and that the details of that report would be prescribed in regulation. I was asking whether the fund was consulted during the preparation of that amendment?

Dr Arndt: Yes, it was.

Senator McKIM: Okay. Are you aware through that consultation whether the regulations have been drafted?

Dr Arndt: I'm not aware specifically, but my understanding is that the paperwork was in order so that if the Senate had passed that amendment last week then that was ready to be enacted.

Senator McKIM: Are you able to provide any detail to the committee, for example, on how often a periodic investment report would have needed to be prepared, and specifically what was required to be in a periodic investment report?

Dr Arndt: I'm not sure if anyone from the department is here. I'm happy to do my best to answer your question, but I'm not a legislative expert. My understanding is that it would be twice a year at the end of June and end of December every year, and that the form of the disclosure was very closely following similar rules that apply to super funds in terms of their portfolio holdings disclosure.

Senator McKIM: Did I see someone from the department just sit down? I'm going to give whoever that was an opportunity, if they are able, to add any further detail.

Mr Dille: No, I didn't have anything to add to that response.

Senator McKIM: Dr Arndt, you said it would closely follow the model of disclosure that relates to super funds—would that include details of all equity investment?

Dr Arndt: Yes, it would.

Senator McKIM: Would there be any details of investments that concurrently can be obtained through FOI that would not be in the periodic investment?

Dr Arndt: Well, as we've discussed previously, the application of the FOI regime is a little bit vague when it comes to seeking commercially sensitive information. So, as we have previously discussed, including at the committee hearings for the amendment bill for our legislation, there's plenty of commercially sensitive information that we hold around the terms and conditions of third-party fund-manager arrangements for example, and, similar to the discourse that occurred around the super fund disclosure regime, the proposed rules follow the same approach, which is to aggregate holdings where they would be considered to be commercially sensitive.

Senator McKIM: When you said before that it would include details of all equity investments, some of that may be aggregated in order to de-identify it—am I right in my understanding of that?

Dr Arndt: No, in terms of listed equity positions, every position would be published with no redactions.

Senator McKIM: The last topic I want to explore with you: you will recall our discussion previously about US executive order 13959, which was, in its original form, issued in November 2020, which put sanctions on AVIC, the Aviation Industry Corporation of China, which is a parent company of a number of other companies. You responded on notice—and thanks again—that the order had no impact on the fund's investments and that you had never invested in the AVIC company, although obviously you have invested in subsidiaries to AVIC. Can I just be clear about your response? Are you saying that the fund actually held onto investments in AVIC subsidiaries, even though the AVIC parent company was subject to sanctions by the US?

Dr Arndt: My understanding is that, at the time that the initial order came out, that only applied to the parent company; it didn't apply to the subsidiaries. So, as we released under an FOI application, we did continue to hold various AVIC subsidiaries. One of those subsidiaries was subsequently sanctioned, and we divested it. If this is where your question is going, when we divested it the board also determined to divest the other subsidiaries of AVIC at that time.

Senator McKIM: Even though they weren't part of a sanction?

Dr Arndt: They were not directly sanctioned, but the board took the view that it was appropriate to divest them.

Senator McKIM: Was that because one of the AVIC subsidiaries had been sanctioned? I guess I'm just seeking the framework for the board's decision there.

Dr Arndt: The board's view was that the AVIC parent and one of the subsidiaries was sanctioned and that, looking at the relative size, risk and return and resource required to managed those positions, it was appropriate to divest them.

Senator McKIM: And just to be clear—if I take a step back—I think you just gave evidence that in fact the fund did hold an investment in the one subsidiary of AVIC that was subsequently sanctioned and you did divest from that. Is that accurate?

Dr Arndt: Yes. We held that position prior to the sanction applying, and we divested it during the phase-in period for the sanctions prior to divestment being required by the sanction.

Senator McKIM: And that's a 12-month period, is it not?

Dr Arndt: I can't remember exactly. I think it was about 10 months in this situation.

Senator McKIM: So, you divested 10 months into the 12 months—

Dr Arndt: No, we divested within a couple of months of the sanction being applied, but with approximately five or six months left before that was required.

Senator McKIM: Okay. Perhaps I could just ask you to take on notice, if you're able, to provide details in terms of those time frames, if they vary materially from the evidence that you've given.

Dr Arndt: Yes, for the sanctioned subsidiary.

Senator McKIM: For the AVIC subsidiary that was sanctioned. I'd appreciate that. Thanks, Dr Arndt. I've got no further questions. Thank you for appearing here today.

Senator O'SULLIVAN: I'm interested in the performance figures. I know you did give us quite an update at the last estimates, and you've just given us a seven-week interim, but how has the Future Fund been performing of late?

Dr Arndt: The most recent public performance figures we've released were as at the end of December and, per our normal practice, we will release—

Senator O'SULLIVAN: That was the 10.8, was it?

Dr Arndt: That was 19.1 per cent for the year and 10.8 per cent per annum for the 10 years leading up to that date. Per our practice, we'll release the next update on our performance as at the end of March, which will be in a few weeks. It takes a while to collect the data for the unlisted positions because we need to wait for our fund managers to publish. They usually publish the performance quarterly.

Senator O'SULLIVAN: Where have you seen the biggest growth—not necessarily particular investments, but what areas?

Dr Arndt: In recent years, I guess the compression of interest rates has driven strong performance from all growth assets, so equities have performed exceptionally well. Our private equity and venture capital portfolio has also performed extremely well. Almost every asset class has performed well over that period. From our point of view, we just look to have a very well diversified portfolio so that when things like the geopolitical tensions that we're seeing at the moment happen in the world we're quite well diversified from them.

Senator O'SULLIVAN: You mentioned inflation as one of the biggest risks going forward. How are you seeing things here, domestically, in addressing that?

Dr Arndt: Clearly, inflation is a risk globally. We're seeing strong inflation in the US and to a lesser extent in Europe. It's a little bit more contained in Australia at the moment, although it is ticking up. The same drivers of low interest rates and a very strongly rebounding economy from the COVID period are fuelling that. I think some inflation is a good thing. Too much inflation is not a good thing. Here in Australia I think we're yet to see where that might go.

Senator O'SULLIVAN: Obviously there are measures that the government is taking to keep a lid on that. But, as you say, a little bit is okay.

CHAIR: That's it? Very good. Thank you very much, Senator O'Sullivan. Thank you very much, Dr Arndt, for coming along today, albeit very briefly. The committee will now suspend for afternoon tea.

Proceedings suspended from 15:12 to 15:32

CHAIR: The committee will now reconvene and examine outcome 3 for the Department of Finance. Minister, do you wish to make any statement at this time?

Senator Birmingham: No, thank you.

CHAIR: Ms Huxtable, do you wish to make any statement at this time?

Ms Huxtable: No, thank you.

CHAIR: Senator Ayres, you have the call.

Senator AYRES: Thank you, Chair. I have questions about advice that Finance provided to the Prime Minister's office in relation to the review that the Prime Minister's chief of staff conducted about backgrounding by the Prime Minister's media team against Ms Higgins and her partner, Mr Sharaz. What we do know is that Dr Kunkel's review references advice to him that was provided by the Department of Finance and an FOI request for Finance's advice being denied. I think the grounds were that it could be reasonably expected to have a substantial adverse effect on the management or assessment of personnel by Finance and that it involves the unreasonable disclosure of personal information. Is there somebody who's in a position to talk to me about that?

Ms Walsh: I actually don't have any briefing with me on that. I'm happy to take it on notice.

Senator AYRES: It's an FOI request that has come to the department. I'll just have a look at the date.

Ms Walsh: I recall the FOI; I just don't have the detail to enable me to answer your question sufficiently.

Senator AYRES: The principal basis appears to be that it would impinge upon the privacy of staff in the Prime Minister's office. Do you remember that being the basis for knocking back the FOI request?

Ms Walsh: I wouldn't have been the decision-maker on the FOI, but I have colleagues listening right now and we will see if we can get some information for you. But I just know I don't have it here with me today.

Senator AYRES: Is there somebody in the room who can deal with it?

Mr De Silva: I am aware of the FOI, but I don't have any detailed briefing regarding the precise kind of nature.

Senator AYRES: Advice that was sought prior to a review being undertaken—how that could conceivably impinge upon people's privacy just seems like an odd argument to make, doesn't it?

Ms Walsh: If I could have a look at the original question that came into us, the original request, I would be better placed to answer your questions. But I don't have that, or the detail.

Senator AYRES: So you won't be in a position to deal with that today?

Ms Walsh: I don't think so, but, as I said, I have colleagues listening, so, if they are in a position to, I'll try to. But I think I am going to need to take it on notice.

Senator AYRES: I might come back to it. Are the tables that have been provided available to staff? I have some questions about election preparations for MaPS as well. Has there been a review or update to guidance on the MaPS website that relates to federal elections?

Mr De Silva: We're having a look at any changes to the website with respect to election. If you recall, last election there was a tool estimator so staff could put in their details. So, once the election is called, we will put that up again. There's already information from the last election on the website, so that's still available now, and we generally review that based on additional questions that may come in.

Senator AYRES: What would make it different?

Mr De Silva: There's no difference—

Senator AYRES: Provisions in the agreement or rates of pay might change—

Mr De Silva: The tool?

Senator AYRES: Yes. The tool will deal with all that, won't it?

Mr De Silva: The tool won't go into the details of what someone will get paid. If you work for a member who has decided not to run, it will tell you, 'This is what would happen.' So it would outline the approach that they can take, and there will be—I will need to double-check this—an estimator of what, broadly, they will get. But, clearly, individual by individual, it will depend on their rate of pay, leave that they've accrued et cetera. So you can't give a precise—

Senator AYRES: Is the plan to provide that information when the election is called, or is it going to be provided ahead of—

Mr De Silva: We're in the final stages of updating all that, so I would expect it will go up in the very near future. We generally put it up just when the election is called, and that's what our plan is right now.

Senator AYRES: In estimates the other day, when I asked the official who was leading the negotiations on the India agreement if the agreement had been concluded, she said it was at 'a very mature stage'. I remember that acutely, thinking, 'That means tomorrow, probably.'

Ms Huxtable: This is also at a very mature stage.

Senator AYRES: Right. Thank you.

Senator Birmingham: However, DFAT probably had greater awareness around when those international considerations would be finalised than Finance do around any trips to Yarralumla.

Senator AYRES: Yes. That's what I was trying to get to. It's not contingent on when the Prime Minister goes to see the Governor-General. Is there any reason why—I'm not being critical here—it wouldn't have been provided a fortnight ago?

Mr De Silva: It's not based on when the election is called. We were just doing the final checks.

Senator AYRES: That's when the biggest turnover is in MOP staff, isn't it? It's around the election.

Mr De Silva: Generally, yes. It will depend on—

Senator Birmingham: The voters.

Mr De Silva: Yes, the outcome.

Senator AYRES: But it is the biggest. Presumably, in any case, it's point where there's the largest turnover, irrespective of the outcome of the election. I did read in the Jenkins review that the average length of tenure of staff in an office was about 12 months. Is that right?

Mr De Silva: I would need to double-check that but, in volume, post any election there will generally be a larger number of MOPS staff who leave and who are engaged.

Senator AYRES: Do you scale up so that you have the capacity?

Mr De Silva: Yes.

Senator AYRES: How does that happen?

Mr De Silva: We do a surge approach, so we bring in additional staff and sometimes that is from MaPS and sometimes it is from outside.

Senator AYRES: Are they redeployed or from labour hire?

Mr De Silva: It will be both. There will be staff from across Finance. We will also train staff within MaPS so they can do additional roles. It is a kind of an ebb and flow. There will be peak periods but there will be ups and downs based on changes in the House but then also changes in the Senate.

Senator AYRES: In the KPI that Senator Farrell established in previous estimates in questions to you both, the objective was to pay people within the fortnight. How long should people expect to wait this time?

Mr De Silva: Do you mean to get their pay?

Senator AYRES: Yes, to get their entitlements paid out.

Mr De Silva: Do you mean their final pay or just their normal pay?

Senator AYRES: I mean their final pay.

Mr De Silva: Finally pay generally takes between two and four weeks. That's generally the standard. There's the normal pay run, where, if you submit all your documentation, the KPI is that it will make the next pay run. If it's lodged by the Sunday, that's 10 days prior to the pay date, it will get paid then. For final pay, it generally takes a bit longer because there are more things to calculate. But generally, we aim for within two to four weeks of when the person ceases to be employed.

Senator AYRES: Are there any problems with the estimator?

Mr De Silva: No, it worked very well last time, and I would expect it to work very well this time.

Senator AYRES: I am told that staff have been told at the help desk that the estimator doesn't always get it right.

Mr De Silva: The estimator will give you an indication of what are the key components but it won't be able to determine your final monies, if I can put it that way. That is a more complex calculation. An estimator will, much like all things online, give you an indication of what things will be taken—

Senator AYRES: Additional staff, in order to deal with the surge of questions that people have, when do they start?

Mr De Silva: We have staff who are already onboarded now and we will continue to do that. The election period for us is probably over a five-to-six-month period. There are the pre-election questions there will be during caretaker. There will be post House of Reps and then there will be the Senate. Because of the timing of when people will start and cease, it generally takes us out to probably around August. So it's not the few weeks after election; it generally goes from when the election is called to several months after.

Senator AYRES: Minister, I have a few more questions for you in outcome 3 about the Special Minister of State's additional ministerial office. In the discussion that we had—was it only yesterday?

Senator Birmingham: It was only yesterday.

Senator AYRES: The office was established in the week commencing 24 January. It's usually the Special Minister of State who approves additional offices for ministers, isn't it?

Senator Birmingham: Yes to your question there about who would normally approve differences. In relation to the use of the word 'additional', as we established yesterday, the Special Minister of State has, in terms of number of offices, what is normally the standard three: an electorate office that can have ministerial staff based in it as well, a CPO office—in this case it is in Sydney, not in Perth—and, of course, an office here in Canberra.

Senator AYRES: You're saying there is no additional? His third office isn't additional—is that what you're saying? The Sydney office—I am not sure how many thousands of kilometres away it is from his own office or from here—is not additional?

Senator Birmingham: It's a third office. It was approved by me in that sense.

Senator AYRES: So it was approved by you because he shouldn't approve his own office?

Senator Birmingham: That's right. There are the functions, as I mentioned yesterday, of having staff with a non-standard work base. That's common across opposition shadow ministers, office holders and ministers. For reasons of expertise and the like, it's not uncommon for there to be staff in alternate locations. Sometimes, as a result of that or other factors, a minister will seek to have a CPO office elsewhere. In this case, Mr Moreton has that elsewhere but has not got an additional one, in that he doesn't seek to have one in Perth; he uses his electorate office for those local factors or simply uses a visiting suite if required.

Senator AYRES: This office—can you tell me when the request was made?

Mr De Silva: It was before Christmas. I think the approval was December—probably the second week, but I can double-check the actual date.

Senator AYRES: Approval in the second week of December?

Mr De Silva: Yes.

Senator AYRES: Did Finance provide any advice? There's Mr Morton's new ministerial office, and I think Mr Joyce is having a new ministerial office fitted out in Armidale. Has there been any advice that Finance has provided about this? I am interested, given it was so close to an election. It seems an odd thing to do, to expend money on offices so close to an election.

Senator Birmingham: There would be usual processes around advice in these matters. In the case of Minister Morton, which came to me, as I've said, it's a substitute ministerial office rather than an additional one; and it's in the Sydney CPO, and so would not, in and of itself, have accrued any additional costs for—

Senator AYRES: So you're saying there is no additional cost here?

Senator Birmingham: It's an existing Sydney CPO office.

Mr De Silva: It's really an allocation of a suite. There is a suite there. As opposed to identifying, say, an office outside of a CPO where you may need to do something to it, this was simply an allocation of a suite.

Senator AYRES: It just seems odd with the election, at that stage, four months away and return to government not guaranteed. Mr Morton's seat is not guaranteed either.

Senator Birmingham: On that logic, Senator Ayres, you are almost painting a picture of: why wouldn't he want all of his staff to be as close as possible in Perth? In this case he's obviously made considerations around the expertise or skills of staff, their base—

Senator AYRES: Does he have staff based in the Sydney office, does he?

Senator Birmingham: I believe so. Of course, many shadow ministers, ministers and office holders have staff in what are known as non-standard work bases outside of either the home or Canberra location of those staff.

Senator AYRES: Yes, but it's unusual to create an office in a new city for staff. There would usually be some arrangement about them working in a shared facility.

Senator Birmingham: Oftentimes they will base out of a different office, but in this case, with Minister Morton, he's got his WA based staff working out of his electorate office—that's also not uncommon—and, rather than having a duplicate office in Perth, he's chosen to have that office with the Sydney based staff instead.

Senator AYRES: Last year's budget, I think, had just under \$14 million over four years for upgrades to Commonwealth parliamentary offices. Was any of that money used for Mr Morton's office?

Mr De Silva: No.

Senator AYRES: Can you tell me which CPOs are receiving upgrades?

Mr De Silva: There are additional works going on in Sydney, both in terms of secure rooms and in terms of security control upgrades. Then there are also additional staff who are being allocated to those CPOs that have a SCIF because there are additional requirements regarding the operation of SCIFs. It's making sure that there are staff who are trained and who have the security clearance to be able to perform those functions there.

Senator AYRES: Does that include additional security staff or is it all for—

Mr De Silva: It includes security staff.

Senator AYRES: It does include additional security staff. So how much of it is capital works and how much of it is—

Mr De Silva: I'd need to take that on notice in terms of the direct breakdown. From memory it was six additional staff—four from a security point of view, but there were additional staff to manage some of the capital works. I'm happy to take it on notice to confirm that. It's 6.5 ASL for security staff.

Senator AYRES: On the review of the MOP(S) Act, which is a consequence of the government's response to the Jenkins review, I think there was a circular from the Special Minister of State that went out last Tuesday, which was budget day, inviting MOP(S) Act staff to make a submission to the review with a closing date of this Friday. I think after some questions in Prime Minister and Cabinet estimates last week that's been extended to 8 June. Did the department provide any advice to PM&C about the submission process and the time period?

Mr De Silva: I don't believe so. What we did was facilitate the comms to go out.

Senator AYRES: Did the dates come to you, or did you propose the dates?

Mr De Silva: The dates came to us. The review of the MOP(S) Act has been led by the department of the PM&C, but we can play a support role—

Senator AYRES: You have to review and deliver the messages to staff.

Mr De Silva: Yes.

Senator AYRES: So those dates came to you from Prime Minister and Cabinet? Did you raise any concerns with PM&C about that time frame?

Mr De Silva: I'll have to take that on notice.

Senator AYRES: You must know whether you did or you didn't?

Mr De Silva: In terms of the time frames?

Senator AYRES: Yes.

Mr De Silva: I was aware that it went out when it went out. I'm happy to take it on notice with respect to any discussions that may have happened—

Senator AYRES: That anybody else might have had?

Mr De Silva: but I am not aware of any.

Senator AYRES: What about you, Ms Walsh, did you?

Ms Walsh: No, I didn't have any engagement personally with it.

Senator AYRES: But you'll come back to you me about whether there was any other pushback on the timetable? There'll be further reminders going out to staff, I assume.

Mr De Silva: That will be a matter for PM&C. But, again, if there are reminders—

Senator AYRES: So you're really just in a facilitative role.

Mr De Silva: To facilitate, yes.

Senator AYRES: Is the department making a submission to the review?

Mr De Silva: We'll be providing information to PM&C. I think we're yet to make a decision around making a submission ourselves. But we will clearly have—

Senator AYRES: What's going to frame that submission?

Mr De Silva: I can't really comment on a submission we're yet to—

Ms Huxtable: I would say, in the Jenkins review, we made a submission. We did raise some issues around the MOP(S) Act and areas for improvement, so I would expect that, while we haven't really discussed internally whether or what would be included in any submission we made, you could anticipate that we would be raising similar issues to those that have been raised in the past. We do engage with PM&C regularly around these issues so we have other mechanisms too, to provide advice into that process, but we haven't really discussed yet whether we'll do a formal submission.

Ms Walsh: The other thing is that the MOP(S) Act review has a terms of reference or some parameters around it that have been advised to staff. Similarly, we would be providing our thoughts consistent with that.

Senator AYRES: So you're not in a position to talk about the department's view, on some of these questions, at this stage?

Ms Huxtable: We haven't had the opportunity to discuss it between ourselves. But, as I said, to the degree that our submission to the Jenkins review is relevant, I expect we'd be raising similar issues.

Mr De Silva: Similar themes, yes.

Senator AYRES: This office for parliamentary staffing and culture, which is yet to be established, has Finance undertaken any work in developing that program?

Ms Walsh: Again, the responsibility for that lies with Prime Minister and Cabinet. But, as you'd understand, a lot of the functions that the *Set the standard* report recommends would transfer to or be part of an OPSC. Some of those already rest with Finance. We have knowledge and expertise to contribute to the broader design work for the OPSC but—

Senator AYRES: Has money been set aside in Finance's budget to do any of this work?

Ms Walsh: No, not in the sense of additional—

Senator AYRES: How many staff are engaged in working on that response?

Ms Walsh: Just in relation to the OPSC?

Senator AYRES: Yes.

Ms Walsh: I don't know that they have an ASL. I'll have to do some calculations.

Mr De Silva: It's not that clear. There are probably staff who are involved in that, but they also perform other functions. There's not a dedicated team—

Senator AYRES: I understand that this work's originating in PM&C but you are the employing entity, really.

Ms Huxtable: I think there are a few steps to get through here. There is the PM&C role. There's the role of the leadership task force that's looking at the Jenkins review recommendations. We are clearly supporting both those processes as required. I don't think the decisions have been taken around the scope of the OPSC and, therefore, the impact on our organisation, but we have a fairly normal process, of where functions transfer from one entity to another, of working through those issues. And we have had a small team that's aggregated our input into the Jenkins review and is now supporting our input into all the consideration around the leadership task force and the like. We continue to work, in that regard.

Senator Birmingham: Page 64 of Budget Paper No. 2 shows measure in response to the Independent Review into Commonwealth Parliamentary Workplaces, which includes additional funding to support, in the establishment of OPSC, which is directed to PM&C, as Ms Walsh has indicated. The Jenkins review task force is situated within PM&C. They will lead the work around the design of the OPSC.

They will do that in conjunction with reference to the leadership task force of parliamentarians that has been established, the implementation committee or group that brings together a number of parliamentary and other agencies, and then with Finance, in particular, around the expertise that Finance has on a number of the functions that are currently performed and may be integrated or absorbed into the OPSC and how that will occur, if that proves to end up being the outcome.

Senator AYRES: Can I take it, from this, that the work Jenkins set out for the OPSC, which is a skills and competencies framework and then a professional development program that supports staff to work their way

through that, is (a) quite some way away from being finalised, and (b) uncertain, at this stage, what role Finance will play in, firstly, developing that and, secondly, delivering it? Is that fair enough?

Ms Walsh: Stepping back, if you have a look at the recommendations that are in the *Set the standard* report, there are some that will, if the government implements the recommendations as stated, eventually transfer to the OPSC from Finance; however, some of the things that you've just pointed to can be done now and are being done now. In terms of that—

Senator AYRES: Can you give us an example of that?

Ms Walsh: Induction, for example, for MOP(S) Act staff. We've already started doing work on that—

Senator AYRES: I know there's been the process of PwC led workplace training. You're talking about induction for new staff?

Ms Walsh: We're talking much broader than that; yes, that's right. As we talked about before, we would expect it for new staff starting after the election. That's a good time to provide induction to those staff. Finance is currently responsible for those roles. We're developing that and will be ready to roll it out. That doesn't mean to say that lessons won't be learnt from that or that the OPSC, when set up, might enhance it or otherwise, but for the time being Finance is working very assiduously on that.

Senator Birmingham: I think, as PM&C indicated the other day, the cross-party leadership task force was provided with a briefing at the last meeting, which must have been about two weeks ago now, on the early-stage work around the framing of the OPSC and the types of questions that need to be addressed as well, as some of the actions being taken, which Ms Walsh just spoke about, around induction and the like.

Senator AYRES: Has the new workplace culture and reform branch been established now?

Ms Walsh: Within Finance?

Senator AYRES: Yes.

Ms Walsh: Has it?

Mr De Silva: In MaPS; yes, that's right.

Senator AYRES: When did that start?

Mr De Silva: It probably got established in March last year.

Senator AYRES: How many staff did it have then?

Mr De Silva: I will double-check—back then?

Senator AYRES: Yes.

Mr De Silva: I'll need to take on notice the number of staff we had back then.

Senator AYRES: What about now?

Ms Huxtable: I think we have taken it on notice before—

Mr De Silva: Yes, we have.

Ms Huxtable: and provided details on numbers of staff.

Mr De Silva: I can go through previous QONs and I'll get my staff to—

Senator AYRES: Okay. Thank you. How many people are working there now?

Mr De Silva: Hold on one second—

Ms Walsh: The staff working there have been redeployed from elsewhere in MaPS, and a couple of additional staff have been surged in from other parts of Finance—

Senator AYRES: I'll come to that in a moment, but how many—

Mr De Silva: As at 28 February, there were 16.2 FTE.

Senator AYRES: Okay. Ms Walsh, I think you'd started to tell me that some had been redeployed from within MaPS. Where else have they come from?

Mr De Silva: From the rest of Finance.

Senator AYRES: What have they been doing?

Mr De Silva: Over a 12-month period, they were involved in doing work to support the review that was conducted by Stephanie Foster. They were involved in—

Senator AYRES: So supporting the Foster review?

Mr De Silva: Yes, in terms of information and so on. They were involved in supporting the work of the review conducted by Commissioner Jenkins, including the submission. They were involved in establishing the 1800 support line. They were involved in the pilot and then the rollout of the Safe and Respectful Workplaces program—the major rollout was led by them, between late September and early this year—and then ongoing advice and assistance regarding its implementation, under the auspices of the governance arrangements that have been set out.

Senator AYRES: It's a redeployment, so effectively there's an ASL increase for your area.

Ms Walsh: That's right, but there's no additional ASL that's been allocated—

Senator AYRES: But there's no additional ASL for Finance as a consequence.

Ms Walsh: That's right.

Senator AYRES: Presumably this will have the work of delivering this staff professional development program—is that right?

Ms Walsh: That's right.

Senator AYRES: How many staff do you envisage it will ultimately have?

Ms Walsh: I'm not sure I can answer that. We are not talking about additional ASL at all for Finance, for the functions that we currently have, including doing things like rolling out additional induction programs. We'll be doing it within existing resources, and it will be—

Senator AYRES: Within existing resources?

Ms Walsh: Yes.

Senator AYRES: I think we were in Prime Minister and Cabinet yesterday, and the government had funded \$18 million for a leadership development program that hadn't been scoped out, to be delivered by somebody that nobody had met. There is no additional funding to deliver this?

Ms Walsh: We will be doing it within existing resources.

Senator Birmingham: However, in terms of the training for MPs and senators and staff which has been undertaken and for which further funding was provided in MYEFO, from memory, there have been additional resources allocated to it to deliver those programs last year and into this year.

Senator AYRES: And that was PwC, really, delivering that? There may have been other resources, but—

Senator Birmingham: They delivered the training program—correct.

Senator AYRES: Has that concluded now?

Mr De Silva: The contract continues until the end of this financial year, but the vast bulk of all the training was completed between September and the end of January. We did an ad hoc one in February for some staff who were new. The future role of that will be really examined as part of the response to the Jenkins report.

Senator AYRES: What proportion of staff completed that training?

Ms Walsh: Ninety-two per cent of MOP(S) Act staff—

Mr De Silva: That sounds right.

Ms Walsh: completed the training.

Senator AYRES: And the percentage of parliamentarians?

Ms Walsh: Ninety-eight per cent. That was at 18 February this year.

Senator AYRES: As to the support phone line, that was established, I think, in early March last year. I think it got 57 phone calls that month. In February, I think we were told, the phone line received only two calls. What do you put that down to?

Ms Walsh: I'm not sure that I could offer a view on why and how the service has been taken up.

Senator AYRES: Is it just that the service that has been established means people aren't calling the 1800 line? But you don't have a view?

Ms Walsh: It's not that I don't have a view, but there are additional other supports that have been put in place, including the PWSS, and so it could be that people are feeling more confident, perhaps, that they understand the pathways, and certainly a big part of the training that was done was providing people with a good knowledge base of what the various pathways are. So it could just be that they are taking those up as well.

Senator AYRES: Yes, and I guess that's what I want to understand: whether you anticipate that that will ultimately roll into the work of the Parliamentary Workplace Support Service. How long is the contract with—it's with Medibank, isn't it?

Ms Walsh: It is with Medibank.

Mr De Silva: It is until the end of this financial year.

Senator AYRES: Has there been any thought as to what happens at the end of that? Is it something that is likely to be rolled into the support service?

Ms Walsh: It's certainly part of the considerations of the design of both the OPSC and the work on the PWSS—making sure that the need that is being met by that service continues to be met.

Mr De Silva: It was also a recommendation of the report that those things are brought together.

Senator AYRES: Are they providing any other services as part of the contract beyond the phone line?

Mr De Silva: No.

Ms Walsh: No.

Senator AYRES: Thank you. I have a couple of questions about the investigation into Mr Sukkar and Mr Andrews about their use of taxpayer funded staff for party political work, including branch stacking. I am told that in November of last year the *Age* reported that the department report was not released under a freedom of information request and that Mr Sukkar and Mr Andrews had made strong representations to the department against the report's release. Is that the case?

Mr De Silva: I can say that that report has not been—

Senator AYRES: Has not been released?

Mr De Silva: No. I'd need to double-check.

Senator AYRES: Did they make representations about the FOI?

Mr De Silva: I'd need to take it on notice. The general process is that there would be third-party consultation—

Senator AYRES: So you'd make an internal assessment and then the people who are affected—

Mr De Silva: Are always consulted. I couldn't say here, right now, what came back, but I'm happy to take that—

Senator AYRES: You couldn't say here, right now—

Mr De Silva: I don't have that information.

Ms Huxtable: Under the FOI Act, the decision-maker is required to do third-party consultation and then takes that into account. They have obligations, under the FOI Act, which they would follow in coming to a view.

Senator AYRES: Mr De Silva, you were quoted in the article as saying the reason for not releasing the report was to maintain the confidence of participants in the process. Is that right?

Mr De Silva: That sounds correct.

Ms Huxtable: You may have said that at earlier estimates, I think.

Mr De Silva: Correct, yes.

Senator AYRES: It would be normal, in an FOI application, for the names of witnesses to be redacted, wouldn't it?

Mr De Silva: Depending on the document, correct.

Senator AYRES: How does that make any sense then? If witness names are redacted, how would the release detract from participants' confidence in the process? The problem was just that Mr Sukkar and Mr Andrews didn't want it out there, wasn't it?

Mr De Silva: The process we would follow there is that we request the information by consent. We have no powers to compel. More often than not, the information is provided on the basis that it will be kept in a confidential manner and only used for that particular purpose.

Senator AYRES: There were witnesses who said they had information but weren't asked to give information to investigators. That's correct, isn't it?

Mr De Silva: Investigation was conducted by an independent third party—

Senator AYRES: Remind me who that was.

Mr De Silva: It was Ashurst.

Senator AYRES: I was going to say I thought it was Ashurst.

Mr De Silva: From memory, that was done in October 2020.

Senator AYRES: How can there be confidence in a process that's kept secret? How does that work?

Mr De Silva: As I said, there is a process whereby information is sought. It's sought on the basis of consent and on the basis that information which is considered confidential will be kept confidential.

Senator AYRES: So a review is conducted, nobody knows what evidence was given, there are public allegations about Mr Sukkar and Mr Andrews using staff for branch stacking purposes, and your answer is that there is nothing—

Mr De Silva: There was an independent investigation conducted—

Senator AYRES: But you can't see it.

Mr De Silva: At the end of that a statement was issued in regard to the outcomes. And that's on the Finance website.

Senator AYRES: It's pretty neat, isn't it? Can anybody tell me the cost, to date, of the PEMS? I see that \$38 million was initially budgeted for PEMS in the 2017 MYEFO. On 28 February, we were told it was \$57.4 million. Is there any update on that?

Mr Sheridan: As of 31 March, \$57.9 million has been expended on the project.

Senator AYRES: So it's up another half a million since late February. Can you just talk me through what has created the additional cost?

Mr Sheridan: That's not actually any change to what—

Senator AYRES: That's just expenditure as we go?

Mr Sheridan: That's within the budget that exists for the project already, which is \$58.6 million. That's just the procession of the work, if you like, since then.

Senator AYRES: I see. So is it still on track to be completed by the middle of this year?

Mr Sheridan: Yes, it is.

Senator AYRES: There are five modules that make up PEMS. Can you just talk me through what those are?

Mr Sheridan: I'll just check. I don't usually think of it in those terms.

Senator AYRES: I think it's office expenses, domestic travel, international travel, budget management and reporting, and human resources. Do you expect them all to be running by 30 June?

Mr Sheridan: By the middle of the year, which is what we've said, yes.

Senator AYRES: I think in the last estimates session IPEA officials suggested that not everything in the backend would be functional for their requirements. Do you understand what they meant by that?

Mr Sheridan: I can't put words in their mouth obviously. In any ICT project there are a range of things that users might prefer but won't fit or can't be afforded in that time. There is a backlog of items for this project, as there is for every project in this area. Those items will be addressed in accordance with available funding in a business-as-usual sense after the current system goes live.

Senator AYRES: I think last time, Minister, you said that the number of parliamentarians using PEMS was 163 out of 227. Has that changed?

Senator Birmingham: It is now 221 out of 227, according to the briefs I have, in terms of the number of users who have certified at least one claim.

Senator AYRES: Wow.

Ms Huxtable: Of parliamentarians' offices.

Senator Birmingham: Yes, sorry, parliamentarians' offices.

Ms Huxtable: I'm sure we did a question on notice on this—parliamentarians who lodged claims.

Ms Walsh: So 72 per cent of parliamentarians have personally used PEMS to certify a claim, and then their office use is higher again, as you'd expect.

Senator AYRES: I have a couple of other questions on casual staff access to the parliamentary computer network. I think DPS changed its policy. Mr De Silva, do you know anything about that? Can you tell us what's happening there?

Mr De Silva: Finance has been working with DPS since that issue was raised. They have now reached a process by which if a casual is to continue they will speak directly to the parliamentarian and so access to the APH network can continue.

Senator AYRES: Sorry, say that again.

Mr De Silva: When an employee ceases we would advise parliament and that would be a trigger for access to various security systems here. Because a casual may then be re-engaged there is a drop-off period, so DPS is now liaising directly with parliamentarians and a parliamentarian can advise that this person continues to need access to the DPS IT system.

Senator AYRES: Chair, I just need a couple of minutes to check one thing. Do coalition senators have any questions?

CHAIR: For ministerial and parliamentary services, we're not usually in the business of doing that.

Senator O'SULLIVAN: I have one admin-type question. If someone is taking leave without pay, do they still have access to the IT?

Mr De Silva: If they're still employed, they would notionally still have. We wouldn't advise anyone that they're no longer an employee, so based on that they should notionally still have access. But that would be a matter for DPS, not us. We wouldn't be advising anyone.

CHAIR: Thank you very much.

Independent Parliamentary Expenses Authority

[16:22]

CHAIR: I welcome Ms Annwyn Godwin and other officers from the Independent Parliamentary Expenses Authority. Ms Godwin, do you wish to make an opening statement?

Ms Godwin: No, Senator.

CHAIR: Very good. Senator Ayres.

Senator AYRES: I've got some questions about Mr Laming's travel expenses as published last week. Can you tell me on how many occasions Mr Laming was given an opportunity to explain his use of expenses?

Ms Godwin: Senator, as you're aware, we don't usually make comment on individual cases. However, I will refer you to the published report. In there, it does refer to the multiple opportunities to provide input.

Senator AYRES: In the audit report, it says he obfuscated, provided inconsistent answers, or ignored the questions altogether.

Ms Godwin: Again, I don't usually comment on individual cases. However, I would refer you to the chronology of engagement in attachment C to the report.

Senator AYRES: Is it the case that he claimed that one year's worth of emails had gone missing, so he couldn't provide information about his trip?

Ms Godwin: Senator, that was what was reported in the report, and, as I said, we don't usually comment on these matters once the report is published or, indeed, as we are undertaking investigations or assurance activities.

Senator AYRES: Yes. That is a position that makes sense when things go wrong from time to time. People make errors, they are asked questions by IPEA, they account for them and then they rectify. This MP now owes the Commonwealth over \$10,000, and it is reported that, when he's been asked if he's going to pay back the money, he's said, 'No, of course not.' It's pretty disrespectful to the institution, isn't it?

Ms Godwin: I think that, if you've got specific questions about the report and Mr Laming's response to it, you're probably better off referring those questions to him.

Senator AYRES: I don't think I'm going to get that opportunity. What steps can IPEA take to recover the money?

Ms Godwin: At the moment, there is no debt to the Commonwealth—and it is a debt to the Commonwealth, not to IPEA. As we've discussed at previous estimates hearings, we have a 30-day process. There is an invoice that is currently with Mr Laming. Mr Laming may choose to pay within those 30 days; he may not choose to pay within those 30 days. We then have a policy which says we escalate these arrangements at 30, 60 and 90 days. Ultimately, we have the option of pursuing the debt further through our debt collection arrangements.

Senator AYRES: Under the debt collection arrangements, does it go to a contractor or someone who does that?

Ms Godwin: That's right.

Senator AYRES: It ends up in a local court somewhere, presumably.

Ms Godwin: That's correct.

Senator AYRES: Given his comments and what's reported—I read out part of the audit report, and the other sections of it are no less damning—has IPEA taken a decision to have a more thorough look at Mr Laming's expenses?

Ms Godwin: As you're aware, we have a number of protocols that we follow, and they are published protocols. We look at a whole range of different expenses. Some of those are self-initiated and some are references that have come from other sources—for example, from the public or other departments. So we have a pretty thorough process that we go through, and I'm confident that we have a good spread of our audit and assurance activities on the go at any particular time.

Senator AYRES: Minister, has the Prime Minister spoken to Mr Laming about this issue?

Senator Birmingham: I'm not aware of that; sorry.

Senator AYRES: Has he spoken to the Special Minister of State? It's pretty extraordinary that this bloke's thumbed his nose at the process. Other people have been in the news about these questions, and they have dealt with the question. This bloke has just thumbed his nose at the process. Is the government doing anything about this?

Senator Birmingham: It would be my expectation that, if a debt is incurred in any instance, any member or senator should pay that debt, and that applies to Mr Laming, as it does to anybody else. I would also expect IPEA or agencies of government to act entirely consistently with their processes to seek to recover any such debt if it is not paid in a timely manner.

Senator AYRES: But that's the process answer: it's Ms Godwin's job and IPEA's job to manage the process. I'm really asking you a political question about political leadership. Mr Laming has been a rogue MP for some time. He's a bit different to Mr Christensen and some of these other characters. He's taken inappropriate photos of women in shops, posted fake Facebook pages and shown utter contempt for the parliament and for the independent authority, IPEA. There is a requirement for political leadership. The two people who you would think would play roles are Mr Morrison himself and Mr Morton, the Special Minister of State. Both have responsibilities here. Has either of them lifted a finger?

Senator Birmingham: Certainly, Mr Morrison has, as is publicly known, spoken with Mr Laming about some of the issues that you've raised. Following those discussions, Mr Laming has made the decision not to recontest the next election. In relation to this specific matter, I'm not aware of what discussions have been had, but I'm happy to follow up, Senator Ayres.

Senator AYRES: He's on the way out, so the government's going to wash their hands of him, are they?

Senator Birmingham: No, but as I said discussions have certainly been had.

Senator AYRES: The Prime Minister did belatedly. He was finally dragged to say some things about—it's revolting, really—the photos business. But, on this expenses issue, you don't expect any leadership from the Prime Minister or the Special Minister of State?

Senator Birmingham: Discussions may have been had; I'm just not aware.

Senator AYRES: I don't have any further questions.

CHAIR: Thank you very much, Ms Godwin. We will bring on the AEC. The committee will suspend while we get the next lot of witnesses in.

Proceedings suspended from 16:31 to 16:38

Australian Electoral Commission

CHAIR: I welcome Mr Tom Rogers, the Electoral Commissioner, and other officers of the Australian Electoral Commission. Mr Rogers, do you wish to make an opening statement?

Mr Rogers: No, thank you.

CHAIR: On behalf of the committee, I thank you for coming along here today when life is about to get very busy for you. I really appreciate it.

Senator PATERSON: Welcome, Mr Rogers, it's good to see you again. I have some questions about your February 2021 compliance review. It identified some discrepancies in the 2018-19 return lodged by Peninsula Independent, which was the campaign vehicle for Julia Banks's bid for Flinders. There's an interesting aspect of this which I wanted to draw out your view on further, which is a donation of \$25,000 that was made by Alex

Turnbull to Ms Banks's campaign. I think I am right in understanding the AEC's view that it wasn't properly disclosed because it was converted into a \$12½ thousand donation and a \$12½ thousand loan. Is that correct?

Mr Rogers: It's ringing bells, but I might call Ms Reid up to the table. She might have a bit more depth on that.

Senator PATERSON: Ms Reid, is my description of the AEC's concern about this transaction accurate—that a loan of \$25,000 was made but wasn't properly disclosed, because it was converted into a \$12½ thousand donation and a \$12½ thousand loan?

Ms Reid: I have some notes here about the compliance review. We did answer a question on notice on this point from last Senate estimates. According to the information provided, the \$25,000 loan was provided to Peninsula Independent and disclosed as a receipt, so it was disclosed as being received. Ms Banks would not have been required to disclose the loan on her candidate return, because it was provided to the entity, Peninsula Independent, and, yes, it was subsequently converted into a \$12½ thousand donation.

Senator PATERSON: It might be a coincidence, but I suspect it wasn't a coincidence that the decision was made to split it in half—into a donation and a loan—so that it then totalled \$12½ thousand and was below the relevant threshold for federal disclosures. We've discussed extensively in this committee the practice of donation splitting, but this seems to be a new innovation of loan splitting—of saying half of it was a loan and half of it was a donation, even though it came from the same person as part of the same transaction. Is that a permissible way to avoid making a declaration for a \$25,000 contribution to a campaign?

Mr Rogers: We have a longstanding practice of not commenting on individual matters, particularly matters that we've examined, without giving the opportunity to the other party to talk. Perhaps I might talk generally for a moment, though, about this process.

Senator PATERSON: Please do.

Mr Rogers: There are occasionally ways that people work their way around the regulations and the law. Most of that is inadvertent, and I'm not making any particular comment on this one. What we find mostly when we talk to political parties is that amended returns are put in and these matters are cleaned up. As you know, we've had a longstanding practice of accepting amended returns from across the political spectrum.

Senator PATERSON: Of course.

Mr Rogers: It happens more often than not. What we find is that, mostly, errors are truly inadvertent and when they're pointed out they are rectified. In the specific case that we're talking about—I don't have the compliance review in front of me, but I think when we did the compliance review we pointed out what we thought was a problem. That matter was then cleaned up through an amended return, as I understand it. Ms Reid?

Ms Reid: Yes, that's correct. I also don't have the details of the review in front of me, but I believe that's correct. In the AEC's view, all the correct disclosures were made by all parties.

Senator PATERSON: In the end, after it was amended, not initially?

Ms Reid: Yes.

Senator PATERSON: So initially it was not adequate, because effectively a contribution of \$25,000, however defined, was made to a campaign but not publicly declared.

Mr Rogers: That's my understanding, but I don't have that specific information in front of me and I'm loath to go too deeply into it.

Ms Reid: My understanding is that, at the time the amount was made, it was described as a loan, so it was not a donation. The entity recorded it as a receipt, as they were required to do.

Senator PATERSON: But did they declare the \$25,000 loan?

Ms Reid: I don't have that detail in front of me.

Senator PATERSON: I'm interested in part because the financial controller of Peninsula Independent was a Mr Damien Hodgkinson. As I understand it, it is the same Damien Hodgkinson who also lodged returns for the Warringah Independent campaign vehicle, which is of course for Ms Zali Steggall, the member for Warringah. In that instance a \$100,000 donation from the Kinghorn Family Trust—one transaction from one donor—was then split into eight amounts, also—perhaps not coincidentally—of \$12½ thousand, and was not properly disclosed until the AEC brought it to the campaign's attention. Is that right?

Mr Rogers: That's broadly correct. Again, I'm going from memory here. We did discuss that in a little bit of detail at the last estimates. From memory, we did a compliance review and that matter was picked up. Hodgkinson, as I think you said, was the financial controller for more than one entity—for a number of entities.

Senator PATERSON: Yes. There does seem to be an interesting pattern here. Do we know how it is that Mr Hodgkinson came to form the view that you could split donations, either between loans and contributions or between individuals, in order to avoid the public disclosure cap?

Mr Rogers: I'm not sure we have that information.

Senator PATERSON: I am interested in part because Mr Hodgkinson is the financial controller for a number of other campaigns ahead of this federal election. I know, for example, Monique Ryan, the candidate for Kooyong, is also using him as a financial controller. Simon Holmes a Court, who runs the Climate 200 quasi political party, endorsed him recently at a National Press Club address as their go-to financial controller, even though they're not a political party. Will you be looking closely at returns lodged by Mr Hodgkinson after the upcoming federal election, given his practices in the past election?

Mr Rogers: As you know, we look closely at all those returns to make sure that they fit within the definitions of the relevant section of the act, and we will be doing exactly the same this time around. Where we see there are any breaches, we will take action accordingly.

Senator PATERSON: I would encourage you to; it's particularly important. All candidates are equally required to comply with the law, but candidates who are running on a platform of integrity and disclosure and transparency should at the very least meet the current legal thresholds when they're campaigning for even higher and more onerous legal thresholds. That's more of an editorial comment from me.

Moving on to another related topic, you might remember a previous discussion in a round of estimates with Senator Abetz about an entity called the Climate Outcomes Foundation. The discussion in a previous round of estimates was on whether it acted as a conduit for money going to Climate 200, Mr Holmes a Court's outfit. As I understand it, Climate Outcomes Foundation has given \$304,000 from unknown sources to Climate 200, which has then in turn gone to independent candidates. In October 2020, when you appeared before estimates, you agreed that this could be a methodology for laundering money to independents. Do you recall that testimony?

Mr Rogers: I am not sure whether I said 'laundering'. I'd have to—

Senator PATERSON: To be fair, let me quote it exactly so I'm not putting words in your mouth. Senator Abetz said that 'it seems that this might be a methodology for laundering money to independents,' and you responded, 'That could be correct.' It was Senator Abetz's turn of phrase, and you appear to say that's a possibility.

Mr Rogers: I do remember that. As you know, this is not a cop-out, but there are so many entities and transactions that it's difficult to recall instantly down to that level of detail. I do remember that conversation. I think that what we said at the time was that the Climate Outcomes Foundation would be required to lodge some sort of return at an appropriate point, where we will get a better view of that. Ms Reid, you might remember more than I do about that particular issue.

Ms Reid: At the time, because Climate 200 was only a donor under those laws at the time, they lodged a return but were not required to. They were required to disclose immediate donations they had received, Climate Outcomes Foundation being one of them. Now Climate 200 is registered as a significant third party, different disclosure rules will apply in terms of going back a couple of steps as to where you source your funds from.

Senator PATERSON: Indeed. But this historical donation, which totals \$304,000, from Climate Outcomes to Climate 200—we do not know the source of that money, do we?

Ms Reid: I am not sure of the amount you're referring to, I'm sorry.

Senator PATERSON: That is what I understand to be a cumulative total of the transfers of money from Climate Outcomes Foundation to Climate 200, but the source of that has not been disclosed. Is that right?

Mr Rogers: I would have to look at that in detail. I hate to say this: I think you might be correct, because I remember the figure of \$300,000. I think it was declared in a media outlet story, and we opined on that briefly at the last event. I would have to look at the detail of that, but I think there was some sort of donor return from the Climate Outcomes Foundation, or at least a part of that money was included.

Ms Reid: It was included in Climate 200's disclosures. At that time, as I said, Climate Outcomes Foundation had no obligation to disclose its donor to a donor, but now there will be a requirement if they're donating to a significant third party.

Senator PATERSON: But only for future transactions, not historical ones?

Mr Rogers: That's correct.

Ms Reid: Since the legislation changed and since Climate 200 registered.

Senator PATERSON: So we've got this \$300,000 which has come via Climate Outcomes Foundation to Climate 200. Climate 200, as you say, is now a significant donor and a third-party entity which is donating to political candidates. We have no idea where that money has come from. It could have come from overseas sources, for example, and we would have no way of knowing whether that is the case. This money is still sloshing around in our political system and will impact this election, but we don't know where it has come from.

Mr Rogers: Again, that would have been received prior to the passage of that legislation which banned those foreign donations. So, to that extent, you're correct.

Senator PATERSON: Foreign donations to political parties were banned much earlier, but this seems to be a way of potentially evading those obligations, where you can effectively funnel donations from a foreign political entity, or a foreign entity of any kind, to an Australian political candidate just by washing them through a few organisations. You're not responsible for writing a law, so that deficiency is not your fault, but it is of concern.

It's of note that Simon Holmes a Court, who runs Climate 200, is a business partner, as I understand it, of Mitchell Hopwood of the Climate Outcomes Foundation. Holmes a Court said they met through the cleantech investment community:

Mr Hopwood has provided occasional advice on investment opportunities ... In January we decided to create a private investment vehicle to pursue co-investment in global decarbonisation opportunities.

That was in the *Sydney Morning Herald* on 17 February this year. These are not arms-length organisations; these are people intimately linked—politically, financially and in business. How can we have confidence that political candidates running on transparency, integrity and ethics are not having unknown foreign dark money funnelled to them?

Mr Rogers: My earnest hope is that everyone is adhering to the legislation in detail, and that's my expectation. We have a compliance program where we review all of those matters after the event in some detail, as you know. We publish the results of that, and we work with the parties, the candidates and others to make sure that they're aware of their obligations. Where we see that there's some sort of breach, we take action accordingly. That's where I think people can take some comfort from the fact that there is a high level of transparency in the Australian system.

You've raised a specific issue, and sometimes there will be specific issues that we deal with, but, by and large—I forget the exact figure, but I think, from something like between 2017 and now, there's been over \$5 billion worth of disclosed activity through our Transparency Register, which I think is excellent. It gives people some confidence that they can track back and look at where that money comes from. So I'm very confident in the system that we are administering—noting that we don't pass those laws; we are administering the scheme that parliament's put in place.

Senator PATERSON: I'll end on this note, Chair. The other option is that Simon Holmes a Court himself could just be transparent and open and declare where this money's come from, or the candidates that he's bankrolling, including Monique Ryan, Zali Steggall, Zoe Daniel, Allegra Spender or any of the others, could ask him—given that they've been the recipients of significant amounts of money from him—where it all ultimately came from and who those individual donors are. They could disclose it if they wished.

CHAIR: Thank you very much, Senator Paterson. Senator Roberts?

Senator ROBERTS: Thank you for attending again today. Can I start with a compliment to your social media team? It has a nice balance of humour and information in what is sometimes a very hostile environment. That's reassuring and pleasing.

I'd also like to compliment Minister Morton for his voting integrity bills and for acknowledging the work that I did informing those initiatives with my integrity of elections bill, which preceded them. It's very important for people to understand, and for voters right around the country to be assured, that their vote will not be wasted and that there is no reason to not vote. There is every reason to turn up now, because we'll be having audits of the election processes.

My first question today is as a result of multiple reports from constituents who went into a booth in previous elections and were told they had already voted. This may have been human error by the poll worker, yet I think it's the only issue that Minister Morton's electoral integrity package failed to address that my bill did.

For clarity, there are two types of multiple voting: one where a person votes multiple times under their own name, and another where a person votes multiple times under different names. The first one, multiple voting under one's own name, has been well examined, and the conclusion seems to be that it does not make a tangible difference, because we've now got electronic rolls in most booths—not all, but most. So let's turn to the second one, people voting multiple times under different names. Has the AEC done any work on this issue?

Mr Rogers: We look at the entire voting process at the end of every election. We put, as you know, a submission in to the Joint Standing Committee on Electoral Matters, where we raise issues that we think have been flagged during the conduct of the previous election. Many of those observations are our observations, and many of them have also been passed to us by others. The issue of multiple voting was dealt with in those submissions previously and in supplementary submissions. What you're referring to there is impersonation, and that's not something that we've had any evidence has had any sort of impact on the election at all. It's not something that was raised with us in any formal way previously. It's not something that has been put into a submission to the joint standing committee at all, to the best of my memory. So that's not something we're looking at, at all.

The other thing with impersonation is that those sorts of things do become known, because, if someone was doing impersonation on a large scale, we would get feedback from a range of different sources that that would be the case. Don't forget that many of these polling booths are actually community polling booths, where people know other people in the community as well. It's not something that's been personally raised with me. I'm not sure, Deputy Commissioner, if it's been raised with you.

Mr Pope: No, that's correct. I would add that there's another category that is what we call 'apparent multivoting', which is actually an administrative error where someone has been marked as having voted, on a paper certified list, and they have put a wrong mark against a person's name. Sometimes it can be seen as being something else, but it is simply an administrative error.

Senator ROBERTS: Is there a phone number or a way of reporting occurrences in order to further investigate the problem, if there is a problem?

Mr Rogers: On our website, there is a—

Mr Pope: fraud email reporting process—

Mr Rogers: and people are welcome to use that.

Senator ROBERTS: The AEC stopped residency checks last century, in 1995. When was the last time the AEC audited a sample of the electoral roll to get an idea of accuracy?

Mr Rogers: We use a whole range of tools to check the accuracy of the electoral roll, and we conduct internal audits on that. I think the ANAO also conducted an audit of the electoral roll. I'm not sure if anyone remembers when that might have been—there are a lot of shaking heads—but we could find that out for you fairly easily. So it's been audited even by the ANAO. In fact, now that I'm warming to my theme, I think it may have been audited twice. I'd have to check that for you. If I'm wrong, I apologise to the ANAO, but I think they came back to check the results of the initial audit. I'm happy to come back to you on that.

Senator ROBERTS: Okay, if you could, please.

Mr Rogers: So there's more than one way of auditing the accuracy of the roll. The second thing is when we get data on someone's residence from more than one data source, which is what we do—we effectively triangulate that data to make sure that it's accurate—we also do, as I mentioned before, our own internal checks of the accuracy of our data entry to make sure that that is an accurate process.

Mr Pope: We do. And we match our data with a range of other data sources, and we also do an annual quality assurance process.

Senator ROBERTS: So, although you say that you haven't had any evidence or you don't see much possibility of it, this is surely a case where voter ID would stop someone from voting multiple times under different names or from voting under the names of people who are no longer voting themselves. I know what you're saying about the community, but sometimes people rock up to a booth that's not in their community.

Mr Rogers: I might perhaps repeat what we said at the last estimates. I'm loath to get involved in the issue of the voter ID process. I think that's a highly political issue. It is a matter for parliament. I'm genuinely trying to be right down the centre here. I understand the arguments on both sides of this, but it has become a very polarising debate in places where this has been implemented. So that's a matter for parliament. What we're reflecting on here is the processes that we put in place to assure the vote within the legislation that's currently valid. That bit about voter ID is something that I think I said a little flippantly last time, 'We have a definite policy not to have a policy on,' because we're going to get dragged into that process.

Senator ROBERTS: I can see that. I accept it. It is ironic, Minister, that we need an ID to get into a pub but that we don't need an ID to get in to vote. That's just a comment.

Senator Birmingham: Your comment's noted, Senator Roberts. The government would wish that there had been, or were, broader support for some of the ID measures that, as you acknowledge, Minister Morton had brought forward.

Senator ROBERTS: Thank you, Chair.

CHAIR: Thank you very much, Senator Roberts. Senator Ayres.

Senator AYRES: However, decency then prevailed. That's what happened.

Commissioner, I see we've gone past the deadline for a 7 May election. I think that's right, isn't it?

Mr Rogers: I think that's correct. We're now on to the final two.

Senator AYRES: I won't torture you with any questions about that. I do have a couple of questions about lessons learned from the recent South Australian election. There were complaints about lengthy delays for people who voted in the ballot itself. Have you spoken with your South Australian counterpart about what went wrong and what went right in that ballot, and have you got anything you can tell the committee about the reasons for the lengthy delays?

Mr Rogers: I have spoken to him at some length. Obviously it would be wrong of me to opine or give a judgement on the South Australian election.

Senator AYRES: Sure.

Mr Rogers: But there are some lessons that we've already taken account of. For example, it did take longer to issue the votes in the polling places as a result of the COVID measures that were in place. Even the social distancing, as you know, can create issues. And then the capacity of the polling places with COVID measures also caused some of those issues, as I understand it. When you can only have a limited number of people in there, that can become complex when you are trying to get as many people through the issuing point as you possibly can. We have a process. We've worked with Deakin University and we implemented a number of queue management techniques in the 2019 election, which were very successful for us. We're adapting those for COVID, but it was interesting to listen to his perspective on that. Each state is going to be a little different with where they were with COVID and with some state attitudes to COVID and the community attitudes to COVID on the way through as well. I think he found that there was also a variation between polling places, depending on what the staff did in those polling places, how they managed the queue and how quick they were to put that in place. That would echo our own experience. You can get pretty much two identical polling places in two identical communities and you can get a very different queuing experience.

I would point out federally that, as you well know, it's hard for us to assess exactly where people are going to turn up. There are many factors that have an impact on that, including the time of the year, where people are and whether people are on holiday—I'm probably talking pre COVID here, rather than with COVID—and a range of other things. We are unpicking all of those lessons to make sure that the process is as smooth and as safe as possible.

On that, we're also doing a fairly large-scale public awareness campaign to assure people that there are sufficient COVID measures in place for people to feel safe in the polling place and safe to come out and vote physically in the polling place.

Senator AYRES: Okay. The South Australian experience with postal voting was that it doubled. Presumably that's a COVID response—or it's partly that and partly, presumably, people anticipating that there will be delays on the day. Has the South Australian experience changed the modelling that you've got, or that you've been developing, on postal ballots?

Mr Rogers: We've been doing an enormous amount of work with that over the last couple of years. We're very happy with the modelling we've put in place for this and the way in which we're doing it. I would say that we are encouraging people to vote in person, and I'm happy to talk about that because it's an important point.

Senator AYRES: I agree.

Mr Rogers: None of that is to denigrate the postal voting system in Australia, and I know that you know that sometimes there are some conspiracy theories about postal voting overseas that then wash into Australia. None of that applies. We're very confident with the postal vote process, but my view is that the act requires people to vote on the day unless there's a reason for them not to vote. We're going to have a large number of polling places, and they're COVID safe, with all the measures you would expect to see in those polling places. If they can't vote in person, they should vote by pre-poll, and again we are putting measures in place in pre-poll centres to make sure that people can feel safe and that there are not a huge number of queues. We've got some modelling in place to help us with that as well. Then the third option is, of course, postal voting, which is a regular part of the

Australian vote. We've been working with Australia Post, and I've personally met twice with the head of Australia Post to talk about some of those issues. We're very confident in the way that we are moving forward with a range of different options. But I'm very keen on this being as normal as it possibly can be. One of the reasons is that the fewer votes in envelopes, the quicker the result will be known and the more likely it is that we'll have a result on the night or close to on the night, depending on how many postal votes there are.

Senator AYRES: I've always thought that voting is essentially a collective experience that we do together.

Mr Rogers: It's a community event.

Senator AYRES: That's right, so making a festival of democracy on the same day, to the largest extent possible—

Mr Rogers: Is very important.

Senator AYRES: actually supports democratic institutions.

Mr Rogers: Integrity, transparency, a sense of community.

Senator AYRES: Yes, absolutely. Are you confident, in your discussions with Australia Post about managing that volume of postal votes, that you're there in terms of the approach you're going to take to that?

Mr Rogers: I am very confident that we have worked with them as best we possibly can. There's one unique thing for this election, unless it's changed because things do change. I think for the first time ever we're getting a direct data feed from Australia Post into our command centre about delivering a range of things and vice versa, which will be very helpful for us to be able to track live how it's going. We've never had that before.

Senator AYRES: Is that information going to be publicly available as well?

Mr Rogers: I don't think so. It would be too hard to that. But we'll be watching that from our command centre, working with them. Australia Post have set up a team where they're working with our staff. As I understand it, during the electoral period—and it's not just us, of course; political parties also use their services—they are at least reducing the number of other large contracts they're undertaking during that period, so they're creating more capacity. Therefore, everything's being done that could possibly be done to make sure that it's a smooth experience.

Senator AYRES: The South Australian Electoral Commission's website crashed as people were trying to register postal vote applications and, from memory, in the local government elections in New South Wales the online voting system crashed in the day leading up to the ballot. I assume you've tested the website to make sure the same thing doesn't happen to you. How confident are you about that?

Mr Rogers: We've done an enormous amount of testing, as you would imagine, on a number of different levels. Firstly, there's the security and the integrity of that process. Secondly, there's the sheer volume of users and whether we can cope with those sorts of volumetrics. We've done appropriate testing on both of those areas—the security and the integrity and the sheer volume of users—and we're very confident that that will be the case. I'm confident that we've done as much as we possibly can do to make that process as smooth as possible for Australians.

Senator AYRES: Flood affected areas: what's the impact been on the availability of polling places in places like Lismore or Toowoomba or Logan City or Murwillumbah?

Mr Rogers: There has been an impact. I might ask Ms Gleeson to talk about that.

Ms Gleeson: Yes, there's been some impact to polling facilities, particularly in the Lismore area. The impact was obviously felt from South-East Queensland now right down to Victoria, but at this stage we're fairly confident that the greatest impact will be felt in Lismore. At this stage we think there are five static polling places that we will be unlikely to use in the Lismore area, and we're working very closely with Southern Cross University on a replacement facility that could accommodate quite a large number of electors. That work is ongoing, and we're hoping to finalise it by the end of this week.

Mr Rogers: I think the vice-chancellor wrote back to me—

Ms Gleeson: Correct.

Mr Rogers: last week in a positive way with that, as well.

Senator AYRES: So, five in Lismore—

Ms Gleeson: In the Lismore area.

Senator AYRES: but no other static polling places knocked over in the rest of the country?

Ms Gleeson: We might take this on notice, if you don't mind. There are two in Queensland that were looking in doubt, but we were working with premises, contacts, on remediations, so they may be able to be used.

Senator AYRES: So the impact will be what we have just talked about but, presumably, it will also be absentee voting and people who have been forced to relocate in the short to medium term while the recovery effort is happening.

Ms Gleeson: We made contact during the process of sending final messages to people in flood and disaster impacted local government areas to advise that they're able to continue to vote for their enrolled address and that, if they've been displaced temporarily, they're able to add a postal address if they'd like and if they intend to do a postal vote. Otherwise, there is no need to update their enrolment.

Senator AYRES: So you're doing that by text, email? Presumably you're not doing it by post.

Ms Gleeson: No. We're definitely alert to the risk there. We're sending those messages by SMS and email.

Senator AYRES: The contingency powers that were legislated last year—has any consideration been given to extending the prepoll period? It's not something I'm necessarily advocating; I just want to know whether you—

Mr Rogers: I think the contingency powers will elapse on 17 April. There will be no Commonwealth declaration in force in any case. So there will be no increase to the number of days for prepoll.

Senator AYRES: If the rain doesn't stop in some parts of the eastern seaboard, if there's flooding on the day, what happens? The affected seats are Page, Richmond—which seats are affected in South-East Queensland?

Mr Rogers: I'd have to look at my map.

Ms Gleeson: There's a large number in metro Queensland. We could provide that list on notice.

Mr Rogers: As you know, Senator, there are general emergency provisions in the act in any case, which we would activate if we needed to.

Senator AYRES: Have they ever been activated, in your memory?

Mr Rogers: Yes, I think they have. But it is very specific: it's by polling place. We had floods—I can't remember which election it was, but it was in my lifetime—and we had to do some stuff. It's complex, though, as you know, if there are large-scale issues, but there are provisions in the act for us to be able to deal with them.

Senator AYRES: COVID affected voters can vote by secure telephone voting. I think there were 266,000 active cases in New South Wales as of last Sunday, 63,000 in Victoria, 61,000 in Queensland and 35,000 in South Australia. That could be a very large number of people isolated on election day. What modelling have you done about the likely numbers?

Mr Rogers: We've been working within an interdepartmental committee looking at this very issue. We're being supported by a range of agencies. In fact, I'll take this opportunity to thank all of those agencies that have been participating. They've been incredibly helpful, and generous with their time. We have been doing some detailed modelling, with their assistance, about how we'll run that. I need to be up-front on this: it's an emergency measure, so this is not going to be smooth. If you're thinking, 'Great, I'd love to vote by phone,' it's not going to be a smooth experience; it is absolutely a contingent measure for those individuals who are COVID affected.

Senator AYRES: That is active cases and also close contacts?

Ms Gleeson: No, it is those who are active cases.

Senator AYRES: So what do you do if you are in a household—

Mr Rogers: If you're a close contact and you're asymptomatic, in many of the jurisdictions—we're working through that at the moment—we're hoping there'll be an exemption for you. If your asymptomatic, do a RAT—

Senator AYRES: Of course, there are differences between the states in terms of the way they are managing this. I think the Prime Minister has been arguing for a particular proposition. Are you saying that, in any case, there is work being done on particular provisions for the election itself?

Mr Rogers: We are working through that with the health authorities in each state. We're at a very advanced stage of that, but we're not quite at the final bit where we can design a service offering that makes sense for everybody. I'm hoping to make sure the telephone voting option is really reserved for those who are absolutely COVID affected and need to use it. The other message for that as well, Senator—

Senator AYRES: But that could be 400,000 or 500,000 people on the day, couldn't it?

Mr Rogers: That is not our modelling.

Senator AYRES: For those numbers that I just read out for last weekend, with my rough maths, even adding the Tasmanians and a few others gets you pretty close to 400,000. We're heading into winter.

Mr Rogers: Just before Mr Pope speaks: we're also monitoring this with the health authorities. We're monitoring numbers and we're looking at where the trends are, where the peaks are and where it's likely to be more used than not. That's something we're looking at very actively.

Mr Pope: I might just point out that, unless I'm incorrect, those active cases will include active cases over the previous seven days. Telephone voting will be available for only a three-day period: on Thursday and Friday, the last two days of prepoll, and then on polling day itself. It's a 72-hour window for people who are actively—

Senator AYRES: Within their own seven-day period?

Mr Pope: That is right.

Mr Rogers: You can still access the postal vote up until Wednesday evening, so our preference would be that you access the postal vote and only then do the telephone voting option. With the interdepartmental committee, we're putting together quite a large workforce of public servants from other agencies to assist us with that. We're doing the modelling and we're very confident that the ultimate solution will work very well.

Mr Pope: But this is rapidly evolving, as you would appreciate.

Senator O'SULLIVAN: We haven't assurances yet from various state jurisdictions that there'll be flexibility around close contacts?

Mr Pope: We are almost there. It's a work in progress.

Mr Rogers: They've all got—

Senator O'SULLIVAN: I'm from Western Australia; I'm very aware of the different rules.

Mr Rogers: We've heard back from almost all of the states and we're working with the health authorities—as we have, by the way, right through this pandemic. They've all been remarkably helpful. The deputy and Ms Gleeson addressed the AHPPC, whatever that stands for—

Ms Gleeson: The Australian Health Protection Principal Committee.

Mr Rogers: On a number of occasions, the Department of Health have provided us with a pandemic adviser, so we've been working really effectively with them right the way through.

Senator O'SULLIVAN: In any case, if you are an active case or if you tested on the Monday, Tuesday or Wednesday—

Mr Rogers: Apply for a postal vote.

Senator O'SULLIVAN: you could apply for a postal vote, and the telephone system would only apply in those last 72 hours?

Mr Rogers: It would effectively be from Thursday morning to Saturday.

Senator AYRES: Just tell me how the telephone system works and how you trialled it.

Mr Rogers: We're still working with that committee right now, with all those agencies putting that together, and we'll know more in the next week when we finally land that final solution. As you know, we're already doing telephone voting in any case for blind and low-vision voters, so we're building on what we're doing with that.

Senator AYRES: So the process of verification of identity is substantially the same?

Mr Rogers: It's very similar to that. We're building on that. Again, I would thank all of the agencies that are helping us with this. Again, I'm flagging that it is an emergency measure. It will also be a declaration that you are COVID affected, so, if you're not COVID affected, don't use it. In fact, if you do try to use that because all of a sudden you decide you want to use the telephone system, it's little different from you using a disabled parking spot at a supermarket when you are not affected that way. That should be reserved for those people that need it.

Senator AYRES: Also, apart from that injunction to not do it, I think what you're saying is that it's not going to be a straightforward process for the individual, and it'd probably be easier just to jump on a pushbike and go and vote.

Mr Rogers: Go and vote.

Mr Pope: If you're allowed to do so under the health orders, yes.

Senator AYRES: Yes, indeed. I always pay attention to Antony Green. I live in a part of Sydney where he's often seen.

Mr Rogers: I thought that was the beginning of a rhyme, there, Senator!

Senator AYRES: It felt like it, didn't it!

CHAIR: Or a limerick!

Senator AYRES: I really was trying hard to get my third line, but I couldn't get there! He has published a piece today which discusses the legislation I think we passed last year. He doesn't include the name of it, but it was essentially about preventing parties from having registered names that were too similar to those of already registered parties, and one of the clear targets of the legislation was the Liberal Democratic Party. If I can just talk you through this and confirm that this is right: the Australian Electoral Commission, sitting as a commission, confirmed the original deregistration notice from November on 9 February, so the Liberal Democrats were deregistered, and on 9 March the High Court upheld the new law—that's correct, isn't it?

Mr Rogers: That's correct: as to that case that was brought, the High Court did uphold the validity of the legislation.

Senator AYRES: Perhaps if Antony Green, through the medium of me, doesn't explain it, could you tell me why it is that the Liberal Democrats are now able to contest the election under—

Mr Rogers: That name?

Senator AYRES: Yes, which I assume will be bad news for the colleagues sitting to the left of me. But can you explain why that's happening?

Mr Rogers: I won't comment on that last bit, but on the process itself. There is a series of steps in that legislation that we need to follow, which we've followed in this case, including giving the party that's the subject of that process periods of time to comment. I don't have the time line in front of me, but, on that process, I think initially they had until 24 December or something to make their initial submission, which they did, I think, on 22 December, and—I'm going off memory here; I might have to clean this up later on—relatively recently they then sought to register a new name, and, if I was to think about that new name, I want to say—

Senator AYRES: I think it's the Liberal/Liberty Democrats.

Mr Rogers: 'Liberty and Democracy Party'—something along those lines—

Senator O'SULLIVAN: Yes, which is an old name that they had, apparently.

Mr Rogers: We had to advertise that in the paper. It's a 30-day period. There were two objections to that name. We then have to provide the party with a period to comment on those objections, and what they then did was to withdraw their application to change their name. If I'm getting any of this wrong, one of my staff members will appear next to me—

Senator AYRES: No, I think it's pretty consistent.

Mr Rogers: We then issued them, I think, a section 137 notice, and they've got a 30-day period to respond to that as to why they should not be deregistered under that process.

Senator AYRES: And you were, because of the exigencies of time, required to lodge that notice on 1 April?

Mr Rogers: With all the connotations for that—

Senator AYRES: Yes!

Mr Rogers: But that's the process we had to go through.

Senator AYRES: Really, the most generous way to describe it is that they have taken advantage of a loophole that was not anticipated by the drafters of the legislation?

Mr Rogers: I'm nervous saying this, but let me meet you halfway by saying: I am aware of what the intent of parliament was with this legislation, and it doesn't seem to have been met.

Senator AYRES: As the High Court—

Mr Rogers: And the High Court upheld that legislation. I'm aware of the intent of that, and it doesn't appear to have been met in this particular case. I think there are perhaps some side routes in this legislation that maybe were a bit too generous along the way.

Mr Pope: And they've been there for a while.

Mr Rogers: Yes.

Mr Pope: This is not a recent—

Senator AYRES: It's not just a result of the recent—

Mr Pope: No.

Mr Rogers: And the section 137 process has been there for a long period of time.

Senator AYRES: I don't have any further questions, Chair.

CHAIR: I do just want to quickly prosecute this issue a little more and then move on to a couple of questions about Warringah Independent Limited. We are in a position where a political party that the AEC has said should be deregistered—and the High Court has upheld that decision—is now registered.

Mr Pope: The High Court has upheld the validity of legislation—

CHAIR: Sorry—yes; apologies.

Mr Pope: not upheld the commission's decision.

Mr Rogers: Therefore, there's a process in train, but that process will take a period of time under the legislation.

CHAIR: When is the deadline for the party now once again known as the Liberal Democrats to respond to this deregistration notice? What's D-day for them?

Mr Rogers: D-day would be in about a month, I suspect. The exact date, Ms Reid might have.

Ms Reid: That's correct. It's 30 days from the issue of a notice on 1 April. That happens in 30 days.

CHAIR: So they have until 1 May to respond. We'll be in an election period by then, I think it's fair to say. So can they be deregistered after that date?

Mr Rogers: No.

CHAIR: On what basis is that the case?

Mr Rogers: We're presuming that by then the writs will have been issued.

Ms Reid: The register is suspended during the period of the writ issue, and no action can be taken on party registration or deregistration during the writ period.

Mr Rogers: It's frozen, effectively, once the writ's issued.

Mr Pope: But after the election—

Ms Reid: After the election, it will resume.

CHAIR: This is not an ideal situation, is it? I would have thought, in a situation where there's been a clear decision on this, there should at least be some mechanism for that decision to be upheld.

Mr Rogers: Legislatively not, I'm afraid. There's a process and we're following that process to the letter, as you would expect. As I mentioned before, just to be abundantly clear, we're aware of what the intent of parliament was with this legislation, and it doesn't appear to have been met.

Senator O'SULLIVAN: Have you explored all options that you can take as commissioner?

Mr Rogers: We have, as we do with all of these matters, to make sure that we're following the most efficient process each time we do this. Occasionally, that includes seeking legal advice. We're clear that this is the only way forward with this matter.

CHAIR: Why do you have to freeze the register?

Mr Rogers: Because it's the law for us to do that. That's part of the process.

CHAIR: A legal requirement or a policy decision?

Mr Rogers: No, a legal requirement.

Mr Pope: There's also the issue of printing of the ballot papers. Once we've pressed 'print' on those ballot papers we can't be changing party names on millions of ballot papers.

CHAIR: Yes, that's true. We've come across that issue a few times before, haven't we.

Senator O'SULLIVAN: There are situations like if a person dies after the ballot papers are printed. Does that sort of scenario come in?

Mr Pope: We don't change the ballot papers. Like at the last election, there were nearly a dozen candidates who withdrew after the—

Senator O'SULLIVAN: Yes, dozens of accounts that withdrew after learning that person—

CHAIR: I have a couple of questions about Warringah Independent. I note that it was a registered political campaigner for financial years 2018-19 and 2019-20 and, therefore, lodged a return for those years. Why didn't they lodge a return as a political campaigner for the last financial year?

Ms Reid: I'll have to take that on notice. I know they are now registered as a significant third party.

CHAIR: Yes. Can you explain to me the difference between those two things?

Ms Reid: Significant third party is the new name for 'political campaigner' as a result of the legislative changes late last year.

CHAIR: Right. The Electoral Act requires political campaigners who've spent over \$500,000 in one financial year to be registered and lodge financial returns for the subsequent three years after that?

Ms Reid: Yes. The significant third party definition goes back three years, so if you are registered you are expected to remain on the register.

CHAIR: My understanding from the transparency register is that Warringah Independent spent almost a million dollars—\$956-odd thousand—in financial year 2018-19. Why have they been permitted to remove themselves from the register?

Ms Reid: As I said, I will have to take that on notice.

Mr Rogers: I'm not sure. We don't have the detail of that but we'll check that for you and find out.

CHAIR: Has Warringah Independent applied to be removed from the register?

Ms Reid: Again, I would have to take that on notice. I can't recall.

CHAIR: If you can take that question on notice, I would also like to know if they applied to be removed from the register, when this happened and who made the decision to remove them from the transparency register and why.

Ms Reid: Before recent changes to the legislation, if a campaigner applied to deregister, the commission must deregister them. There was no decision point; it was a must. That was amended in the recent laws to give the commission the power to be satisfied that they should be deregistered. I'm not saying that was the case—I'll take it on notice. But that was a position that was corrected in recent legislative reform to give the commission the authority to consider whether they should be deregistered.

CHAIR: Why else would a body seek to be deregistered?

Ms Reid: We have had entities say to us: 'We're no longer doing that. We're no longer incurring electoral expenditure. We don't feel we should be on there.' That's the type of reason why they would suggest they should be deregistered.

CHAIR: It's probably not the case with Warringah Independent, though? That's a rhetorical question, Ms Reid. Last estimates you advised the committee that Warringah Independent hadn't had their financial year 2020-21 associated entity return published, as you were looking into some matters before it was published. We're obviously back here at estimates six weeks later. I was having a look, and my understanding is that the return still hasn't been published. Do you know why that's the case?

Ms Reid: We are still looking into those matters. I understand it's very close, but we are still looking into those matters to make sure the disclosures are accurate and correct.

CHAIR: Will the Australian public be advised if there are any errors in that disclosure in their application?

Ms Reid: The aim is that, when it is published, we are of the opinion that it is accurately reflecting the situation. So if it is published we are saying we are satisfied with the way they have disclosed.

CHAIR: We are getting perilously close to that event.

Mr Rogers: Yes, very close.

Ms Reid: As I said, we are working very closely with them to publish that soon.

CHAIR: Would you anticipate that that would be before the election?

Ms Reid: I would hope so. I can't give you a date, but I would hope so.

CHAIR: Thank you very much.

Senator O'SULLIVAN: I just have a follow-up question on what we were discussing before with regard to the freezing of the register. Is the register frozen for new applications? Is there a differentiation between applications and deregistration?

Ms Reid: Yes. Effectively there's—

Senator O'SULLIVAN: There is a differentiation?

Ms Reid: The chief legal officer might be able to explain the differentiation. Section 127 of the legislation says that we cannot take any action in relation to the registration of a party when a writ is issued, and that has been interpreted legally to apply to the deregistrations. If I'm incorrect, the chief legal officer will correct me. But, yes, essentially new registrations also are suspended.

Mr Pope: Chair, I have a little bit of extra information, with your concurrence, around polling places that have been affected by flooding, in response to Senator Ayres's question.

CHAIR: Yes, Mr Pope.

Mr Pope: We have three in Queensland—one in the division of Petrie and two in the division of Fisher. And we have seven in New South Wales—one in the division of Richmond, five in the division of Page and one in the division of Lyne.

CHAIR: Thank you very much, Commissioner and the rest of the AEC, for coming along this evening. That concludes the committee's examination of agencies for today. The committee will resume on Friday 8 April to examine the National Indigenous Australians Agency, other Indigenous agencies and the Department of Health. I would like to thank the ministers and the officers who have given evidence to the committee today and thank Hansard and Broadcasting for their assistance.

Committee adjourned at 17:33