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Proof Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

Estimates

(Public)

MONDAY, 7 NOVEMBER 2022

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FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

MONDAY, 7 NOVEMBER 2022

Members in attendance: Senators Bilyk, Colbeck, Faruqi, Hume, McGrath, Paterson, Barbara Pocock, David Pocock, Pratt, Reynolds, Sheldon, Shoebridge, Dean Smith, Steele-John and Waters

PRIME MINISTER AND CABINET PORTFOLIO**In Attendance**

Senator Gallagher, Minister for Finance, Minister for the Public Service, Minister for Women

Department of the Prime Minister and Cabinet**Governance Group**

Mr John Reid PSM, First Assistant Secretary, Government Division

Ms Celeste Moran, Acting First Assistant Secretary, Jenkins Report Implementation Team

Public Sector Reform

Dr Gordon de Brouwer PSM, Secretary, Public Sector Reform

Dr Rachel Bacon, Deputy Secretary, Australian Public Service Reform

Ms Alison Jenkins, First Assistant Secretary, Australian Public Service Reform

Office for Women

Ms Alison Frame, Deputy Secretary, Social Policy

Ms Kaylene Zakharrow, First Assistant Secretary, Office for Women

Ms Clancie Hall, Assistant Secretary, Engagement and Alliances

Ms Chantelle Stratford, Assistant Secretary, Office for Women

Ms Rochelle White, Acting Assistant Secretary, Women's Policy and International Engagement

Workplace Gender Equality Agency

Ms Mary Wooldridge, Director

Australian Public Service Commission

Mr Peter Woolcott AO, Commissioner

Mr Gareth Appleton, Chief Financial Officer, Enabling Services

Mr Grant Lovelock, First Assistant Commissioner, Head of Academy

Ms Rina Bruinsma, Acting Deputy Commissioner

Ms Ashley Sedgwick, Assistant Commissioner, Hierarchy and Classification Implementation

Ms Katrina Purcell, Assistant Commissioner, Workforce Strategy

Mr James O'Reilly, Assistant Commissioner, Workplace Relations

Ms Clare McLean, Acting Assistant Commissioner, Integrity, Performance and Employment Policy

Ms Nicole Steele, Assistant Commissioner, Strategic Policy and Research

Ms Vidya Vasudevan, Assistant Commissioner, Enabling Services

Mr Damien Booth, Acting Assistant Commissioner, Workplace Relations Bargaining Taskforce

Committee met at 08:59

CHAIR (Senator Pratt): I declare open this hearing of the Finance and Public Administration Legislation Committee into the 2022-23 budget estimates. I begin by acknowledging the traditional owners and custodians of the land upon which we meet today and pay our collective respects to their elders past and present. I extend that respect to Aboriginal and Torres Strait Islander people here today.

The committee is due to report to the Senate on Tuesday 29 November and has fixed Friday 16 December as the date for the return of answers to questions taken on notice. Senators are encouraged to provide any written questions on notice to the secretariat by 25 November. The proceedings today will begin with the agencies of the Prime Minister and Cabinet portfolio, followed by the parliamentary departments, and conclude with the Department of Finance and its agencies, as listed in today's program. Under standing order 26, the committee must take all evidence in public. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee you are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee.

Department of the Prime Minister and Cabinet

Australian Public Service Commission

[09:01]

CHAIR: I now welcome the Minister for Finance, Minister for Women and Minister for the Public Service, the Hon. Katy Gallagher; Dr Gordon de Brouwer, Secretary for Public Sector Reform; Mr Peter Woolcott, Australian Public Service Commissioner; and other officers of the Public Service Commission. Minister, would you like to make an opening statement?

Senator Gallagher: No, thank you, Chair, in the interests of time. I'm happy to proceed to questions but also looking forward to assisting the committee with its inquiry today.

CHAIR: Thank you, Minister. Mr Woolcott?

Mr Woolcott: No, Chair. I might indicate that we provided to the secretariat an updated organisational chart, and we're looking for the approval to table that.

CHAIR: That's very helpful. That being the case, I'll move to questions. I think Senator Hume would like the call.

Senator HUME: First of all, I've got some questions about Dr de Brouwer's appointment, and I'm not entirely sure who to direct them to. Do I direct them to Dr de Brouwer, to the minister or to Mr Woolcott? I think I'll just freelance, and whoever has the right answer can probably step up. This is probably for Mr Woolcott, actually. When did the Australian Public Service Commission or you first become aware of the proposed appointment of a secretary of public sector reform?

Mr Woolcott: I don't have the date in my head, but I can provide that to you. The Secretary of Prime Minister and Cabinet, Glyn Davis, discussed with me his plans to appoint Dr de Brouwer to the position of secretary of public sector reform. We talked in some detail over a couple of days about the role, how it would intersect with my responsibilities under the Public Service Act and also his pay and conditions. That was done just prior to the announcement of his appointment.

Senator HUME: The announcement was 22 June, so it would have been—

Mr Woolcott: It would have been just before that.

Senator HUME: Was it a couple of days or a couple of weeks?

Mr Woolcott: It would have been probably in the week preceding that.

Senator HUME: So exactly who was it that made you aware of the appointment?

Mr Woolcott: The Secretary of Prime Minister and Cabinet.

Senator HUME: It was the Secretary of Prime Minister and Cabinet? Was it a phone call, or was it a sit-down meeting?

Mr Woolcott: I think it was a combination of the two.

Senator HUME: Do you remember which one was first?

Mr Woolcott: Again, I can I provide that detail to you once I check my diaries, but it would have been a combination of both those things. It might have been an initial phone call and then a sit-down discussion.

Senator HUME: It's an unusual appointment because your secretaries are typically made with regard to a department. So how is this appointment structured?

Mr Woolcott: How it is structured is a matter for the Department of the Prime Minister and Cabinet. I might indicate that I worked very closely with Gordon de Brouwer when he was secretary of the environment department and I was the ambassador for climate change and the environment. We worked very closely at that stage. I also worked closely with him when he was on the Thodey review, as part of the review team, along with Glyn Davis. So I've had a longstanding relationship with Gordon de Brouwer, and I regard him as a tremendous ally in pursuing public sector reform.

Senator HUME: I don't doubt that.

Senator Gallagher: I might add, to assist here, that I think the appointment at secretary level indicates the importance that the government places on public sector reform, making it very clear that it is a priority for the government, acknowledging that the APSC is a very busy organisation, as I have learnt over the past couple of months. We want to get moving in a whole range of areas and from a whole-of-government approach, so I was thrilled that Dr de Brouwer accepted the role and sits in PM&C to lead that very important work.

Senator HUME: But Dr de Brouwer doesn't have a department to administer per se. The title of 'secretary' is really in name only. Is that right?

Dr de Brouwer: It is probably easier if I—

Senator HUME: I'm sorry. I feel terrible that we're talking about you while you're here.

Dr de Brouwer: It's alright. You are right. The Public Service Act provides for secretaries as secretaries of departments. In the independent review into the Public Service led by David Thodey, the first recommendation was to have a secretary-level transformation leader to guide and provide advice on public sector reform. The decision then to have a secretary for public sector reform—so it is broader than just the Public Service; it's the public sector in general—is a direct take-up of the first recommendation from the Thodey review. The mechanics of it is not as a secretary of a department of state. It's the name. The name of 'secretary for public sector reform' went to the Governor-General and the executive council. It's an appointment done through the Prime Minister's department as an associate secretary within the department. So it's an appointment within the department, but it's a secretary-level appointment. I'm also a member of the Secretaries Board on that basis.

Senator HUME: How was the title of 'secretary' chosen and who chose it?

Dr de Brouwer: It was provided to me. Maybe the minister knows.

Senator Gallagher: I think it goes back to my previous answer. It was a decision taken by the Prime Minister in consultation with me and indicates the important position that Dr de Brouwer holds across the APS.

Senator HUME: So it was the Prime Minister's decision to use the title 'secretary'?

Senator Gallagher: On advice.

Senator HUME: From?

Senator Gallagher: From PM&C.

Senator HUME: So this was Dr Glyn Davis's decision?

Senator Gallagher: Well—

Senator HUME: Who recommended the title 'secretary' and who agreed to it?

Senator Gallagher: There was a whole lot of work done about pulling together the process for APS reform. There were discussions between PM&C, the Prime Minister and me. Through that, the decision was taken for a secretary to be appointed, or for the name of 'secretary' to be appointed, and that Dr de Brouwer would take on that work.

Senator HUME: Does the commission know the remuneration set for this role?

Mr Woolcott: Yes. In regard to that, Professor Davis sought my approval—

Senator HUME: I am sorry. I called him 'Dr Davis'. Isn't that terrible? I demoted him! It's Professor Davis.

Mr Woolcott: Professor Davis sought my approach for a total remuneration package for Gordon de Brouwer.

Senator HUME: So that was how the number was arrived at—it was in consultation between Professor Davis—

Mr Woolcott: Professor Davis wrote to me putting forward a number and justifying that number. I then wrote back and approved that.

Senator HUME: Dr de Brouwer, you mentioned that your appointment went via the Governor-General and it was the executive council that approved it. Is that right?

Dr de Brouwer: That's what I understand.

Senator HUME: Did the commission prepare a report to the Prime Minister, consistent with section 58 of the Public Service Act, for that to occur?

Mr Woolcott: No, because Dr de Brouwer was not being appointed as a secretary in terms of a department. He was being titled as a secretary, and he had many of the terms and conditions of a secretary, including participating on the Secretaries Board, but he was not a secretary of a department, so there was no need under the act to seek the Prime Minister's approval.

Dr Bacon: I might just add that our colleagues from Government Division, who were here appearing before you earlier, on Friday, do the administrative work in relation to secretary appointments. They've appeared already before the committee, but, if there's anything that we can answer on notice on ExCo and the appointment process, we'd be very happy to take that on notice.

Senator HUME: Okay It's an unusual appointment. Has it got any precedent at all? Have we ever seen a secretary appointed without a department to administer?

Dr Bacon: What I would say is that the appointment differs in some technical respects from other secretary appointments, and Dr de Brouwer has already mentioned that it is a two-year appointment, but for all practical effects and purposes, as the minister has said, it delivers on recommendation 1 of the Thodey review, and the

effect is that there is a secretary-level leader for public sector reform, consistent with the Thodey recommendation.

Senator HUME: So, no, you haven't seen any precedent?

Senator Gallagher: We can see if we can assist the committee with that answer. I don't have a corporate knowledge going back to the beginning of the Public Service here about this. If we can assist further, we will, but it's an appointment that we are extremely pleased with, and it's all about rebuilding the capability and capacity of the Public Service, which were destroyed under your government. So we're not going to apologise for it. We're pleased—

Senator HUME: I wasn't asking you to apologise; I'm just asking whether there's any precedent, because it is an unusual appointment.

Senator Gallagher: Well, it's unusual in the sense that we have to reform the Public Service.

Senator HUME: I promise you I'm not being critical, Minister; I just want to understand how it came about. There's no need to jump down my throat just yet.

CHAIR: I'll give the call to the Greens—either Senator Pocock or Senator Faruqi.

Senator BARBARA POCOCK: I'll lead off, and then Senator Faruqi will continue. I have some questions about the use of consultants and the intention that the minister announced for creating an in-house consulting model. I'm curious about how that will unfold. I can't see funding for it in the budget. So that was one of my questions. Related to that, I see a sizable cut in the use of consultants across the public sector—\$3.6 billion, I think. How is consulting going to unfold in your planning for the coming year or two?

Senator Gallagher: I'll kick off and then see if others would like to add. The reduction in spending on consultants and contractors was an election commitment of ours that we took. We were concerned about the increased use of consultants and contractors—well, external labour hire, so I include all forms of external labour hire, particularly labour hire, in that. So we did think we could make some sensible savings, and you'll see that as part of the budget repair work that's outlined in the budget. We would like to see a rebalancing in general across the APS where this is more focus on the use of good, permanent, secure work, where those jobs are ongoing. I think we've seen a diminution of that over the last nine years. So the audit of employment, which has started now, links into that. We'll go through and assess the extent of external labour usage across the APS. There isn't centrally held data about that. So, when coming to look at how we approach the rebalancing, there's a bit of work that we need to do first, which is to understand the extent of the issue.

Part of the readjustment is looking at what new ways we can develop in house to provide some of the support that people are using externally. It's not going to replace consultants. There is a place for consultants and contractors in the APS. They are valued partners in delivering services to the Australian community. But we would like to explore whether there are opportunities to develop an in-house consulting model. It's been done in other countries. I think there's a lot of interest in it, and we want to have a look at that, but it's looking not to replace the use of consultants but to augment and provide a specific purpose where it can. But that's in its early days. Did you want to add to that?

Dr de Brouwer: Yes. Thanks, Minister. Probably the discussion around in-house consulting would be that there are a number of functions that the literature generally talks about. There are areas that are deep pockets of expertise across the service. It can be a form of intelligence or strategic connection or networking between those parts to share that capability. It may also be a separate target team that may work on a particular issue that's important across government. It enables that, drawing on expertise across the service. It can also be a function that helps agencies in forming their own contracts with consultants and contractors so that there's greater conformity, efficiency and effectiveness in the nature of contracting. So it's a contracting support function. They are the three topics that come up fairly regularly in other countries' experience in the literature on in-house consulting.

Senator BARBARA POCOCK: What criteria will you use to determine to use external consultants in this new environment?

Dr Bacon: Perhaps I can jump in. There are a range of benefits that we think use of an in-house consulting model could—

Senator BARBARA POCOCK: My question is about use of external consultants. What criteria will you use for the continuing use of external consultants?

Mr Woolcott: I may be able to help you there. Two bits of work are now flowing from the decision by the government in this regard. The first is an audit of employment which is being led by the Department of Finance.

It's being done with the commission. That's going to establish a baseline of the workforce, including contractors, labour hire and consultants. The baseline will seek to capture some quantitative information on the size of the external workforce, the nature of the roles—for example, job families—agency views on why they use an external workforce and insights into the value of the arrangement and potential for the conversion of roles to APS positions.

Following on from that, the APS will work on a strategic commissioning framework to basically guide decision-making across the Australian Public Service regarding building internal capability and the use of consultants and contractors. We will be working on that co-design process with partner agencies to develop a prototype framework by early 2023.

Senator BARBARA POCOCK: How do you evaluate the use of external consultants? That's my last question.

Mr Woolcott: That will be on the basis of what we discover in terms of the use of it and decisions made by the Secretaries Board around what areas the Public Service needs to have core capability in and what areas are best left to be managed by consultants or contractors. It will be part of the strategic framework.

Senator FARUQI: Good morning, everyone. Last year, to my questions on notice to the then minister, the response provided to me noted that only 44 per cent of APSC agencies have in place or are actively implementing a policy, a strategy or an action plan that is specific to a culturally and linguistically diverse workforce. Then, in March this year, in response to a letter of mine, Mr Woolcott acknowledged that more could be done to support greater cultural and linguistic diversity. My question is: has more been done, and has representation of ethnically diverse people in the APS increased?

Mr Woolcott: Thank you for that question. We have a number of strategies in relation to First Nations people, in relation to people with disability and in relation to gender. We don't have formal strategies around mature-age workers or cultural and linguistic diversity. But, obviously, we want a Public Service that respects the Australia that is out there and that can best reflect that Australia and best work with that Australia. So cultural and linguistic diversity is an issue. The numbers are still relatively low. I think 15 per cent of the APS workforce either have a first language that is not English or are children of migrants for which English is not their first language. That's still lower than the community, which is in the mid-20s, as I understand it. So there is work to do. At this point, we don't have a formal strategy around this, but we may need to move to that position at some stage.

Senator FARUQI: That's my question. Government has identified increased representation of First Nations people, gender equality and disability employment in the APS as priorities in the October budget, and that's a good thing. I'm just really confused as to why we have underrepresentation of CALD communities, especially people from non-European background. In March 2022, I was told that more could be done. It seems like nothing has been done, and these groups have not been identified as a priority. This seems to me like a big omission. Why? Can I ask that question?

Mr Woolcott: I guess it's just a question of where our priorities lie, and at the moment they have been very much on First Nations people. That's a particular priority at the moment, and there is a lot of work to be done around that but also people with disabilities—a big question. Gender's very much on track, but there's still work to do on that, including about the gender pay gap. It's just a question of resources. Essentially, in terms of cultural and linguistic diversity, as I say, we are very focused on it, and it is part of our thinking in terms of what more we can do around the strategy.

Senator FARUQI: How can you be focused on it when you've just said that it's not a priority and there are other groups that are priorities? What do you mean by 'it's a focus'? Are there targets to improve representation in the APS?

Mr Woolcott: We don't have any targets around cultural and linguistic representation.

Senator FARUQI: So you're just thinking about it and you've just completely left this group of people lagging in terms of representation? I don't understand how you can focus on it while deprioritising it.

Senator Gallagher: Senator Faruqi, perhaps I can assist. Part of the work that we are doing now is rebuilding the Public Service. We want it to be inclusive. We want it to be representative of the broader community. We recognise the strengths that that brings. We made some commitments in the election in particular areas of diversity that we would like to see improved in the APS. But I think the point you've raised—sorry, I wasn't aware that you raised it in March this year—is a good one, and we should incorporate it in our thinking as we go forward doing the reform work. I accept that.

Mr Woolcott: I might also add that we're doing some work around trying to improve our data collection on this particular issue. There's a sense that people don't necessarily say that they're from a culturally and

linguistically diverse background in the data collection we do, so we're making an effort to strengthen our ability to collect accurate data in this regard. So that's one of the things we're working on at the moment.

Senator FARUQI: But at the moment—

CHAIR: Senator Faruqi, sorry. I'll need to rotate the call very shortly. Do you want to finish up, please?

Senator FARUQI: Sure, I can. I just want to go to your inaugural *Diversity and inclusion report*, which was released in September this year. It did not include breakdowns for those from culturally and linguistically diverse backgrounds on experiences of discrimination, bullying and harassment, while it did have breakdowns for other groups. You just said that you were trying to improve data collection. In that case, why wasn't there a breakdown of CALD people or people from non-European background, if you're trying to improve data collection?

Mr Woolcott: We're working to improve data collection now. As I mentioned to you before, Senator, there's a sense that the figures that we have are not particularly accurate and that people don't actually say that they're from a culturally and linguistically diverse background in the APSED data, the human resources data or their census reporting.

Senator FARUQI: Sorry, just one quick question: are you going to try to disaggregate the data in other ways to make sure that the experiences of those people are collected and the APS has a strategy to improve representation?

Mr Woolcott: We can do that.

Senator REYNOLDS: Good morning, Minister and all. I've got a couple of quick questions on the APS Code of Conduct. The first is in relation to APS staff who transfer over into ministerial offices and the codes of conduct that relate to that. As I understand it, when you're in the APS there is a code of conduct that applies.

Mr Woolcott: Correct.

Senator REYNOLDS: But then, when you transfer onto a MAPS contract for a term of a ministerial role, you're subject to the ministerial code of conduct. Is that correct?

Mr Woolcott: That's also correct.

Senator REYNOLDS: Are you still subject to both or just one or the other at the same time?

Mr Woolcott: No, it's one or the other.

Senator REYNOLDS: Okay.

Mr Woolcott: For example, one of the core principles in the code of conduct for the Public Service under the act is impartiality. Clearly, that's not going to work in terms of when you work for a minister or a politician under the MAPS.

Senator REYNOLDS: Is that the term of that person's contract, including the deferral period, until they transfer back? How does that work?

Mr Woolcott: I don't know exactly the answer to that. I would have thought it would be when they come back onto the Public Service books, but I would need to double-check that for you Senator.

Senator REYNOLDS: That would be great if you could take that on notice. If somebody has done something at the direction of a minister that is in accordance with the ministerial code of conduct, when they go back to the APS, can they then be disciplined if it contravenes the APS Code of Conduct, which you have just said is not applicable at that time?

Mr Woolcott: I would have thought no, but again I might take it on notice, just to make sure I am not misleading you.

Senator REYNOLDS: Thank you. The last question is: if somebody is subject to disciplinary action under the APS Code of Conduct, could you also let me know what procedural fairness there is and what the procedure is for the individual who might be caught up in that situation?

Mr Woolcott: Happy to do so, Senator.

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

Senator Gallagher: Chair, Dr de Brouwer would like to correct some evidence he gave earlier.

CHAIR: Yes.

Dr de Brouwer: I apologise, Chair and Senator Hume. Could we take the question around the executive council procedure on notice, please. I think I inadvertently may have said the wrong thing. I don't think it went to ExCo, but we will take it on notice, and I apologise.

Senator HUME: Thank you.

CHAIR: Senator Hume.

Senator HUME: Thank you Chair. I want to ask about the hierarchy and classification review, Mr Woolcott. Does the APSC have a time line for the implementation of that review of your recommendations?

Mr Woolcott: The Thodey review, if you recall, recommended that we undertake a hierarchy and classification review, to look at the way structures and hierarchy works in the Public Service. That was something that was accepted by the previous government. I commissioned that review and I appointed a panel of two former secretaries, Finn Pratt and Heather Smith, and also Kathryn Fagg, who was the chair of the CSIRO, to undertake that review. They reported to me, I think, at the end of last year—December last year. I made the review public following the election.

Senator HUME: There were eight recommendations from that review?

Mr Woolcott: There were.

Senator HUME: Is there a time line for implementation of those eight recommendations?

Mr Woolcott: There's no time line to those recommendations. There's been extensive consultation with the Secretaries Board and considerable work being done in terms of case studies on the implications. You might divide the review into three buckets, if you like. One is around the culture of the Public Service, one around capability and the other is around the structure to back culture and capability in. There's been strong endorsement, and we're moving ahead, around both the cultural aspects and the capability aspects. On the structural aspects, we have paused for the moment. There's a very major reform agenda the government is running quite separate to the hierarchy and classification review, and we took the view that the question of structure could be distracting to that and that it needed further work. It's a very complex business to redo the structure of the Public Service. We are also of the view that, through the cultural work we're doing and the capability work we're doing, we can achieve many of the outcomes we want from the hierarchy and classification review, which is essentially a more fluid, agile, less hierarchical Public Service.

Senator HUME: So the culture and capability recommendations are going ahead?

Mr Woolcott: They're going ahead.

Senator HUME: Are there any others, other than the structural recommendations, that you know of that are not intended to be implemented in full?

Mr Woolcott: I might ask Ashley Sedgwick, who is in charge of the hierarchy and classification task force, to speak, to make sure we get this exactly right.

Ms Sedgwick: There are some major pieces of work that we're taking forward out of the review. Probably the most important one to mention is our review of the optimal management structures. At this stage, we're doing some consultation following the review, and we've had a feedback form up on our website for staff and stakeholders to provide their views on the review. Over the next little while, we'll be doing some follow-up consultation with people, and that will feed into some of the big pieces of work we're taking forward. Probably the main one is optimal management structures, which we'll be reviewing and updating over the next few months and looking to bring that back for consideration by secretaries probably around the middle of next year.

The other major pieces of work probably worth mentioning are the work on EL2 capability development—some work on better supporting our managers to lead and manage in the Public Service—and further embedding the Secretaries Charter of Leadership Behaviours, which is an important setting of standards for secretaries and senior leaders in the APS. They're probably the main ones to mention.

Senator HUME: There was a recommendation around using people's roles as their job titles rather than EL2 or any other sort of numerical description. Is that structural or cultural or capability?

Ms Sedgwick: It's a little bit of both. One of the pieces of feedback we're getting is that a lot of people in the Public Service do use local titles—for example, calling yourself an account manager or a communications manager instead of referring to yourself as an EL2 or an EL1, which people tend to find disempowering and not a particularly personable way to refer to people. So it does happen to a degree anyway, but it is something we'll be looking at, doing some consultation with staff around what are some of those hierarchical behaviours that we could try to tackle and maybe shift people away from referring to people by numerical titles and try and use their local job title, a description of what they do, rather than what position or classification they hold.

Senator HUME: So that's a recommendation that hasn't been abandoned? That's a recommendation that is still being explored?

Ms Sedgwick: It was largely tied to the new classification structure that the panel was recommending, but I think there is still work that we could do to try and shift it as a behavioural issue, but not in the sense of implementing a new classification structure, which was what the panel recommended.

Mr Woolcott: I might say that none of the recommendations have been abandoned.

Senator HUME: That was my language.

Mr Woolcott: Some of them have been paused.

Senator HUME: I want to ask some questions about the new wages policy. When was the APSC notified of the new wages policy?

Mr Woolcott: Obviously in the period leading up to the election we prepared a red book for if the Labor Party was elected and we prepared a blue book for if the coalition was returned. We had done a fair bit of work around wages policy, because the then opposition had made it clear that they would take a very different approach to wages policy than the Morrison government. So we had done work on that. We provided a brief early after the election of the Labor government and the swearing-in of the minister as the Minister for the Public Service. That brief went up. There were a number of discussions with the office around the nature of wages policy and the complexity of what the government wanted to do. We divided it into two bits, you might say. One was the interim arrangements, which were exactly that—interim—which included a pay rise of three per cent and some other aspects around engagement with the trade union movement, access to buildings and those sorts of things. Then we also began work very quickly on a more comprehensive wages policy, which would involve the negotiation of common terms and conditions.

Senator HUME: Just take me a step back. Was access for the trade union movement—into APSC workplaces, I'm assuming—wrapped up with the three per cent pay increase?

Mr Woolcott: That was wrapped up in the interim arrangements—the policy on that.

Senator HUME: Was that explicit?

Mr Woolcott: Yes, it was.

Senator HUME: I don't remember that as being part of the—

Senator Gallagher: They're public circulars that were distributed—

Senator HUME: Was it conditional?

Senator Gallagher: No. They were separate pieces of work that came together around the same time. As the commissioner said, I think the issues around bargaining and wages and appropriate consultation for staff and their employee representatives were the subject of our first meeting and many meetings after that. It really has been since the beginning of this government.

Senator HUME: So the APSC was consulted on the change?

Senator Gallagher: On what change?

Senator HUME: On the three per cent interim pay rise?

Senator Gallagher: It's part of the interim wages policy, and yes, they were involved in discussions. We've had a number of discussions about it. They were the central agency advising me on the way forward.

Mr Woolcott: The circulars were put out by us.

Senator HUME: When was the decision—that three per cent decision—made? When were you notified that the three per cent had been agreed upon, Mr Woolcott?

Senator Gallagher: I can check the date. I don't have it right in front of me, and I don't know if the commissioner has it. It was shortly before it was announced.

Mr Woolcott: I might indicate that it obviously went through the cabinet process as well.

Senator HUME: I've got some questions about that as well. Can I ask whether it went through the Secretaries Board prior to being implemented? Does it have to?

Mr Woolcott: No.

Senator HUME: Were any other secretaries provided an opportunity on how it might impact their agencies or their departments?

Mr Woolcott: Well, through the cabinet process, yes. The departments and agencies would be able to coordinate in relation to the cabinet recommendations.

Senator HUME: I suppose that's why I want to understand the timing of it; understanding the implications of something that is going to take a little bit of time. At what point did the consultation occur so that secretaries could give feedback on how it would impact their departments or their agencies?

Senator Gallagher: Through the normal process of government, which is that they get the opportunity through the cabinet process to provide coordination, comments and consultation.

Senator HUME: It happened quite quickly.

Senator Gallagher: Certainly we were working on it from early June. Part of it was trying to get a grip on what was actually happening across the APS. I asked for advice around the state of bargaining, really to get a snapshot of where it was, where agencies were, what the discrepancy was between APS entities—there are a lot—and trying to pull all that together into finding what was the best way to have a more coordinated bargaining process. Through that work and through the advice of the APSC, it became clear that we weren't in a position to move to a more comprehensive bargaining process in the time that people would be expecting some wage increase. So that's why we landed on having this interim workplace arrangement for a year—for a set period of time from 1 September to 31 August—as a sign of good faith that we were back at the bargaining table and looking to better coordinate bargaining, and that agencies could offer a three per cent wage increase as we moved towards a more coordinated process, which is the work that the APSC is doing.

Senator HUME: The snapshot that you just referred to—is that something that could be provided? Is it something that's written down anywhere?

Senator Gallagher: I'll have a look. It was a brief of information about, across the APS, who got pay rises and when, and some of the differences in that. Between top and bottom in the APS is pretty significant now.

Senator HUME: If you could take that on notice, that would be good.

Senator Gallagher: I will. I'll have a look at it.

Senator HUME: Can I also ask about the costing associated with the policy. Is that something that the APSC was provided or calculated?

Ms Bruinsma: In terms of changes to pay increases, the longstanding Department of Finance view towards that is that agencies must take on board and fund those changes. You will recall that under the previous government the changes were linked to the wage price index, which was heading towards about 2.7, so this changed it to three per cent. The view is that an agency is responsible for implementing the costs associated with those wage increases. We don't necessarily do an individual costing for every agency.

Senator HUME: A related question to that: how does this policy then interact with existing enterprise agreements?

Mr Woolcott: I might ask James O'Reilly, head of Workplace Relations, to answer that.

Mr O'Reilly: Existing pay rises will be increased to three per cent when they fall due during the operational life of the interim arrangements.

Senator HUME: So there is no conflict with existing arrangements?

Mr O'Reilly: No.

Senator HUME: When's the work on the new arrangements expected to come into effect?

Senator Gallagher: In the permanent one or the interim one?

Senator HUME: Both.

Senator Gallagher: The interim one is essentially out there now. That will cover 1 September to 31 August. The work's being done now about how best to put together a more coordinated approach, but that's in its early days, to be honest. We'll have more to say on that, I imagine, at future estimates or annual report hearings, because it is actually pretty complex to try and pull it together.

Mr Woolcott: Senator, you'll have noticed in our new organisational chart that we tabled this morning that a new position has been created—a gentleman called Peter Riordan, who will be the deputy commissioner for, essentially, workplace negotiations. It will be his responsibility to take forward the task of negotiating what common terms and conditions might look like, with stakeholders in both the APS and the non-APS—and there are 187 of those agencies, so it's a complex business—and also with 20 trade unions, who will have a big interest in this.

Senator HUME: Is Deputy Commissioner Riordan also responsible for providing information across the APS, beyond the next 12 months, about this three per cent? Is he responsible for communications?

Mr Woolcott: His contract is for six months and is renewable for another six months. Obviously we'll have to reassess, leading up to that time, as to what his future role might be. He comes out of New South Wales, where he was the deputy CEO in the Department of Education for many years, and he has had lengthy experience in negotiating complex arrangements.

Senator HUME: Can I also ask about whether the APSC has costed how the policy is going to impact budgets for recruitment of graduates and of new staff as well?

Mr Woolcott: I'm not sure I quite understand the question.

Senator HUME: The estimate, I think, is around \$700 million just for the three per cent pay rise. Does that include graduates and new staff as well, or is it just existing members of the APS?

Mr Woolcott: No, it will be new staff coming in as well.

Senator HUME: So it's costed those in?

Mr Woolcott: Yes, absolutely.

Senator HUME: Has that then affected the numbers of graduates and new staff that you would put on, as you have to work within an envelope of that \$700 million?

Mr Woolcott: That will be a matter for agencies to determine themselves, within their funding envelope, how many new staff they will take on. At this stage we've not seen any diminution in the number of graduates being recruited.

Ms Bruinsma: In fact, we've got quite strong demand for graduates, particularly in data and digital.

Senator HUME: I imagine so, with a three per cent pay rise. I'd be keen to get my kids on board!

Senator Gallagher: If we'd stuck with the policy that you had, with the wage price index moving up, it would have landed at three per cent. It's not a—

Senator HUME: Well, 2.7—we've just heard in evidence that it was 2.7, not three.

Senator Gallagher: I think we expect it to exceed three per cent shortly. It's a modest, responsible pay offer, in light of the inflation numbers and what we're seeing in other wage outcomes.

Senator HUME: This might fall into Deputy Commissioner Riordan's role, although it is only six months, but what policies other than wages are being reflected in the new policy? Is it just a simple wage increase, or is there more? And do the negotiations with unions fall into this?

Mr Woolcott: No, it's not about the wage increase, in effect. It's much more about: how do we harmonise common terms and conditions across the Public Service? We've had a couple of decades of significant fragmentation of pay and conditions across the Public Service. Any range of differences impacts on mobility and impacts on equity, and part of what we're trying to do now is to bring it altogether, not in one bite. It is a complex piece of work. It'll need to be taken in a number of tranches as we go forward.

Senator HUME: Is there a list of things that you intend to try to unify across—

Mr Woolcott: That is part of Mr Riordan's job. A lot of consultations will need to take place and we will be working out a list of what we might call part A of the things that we as a Commonwealth may want to standardise as common terms and conditions. Then there will be a part B, which will be matters for agencies to negotiate for themselves once we have agreed on what we are going to do in part A.

Senator HUME: Mr Riordan obviously isn't here today—

Mr Woolcott: He has only just started. Part of the negotiation was he got a week's leave to be with his kids. He will be here next time.

Senator HUME: Can I just ask that Deputy Commissioner Riordan appear at the next estimates and we make it a special arrangement that he does because I think there will be some questions for him to answer.

Mr Woolcott: Yes.

Senator DEAN SMITH: Congratulations on your appointment, Minister. Secretary, could you provide us with an update. Recommendation 1 of the Thodey review talked about various activities that should be undertaken in the first three months of the appointment. Can you provide us with some information about what work has been undertaken thus far in your role.

Dr de Brouwer: I might share the answer with Dr Bacon, if that's okay. The minister and the budget papers announced the four themes for the government's reform priorities. They focus on: integrity in the Public Service; putting people in business at the centre of all activities; building up the capability of the Public Service; and having the Public Service as a model employer. Under each of those specific themes, we have a range of activities

that are underway in an implementation path. Quite a few of those are the topics that the minister announced in her speech. They are also in the budget papers and will be in announcements that will follow. I'm happy to provide some more detail around that. This is around the implementation path. For all of those activities, we have an implementation path and consultation path schedule.

Senator DEAN SMITH: Are you still in the implementation phase?

Dr de Brouwer: I think there have been quite a few announcements. What we're doing is looking at how to implement those. For example, capability reviews, in-house consulting, evaluation as a profession, suggested legislative changes to the values of the Public Service and the extension of those values of the Public Service are being worked through in terms of how they can be implemented. As well, there's ongoing work on what the next steps of some of those elements of reform would be.

Senator DEAN SMITH: I'm particularly interested in milestones, targets and metrics, which were specifically identified in recommendation 1. Are you or the deputy secretary able to provide us with some detailed information about the milestones, targets and metrics that have been established?

Dr Bacon: Thanks for your question. There is a dedicated team working for Dr de Brouwer's secretary. We are doing a range of work streams at the moment working on implementation and the implementation architecture that will support delivery of the range of initiatives that government has announced for the APS reform agenda. That work is underway at the moment. We had the budget the other week. The minister announced a range of initiatives in her speech on 13 October. As you can see from that, we are at the reasonably early stage of our implementation work. At the moment, it's covering around half a dozen areas for implementation. A significant body of that work is, as you say, around identifying milestones and being able to very clearly identify the data sources that will support reporting on the progress of the different initiatives across the agenda. We are at an early stage of that, so I would probably need to come back to you at next estimates with some more details on what those specific milestones look like for each of the different initiatives.

Senator DEAN SMITH: In the implementation guidance that was provided with recommendation 1, the first dot point says:

- Begin with a three-month planning phase ...

I'm just curious to know: has that planning phase been completed, or is it extending beyond three months?

Dr Bacon: That planning phase is underway. With the announcements in budget, there was \$72.9 million dedicated to that APS reform agenda. Part of that funding comes to PM&C and is supporting this implementation work, which has commenced. It's in the early stages at the moment. After the three-month period, we would be able to come back to you with more detail about the specifics.

Senator DEAN SMITH: When did the three-month period begin and when does it end?

Dr Bacon: We've commenced implementation work as the government has made decisions and announced the different initiatives that comprise the APS reform agenda. In terms of specific dates, I think I mentioned that the minister announced a range of initiatives in her speech on 13 October. There were further initiatives announced in the budget. We're in the early stages of implementation work, which includes those milestones and reporting arrangements.

Senator DEAN SMITH: To meet the implementation guidance of three months, do you expect that work to be completed by the end of January or the end of February?

Dr Bacon: We will have made significant detailed progress by the end of January, and I think at next estimates we will be able to give you a comprehensive update on our progress on implementation work.

Senator DEAN SMITH: Between now and then, could you identify for me each of the work streams and each of the targets and the metrics that are to be applied to each of those four themes that the secretary identified—integrity; people and business; increasing capability; and the APS as a model employer?

Dr Bacon: We could certainly provide you with the list of initiatives grouped under those different priorities. We could either run through some of those now or take that on notice, if that's in the best interests of time. We could certainly provide you with that detail.

Senator DEAN SMITH: I'm happy for you to take it on notice. Could you provide me with a month-by-month update on the implementation of the planning phase?

Senator Gallagher: I'm happy to see what we can provide that will assist the committee, but, while we're trying to get this underway, I also don't want to start another process where we have to report against things, to make it onerous. It's a small reform group, working to me. I am happy to provide whatever you need, Senator Smith, in terms of information, and we will be back before you, probably in February.

Senator DEAN SMITH: But I'm correct in assuming the secretary provides an update to the Secretaries Board meeting?

Dr de Brouwer: In some form. Sometimes that would be a verbal update and sometimes a written update.

Senator DEAN SMITH: On that, how many updates have you provided to the Secretaries Board thus far?

Dr de Brouwer: I will have to take that one on notice. There has been an update at every Secretaries Board meeting.

Senator DEAN SMITH: Does the Secretaries Board meet monthly?

Dr de Brouwer: Yes.

Senator DEAN SMITH: Have they met monthly since the establishment of the Secretaries Board under this government?

Dr Bacon: I think we would probably want to take that on notice to make sure we're not misleading you. I think on average it would be monthly, but we'd want to just double-check the dates on notice if that's okay.

Dr de Brouwer: It is not always every month.

Senator DEAN SMITH: It's not always every month?

Senator Gallagher: Let's come back to you. The Secretaries Board is not actually this area's responsibility. That would have been on the previous Friday

Senator DEAN SMITH: The website says:

The Secretaries Board meets monthly, usually on the first Wednesday.

Dr de Brouwer: We will take that on notice. I'm not trying to mislead; I'm trying to help.

Senator DEAN SMITH: Public sector reform is something of interest to me, for sure. Secretary and Commissioner, could you explain to me the delineation between your responsibilities? I understand that you both sit on the Secretaries Board, and I understand, Commissioner, you're the deputy chair of that. Can you just explain to the committee the delineation between your roles and responsibilities?

Mr Woolcott: Yes, thank you, Senator. As I mentioned earlier, Dr de Brouwer and I have a fairly long history of working closely together, and it's one of these areas where we both report to the same minister and we look to work very closely together.

We have sought to divide and conquer, in terms of the extensive reform work that is necessary. I have an independent statutory role around the Public Service, in terms of its integrity and its capability. But, as I say, at the same time, we have looked to work very closely together around certain matters. For example, to take some of the reform issues we're dealing with, early priorities for the commission are the independent agency capability reviews; First Nations Unit and work around First Nations employment; and the workplace relations policy. Again, I work very closely with Dr de Brouwer. There are certain priorities he's got, but again he will have to work very closely with me. For example, on the in-house consulting or in relation to legislative changes to the Public Service Act, it's the APSC which, in effect, owns the Public Service Act. But, in terms of resources that they're directing towards that, they're going to focus on a purpose statement, on the work around stewardship and on a number of other aspects of legislative changes to the act. But again they will work very closely with us. We meet regularly and we work through issues, and we divide up the work.

Dr de Brouwer: If I can add, I think my role is a supportive and catalytic role to provide advice and implement the minister's decisions or the government's decisions around the public sector. I would very much respect the statutory and legislative responsibilities of the commissioner and also secretaries of departments, who are the accountable authority for their departments. I also work in the Secretaries Board, which has its own legal requirements or legislative requirements. My role is to support that and enable that. It's to support them in their functions. It's a role that was defined in the Thodey review: someone who can work across the government, across the Public Service or the public sector, to help and aid that reform program. So it's very much a supportive function.

Senator DEAN SMITH: Thank you. On the resourcing of your role, Secretary, can you provide us with details of how many people are in the public sector reform unit—that's my term—and what is their level within the Australian Public Service and whether any have been seconded from the Public Service Commission? Perhaps the deputy secretary might be able to provide us some information.

Senator Gallagher: Can I start by saying—and we have supplemented it with some additional resources—that your government had a public sector reform group which had terminating funding—I think in June next year. So we have kept that going for a further two years. It's essentially keeping going what was in place before.

Senator DEAN SMITH: That's right. I'm just keen to understand: at this particular point in time, how many resources, in terms of employees, are attached to the work that the secretary has?

Dr Bacon: I can answer that for you, Senator. As at September 2022, the budgeted funding for the APS Reform Office was \$13.4 million and we had 34.8 ASL—so staff.

CHAIR: To pause proceedings, I might remind media—I'm not sure that where you're located is actually within the regulatory spot that we provide for. At the very least, I need to check with witnesses that they're comfortable with having a camera right in their face. I might ask for you to move, if that's okay, to a spot that fits within our resolutions of the Senate. I remind any other media attending today not to film papers and the like as well. Thank you. Sorry to interrupt you, Dr Bacon.

Dr Bacon: Hopefully that answers your question, Senator.

Senator DEAN SMITH: I heard \$13.4 million of financial resourcing—

Dr Bacon: Yes.

Senator DEAN SMITH: and 34.8 employees.

Dr Bacon: Thirty-four point eight is our average staffing level number, and our headcount at the moment is 37.

Senator DEAN SMITH: Are they all from the Department of the Prime Minister and Cabinet?

Dr Bacon: A large majority of staff are from the Department of the Prime Minister and Cabinet. We also, at the moment, do have some secondees from other departments. I would want to take that on notice, Senator, just to get you the accurate details of how many we have and which departments they're from.

Senator DEAN SMITH: Have any consultants been engaged to support the work of the reform unit?

Dr Bacon: We currently don't have any consultancies, no.

Senator DEAN SMITH: Are there any plans to engage any consultants?

Dr Bacon: We'll look at the best resourcing mix to be able to most efficiently and effectively deliver on the government's agenda, but at the moment we don't have any consultancies in place.

Senator Gallagher: But you wouldn't rule it out.

Senator DEAN SMITH: Has any work been done to prepare for the engagement of consultancies to support the work of the reform unit?

Dr Bacon: As the minister said, we wouldn't rule it out. We engage with a wide range of different organisations from the private sector, as well as academia and the not-for-profit sector, and that does include different consulting firms, so we wouldn't rule it out. We don't have any engaged at the moment. The implementation work that I mentioned earlier obviously includes looking at the resourcing and the capability that we have to deliver on the government's reform agenda. We're looking very closely at our internal capabilities within the APS Reform Office and exactly what work and resourcing will be required from our office. We are also working closely with departments around the service to be able to deliver on each and every one of the reforms that have been announced.

So, as I said before, we're in the relatively early stages around the resourcing levels for each and every single initiative, exactly what that requires, what our current capability is and whether there will be additional capability needed—whether that's through collaborating with other departments or whether, in certain specific cases where technical additional skills are required, we seek any of that additional capability on a short-term basis from the private sector. It's not a very satisfying answer, Senator. I'm sorry. We are doing that work as we speak, and I'm sure we'll be able to provide you with further details when we next meet.

Senator DEAN SMITH: Deputy Secretary, it sounds to me like you're laying the ground to engage consultants.

Senator Gallagher: Well, can I just jump in here, Senator Smith? The government's view is there is an absolute role and purpose for consultants and contractors and, in some instances, external labour hire as well. Our view is that it needs to be rebalanced and that it's got out of control. The reform agenda is not about saying we will never use consultants or contractors again, but we do want to make sure that they are used for the purpose that they specialise in. I've had a number of meetings with consulting firms over the last year or so where they have been very supportive of the rebalancing work that the government is trying to undertake, because they want to be used for their expertise. They don't want to be used as public servants or quasi-public servants.

Senator DEAN SMITH: Thank you, Minister. I notice that the Secretaries Board meeting of 19 October issued a communique. Is it the intention of the Secretaries Board to issue a communique for every meeting of the Secretaries Board going forward?

Dr de Brouwer: The overall intention was that, when there are elements of public sector reform discussed at Secretaries Board, Secretaries Board would make that public and would issue a communique around that—around elements of public sector reform.

Mr Woolcott: I might indicate also that there are a number of subcommittees in the Secretaries Board which have been established to deal with public sector reform. One is the future work secretaries subcommittee. Again, they will be looking to introduce more transparency into their work and to issue communiqués. I suspect that it might well be the same at a number of the other subcommittees, such as the partnership subcommittee of the Secretaries Board and the data and digital subcommittee of the Secretaries Board.

Dr Bacon: I might just add that it's our colleagues from Government Division who provide the secretariat support for Secretaries Board, so we might just confirm with them on notice to be able to provide a precise answer to your question.

Senator DEAN SMITH: On notice, if the details of each subcommittee of the Secretaries Board could be provided, and if, in addition to that, the subcommittees of each of the subcommittees of the public sector reform process could be provided on notice as well, that would be much appreciated.

Senator Gallagher: We're happy to assist. It is PM&C—the other part of PM&C, but we are happy to assist.

Senator DEAN SMITH: Thank you very much. I noticed again that the website said that the Secretaries Board meets monthly, but the communique of the October meeting says that the next Secretaries Board meeting is scheduled for December.

Dr de Brouwer: That's right. We'll take that on notice. It's really for Government Division to explain what's happening.

Senator Gallagher: Yes.

Senator DEAN SMITH: I'm sure they're listening. Thank you very much. Sorry, I didn't mean to be rude.

CHAIR: Senator Waters.

Senator DEAN SMITH: I do have some further questions.

Senator WATERS: Excellent. Thanks very much, Chair.

CHAIR: For this section?

Senator DEAN SMITH: Yes.

CHAIR: You don't want to move on?

Senator DEAN SMITH: No.

CHAIR: Do you want to exhaust your questions now, Senator Smith?

Senator DEAN SMITH: Yes, please.

Senator WATERS: Chair, what are you doing?

CHAIR: Sometimes it helps them to hurry up if you keep them under pressure. I am happy to shift the call to you, Senator Waters, and come back to Senator Smith.

Senator WATERS: I will take that opportunity; thank you, Chair. I have some questions about WGEA reporting—and I will obviously speak with them when they come before us. The Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Bill 2022, which is currently before the House, will formally extend gender equality reporting obligations to Commonwealth public sector agencies—which the Greens strongly support. Do all agencies have the resources they need to comply with those obligations by the next reporting date?

Mr Woolcott : I might ask Nicole Steele, who is the assistance commissioner responsible for this area, to come to the table.

Ms Steele: We worked with WGEA to run another program of voluntary reporting for the APS, and 45 agencies participated in that voluntary reporting. What we do on behalf of agencies is provide two forms of workforce data. That helps them with the resource burden. We collect remuneration data for each agency, and we also collect data on the number in the workforce. There are three stages of reporting and this helps facilitate two of those stages. Then the agencies themselves provide information on their policies and procedures to do with gender equality.

Senator WATERS: Pardon my ignorance but, of the 45 agencies that participated, what proportion of agencies is that?

Ms Steele: It's just under half.

Senator WATERS: Can you tell me what work has been done to date to identify and address the gender pay gap in Commonwealth agencies? Is it just that sort of voluntary reporting against WGEA data collection items?

Ms Steele: The gender pay gap is six per cent currently. We are commencing work this month looking at the drivers of the gender pay gap and looking at some of our data to see whether we can better understand what is driving that gender pay gap—for example, the proportion of females in different classification levels and the like. So we're commencing that this month.

Senator WATERS: Can you tell me about the time frame for that work?

Ms Steele: We hope to finish the report in January next year.

Senator WATERS: How many people do you have working on that?

Ms Steele: We have one analyst, but we have all the data to reflect it. So it will be a very heavy data focus to understand the drivers.

Senator WATERS: Will you make that public once it's finished in January?

Ms Steele: We can; yes—once it is goes through the formal clearance channels.

Senator WATERS: Great. Lastly, what work has been done within APS to build the capacity to implement the gender responsive budgeting and the policy analysis, which is a welcome new initiative?

Ms Steele: Sorry; could you repeat that?

Senator WATERS: What work has been done to skill up agencies so that they can do gender responsive budgeting?

Senator Gallagher: We will cover that under the Office for Women, but it is essentially an ongoing piece of work.

Senator WATERS: Sorry, Minister; could you say that again?

Senator Gallagher: It is ongoing. There isn't a perfect answer to this. We haven't had gender responsive budgeting in place to the level that we believe it needs to be, and the level of skills across the APS isn't where we need it to be. I've been having discussions with PM&C about how best to do this in a responsible and affordable way, including looking at trying to second officers into the Office for Women, to embed them there, to develop up the skills and then return to their agencies. That's one of the things that we are looking at.

I am sure we will cover this later, but the Office for Women is a small group, which punches above its weight, but it is a big public service with a lot of programs, and we need to make sure that there is capacity across the APS to do this work rather than just leave it to the Office for Women, which is not acceptable. Treasury now has a unit—I can't recall the name of it, but they developed the Women's Budget Statement. So there is a focus in Treasury in this economic gender equality space. I'm really pleased with that because it brings capability and resources to the work that we're doing. In short, it's ongoing and we are continuing to look at ways to build skills across the APS that don't exist at the moment.

Senator WATERS: Thank you. Just a follow-up, and then I'm done with this agency. Minister, have you quantified the resources you will allocate to this task, either in FTE staff equivalent or in budget dollars, of the skilling up you've referred to as commencing with considering options like seconding to the Office for Women?

Senator Gallagher: Sorry, what was the first bit of the question? How many?

Senator WATERS: Is there a dollar figure or a number of staffing attached to your intent to skill up the Public Service broadly on this matter?

Senator Gallagher: Not really. I don't have a dollar figure. We're putting a call out, in a sense, to develop—it sort of aligns with public sector reform work. How do we not just add resources in but draw on the resources we've currently got to deliver a particular outcome? We've had good response to date, I think, from an initial approach around trying to second people in, but it's not final yet. The expression of interest, essentially, is out there. We're trying to get people to nominate officers to join. I've said that this is going to be a process that we continue to build on. I am happy to see if there is anything further I can provide to you, but I feel like if we revisit this in February I will have a better idea.

Senator WATERS: Thanks very much.

CHAIR: I think that's all the questions we have now for the APS—sorry, Senator Smith and Senator Pocock! I'm a little bit too far ahead of myself. I'll pay more attention.

Senator DEAN SMITH: We're friendly, but she does try it on.

CHAIR: Senator Smith, we'll pop back to you.

Senator DEAN SMITH: Thank you, Chair. Just to confirm that the evaluation for the transformation program is still set to occur in mid-2024? That was the recommendation of the implementation guidance of recommendation 1.

Dr Bacon: Senator, as I said, we're in the early stages of implementation work, including plans for evaluation. As you know, with evaluation, an important part of the reform agenda will certainly be looking to meet those recommendations and best practice in terms of our approaches to evaluation.

Senator Gallagher: Can I add in here, Senator Smith. You're reading from the Thodey recommendations—

Senator DEAN SMITH: Yes, literally from the recommendation 1 implementation guidance note.

Senator Gallagher: We are picking up Thodey and progressing our response under the APS reform work, but the government hasn't responded to each recommendation to say we're signing up to each and every one of those.

Senator DEAN SMITH: This is an implementation guidance note.

Senator Gallagher: I'm not sure what you're—from Thodey?

Senator DEAN SMITH: The way the report is written, Minister, is recommendation 1, then implementation guidance.

Senator Gallagher: I understand that. What I'm telling you is—

Senator DEAN SMITH: My question to the deputy secretary is: if there is not a deadline or a date that you are working towards on the evaluation of the transformation program, this could end up being a very, very long and never-ending piece of work. The implementation guidance third dot point says:

- Secretaries Board to evaluate the transformation program by mid-2024 and, by end-2024, advise the Prime Minister on APS capability and further reforms to ensure the APS meets emerging needs.

My question to the deputy secretary is: is that a time frame to which the reform unit is working towards, or is it not? If it's not, what is the time frame?

Dr Bacon: As the minister said, one of the most significant inputs into the reform agenda has been the recommendations in the Thodey review. We are at the very early stages of establishing our approach to evaluation alongside the implementation work I talked about earlier. I'd rather take that on notice to come back to you. If you are looking for a precise date, I would rather take that on notice and come back to you to be more accurate.

Senator DEAN SMITH: You will take that on notice; that is much appreciated.

Dr Bacon: Senator, if I could perhaps just respond to your earlier question around secondees in the APS Reform Office. As the present time we have one secondee from the Australian Bureau of Statistics and one secondee from the Department of Finance.

Senator DEAN SMITH: Thank you very much. I want to return to the communique of the Secretaries Board meeting 19 October. Part of the deliberation of the Secretaries Board on 19 October was a presentation from Ms Natalie James, who is the Secretary of the Department of Employment and Workplace Relations, called 'The government's approach to tripartism'. It says: 'The Secretary of the Department of Employment and Workplace Relations, Ms Natalie James, commenced discussions with the board on a consolidated government approach to working collaboratively with the union movement.' I was wondering, Mr Woolcott, as the deputy chair of that meeting, if you can provide us with information about what a 'consolidated government approach to working collaboratively with the union movement' looks like, particularly through the lens of public sector engagement?

Senator Gallagher: I'll start, because there are a couple of circulars that the commissioner might refer to. We have been very clear as a government that we would like to work with employees and their representatives, including the union movement, in rebuilding, rebalancing and ensuring the APS is fit for purpose. I think it's a very positive step and signifies the way the government is going about its work—methodical, consultative and collaborative.

Mr Woolcott: Senator, these are questions which are best asked to the Department of Prime Minister and Cabinet because they have responsibility for this aspect. I'm happy to talk about what the APSC is doing around its role in discussions with the trade union movement, particularly around workplace bargaining, but I think the wider question that you're asking is best asked to the Department of Prime Minister and Cabinet. I am happy to take it on notice on their behalf, if you like.

Senator DEAN SMITH: I'm curious to know whether or not the government's approach to tripartism over future Secretaries Board meetings will include an update about how the government is developing a consolidated government approach to working with the small and medium-sized business community or the large business community or other stakeholder groups that engage with government, or whether this is a dedicated, singular commitment to tripartism.

Senator Gallagher: The government works with all stakeholders, absolutely and—

Senator DEAN SMITH: So we can expect to see, on the minutes, on the communique—

Senator Gallagher: You're asking me a question about—

Senator DEAN SMITH: of future Secretaries Board meetings the government's approach to tripartism as it relates to other stakeholders in the community?

Senator Gallagher: You're asking me a question about the Secretaries Board, which falls within the Prime Minister's portfolio responsibilities, not mine, and what might appear in a future communique at a future meeting. I think people can probably understand that I'm not really in a position to answer that—about a meeting that hasn't happened for a communique that hasn't been written in a portfolio I'm not appearing for today. However, having said that—

Senator DEAN SMITH: Minister, to be fair, you are representing the Department of Prime Minister and Cabinet—

Senator Gallagher: A particular outcome within that—

Senator DEAN SMITH: at this particular point in time.

Senator Gallagher: which is under my responsibilities as the Minister for the Public Service—

Senator DEAN SMITH: Which is linked—

Senator Gallagher: which your question doesn't relate to.

Senator DEAN SMITH: I take from your very wide and generous grin, Senator, that this is connected.

Senator Gallagher: I'm happy to say the government wants to work with all stakeholders across the board. I can tell by the commissioner's movement that he's wanting to add to this. But you see the way we engage with business, with unions, with community stakeholders, with civil society. I think in the last seven months you have seen how this government wants to operate, which is to work with everybody towards a shared and common purpose. You are seeing that across the board. You won't just see it in a communique from the Secretaries Board; you see it in the way that ministers engage with their portfolios. Commissioner?

Senator DEAN SMITH: Did that particular agenda item have any papers distributed as part of the Secretaries Board meeting? If, so can they be made available?

Senator Gallagher: You'll have to ask that to the relevant agency.

Mr Woolcott: I don't think it did, but again we'll take it on notice. I don't recall any papers on that item. Can I add a point here? A big theme of the Thodey review was the concept of partnerships: the Public Service being in partnership with the business sector, with the not-for-profit sector, with the trade union movement, with the public in general, with ministers' offices and with how you deal with First Nations people. So a big push in Thodey is that concept of being a partner in this endeavour. As a consequence of that, we have also set up the partnership subcommittee as a subcommittee of the Secretaries Board. So there is a lot of thinking and work going on: What does genuine partnership mean? What does it mean with First Nations people, for example? What does it mean with not-for-profits or business or ministers' offices? So can I say that that item—in terms of the discussion in the Secretaries Board—needs to be seen in the context of that sense of partnership.

Senator DEAN SMITH: So, Commissioner, there is a subcommittee that deals with government partnerships. Did I hear you correctly?

Mr Woolcott: It's been established; it hasn't met yet.

Senator DEAN SMITH: What is it called?

Mr Woolcott: The partnership subcommittee

Dr de Brouwer: The partnership priority subcommittee.

Senator DEAN SMITH: Thank you very much. What are the top three priorities of the partnership subcommittee—or the partnership priority subcommittee? The subcommittee on partnership priority of the Secretaries Board committee.

Dr de Brouwer: I think it goes to implementing aspects of the government's decision that the minister announced in her speech and that are also in the budget papers. There are a number of features. One goes back to developing a charter of partnership and engagement, which was a recommendation of the Thodey review, and for the Public Service to define how it should engage with the range of community groups and business and others that the minister and the commissioner have talked about. So it's a charter of partnerships.

The second is to look at the maturity of departments in terms of international standards around engagement—there are various standards around engagement—to assess where they stand in terms of that maturity, and to think about where they would like to be—so what they would aspire to be in terms of their maturity and engagement.

Another element is, as the minister announced in her speech, to reflect on how to be more open with the data that the public provide to the public sector about us—about the public sector. So it is to give back more to the public what they think and say about how the public sector performs. It's about openness and partnership with the broad range of communities, be that business, unions, community groups, not-for-profits, academia and universities or the community in general. So it is that openness and engagement mentality. These are institutional devices or elements to understand and also to assess and improve performance.

Senator DEAN SMITH: Thank you, Secretary. Do subcommittees co-opt members who are not members of the Secretaries Board to subcommittees?

Mr Woolcott: I can answer that in regard to the future work subcommittee, which is essentially looking at what our employee value proposition is: how you attract and retain and develop the capability and what you're going to need for the future in terms of public servants. On that subcommittee, we have a number of senior agency heads who are not secretaries.

Senator DEAN SMITH: Right. I suppose, more specifically, my question is: are people who are not members of the Public Service co-opted to subcommittees?

Mr Woolcott: Not that I'm aware of.

Senator Gallagher: I just want to say again that this isn't the responsibility of the people appearing here today.

Senator DEAN SMITH: Thank you for your generosity. I appreciate that.

Senator Gallagher: Any questions we can follow up.

Senator DEAN SMITH: I'll wind up now. In addition to the list of subcommittees of the Secretaries Board, could you please provide me with the details of the chairs, deputy chairs and membership of each of those subcommittees. Please provide me with advice on whether or not there are, or there are intended to be, members of subcommittees who are not members of the Australian Public Service.

Senator Gallagher: We'll take that on notice and refer it to the relevant part of PM&C.

Dr Bacon: Apologies again, but I'd like to correct something I said earlier with updated information that I have on secondees. With our staff member from the Australian Bureau of Statistics, that is a temporary transfer rather than a secondee. I think it's best if we take your question on notice, as I originally suggested, and make sure that you have the accurate information.

Senator DEAN SMITH: That's a curious point. What is the difference between a secondee and a temporary transfer?

Dr Bacon: Generally, under a temporary transfer, the receiving agency would be paying for the salary of the staff member, who would effectively be working for the agency. Under a secondment arrangement—I'm sure the commission will correct me if I have this wrong—there can be different types of arrangements for secondees, different types of payment arrangements. So that could be on more of a case-by-case basis.

Senator DEAN SMITH: Thanks for your cooperation.

Senator BARBARA POCOCK: I was way too disciplined earlier. I see the estimates time lines are a little bit more elastic than I thought, so I've got a follow-up on Senator Hume's questions. It also relates to Senator Waters's line of questioning. It's about real wages in the Australian public sector. What is the data telling us about the last 10 years in terms of real wage maintenance in the public sector? Was that a period of maintenance, of real wage falls or of real wage increases? I'm interested not only in the overall story but also in the difference between the top and bottom, the executive versus non-executive—this might be Mr O'Reilly's terrain—and also whether that was a period of narrowing or widening of gender equality. Do you have any reflections looking ahead? Eight per cent inflation and three per cent pay rise—what are we looking at in terms of real wages, looking ahead?

Mr O'Reilly: In terms of the historical matters, I think we will have to take that on notice, but we can provide that comparison for you on SES and non-SES wages movements. In terms of looking into the future, clearly the budget papers had some numbers with regard to expected wages growth, but they're still all matters to be considered under future policy development.

Senator BARBARA POCOCK: Could you do that for gender as well when you do them?

Senator Gallagher: From my understanding—and we can come back to the committee—the gender pay gap is narrowing, not increasing, but wages outcomes over the past 10 years have been very modest and well below giving people a real wage increase. At the moment, there is quite a considerable gap between the top and bottom in the APS. I am worried about this, and I am taking further advice about what we can do to narrow that and, particularly, bring those lower-paid agencies into the mid-range. But, again, it's proving to be complex. There's some work underway to provide information to me about how we do that and what the cost of that might look like. Some of those agencies are ones where we'd see First Nations representation being higher. Some of the large agencies that have a lot of women are at the bottom or towards the bottom. I am looking at that, and it is a priority for me to see what we can do about it. In relation to the three per cent, we had to take a judgement on what showed enough good faith that we were wanting to come back and enliven bargaining across the APS but was something that we could afford in these times of high inflation. We're not pretending that it's keeping pace with the cost of living.

CHAIR: Thank you very much. I'd like to thank the Australian Public Service Commission for their attendance today.

Proceedings suspended from 10:29 to 10:41
Department of the Prime Minister and Cabinet

CHAIR: I welcome Ms Alison Frame, Deputy Secretary, Social Policy. Would you like to make an opening statement? Not that we've got much time!

Ms Frame: I would, thank you, Chair. It's just to introduce officials at the table. As you said, Senator, I'm the Deputy Secretary for Social Policy in the Department of the Prime Minister and Cabinet. At the hearing on 28 October, I advised this committee that officers with responsibility for implementation of the Jenkins report into Commonwealth parliamentary workplaces would be made available at today's hearing to answer questions about that work. In attendance today, then, from PM&C's executive in the Governance Group, with responsibility for that issue, is Celeste Moran, Acting First Assistant Secretary, Jenkins Report Implementation Team. Executives from the Office for Women, within the Social Policy Group, which I lead, are Kaylene Zakharoff, first assistant secretary; Chantelle Stratford, assistant secretary; and Clancie Hall and Rochelle White, acting assistant secretaries, Office for Women. I've previously tabled PM&C's organisational chart and I have additional copies today if tabling these would further assist the committee. Thank you.

CHAIR: Thank you. Senator Hume.

Senator HUME: I have some questions about the commitment to applying a gender lens to all policies, and how that manifests. Is it applied to every government policy? It might be a question better directed to the minister.

Senator Gallagher: I'll start. It wasn't applied to all measures in the budget. We picked a select group of measures in this one, particularly because of the time and the work that's required to build up capability and capacity to do this as a normal part of developing NPPs, which doesn't exist at the moment. Ms Zakharoff can expand on that.

Ms Zakharoff: As the minister said, we applied gender-responsive budgeting and gender impact assessments on a small number of measures in the lead-up to the October budget. That, I guess, goes to the point that both the Office for Women and the APS generally need to build their capability over time. It was always intended to be some modest steps to begin with, and we will continue to develop that capability for future budgets—but not strictly limited to budget measures; it's all policy generally where we would like to apply gender impact assessments.

Senator HUME: I want to have this one explained to me. I had two different lines of questioning—one on applying a gender lens and one on gender responsive budgeting. What's the difference between the two—or is there a difference between the two?

Ms Zakharoff: I can answer in terms of what we're doing. 'Gender lens' is a more generic catch-all phrase, in my view, but 'gender responsive budgeting' and 'gender impact assessments' have a more particular meaning. I guess the language can and has been used interchangeably. In terms of gender responsive budgeting and gender

impact assessments, we are familiar with and adopting where appropriate the OECD framework for gender responsive budgeting.

Senator HUME: How many policies in this recent budget had a gender analysis of some sort completed for them?

Ms Zakharoff: In detail, there were about 10 measures that went up to the ERC for consideration. Of all the measures, or NPPs, and submissions that went to the ERC, the Office for Women conducted a form of assessment over many measures—there were more than 150 submissions that we had a look at. In terms of detail, a gender impact assessment to the minister and for the government, it was about 10.

Senator HUME: Of those 10, were all of them featured in the budget?

Ms Zakharoff: They were all topics featured in the budget, yes.

Senator HUME: Were they policies that—

Ms Zakharoff: Yes. The minister's on record as talking to the measures that went to jobs—the care economy and housing.

Senator HUME: When you do the analysis, who is consulted?

Ms Zakharoff: We work with the relevant sponsoring line department. In a mature state, line departments would be doing all their gender impact assessments or analysis, and then the Office for Women would apply an additional lens over that. In this interim phase, it's been much more involved from the point of view of the Office for Women. Definitely, it's in consultation with the line department and where other data might exist—for example, we would work with Treasury or Finance to ensure we've got the best available information and data to provide the gender impact assessment through to the minister and the government.

Senator HUME: It's probably hard to say in a generic kind of way rather than on specific policy, but does it take a long time?

Ms Zakharoff: It depends. Where we've got really good data—and some departments have extensive data holdings; that's certainly much easier. There are some policy topics that, in the past, have been considered gender neutral, so there hasn't been a focus to consider the gender impacts—so the data might be lacking a bit, and that will take time. We use the data we have available and try and do some modelling, but probably for the next few years it's also going to be identifying data gaps that will need to be rectified for subsequent consideration of governments.

Senator HUME: Data gaps, certainly, and skills gaps. Has there been any analysis of whether you're going to need additional resources or whether departments are going to need additional resources to implement gender responsive budgeting?

Ms Zakharoff: The minister, in the earlier hearing with the APSC, mentioned we were looking at a program of secondments, to move into the Office for Women for two purposes—that we would learn more about the policies and programs that are existing in other line areas, as one of the strategies for us to build the capability of gender impact assessment in particular across government. We are looking at a rotating program to do that. There is also guidance we will provide to departments and line agencies about the things they need to look for when looking at their policy design, to think about gender impact. We're also working with the APSC in terms of some interim training; that will build over time as we learn more. I think one of your questions was on an assessment of the capability that currently exists. I would say it's really mixed.

Senator HUME: Is there an ASL implication for all this? It's not just a matter of secondments and training; are you also going to need to add additional resources?

Ms Zakharoff: Potentially. We'll work with the minister. We took this budget as a pilot, and we're preparing some advice for minister about where we think the capability sits both within the Office for Women and across the APS for consideration about resources into the future, part of which will be the secondment approach that we're looking at. On whether there are other resources that are required, we're not at that point to be able to make a recommendation to the minister yet.

Senator HUME: How do you measure success in all this? What are the outcomes that you're looking for, and when will you be able to tell whether this additional effort—the additional training, the secondment of resources, the potential increase in ASL—is going to have any impact at all?

Ms Zakharoff: The ultimate outcome is the policy decisions.

Senator HUME: No; the outcome is whether the policies are successful, surely?

Ms Zakharoff: Yes, sorry; that's what I meant in terms of gender impact assessment. It will be informing the policy decisions that are taken by a government. I think the measures of success, from my point of view—bearing in mind it's been a very small pilot for October—will be a greater appreciation of even gender literacy and gender impact assessment as line departments are preparing their policy, and the ability for the data and the modelling to help explain the gender impacts of various policies shifting more to the departments, rather than the Office for Women doing that work, and then the Office for Women providing a higher level of analysis through to the minister.

Senator HUME: I hear where you're coming from. Your measure of success is whether the policies get adopted, but the ultimate measure of success is whether the policies that have been adopted shift the dial.

Senator Gallagher: The Women's Budget Statement does a couple of things. Ms Zakharoff is right; the work done by the Office for Women to inform the decisions that the government took was first-rate. Sitting around making decisions to have that level of advice and analysis about budget measures was, from my point of view—I don't want to speak for my colleagues—very useful. The Women's Budget Statement is also about raising awareness about the fact that we don't live in a gender-equal Australia, despite what many people would think, and that there still are levels of inequality in a whole range of areas—in leadership, in safety, in pay, in gender segregation, in low-paid workplaces. Raising awareness is part of it, and having a policy response to deal with it is part of that; you'll see that reflected in this budget. Ultimately, yes, we would like to see the areas where we see inequality narrow and close entirely, but that's going to take a period of time.

Senator HUME: Are there KPIs attached to that, formal or informal? Do you have it written down? Do you say, 'We want to close the gender pay gap by X', or 'We want to increase participation rates by Y'?

Senator Gallagher: We've got \$3.1 million in the budget to support the development of the national gender equality strategy. We are working up a consultation process around that. That is exactly where those discussions need to go. Through that strategy, which will guide further decisions, those questions will be answered. We're at the beginning of that work, not the end of it. The Women's Economic Equality Taskforce also has this concept of what constitutes a gender-equal Australia—what does that look like on its agenda, through the work it's doing?—and it will use that to help inform that strategy.

Senator HUME: Do you get a sense of the time frame over which that strategy will be developed and implemented?

Senator Gallagher: I'm pushing pretty hard. I don't think we have to reinvent the wheel in a lot of areas, because other countries and jurisdictions have gender equality strategies. Where we can utilise work that's already been done, I think—I'm trying to recall. I think it's May, so very much within the year.

CHAIR: Other countries used to copy ours, didn't they, Minister?

Senator HUME: I have two last quick questions.

CHAIR: No worries, Senator Hume. You have the call. It was just me gratuitously interrupting.

Senator HUME: I just want to ask about the task force specifically. How were the members of that task force selected?

Senator Gallagher: Ultimately, it was my decision, in consultation and agreement with the Prime Minister. I worked with the Office for Women on potential candidates. I looked at a whole range of demographic populations within that: from where in Australia, age, background, diversity—all of that. There are a lot of good women who could have sat on that task force, so it was very difficult to land in that sense.

Senator HUME: Could people make applications to be on the task force? Was this a public and transparent process, or was it simply appointments?

Senator Gallagher: It was an election commitment that we would establish one, and we wanted to get it in place pretty quickly, so a list of candidates was drawn up.

Senator HUME: By whom?

Senator Gallagher: By the Office for Women, in consultation with my office. We went through a process of inquiring as to people's availability and their interest in doing it, before finalising it and reaching agreement with the Prime Minister.

Senator HUME: Was there anybody appointed to the task force who wasn't recommended by the department?

Senator Gallagher: It wasn't as if there was a recommendation. From memory—and I'm happy to go back and have a look at it—there was a pretty substantial list of potential people.

Senator HUME: Let me qualify: was there anybody appointed to the task force who wasn't on the list?

Senator Gallagher: This is where it gets tricky. There were a number of lists, with a lot of names on them. There were certainly people who weren't appointed who were on those lists. I'm just going through. There were people who I wanted on that task force as well.

Senator HUME: So you replaced some of the names that were on the lists with people that you wanted?

Senator Gallagher: It was a combination of people I thought would be useful on that with recommendations and advice from the department. It came together into a final group of 13.

Senator HUME: You said that there were a number of lists. Where did the number of lists come from? They came from the department? They came from the Office for Women?

Senator Gallagher: It was to-and-fro. We were in active discussion about implementing our election commitment and the right people to sit on that task force to deliver that, including representations about people who wanted to be on it. Now that I think about it, there was advice from the department, there were people that I thought would bring particular skills and expertise, and then there were people who wanted to be on it and made it clear that they wanted to be on it, just from the community. It was just an organic process, really.

Senator HUME: So it wasn't a merit based process? It was an organic process?

Senator Gallagher: Well, they're all meritorious appointments, definitely.

Senator HUME: But, if it's not public and transparent and people can't make applications—

Senator Gallagher: It was an election commitment. We made it clear we would be appointing a Women's Economic Equality Taskforce. We went through a process around those appointments. Each one of them stands on its merit. I won't for a second accept that that's not the case. I accept that there could have been plenty more women on it.

Senator HUME: How long was the long list?

Senator Gallagher: I can't remember.

Senator HUME: Can you take it on notice?

Senator Gallagher: Yes, I am happy to look at it.

Senator HUME: It went down to a short list and then went to 13. Why 13?

Senator Gallagher: It was just the skills and expertise that we wanted on the group, and state jurisdictions and backgrounds. That's what it ended up at.

Senator HUME: So there's a skills matrix of some sort that was created for the implementation?

Senator Gallagher: Well, yes. When a name was put forward, it would have background: who they were representing, what skills and expertise they would bring—a whole range of things.

Senator HUME: So there was a skills matrix that was developed?

Senator Gallagher: Of course there was a skills assessment done as part of putting the group together.

Senator HUME: Is that something that you could provide to the committee?

Senator Gallagher: For the people who are actually on the task force, I don't see why not.

Senator HUME: Are there any documents that were originally put together that you could provide to the committee that said, 'This is what we want the task force to do; these are the skills that we want to have represented'? Surely there would be some documents that you could share that suggested what you wanted this task force to look like and then, eventually, what it did look like.

Senator Gallagher: The terms of reference are public. The people who sit on it are public. I'm happy to provide their CVs and backgrounds as part of that. That's fine. More broadly, I don't think it's particularly useful or right for the other people who may have been considered or who showed interest in being on it.

Senator HUME: I'm not asking for their names, so we don't need to worry about embarrassing people. I'd like to know how long the long list was, how long the short list was and whether the 13 people that were eventually appointed were done so with the use of a skills matrix, as people would always use for board appointments, for instance. If there is one, could you please provide us with that? The task force has met, I'm assuming.

Senator Gallagher: Yes.

Senator HUME: Are there publicly available agendas and minutes for those meetings?

Senator Gallagher: I don't think so, but I'm happy to talk with the chair, because the chair is very keen on more publicity, more awareness, more involvement and more community consultation rather than less, so I don't

see any reason why we couldn't provide that, certainly to this committee, and see whether there is more that we can provide publicly as they go through. I'm not sure how many meetings they've had. They've had a number.

Ms Zakharoff: Two meetings.

Senator HUME: Have you attended both of those meetings?

Senator Gallagher: I attended the first one. I wasn't able to attend the second one. I think it was in budget week.

Senator HUME: Is it your intention to attend those meetings?

Senator Gallagher: Not necessarily. I said to them at the first meeting, 'I want you to not be worried about what I think or what I'm saying but to tell me what I need to hear,' and part of that is giving them the room to be truly independent and formulate their advice to me. If they requested me to go or wanted me to go or there was something I wanted to discuss with them, I would—but not as a rule.

Senator HUME: Has the task force been separately budgeted for or did the costs get soaked up somewhere?

Senator Gallagher: Yes.

Ms Zakharoff: Within the Office for Women and through the October budget, and part of the \$3.1 million is a provision for the fees and travel arrangements for the committee and a small budget in the event that they may need some additional research undertaken.

Senator Gallagher: They might want to commission particular pieces of work which they need a budget for.

Senator HUME: One of the proudest things, I think of the last government was the fact that we reached a situation where 50 per cent of government board appointments were made up of women. I know that the government has made a commitment to continue that, which is terrific. Do you have a sense of where in, the last couple of months, gender representation is on government boards? Is it still 50 per cent?

Senator Gallagher: I think we'll report as normal, as we do. I am doing a further piece of work around gender diversity on boards, which is underway now. We've got that kind of high-level data. What we don't have necessarily, in a whole-of-government sense, is chairs, deputy chairs, paid and non-paid. I think if you took out health and community services boards you would see a very sharp deterioration in that fifty-fifty. So we're doing a bit more work in that space so that we have some better information. In terms of the appointments that have been made since the government came in, this is obviously something I work pretty closely with. I haven't gone back and done the numbers, but I would say I am watching every appointment that goes through cabinet to make sure that we are having equal representation of women through those appointments, where there is the opportunity for government to have a say.

Senator HUME: Of those appointments that have gone through cabinet, can we please have a list of those that have been appointed to government boards and who made the appointment?

Senator Gallagher: I'll have a look, obviously at what's public, and see what I can do. I know, for example, that Minister Bowen, in one of his areas, had four appointments and appointed three women to them. So it has been a positive experience to date, and the cabinet is very focused on making sure that we're improving the representation of women in all areas of government administration.

Senator HUME: I would be interested to know how many current board vacancies there are. If we could have a list of those vacancies, that would be good, which department they're associated with, and who it is that has the decision-making power to make those appointments.

Senator Gallagher: I'm not sure who would do that. It wouldn't be the Office for Women. Happy to look at how we can provide that information. I'm not sure if PM&C have a broad coordination role in that regard, because they exist in agencies, then come up through portfolio ministers. Part of the issue which we're looking at with gender diversity is there doesn't seem to be a lot of whole-of-government data about these things.

Senator HUME: Are there whole-of-government communications—that would come from you, I would imagine—on that 50 per cent target?

Ms Frame: Regarding the questions of vacancies across the whole of government, that would be the Governance Group. Not the Social Policy Group, but the Governance Group within PM&C. That would have the best record of where vacancies exist. I can certainly take on notice what information they circulate and what they make available, but that's not within Social Policy Group, because it's obviously broader.

Senator HUME: We can put those questions on notice to them. What about communications? That kind of would come from you, wouldn't it? If there is formal policy for 50 per cent representation?

Ms Zakharoff: There's a history and a practice, and Minister Gallagher continued it, in terms of writing to her colleagues, in terms of outcomes for each portfolio. Each minister will get their portfolio results. Equally, within the Office for Women, we engage directly with the departments and offer some assistance, particularly where they're still falling behind in some of their appointments and achievement of gender equality on boards.

Senator HUME: What advice has been provided to the government on achieving a 50 per cent target for women to hold not just board positions but chair and deputy chair positions—those leadership positions on boards. If there has been advice, what are the options to achieve that?

Senator Gallagher: The advice is that we don't really know all of that information. Now we have to go back and work out a way to collect that information. That's the advice I've got. We can see it, as I said, in portfolios. Health and Community Services have very strong representation of women on those boards, and as you go down to the more male dominated areas, like Treasury and Finance, those numbers decline. So we've got that data. When you put it together, it's a fifty-fifty story, but separated out, it tells a different story. Then some of that information about paid, non-paid, chair, deputy chair and those kinds of things is not centrally held or understood. We've got to do more work on that.

Senator WATERS: Thank you for joining us. Can I start off, firstly, with the women's safety budget allocation. I understand that I might need to ask a million other people the same sorts of questions, but if you can help me with any of it, please, I'd be very grateful. I'm trying to work out, of the \$1.7 billion for women's safety, has the government allocated any money specifically to implementing the national plan, or is it just money invested across the range of programs that are elucidated in the budget?

Ms Zakharoff: I think, Senator Waters, it's more likely the latter, but there are coordination mechanisms. The Department of Social Services leads, in terms of the overall implementation. PM&C obviously have a convening power that, from time to time, will provide advice to the government in terms of overall implementation. I'd probably also highlight the recent appointment of the Domestic, Family and Sexual Violence National Commissioner. That role has been established for a couple of purposes, but one in particular was around the implementation of the national plan. I think there are several mechanisms that go to the point around implementation.

Senator WATERS: Can I clarify: is there an intention to, at any point, have a dollar figure attached with implementation for the national plan? Perhaps this one is for the minister.

Senator Gallagher: Over and above what is outlined in the budget?

Senator WATERS: I don't understand if that's what you're calling implementation of the national plan. I understand that there are a range of programs that have got various dollar figures attached to them. What is the amount that you say you've allocated to implementing the national plan?

Senator Gallagher: In the budget, we're saying it's \$1.7 billion over six years from 2022-23 to support the implementation of the plan, and then that can be broken down into a range of different areas. Were you asking about what resources are available in government to implement the plan, or just all funding?

Senator WATERS: All funding.

Senator Gallagher: This is specifically for the national plan. Obviously there'd be other areas where there's existing funding that would cross into areas of women's safety, but in the budget it's \$1.7 billion over six years as an initial step. I have no doubt that there will be further calls in this space because it's such a massive problem in this country, and the service system, from my dealings with them, are under enormous pressure, and the problem is so big. I wish it wasn't. I wish we had \$1.7 billion to spend in a whole range of other areas, other than trying to keep women and children safe from violence. I have no doubt that there will be further calls on the budget in this space, but for the October budget it's \$1.7 billion over six years.

Senator WATERS: On that theme, the women's safety sector has indicated they need about \$1 billion each year to deliver the national plan goals as well as to not turn anyone away who seeks their help on existing demand numbers, let alone the likelihood of increased demand. Is the Office for Women able to estimate how much is currently invested per year on women's safety? What I'm really trying to get at is: how much extra would be required to meet the \$1 billion per year that the sector has consistently requested over many years now?

Senator Gallagher: This is probably something we could consider at the women's safety ministerial council, because that would bring into the question all of the resources that the states and territories bring to this area as well as the Commonwealth. Now we've reached agreement on the national plan, which is a real credit to Minister Rishworth and her colleagues. Now that that's been finalised, the action plans for First Nations women and the action plan to guide the first five years of the plan kick off. That will also inform future government budget

decisions. So it's really important that we get that work done as soon as possible, and I think every jurisdiction seems focused on that.

Senator WATERS: Will either or both of the action plans have their own funding associated with them?

Senator Gallagher: Some of the \$1.7 billion will go into supporting the implementation of the action plans. I guess the action plans will also—I think, in finalising them—identify areas where further efforts are required. It's hard to get ahead of some of those discussions, but I have no doubt—I mean, the action plans are where the rubber hits the road, right?

Senator WATERS: Yes.

Senator Gallagher: The national plan provides that overarching commitment and priority areas, and then it's very clear to me, from discussions that I've had with ministers, that the action plans are really where we can make the biggest difference, and I have no doubt that will come with additional resourcing.

Senator WATERS: You're anticipating that there will be dollars attached to those action plans?

Senator Gallagher: I expect there will be, yes.

Senator WATERS: I'm trying to work out how much of the funding of the \$1.7 billion is new money. I fear that the answer is 'not much', but I'd like to understand the breakdown of the figures a bit better. How much was allocated to the national plan prior to the October budget and how much was allocated post the October budget? Ergo, what's the difference?

Senator Gallagher: My understanding—and Ms Zakharoff can start talking loudly if I'm getting this wrong—is that \$1.3 billion over six years was the original provision. Then there have been the commitments that we made over and above that, which are the 500 frontline community workers, which was \$169.4 million; \$83.5 million for consent and respectful relationships education; \$42.5 million to implement the 55 recommendations of Respect@Work, which includes the money for the working women's centres; \$3.4 million to support the implementation of 10 days paid domestic and family violence leave; \$3 million to restore funding to the National Family Violence Prevention Legal Services Forum; and \$100 million in crisis and transitional housing options for women and children escaping domestic and family violence and for older women on low incomes who are at risk of homelessness, through the returns of the Housing Australia Future Fund.

Senator WATERS: How much have you budgeted for indexation?

Senator Gallagher: Are you talking about that separate decision?

Senator WATERS: Yes. I'm trying to work out what you're including in the \$1.7 billion, and thanks for detailing it so far.

Senator Gallagher: Okay, that doesn't include the indexation. The indexation is work that Finance co-ordinated but will now go out to agencies, and agencies make decisions based on the information they have about the services. But that was really the first attempt to try and clean up a bit of the indexation issue that Finance and I have unearthed around how we index services. So there should be additional money that would flow to services that are frontline and providing services. So yes, I would expect the family violence sector to get some additional resourcing. That's for this year. It will flow into the out years because it increases their base, and then their base indexation adjustments will be funded on top of that over the four-year period. And we are doing more work around indexation.

Senator WATERS: Alright, thank you. I'm pleased that's not part of the \$1.7 billion to support the indexation. Can I move now to the MOP(S) Act review, which I think might be you, Ms Moran. Thank you for your presence today. We were advised we could ask these questions here, and, frankly, I was dubious, so I'm glad that you're here. It's a welcome development in estimates to have the people that you need at the time you thought they would be there. So, MOP(S) Act review identified the huge workload in electorate offices for staff and constituents and recommended a review of the resources allocated to electorate staff. Is there any plan to undertake that review?

Ms Moran: I think Mr Reid gave some evidence that the recommendation in the MOP(S) Act review is for the Office of Parliamentary Staffing and Culture to undertake that review once they're established.

Senator WATERS: So you're not doing that work at all, and when OPSC is stood up, they will start that work.

Ms Moran: That's right.

Senator WATERS: Do we have a time frame on when they will come into existence?

Senator Gallagher: That's a matter to be resolved through the Parliamentary Leadership Taskforce following our last meeting, and hopefully we can have another discussion before the next meeting on the 15 November.

Senator WATERS: Yes. Full disclosure: I'm on that taskforce with you, Minister, so I have some sense of the answer to that question, but I'm still not quite clear on the time frames for when we might get the review. Noting that we don't know when OPSC will exist, how long would you envisage the review they undertake about electorate office staff workload will take?

Ms Moran: As you know, the OPSC will be an independent body, and that was one of the considerations for recommending they undertake the review. We've given in the MOP(S) Act review a kind of broad outline of the types of things we think the review should cover, but ultimately, how they set it up and what they look into is a matter for that independent body when they're established.

Senator WATERS: So we're not too sure when they will be established, and they'll be able to set up their own time frames. I'm just wondering how long staff have to wait before there can be some resolution to the issues that they're begging for resolution on?

Senator Gallagher: I don't want to speak on behalf of the Parliamentary Leadership Taskforce, but my sense is there is a desire to get it in place as soon as we can, noting that there's other work being done by the select committee that Ms Claydon chairs, and that's due to report shortly, I think at the end of November. There's a desire to get moving on it, and then it's a matter for the OPSC, really. I imagine it would form one of the first pieces of their work.

Senator WATERS: Okay, thank you. Following the reduction in allocation of personal staff, is there any plan for regular reviews of the impact of that decision on Independents and smaller parties?

Senator Gallagher: As you know, this is a matter for the Prime Minister. He makes decisions about allocations of staffing and made those. There wasn't a reduction. People got extra staff for the work that they were doing, over and above the four electorate staff that every member of parliament gets. I have no doubt people are in dialogue about this, but it is ultimately a matter for the Prime Minister. The OPSC will pick up the recommendation of the MOP(S) review and consider it and provide advice, as it should as an independent agency.

Senator WATERS: So no regular reviews are planned. It's just whether Prime Minister decides to change his mind or not?

Senator Gallagher: That's the way it's worked. What was done in the past was extra staff were given for particular favours. That's the reality. There was no analysis done on workload. That's just not true. People were given extra staff for votes and, when one got extra staff, it flowed through to others. So what the Prime Minister did was have a look at what is reasonable and what historically has been provided and made a decision that—certainly in the Senate I think there are two extra staff, considering the workload of committees and the parliament, on top of their four existing staff. To say there had been any assessment of workload for that in the past is just not correct.

Senator WATERS: Is the Office for Women—or the section that you're driving, Ms Moran—meeting with crossbench members to discuss whether the lower staff allocation is reducing their capacity to get across the volume of government legislation or diverting resources from constituents?

Senator Gallagher: No, not to my knowledge. As Manager of Government Business in the Senate, it has been raised with me that some senators remain unhappy. Others don't. I think that people wouldn't be surprised by that. But, again, there hasn't been a workload assessment done. If the OPSC want to consider that, that's a matter for them when they're up and running.

Senator WATERS: Would that be within the scope of their jurisdiction?

CHAIR: There is some time pressure here. Noting that many women work in electorate offices, I just want to draw a line under what comes up in other areas of estimates and what is relevant specifically to the Office for Women, noting that there are others with questions here.

Senator WATERS: I've got just a couple of extra lines of questioning, but I will move on. Just on that last point, you said there hasn't been a workload assessment. Will there be one?

Senator Gallagher: I think the Prime Minister has made his decision and allocated staff based on additional staff going into offices where there is additional work.

Senator WATERS: Can I come now to the gender-responsive budgeting. I was listening to the responses to Senator Hume's questions, so I will augment mine built on that. Just for clarity's sake: the budget has got \$3.1 million allocated, and I jotted down that you said that that 3.1 covers the national gender equality strategy and the Women's Economic Equality Taskforce and any travel or consultancy things that they might need. Is there any

resourcing, either as part of that or separate, that is for either Office of Women or for other agencies in order to do the gender-responsive budgeting? If so, what is that amount?

Ms Zakharoff: In addition to those items that you've summarised, there's also about \$400,000 that will be used to actually support the OECD—help us undertake almost like a capability or maturity assessment in terms of where we are and provide us advice that we will work with the minister on in terms of the maturity of gender-responsive budgeting in Australia. There's also \$350,000 that is earmarked to start some preliminary work with the APS Academy to start looking at that uplift more broadly. I think you would notice from the budget that none of them are ongoing measures, and that goes to the point that we will work with the minister on a kind of review of where we got to in the first budget and then look to whether there are other measures or ongoing measures that might need to be considered in a future budget.

Senator WATERS: Will the Office for Women encourage or even facilitate early consultation with women's organisations in developing the May 2023 budget?

Senator Gallagher: In short, yes. We're already getting feedback, as you can imagine. Also, the Women's Economic Equality Taskforce will also provide feedback. We want to hear from people. We actually say in the Women's Budget Statement that we want feedback and advice. We want it to be the best it can be and to be a really useful document not only for government but also externally.

Ms Zakharoff: We've got formal arrangements with women's alliances that are a key stakeholder group for the Office for Women, and the WEET, as the minister has mentioned. We are regularly consulting a broad range of stakeholders.

Senator WATERS: Who does the task force report to specifically and what role will the Office for Women have in directing? What is your interaction with the task force?

Senator Gallagher: They report to me. The Office for Women supports the infrastructure around them—the secretariat and other supports.

Senator WATERS: Was the Office for Women consulted regarding the government's paid parental scheme and timing of its implementation, including the delay to the increase?

Ms Zakharoff: We were consulted on the policy.

Senator Gallagher: I think the decisions about the timing and implementation were government decisions. I have asked the Women's Economic Equality Taskforce to provide advice on the best allocation of that scheme and about how you promote shared-care arrangements through that. They will report back to me reasonably quickly, but I want them to have time to get the range of view that there are in this area.

Senator WATERS: Have you given them a date to get back to you on that, Minister?

Senator Gallagher: I think they have given me a date, to be honest. I think they told me that they would come back pretty quickly.

Senator WATERS: What date?

Senator Gallagher: I would have to check. I thought it was this year. I said that it didn't have to be and that I didn't want it rushed because we have made the decision about how we time it. Again, it's a matter for them about how they handle that and what advice they give me.

Senator WATERS: You said earlier that the national gender equality strategy would be done within the year. Did you mean within in calendar year or within a 12-month period?

Senator Gallagher: Kaylene nodded when I said May. I had a memory of saying that I would like it done by May, if it can be. But I also want it to be a good product. I'm caught between trying to make progress and actually getting things done and giving the right amount of time to make sure everyone is on board. You know how these things work; sometimes you get part into it and you need a bit more time. But I would like it done by May if that is possible, so we can then get on with implementing it rather than talking about what it is.

Senator WATERS: Lastly, I have some questions about gender equality procurement. The new chair of the women's taskforce, Sam Austin, recently published an op-ed suggesting that the government could leverage its procurement budget to prioritise organisations with gender balance leadership, and many of the state governments are already doing that. We have discussed this previously and, at the time, you said that there were anticompetitive restrictions on the government adopting procurement policies. Is it your view that there are still the barriers, or are you now doing work some on gender procurement policies and, if so, what part of schema does that sit in?

Ms Zakharoff: We are still looking at. There are some barriers at the Commonwealth level that we still need to try to work through. But, nevertheless, we are engaging quite heavily with the respective Offices for Women in each of the states and territories. As you just alluded to, many of them are looking at gender responsive procurement already—so understanding how they are doing it. It's also a significant practice undertaken internationally—so learning from international experience as well. We will then work with colleagues in the Department of Finance and the Department of Foreign Affairs and Trade to see what might be possible at the Commonwealth level.

Senator Gallagher: In short, it's come up. I think it came up through the Jobs and Skills Summit as well. We had a look at it. There are some levels of complexities for the Commonwealth that the states don't have. We need some more time to see what's possible, basically.

Senator WATERS: Are you working to a date on that one?

Senator Gallagher: It's ongoing, and it crosses into the work we're doing around procurement reform and the Buy Australian Plan that we're implementing in the Department of Finance. So, no, we don't have an end date on it. It is obviously an area where you can make a substantial difference in terms of supporting female-led businesses and making sure they get a fair crack at things. But there are some constraints which we're trying to work through. It's not covered by current exemptions—for example, for free trade agreements.

CHAIR: The Parliamentary Leadership Taskforce are delivering the recommendations of the *Set the standard* report. How is the government working with that taskforce?

Senator Gallagher: A number of senators around this table sit on the Parliamentary Leadership Taskforce. Senator Hume, Senator Waters, me, Senator Farrell, Ms Claydon, Ms Steggall, Ms Ley and Senator Davey sit on it. That's working pretty well. We're going through a process to implement the 28 recommendations. We've got the independent chair, Kerri Hartland, who's supported by a great team. There's quite a lot of public information if people are interested. After each meeting, there's an agreement about essentially a communique that goes out. Progress against the implementation tracker is online. There's been a lot of work, considering we had an election in the middle of it, which did slow things down a little bit. But I think it's working as it was originally intended to, which is in a collaborative and respectful way, with everyone focusing on making this working environment a better place for the staff that work here in this building.

CHAIR: How is it involving the experience of staff, particularly in terms of recommendations that the government, as opposed to the parliament, is responsible for?

Senator Gallagher: Once we've been up and running, we've gone out to consult with staff. Ms Moran can probably talk a bit more about that. But, from the government's point of view—again, I don't want to speak on behalf of the Parliamentary Leadership Taskforce—having staff involved, being a part of the implementation and helping to shape the implementation of the recommendations is really important. From the initial consultations which have been done around how people would like to see the new services and supports set up, we got overwhelming feedback that people see a huge benefit in the PWSS and that it's been excellent in its first year. That's a credit to Ms Brighton and her team—how that service has been received. That's been really useful information. I think it's then about how we involve staff in an ongoing sense as well. They're things that haven't finally been landed on but are subjects that the PLT will talk through.

Ms Moran: All I can add to what the minister has said is particularly in relation to the MOP(S) Act review and the development of the OPSC. Obviously, with the MOP(S) Act review, we had a huge focus on seeking the views of both current and former staff to inform the recommendations that were made in that report. And then, specifically for the development of the Office of Parliamentarian Staffing and Culture, the minister has regularly talked publicly about ensuring that staff are at the centre of these reforms and that their voices are heard in the development. We recently undertook a round of consultation across the staffing cohort. We did a session with government staff, a session with coalition staff, a session with Greens staff and a session with Independents staff. As the minister mentioned, we got some very clear feedback from the staff about how they would like those services provided to them.

CHAIR: Thank you. I will now give the call to Senator Pocock.

Senator BARBARA POCOCK: Thanks for being here. I've got questions on two topics. One is on child care and the other is on apprenticeships and your plans there. One of the signature initiatives in the budget was around the childcare subsidies changes, and there has been a lot of discussion about them since. Some of the major employers have come out and said their implementation would need an additional 9,000 workers in the sector and have recommended that the only way to achieve growth in employment in the sector would be through a pay supplement, a wage supplement. Goodstart, for example, recommended a 10 per cent increase. Last week at a

public hearing on the secure jobs, better pay bill, the BCA agreed and supported that kind of wage supplement as an important initiative. What's your response to the public discussion about the need to boost childcare pay to meet the changes in the childcare sector?

Senator Gallagher: It's clear that childcare wages will have to increase because of partly what we're seeing in the care economy, with the wage outcome for aged care, but also what we're seeing in the sector that supports the NDIS and the disability sector. Workers in that sector will move, quite rightly, to where better pay and conditions are. So there is an issue around workforce conditions and wages in the early childhood education sector. I'm aware that unions are campaigning around this, and I've certainly had a number of meetings with early education workers as well. I think it goes to the heart of why we want some of those IR changes to be progressed by this parliament by the end of the year, because that is part of it. There may be an additional role for government. We're dealing with the aged-care one in this budget, where we've made some provision, but, ultimately, it's also about bargaining and the framework that supports those workers.

Senator BARBARA POCOCK: I'd like to follow up there. Given that aged-care workers have achieved a 15 per cent increase—and that's an 'interim' increase, in the words of the Fair Work Commission—is it essential that we see a similar increase in the short term? The Fair Work Act changes will take some time to flow through a commission decision, so is there a good case for a wage supplement now?

Senator Gallagher: I think that ultimately is a matter for the Fair Work Commission. We don't sit here and decide workers' wages, and that's why we've made provision pending an outcome of the Fair Work Commission, with the Fair Work Commission actually deciding that. I think that probably is a matter for them. But I am agreeing that, within the care economy, once these wage increases flow through, there will be enormous pressure in the early education sector to deal with the wages that they have.

Senator BARBARA POCOCK: I'd like to go to the apprenticeship target question, which we've talked about before, Ms Frame. When we last met, Senator Wong suggested that, perhaps at this discussion you might bring some information about targets in some of the new investments in traineeships. We've got the Digital Apprenticeship Program flowing through and then a spend on new industry traineeships of over \$9 million. Have you set or will you be setting a target in view of the industry situation? At the moment, women make up five per cent of apprentices, for example, in electrical trades. Are you considering a target like 25 per cent, given that it's a big government spend? Can we set an ambitious target with the underpinnings to make it become real?

Ms Frame: Ms Stratford has some more detailed information on this, in direct response to our discussion.

Ms Stratford: We work really closely with the Department of Employment and Workplace Relations around these measures, particularly looking at targets. We've made representations over successive periods about what a suitable target might be in different contexts. We're keen to see targets applied effectively, and we know that they can be very effective. There are both public sector and private sector examples of that. For the Australian Skills Guarantee, there will be a target set for the number of women. It's a subtarget of that one-in-10 target announced at budget. We will work with the employment and workplace relations department in a public consultative process. There will be a paper that's released publicly in November, and then there will be targeted consultations. I understand the department has already started to take representations bilaterally from key stakeholders about what that target looks like. We're particularly keen to see targets modelled so that we understand what the impact of the target will be, and that's certainly a capability that DEWR has been mindful of working up over successive periods. We look forward to those discussions, not just in the context of the Australian Skills Guarantee but also more broadly in the Skills portfolio, about where targets can be applied and to what effect they can improve the gaps.

Senator BARBARA POCOCK: Will those targets focus on First Nations people and on women specifically? Will there be separate targets for those subgroups and other underrepresented groups?

Ms Stratford: That's a question that should be directed towards DEWR specifically. Our interests are that there is an intersectional lens placed across all of the work around targets, because we know that the division of representation is more pronounced when there's greater disadvantage.

Senator BARBARA POCOCK: Has a budget allocation been made for the supporting programs that we know are so essential to realise those targets, for example, prevocational education support for women in groups in the workplaces where they find themselves—that kind of stuff which we know is essential to success?

Ms Stratford: Yes. There was some funding in the March budget around supporting women into trades and non-traditional trade apprenticeships, which goes exactly to that kind of wraparound support, and that funding was sustained through this budget. The Department of Employment and Workplace Relations will introduce a range of supports such as peer support, mentoring and entrepreneurship training, and we'll sustain that because we

recognise that there does need to be that wraparound support and that cultural context, too, to retain women in these fields of work.

Senator BARBARA POCOCK: Thank you.

CHAIR: Thank you to the Office for Women.

Workplace Gender Equality Agency

[11:42]

Senator WATERS: Thanks for joining us today and for the great work that WGEA have done over the years. Could you please provide an update on the implementation of the recommendations in the WGEA review.

Ms Wooldridge: Can I clarify: all the recommendations?

Senator WATERS: Pick your favourites. We're a bit short on time.

Ms Wooldridge: There are quite a few. To clarify, the Office for Women actually has leadership on implementation of a number of the recommendations—

Senator WATERS: Of course they do! They've just left.

Senator Gallagher: I can try and help.

Ms Wooldridge: Between us, I'm sure we can do that. In relation to the work of WGEA, we're leading the work on the recommendation in relation to collecting more diversity data, and we're undertaking some research currently on how to make sure that can be done safely and effectively so that that can then be reported through WGEA. We've asked in the last reporting period if companies collect data, just so that we get a bit of the lay of the land, and we're finding that many companies are already collecting some data and will be asking a voluntary question for the coming reporting period to start collecting that data, in advance of then trying to, over time, have that become a mandatory requirement. We want to make sure the ability of employers to collect the data is effective and the data is genuine, and that will take place over time.

The other recommendation we are working on from *Respect@Work* is in relation to the implementation of some indicators around sexual harassment in the workplace. The Attorney-General's Department is still undertaking their work on recommendation 46, which is identifying the good practice indicators. We are working alongside them to then put some indicators into the WGEA reporting framework. We're anticipating that that will happen voluntarily, once again, for the next reporting period before we are then able to have them in on a mandatory basis in the year after that. They are the two that WGEA are leading on.

There is a recommendation about upskilling and enhancing the capability of WGEA, recommendation 9. That work is comprehensive in terms of investing in our reporting portal, investing in the capacity of our team and investing in the capacity of WGEA to work alongside employers as these recommendations from the review are implemented, including setting targets, pay gap transparency and the others. So that work is happening extensively, including a review of our employer of choice for gender equality citation. So that is where we lead. Minister, did you want to talk to the other recommendations?

Senator Gallagher: Just to complement that evidence. Ms Frame, who just left, is co-chairing the gender data steering group, which was established in relation to recommendation 1. So there is work underway there. The Office for Women hosted three targeted roundtables in September around recommendation 7, I think, more broadly. I can provide this to you on notice, if it is useful, Senator Waters. We intend to introduce legislation, hopefully in the autumn sittings, to implement recommendations 2 and 3.1 (a).

Senator WATERS: Thank you. I will gratefully accept any further detail on notice, and I appreciate your comprehensiveness in responding. You have actually answered a lot of my subsequent questions, which I am sure everyone will be relieved by.

What work is being done to collect qualitative data about the effectiveness of policies to address the gender pay gap once the gap has been identified? It has been a bit of a sore point with the act over time that the obligation to actually do something once a company identifies they have a problem is not very strong. Is there any qualitative work being done on the effectiveness of any policies that companies do decide to adopt to address the identified gap?

Ms Wooldridge: We of course use our data as a mechanism to monitor both overall and at an industry and employer level progress they're making or that is being made in response to initiatives that are being put in place. That's been done at a more macro level than a micro level. One of the things that we are able to do with an investment in WGEA is build what we have called our capacity-building team who, for the first time, are tasked with working alongside employers directly to help accelerate the rate of change. This will supplement the tools

and resources that we have had in the past but actually be working alongside. So I think we will be much more informed about what is working and what is changing and helping employers to drive that change. That will be fed back through our tools and resources and enhance and so on.

Senator WATERS: Great. How many people are on that team?

Ms Wooldridge: We are in the process of recruiting for that team. It will be a team of about seven people. I think we have five positions filled, but just recently. It is a work in progress, but we're very excited about that additional capacity in addition to reporting that we now have.

Senator WATERS: Did you get an additional budget allocation to enable that work?

Ms Wooldridge: In the March budget there was an additional \$17.5 million for WGEA over the forward estimates. Part of that money is going towards establishing that team.

Senator WATERS: A submission to the inquiry into the new proposed Respect@Work bill said that there is a proposal that companies should be reporting steps that they have taken to satisfy the upcoming positive duty and that the proposal is that this could be done through WGEA. Is that something that you would support?

Ms Wooldridge: Part of the work on recommendation 42 of the indicators that will be measured by WGEA is having a look at exactly that—which measures will be monitored and reported to WGEA going forward. Part of that is consideration about the requirements for the positive duty. That hasn't yet been resolved, but that work is underway currently, and that will be considered as part of it.

Senator WATERS: Is that alongside the work to include the sexual harassment data, or is that more advanced?

Ms Wooldridge: No, it's part of that.

Senator WATERS: It's part of that same body of work?

Ms Wooldridge: It's part of that same body of work.

Senator WATERS: To confirm the time frame for the sexual harassment incidents in the workplace, you've looked for voluntary reporting for the first reporting period but are moving to mandatory for the subsequent one? I just want to make sure I heard you correctly.

Ms Wooldridge: That's the time frame we're working towards, yes.

Senator WATERS: Great.

Ms Wooldridge: There's a requirement in our act to give 12-months notice to employers, so it anticipates that. The voluntary reporting flags it for them and gets that thinking underway.

Senator WATERS: And now you've got seven people to help them do it. You mentioned the diversity data collection, and I think again you said it was voluntary for the first year and mandatory thereafter. Is that a similar year 2 mandatory, or is that 'possibly mandatory at some point'?

Ms Wooldridge: It's a 'possible mandatory at some point', because the work that needs to happen for employers to collect that data in the first place to then be in a position to report it to us is reasonably significant. We believe somewhere near 50 per cent of companies are collecting some level of data at the moment, but that may not be employee connected. It may just be a confidential census, for example. So they're collecting information, but we need it at the individual employee level, and that's going to take some time to work through.

Senator WATERS: Is the support that will be given to companies to collect that data going to come from that seven-person team, or is there any other support envisioned to help companies collect that data?

Ms Wooldridge: Our education and research team will also be putting together tools and materials to help with that process. It's fair to say the whole agency, given that we're small, works on these issues collectively. Every team has a role to help with the implementation of that process and the other changes and the review of the act.

Senator WATERS: Thank you very much for your ongoing work.

Senator HUME: I have a quick question about the Women's Economic Equality Taskforce. How does the work that WGEA does fit into that task force?

Ms Wooldridge: We have ongoing discussions with the Office for Women and feed through the Office for Women directly into the work of the gender equality strategy. But we are always open, and I would suspect that we would sit down with the task force at some point. We haven't been invited yet, but we have ongoing discussions with various task forces that were established, and we're always there to be a prompt for ideas, to

answer questions and to provide, of course, any data that we possibly can. But our main mechanism is through the Office for Women.

Senator HUME: It might be that the minister is best placed to answer this one: the national strategy to achieve gender equality—that's what you were referring to?

Senator Gallagher: Yes.

Senator HUME: I haven't actually quite worked out the umbrella of where everybody sits. There's a national strategy to achieve gender equality—

Senator Gallagher: They will be. There isn't one yet.

Senator HUME: Right, there isn't one yet. The task force will feed into that, and WGEA will feed into both the strategy and the task force?

Senator Gallagher: The Office for Women are going to be leading the strategy work, but I would expect WGEA and WEET—as its shortened name is, which is a bit weird, so I always say it out loud because I'm not quite comfortable with WEET: the Women's Economic Equality Taskforce—will feed into that. And there will be other consultations that feed into that strategy. So it's not like the task force owns the strategy; they will definitely be a key stakeholder, but it's a government strategy.

Senator HUME: Right. Does WGEA have an indication yet of the extent to which its services will be called on for the task force?

Senator Gallagher: It's a matter for the task force. But I'm in no doubt—

Senator HUME: Is it?

Senator Gallagher: Yes.

Senator HUME: There was no consideration as to whether WGEA should be a participating member of the task force?

Senator Gallagher: I would expect, and I have no doubt this will happen—I am not directing the task force in its work. I want it to be in control of its own work plan and in control of the advice that it gives to us. I know they've had some initial meetings with portfolio agencies in their first two meetings. I have no doubt they will rely on the work and expertise of WGEA and the data that WGEA has. It will be directed by the task force and, if WGEA are happy to participate, which I am sure they are, we will work together.

Senator HUME: Alright. I know it's early days for both of those, but we will keep asking questions about these in future estimates, just to give you a heads up.

Senator Gallagher: Great. I am pleased with the interest.

CHAIR: Thank you, Senator Hume. You can take your leave now, Senator Gallagher, until we see you this afternoon.

Senator Gallagher: Thank you.

PARLIAMENTARY DEPARTMENTS**In Attendance**

Senator Lines, President of the Senate

Department of the Senate:

Mr Richard Pye, Clerk of the Senate
Ms Jackie Morris, Deputy Clerk
Mr John Begley, Usher of the Black Rod
Ms Rachel Callinan, Clerk Assistant (Procedure)
Ms Toni Matulick, Clerk Assistant (Committees)
Mr Tim Bryant, Clerk Assistant (Table)
Ms Fiona O'Loughlin, Chief Financial Officer

Parliamentary Budget Office

Dr Stein Helgeby, Parliamentary Budget Officer
Ms Karen Whitham, First Assistant Parliamentary Budget Officer
Dr John Clark, Assistant Parliamentary Budget Officer
Mr Gareth Tunks, Assistant Parliamentary Budget Officer
Ms Amanda Bruce, Assistant Parliamentary Budget Officer

Department of Parliamentary Services**Secretary**

Mr Robert Stefanic, Secretary

Deputy Secretary

Ms Cate Saunders, Deputy Secretary
Ms Leanne Tunngley, Assistant Secretary, Security Branch

Parliamentary Library

Dr Dianne Heriot, Parliamentary Librarian
Mr Jonathan Curtis, Assistant Secretary, Research Branch

Information Services Division

Mr Con Sfyris, Acting Chief Information Officer
Mr Toby Amodio, Assistant Secretary, Cyber Security Branch
Mr James Lawson, Assistant Secretary, Digital Customer Services Branch

Corporate Services Division

Ms Liz Luchetti, First Assistant Secretary, Corporate Services Division

Finance and Property Services Division

Mr Matt O'Brien, First Assistant Secretary, Finance and Property Services Division
Mr Craig Dalzell, Assistant Secretary, Finance Branch

Department of the Senate

[11:56]

CHAIR: It is my pleasure to welcome the President of the Senate, Senator the Hon. Sue Lines; the Clerk of the Senate, Mr Richard Pye; and officers of the Department of the Senate. I thank the department for providing information on Senate committee activity, which has been circulated. President, do you wish to make an opening statement?

The President: Yes thanks, Chair. In these opening remarks I want to cover off on three areas: the demise of the Crown, the building condition statement, and an update and my observations on where we are up to with the Jenkins report.

I want to acknowledge the significant contributions of DPS staff over the ceremonial arrangements following the passing of Her Majesty Queen Elizabeth. For two weeks Parliament House was at the heart of tributes to Her Majesty Queen Elizabeth's life. DPS staff supported arrangements for flag protocols, gun salutes, public

condolence books and floral tributes, as well as the proclamation of a new sovereign and a national memorial service. Auspic photographers captured all official proceedings, and Parliamentary Broadcasting provided live coverage to ensure that all Australians were kept up to date with the proceedings. DPS staff displayed exemplary commitment to service, going above and beyond their normal duties. Much of the fortnight involved long hours across evenings, weekends and on a public holiday. I also thank colleagues in the departments of the Senate and House of Representatives and other agencies, including the Office of the Official Secretary to the Governor-General, the Australian Federal Police, the Department of Prime Minister and Cabinet, the Australian Defence Force, the National Capital Authority and the ACT government. The Speaker and I sincerely thank all involved.

Today I also table the Presiding Officers' eighth annual statement on the condition of Parliament House. This statement provides a high-level update on Parliament House's capital works program and building maintenance program.

The senators will be familiar with the *Set the standard* report from Commissioner Kate Jenkins, which laid bare the extent of sexual harassment and other inappropriate workplace culture in Commonwealth parliamentary workplaces and the urgent need for change. All political parties and Independents accepted the report's recommendations. Implementation work started under the previous government and continues to date. The Speaker and I have oversight of the implementation task force. The first annual parliamentary discussion on the implementation of the report is expected to be held in early 2023.

To give some examples of changes made already, the Parliamentary Workplace Support Service has now expanded, offering service and advice to all within Commonwealth parliamentary workplaces. Reforms to employment practices for MOP staff have been done, along with a clarification of work, health and safety responsibilities. Our government has made changes to Senate and House sitting times to make it easier for those with family responsibilities. Parliamentary departments have been working on implementing those of the recommendations which apply to them.

I have given evidence to the Joint Select Committee on Parliamentary Standards about the need for a code of conduct for parliamentarians, their staff and all those working in the parliamentary precinct. My submission can be found on the committee website. My experience as a Presiding Officer is that a code of conduct is required to give us a basis on which to enforce standards of conduct in the chamber, but drafting codes of conduct will not by itself create cultural change. In her report, Commissioner Kate Jenkins identified what she called a leadership deficit and stressed that change must come from the top. With this in mind, I want to emphasise the importance of recommendation 4 of the report. It calls on parliamentarians and senior staff to set expectations of conduct and create safe reporting cultures, and it reinforces the message that those individuals who engage in this conduct will not be protected or rewarded.

It is crucial that all members and senators reflect on our own responsibility to conduct ourselves in ways which promote respect in Commonwealth parliamentary workplaces. Party leaders bear a particular responsibility to challenge unacceptable conduct, both in the chamber and elsewhere, and to ensure accountability for those who choose to engage in it. This is not a one-off job. We need to do this, day after day and time after time, to achieve the cultural change that all of us have agreed is necessary. The rules and behaviours by which we conduct ourselves must change with the times. Parliaments must be gender-sensitive to be fit for purpose. Women should never have to face the additional challenge of staring down sexism when they choose to enter public life, and the personal characteristics of parliamentarians should not be regarded as fair game in so-called political debate. Unfortunately, we live in a world where violence against women in politics is a global phenomenon. I, therefore, call upon all parliamentarians to play their own part in ensuring everyday respect both within the chamber and outside of it. Thank you, Chair.

CHAIR: Thank you, President. Mr Pye, do you have an opening statement?

Mr Pye: On a much narrower topic, Chair, you mentioned that the department has provided information about support of Senate and joint committees, as it usually does. Included in there are a couple of numbers indicating our staffing of the committee office over the past few years. I wanted to note—and this is on page 7, I think, of the annual report—that, in the past couple of years, the Senate department has had a \$2.2 million supplementation, which has enabled us to staff the committee office and the department at the level that we've been able to staff it at in recent years. We don't have that supplementation this year. A couple of years ago we did seek to have it as an ongoing increase to the department's funds; we've been unsuccessful in doing that so far. This year we don't have that supplementation. Early indications are that we'll be running at a deficit of between \$1 million and \$2 million.

Some of that is because of the continued high level of committee activity, which I don't think is any surprise, especially given the makeup of the Senate. Some of that is because—and you'll all be familiar with this—of the

fact that travel is so much more expensive than it has been. Where we have to pay for travel for our staff to support committee hearings as they're travelling, that's a greater cost than it has been previously. And the other side of the travel coin there is that it's much more difficult to change travel arrangements, particularly when they have to be changed at late notice. These are the sorts of costs that we're seeing reflected in our first quarter figures for the department. I flagged with the President and with the appropriations and staffing committee that we will go back to that committee if we think that we need to pursue the question of supplementation for this year in the additional estimates and we will also take that into account in our approach to next year's appropriation bills.

CHAIR: Thank you very much, Mr Pye. We will now go to questions.

Senator DEAN SMITH: This is not a question, but, on behalf of opposition senators, I also want to congratulate officials in the Department of Parliamentary Services, the Clerk and others on the exemplary professionalism demonstrated in preparation for an execution of events surrounding the demise of the Crown. I think the Australian parliament was, again, a place where many Australians could look to and find great satisfaction in the professionalism and dedication in the honouring of what's been remarkable service to our country by Queen Elizabeth II. So, on behalf of all coalition senators, please accept our deepest appreciation.

CHAIR: I think you can convey that on behalf of all senators. Thank you, Senator Smith.

Senator McGRATH: Mr Pye, I want to go back to your opening statement and the supplementation. Did you say it was \$2.2 million?

Mr Pye: I believe it was, yes. It is interesting, Senator, because we were underspent in the last couple of years because of COVID travel restrictions more than anything else. In each of the last couple of years we had \$2 million one year and \$2.2 million in the next, and we did not end up spending all of it. We would have been in a deficit if we had not had it, but we didn't spend all of it. I don't think that we will be in a deficit in the order of \$2 million this year, but we think it will be a million. The bond rate changes on our leave liability and things like that make what the final amount will be at the end of the year unpredictable.

Senator McGRATH: This money and your budget is to assist senators fulfil their duties as legislators, and the committee process is such an important part of that. You made a comment about committees. If anything, I think the committee work will increase, as it has since the time I've been here—it doesn't go backwards in terms of the with workload. Will this have a negative impact on the work of committees and of senators?

Mr Pye: I think it will if, in the longer term, we can't secure that additional funding. You're right; the work that we do is to provide advice and support so that senators can undertake their duties in the Senate and, increasingly, in the committee space. It is true that committees need a degree of support from parliamentary staff—our staff and staff of the House of Representatives as well for House committees and for the other joint committees that we don't administer. So there is a limit to the amount of support that we can provide if we can't employ the staff to provide it.

In the past, I think we've been very happy to have had a conversation with governments over various years about what level of support we think will be required, and that has led to those decisions around supplementation in previous years. In relation to the previous year's budget, we had put in a bid to say, 'We think that that supplementary figure should be included in the new baseline.' The response of the government at the time was essentially, 'Let's wait and see what the 47th Parliament brings.' So that's where we are at the moment in waiting to see.

My predecessor and her predecessor always used to say that, quite apart from what staff the Senate department can provide to support committee, the real limiting factor in relation to the work of parliamentary committees is senators themselves having the time to focus on all of the enquiries that are referred. Obviously, the level of committee activity that is generated is not in our hands; it's in the hands of senators and members. We do our best to respond to that level of activity with the funds that we have available.

Senator McGRATH: I know Senator Smith has said some nice things, and I will second those, in terms of the assistance that you, Mr Begley and other officers, staff and attendants provide to us all. I think all senators will want to make sure that you are suitably funded to ensure that we can do our job. I do have one question about attempted hacking of telecommunication devices. Is this question best for this area or for DPS?

Mr Pye: It's a better question for DPS. I can't be trusted with ICT security. I can barely get into my own accounts now and again.

Senator McGRATH: There's a question coming towards DPS then.

Mr Pye: But, yes, it's certainly within their responsibilities.

Senator McGRATH: President, I've got a question for you. You mentioned the code of conduct and, perhaps, its application in the chamber. One of the things that we said is that as opposition senators we do need consistency. On the APH website, in the first paragraph under 'Interpreting and defining the rules of the Senate', it says:

When a question of interpretation of a standing order arises, the President makes a decision or ruling on how a standing order will apply, always leaning towards a ruling which preserves or strengthens the powers of the Senate and the rights of senators.

Do you believe you've moved away from the rulings of successive presidents surrounding the interpretation of direct relevance, especially in the proceedings of question time?

The President: No, I don't believe I have moved away from rulings or decisions that previous presidents have made. As you are aware, question time is particularly unruly at the moment, and I think it requires, perhaps, a different interpretation from time to time of what have been the standards set in, say, second reading debates, Committee of the Whole and so on.

Senator McGRATH: How would you define direct relevance, then?

The President: I take my direction from the Clerk, so I don't think I'm interpreting direct relevance in any other way than is intended.

Senator McGRATH: Does something need to reference more than a single word or two to be directly relevant? For example, if a minister was to mention 'fish' in an answer about the Great Barrier Reef, would any discussion of fish be directly relevant?

The President: It's very hard to talk about generalities. I can't possibly comment on the question that you've asked.

Senator McGRATH: But you've made the comment before about how unruly question time is. Perhaps one of the reasons is that the interpretation, as applied by you as President, has moved on to such an extent that opposition senators are unsure as to how you are defining what is directly relevant. What we are seeking is consistency.

The President: I don't agree with the assertion you've made, but, if you want to give me some specific examples in writing, I'm more than happy to look at them and get back to you. I think it's very difficult in estimates to go to generalities that can be taken out of context. Words can be taken out of context. If there's a particular context you want me to comment on, I'm more than willing to do that, or, if there's something you want to put in writing, I'm more than willing to respond to that.

Senator McGRATH: You've said a number of times that you'll come back to the chamber with a response. Do you know how many times that's been?

The President: That's the common response from all presidents, including my most recent predecessors, and the general rule is you come back to the chamber if there is a further requirement to explain the statement or to make an amendment to a ruling that was given.

Senator McGRATH: So do you come back? How many times have you come back to the chamber?

The President: I haven't needed to come back because the Clerk agreed that the rulings I made were consistent with previous rulings or with standing orders.

Senator McGRATH: What about the use of an answer predominantly to attack the opposition? Do you believe that should ever be directly relevant?

The President: I don't understand where you're going, Senator McGrath.

Senator McGRATH: When a minister is asked a question and the answer of that minister is predominantly attacking the opposition, do you think that is directly relevant?

CHAIR: It was certainly relevant in the last parliament.

The President: Again, I would have to have the context of the question. As I said to you, I don't think it's appropriate in estimates for you to put a generalised question to me and expect a specific response. If you want to put particular instances in writing or talk to me about them or give the specific example, I'm more than happy to answer them.

Senator McGRATH: Well, the Labor Party's talked about transparency and accountability, and I think this is an appropriate forum for that. Previous Presidents have made rulings that a glancing phrase in an answer is not going to make someone not directly relevant but that an answer that consisted of simply attacking the opposition would not be directly relevant. 'Glancing phrase'—you mentioned one of your predecessors—was President

Ryan's characterisation of what is acceptable. Other Presidents of both political persuasions have made similar observations. Do you believe that you've retained this approach?

The President: Senator McGrath, as I've now said to you twice, I am not going to answer specifically to questions of a generalised nature. If you want to give me a specific example of where you believe that I haven't given the right response, I am more than happy to look at that, but I am not going to entertain generalisations in estimates that you want me to be unequivocal about.

Senator McGRATH: I did ask you to define 'direct relevance', and you weren't able to do that, so—

The President: It wasn't that I was unable to do that. What I said—and I'll say it again—is that I'm not prepared in estimates to give you precise answers to generalised questions.

Senator McGRATH: But my question is that I'm asking you to define 'direct relevance', and that's a pretty specific question. It goes to one of the important tests of contributions made in the chamber. Where there is confusion that's come about is that it is clear that 'direct relevance' is no longer being defined in the manner that previous Presidents have done. So, if you have redefined what is directly relevant, could you please expand upon that?

CHAIR: Senator McGrath, as the President has outlined, that is not a generic question. It can only be taken in the context of each specific instance where that question has been raised in the chamber. As the President has outlined, she is more than willing to take questions in an appropriate way on each individual question that has come before the chair.

Senator McGRATH: No, sorry. I disagree with that. My question is a very direct question. It goes to how the chamber operates and to rulings of the President in relation to how direct relevance has been interpreted and applied in the chamber. What I am asking is: what the definition of 'direct relevance'? It is quite a specific question, and what we're finding is that the President is unable to give us a definition of 'direct relevance'. This goes to the smooth operation of the chamber, which the President, quite correctly, raised in her opening statement. So it would assist the Senate and senators if we were able to have a definition of 'direct relevance'.

The President: Senator McGrath, I disagree with the characterisation and the way that you are framing this question. I've been very clear in the chamber on what direct relevance is and what it isn't. If you want to go back and revisit particular decisions that I have taken and you wish to disagree, that is your absolute prerogative. As I've said to you on numerous occasions, I am more than happy to entertain any decisions that have been made around direct relevance that you disagree with. I am not going to entertain broad generalisations in estimates and give you definitions which I believe could be taken out of context.

CHAIR: I'll now—

Senator McGRATH: I'm sorry, I have further questions.

CHAIR: I know you do, Senator McGrath, and I, of course, will allow you to return to them, but, in the interests of keeping us moving, I'm going to give the call now to Senator Sheldon. Then we'll come back to you, Senator McGrath.

Senator SHELDON: Congratulations and welcome to your first estimates as President.

The President: Thank you, Senator Sheldon.

Senator SHELDON: Mr Pye and Mr Begley, thank you for all your hard work. I think we're all very appreciative amongst the Senate for the work that your colleagues do for us all to make sure there is a functioning and proper running of the parliament. It's been a great deal of assistance in our committee work.

I want to go to questions regarding the Royal Commission into Defence and Veteran Suicide. Could you provide an update about the department's engagement with the royal commission?

Mr Pye: Senator, the department hasn't had any engagement with the royal commission. The royal commission engaged in correspondence with the former presiding officers, but it fell to the current presiding officers to respond about the interaction of parliamentary privilege with the work of the royal commission. We supported the production of a response to that. But we don't have any, and you wouldn't expect the department to have any, direct engagement with the royal commission.

Senator SHELDON: Maybe I'll go to the point that you just touched on. There has been commentary about the impact of parliamentary privilege on the commission's work. There have been issues that have arisen. How is the Senate working to assist the commission?

Mr Pye: Again, the Department of the Senate hasn't been asked to assist the commission with that in any way. We're aware of the issues that have been raised. It's a really interesting space because, as I understand the position

of the royal commission—I understand they've made a submission to another inquiry that this committee is undertaking, I haven't looked at that submission in detail. I was advised that it existed on Friday afternoon. It's a very interesting question.

The royal commission is concerned that it is unable to fully examine what the government has done in response to parliamentary committee reports. They are putting forward the argument that that is because of privilege, to at least some degree. It's interesting to contrast the position of the defence royal commission versus the recent aged-care royal commission, where that commission specifically said in one of its reports that the commission was able to draw on the findings and recommendations of parliamentary committee reports. The defence royal commission is saying it's not able to draw on those reports.

I guess the traditional understanding of how parliamentary privilege exists in this space would suggest that the royal commission is able to get from the government—because it seems to me that it's evidence from the government that they're particularly looking for—independent statements of evidence that don't draw on, reflect on, or require the drawing of inferences from parliamentary materials. But the royal commission is saying that it has been unable to do that, and that appears to be particularly because of the objections of agencies to particular materials being put before the royal commission.

So you've got before this committee, in another configuration, the bill that Senator Lambie has put forward to advance recommendation 7, I think it is, from the interim report of the royal commission. The government said that the government doesn't believe that a change in the privilege law is required here. The government has also expressed its commitment to supporting the royal commission in its work, and I understood that the intention was for the government to seek to find ways to bridge that gap.

It is possible that the scope of the protection for parliamentary material in the Parliamentary Privileges Act could be changed. That act belongs to the Attorney-General and the operation of that act in courts and tribunals is again a matter for the Attorney-General's consideration. As I say, it would be possible to amend the Parliamentary Privileges Act here. There is a lot of concern that there might be unintended consequences from doing that in relation to undermining the protection of material that's been put before the parliament by people who come before the parliament—to support the work of its committees, in particular.

From my perspective, the last resort would be to seek to amend the Parliamentary Privileges Act, but it's clear that something needs to be done so that the royal commission is able to get from the government the evidence that it requires. I'm hoping that what underpins the government's response to recommendation 7 is a consideration that it is able to get before the royal commission the information that it requires.

Senator SHELDON: The interim report by the commission recommended that the royal commissions be exempt from parliamentary privilege in the future. How do you think that would impact the day-to-day work of the Senate?

Mr Pye: Firstly, the royal commission's recommendation was drawn a little more narrowly than that, and I think that the narrowing of the recommendation is appropriate. It's saying that where the terms of reference and the terms of appointment for a royal commission to specifically examine the executive government, then there should be a relaxation of the usage rules around parliamentary material. But it still leaves you in a position where people have come before parliamentary committees or come before the parliament to give evidence, on the basis of an understanding of the protection that will be afforded to that information, will find retrospectively that that protection might be stripped away in certain circumstances.

I won't pretend we've had the time to analyse what the consequences of that might be, but we already know that people are often quite nervous and quite concerned about what will happen with their life story if they're putting their life story before a Senate committee. If people are coming forward as whistleblowers, in particular, they might feel quite safe in doing so in this environment where they know that their evidence can't be used for other purposes. But they may be less willing to come forward and less willing to provide evidence to important inquiries if that protection isn't there. But we haven't done any analysis of what the scope of the change suggested by the royal commission might actually have in relation to those cases.

CHAIR: Senator McGrath?

Senator McGRATH: Just so you're aware, President, there's been some chatter among some of my colleagues and I about you not being able to give us a definition of what is meant by 'directly relevant'. I'm hoping that, following Senator Sheldon's intervention, you've had some time to consider the standing orders and how they were changed previously from relevant to directly relevant, and you can assist the opposition, and actually assist all senators, by giving a definition of direct relevance.

The President: Senator McGrath, it would be an incorrect assumption made by senators that I'm not wishing to discuss direct relevance. I've invited you to give specific examples. Direct relevance occurs when a senator disagrees with a decision or a statement the President has made, so it is relevant to a particular point in time. That's my answer. I've invited you on numerous occasions now to give me specific examples where you think that I haven't made the correct ruling and, as I've indicated to you now on several occasions, I am more than happy to go back and review that particular piece of the *Hansard*.

Senator McGRATH: Often direct relevance comes up when a senator raises a point of order with the President in relation to a contribution by another senator. Sometimes it's in a speech in the second reading debate and sometimes it's in question time. What appears to have happened is that the definition of 'direct relevance', as applied by you as President, has evolved. What I'm asking is: how do you see direct relevance, and what is your definition of 'direct relevance' as it is in the standing orders?

CHAIR: Senator McGrath, you can, of course, ask this question as many times as you like. We have a very busy day ahead of us and we're already some two hours behind. I don't believe you're necessarily going to get a different answer to the question which, to my mind, seems entirely appropriate and which is that it can only be answered in the context of the specific instances that have come before the President in the context of each individual decision. I will make that intervention and I will invite the President to answer that question.

The President: Thank you, Chair. I am sure, Senator McGrath, that you and other temporary chairs would also be aware that I would suggest that, more times than not, direct relevance is raised and the senator raising that point will often simply be making a political statement. There are many, many occasions when you and I, other temporary chairs and, indeed, the Deputy President have sat people down because the point being made was not in any reference to the rules. As the Chair said, I've indicated my answer on numerous occasions. I am open to you providing me specific examples where you think that I may have deviated from previous presidents' rulings, but I am not going to answer, specifically, questions around direct relevance on what is a generalisation being put by you.

Senator McGRATH: Well, sorry—

CHAIR: Senator McGrath, do you have a question?

Senator McGRATH: I do have questions. I actually think it's an unfair characterisation to call it a generalisation. The definition of what is directly relevant is quite important to the operation of the chamber. You mentioned the terms of the code of conduct and of the behaviour in the chamber. What is important is that the standing orders, which effectively are a form of code of conduct, are applied in a manner that is consistent. What we are asking, or what I'm asking, is for a definition of how you as President apply what is directly relevant. I am not going to embarrass the Clerk by asking the Clerk for his definition of what is directly relevant. I am asking you unless you wish to refer to the Clerk for him to answer. I just want to know: will you give a definition of what is directly relevant here to assist senators to operate in the chamber?

The President: If you give me a specific example, Senator McGrath, I am more than happy to give you a response. I think I've been very generous in the comments that I have made. This is estimates, which is about reviewing the government's budget. I've been very generous in the answers that I've given to you about the generalised statements that you are making about your apparent disagreement with the way that I have, on occasion, responded to a direct relevance question. I said to you in the beginning that I have always sought the advice of the Clerk. I will continue to do that in the chamber when a point of direct relevance is made that I don't feel has been made very clearly. I will seek the Clerk's advice. That's the Clerk's job, and it's a fair president that would seek another opinion rather than make a decision that may be incorrect at that point.

Senator McGRATH: I'm asking for your assistance, and I disagree that you have been generous, because you haven't answered the questions.

CHAIR: Senator McGrath, in the interests of moving productively through the time we have available, I'm going to rotate the call to Senator Waters. I do suspect that if you keep asking this question without bringing forth the specifics that the President has asked you for you will get the same answer—quite appropriately.

Senator WATERS: Thanks for joining us. I'd like to commend the work of the Clerk and the Deputy Clerk, and of course the Usher of the Black Rod as well, for your consummate professionalism. I will start off with budget issues. Budget Paper No. 4 shows that there was an increase in the Department of the House of Representatives staff from 151 to 166 but a drop in the Department of the Senate staff from 170 to 160. Is there a reason for that change? I'm not sure who to ask that—I'm sorry.

Mr Pye: I'm happy to have a go at that. Firstly, thanks very much for letting me know that the House of Reps have got more staff. I'll have to investigate that. It's not something that I was aware of. The numbers for the

Senate will reflect the way the Department of Finance attributes a staffing budget, which is by an average staffing level. The difference between our ASL for last year and for this year would be the supplementation that I mentioned in my opening statement, which is no longer available. Last year we had a budget of \$2.2 million more than we have this year, and now we don't have that. I'm not sure if you were here when—

Senator WATERS: No. Forgive me; I missed your opening statement. My apologies.

Mr Pye: I did mention that it's something that we have raised with the President and the Appropriations, Staffing and Security Committee for additional estimates and for the budget next year, going forward.

Senator WATERS: Thank you. Again, I apologise that I had to step out. Can you briefly elaborate on what that \$2.2 million was.

Mr Pye: That was money that we'd had for the last couple of financial years as a series of one-off supplementation measures. They were specifically sought on the basis of the continued elevated levels of committee activity that the Senate has seen, really ever since we started having a very large and diverse crossbench. I don't like to suggest that committee inquiries are currency in those sorts of negotiations, but it certainly is a fact that when you have a very active Senate you tend to have a very high level of committee activity. So that supplementation, which I think ran for three lots of one off, or maybe only two—it feels like it has been there for a while—was specifically sought on the basis of recognising the higher level of committee activity and the support that the Senate department needs to provide to enable that to occur.

Senator WATERS: President, I'm not sure whether it's appropriate for me to ask you this question, but I don't know who else to ask. What was the policy reason for not continuing that supplementary funding that the Clerk has just mentioned?

Mr Pye: If I can dive in there—

Senator WATERS: Please, anyone.

Mr Pye: It wasn't a decision of the current government. In fact, it wasn't a decision of the current budget—either the May iteration or the October iteration of the budget. We had sought, in the previous financial year, to have the money turned into an increase in the baseline, so ongoing funding. The government at that time said, 'Let's wait and see what the 47th Parliament brings. It may well be that the level of committee activity will be lower.' We like to have a fairly open and honest discussion with government about the amount of funding that the department needs. We try not to exaggerate it and we try to take on board whole-of-government measures and all of these sorts of things. So we thought it was fair enough, while we were sitting around in preparation for the May budget—so at the very beginning of this year, the end of last year—to say that we would let that process play out so that we could see, in the beginning of the 47th Parliament, not knowing the timing, obviously, at that stage of when that would all occur, whether in fact the level of committee activity did spike back up quite quickly to levels that we've seen before. Evidence is that it is doing that, plus we have additional travel costs because COVID has made travel more expensive. So they're the sorts of things we'll be putting back before the Appropriations and Staffing Committee, with the President's sign-off, shortly.

Senator WATERS: Thank you. I appreciate you walking me through that. Can I take you to a related matter. We're finding there are significant backlogs in requests for Senate legislative drafting services. They are high quality when they're received, but there's a big backlog. Given the volume and the speed of government legislation that's being proposed and the legitimate role that crossbench senators, and the opposition, for that matter, have to propose amendments to strengthen laws, is the department monitoring whether or not current resources for drafting support are adequate?

Mr Pye: We are monitoring that. We do have a high level of demand for, in particular, drafting of Committee of the Whole amendments, and obviously we have to give them priority over drafting of private senators' bills. We're keeping an eye on that level of demand. We've done some training quite recently for more of our staff to bring them into this space, but we do have access to only limited resources at that really expert level. We have a secondment, as I think you know, with the Office of Parliamentary Counsel. We're happy to explore whether there are other ways in which we can engage with OPC to bolster our capacity in that space. But mostly we're training up new staff and making sure more staff are capable of assisting in that space. But, at the same time, we've got a particularly active both opposition and crossbench in terms of seeking legislative amendments at the moment. You would expect that. And it's probably early days in seeing how we can respond to that demand.

CHAIR: We now have to break for lunch and, as I understand it, we're coming back to the Department of the Senate. I wanted to ask you directly, Mr Pye: it seems somewhat odd to me, in a Senate estimates hearing which is about the broader activities of the Department of the Senate, to be questioning the President in a Senate forum about matters that are relevant and to which the President has to be accountable to the whole of the chamber in

anything that the President says. And this committee's empowered to go away and talk about estimates and broader activities, but it seems somewhat odd to me that this would become a forum for Senate rulings.

Mr Pye: Chair, I don't know that it's become a forum for Senate rulings, but the brief of this committee to oversee the work of the Senate department and have the President available has always been pretty broad. I often find that I'm here to answer questions that are really about parliamentary privilege or about Senate procedure, which can then be picked up and taken somewhere else. So I don't think that the scope of the questioning is particularly unusual.

CHAIR: No, that's fine. But you would reflect on the fact that Senator Lines, in answering the question, has to be mindful that the answers are relevant to the whole of the chamber, in terms of any precedent that that might—

Mr Pye: I'm sure they can read the transcript.

CHAIR: That's right. We will now go to lunch.

Proceedings suspended from 12:44 to 13:46

CHAIR: We will continue with the Department of the Senate. I believe Senator McGrath is seeking the call.

Senator McGRATH: I just want to recap what happened before lunch, in that the President is unable to provide a definition of 'direct relevance' to this committee.

CHAIR: Senator McGrath, might I just try and assist? In your questions before lunch, you were asking for a response about the definition of relevance in relation to what was a hypothetical question.

Senator McGRATH: It wasn't hypothetical.

CHAIR: Relevance depends on the context of the debate on which the ruling is being made.

Senator McGRATH: To assist the chair and to assist those who are watching or listening: my questioning has been quite clear; I am seeking a definition of 'direct relevance'. You are correct to an extent, in that I don't have a hypothetical before the chair—

CHAIR: Well, you do.

Senator McGRATH: My question is very relevant and very pertinent, in that I'm just seeking a definition of 'direct relevance'. I wouldn't think that was such a controversial thing to seek of the President of the Senate.

CHAIR: It is nevertheless a hypothetical question, because relevance, under standing orders, can only be assessed based on the debate before the chair and the relevance of that debate to the question before the chair.

Senator McGRATH: And my question to the President has been: can the President define what they take to be 'direct relevance'? That is actually not a hypothetical. It is quite a relevant question in terms of how the debate is framed on the floor of the Senate chamber and, in particular, how that test is applied in question time. I don't think it is uncontroversial for a senator to seek clarity as to what is meant by 'direct relevance' under President Lines—because it is quite clear that it has moved on from what happened under previous presidents—and how that is applied. This will assist in the smooth running of the chamber.

CHAIR: So you are suggesting that there has been a change in the definition of relevance, and you have said it is 'quite clear' that it has changed, and yet you are creating a hypothetical question because you have not pointed to any evidence on which to base your question.

Senator McGRATH: I'm sure the President doesn't need the interference being run from the chair. I'm sure the President can answer these questions to the extent that the President can.

CHAIR: The President certainly does not need my protection. However, I am now chairing this committee and, as chair, I need to direct you, Senator McGrath, not to ask a hypothetical question. President, the call is yours to answer the question.

The President: Sorry, was there a question?

CHAIR: Only a hypothetical, as far as I can tell.

Senator McGRATH: I was interrupted in the middle of it, President. I just want to recap. My understanding, President, is that before lunch you said you would not give to this committee your definition of, or how you apply, direct relevance.

The President: Is that the question?

Senator McGRATH: Yes.

The President: I just want to take issue with a couple of the comments you've made. First of all, you stated I was unable to provide a definition. I asked you on at least four occasions to provide me specific examples where you felt that I had deviated from what you believed other Presidents had defined as 'direct relevance' or 'relevance'. You haven't done that. I haven't had any examples from you.

What I can say to you is that relevance and direct relevance are raised almost exclusively by opposition senators at question time. And it's been a particular feature of this opposition since the government changed. On all those occasions, either I have ruled it out of order and asked the senator to move on because it's been a political or other sort of statement and not an issue about direct relevance or I've made a ruling and directed ministers to be relevant to the question—and, indeed, I have directed ministers to be directly relevant to the question—and I've taken the matter away to give it further consideration, indicating that, if I needed to, I would report back to the chamber. I haven't had to do that.

Because you seem to be quite firm on this view that somehow I have deviated from what previous Presidents have said, I want to quote to you—and I'm happy to table it—a statement made by President Parry on 2 February 2016. I think it's worth quoting the whole paragraph. He said:

Firstly, arguing and backchatting with the chair after a decision or ruling has been given is disorderly. Standing order 197 does provide senators with a right to take points of order but must be used appropriately. Persistent failure to come to order when requested to do so by the chair is also disorderly. Similarly, the level of noise and interjections in the chamber often make it impossible for me and others to hear and adjudicate on questions and answers. This is the national parliament; this is not a sporting contest. I do not have access to instant replay, so it can sometimes be very difficult.

Moreover, chairing the Senate is not a group participation activity. It is for the President to apply the standing and other orders. All questions of relevance are a matter for the judgement of the chair, a duty confirmed by the Procedure Committee back in 1994.

If you wish to give me some specific examples of where you think I've erred and have not applied 'directly relevant' to the minister answering the question, I have invited you, all morning, to do that. I would invite you again to do that, and I would invite you to take note of President Parry's rulings. I'm happy to table that statement.

Senator McGRATH: All I'm asking is a very, very simple question, and that is for the President of the Senate to answer a very simple question: what is meant by direct relevance?

The President: And you did get an answer.

Senator McGRATH: And it is clear that no answer can be given in relation to that. I'll go back to my recap. We are unable to get a definition of what is meant by direct relevance. On the times you have advised the chamber that you would consider the question—if I'm correctly remembering your evidence from earlier today—you've come back zero times in relation to the issue of direct relevance. My question has come about from opposition senators. We wish for the Senate chamber to run smoothly. We wish the Senate chamber to be the best that it can be. But we—or I; I should not speak on behalf of my colleagues. I don't understand how direct relevance is being applied at the moment.

The President: Senator McGrath, as I said earlier in response to your question about coming back to the Senate, the practice of all Presidents that I have served under, whether it was Senator Parry, Senator Ryan or Senator Brockman, is the agreed standard is that Presidents come back to the chamber if they need to make an adjustment to the ruling they gave. So on all of the times that I have agreed to come back to the chamber and haven't needed to do so, it was because the Clerk has agreed that my ruling was correct. I said that to you earlier today. I'm stating it very clearly right now.

I want the chamber to run smoothly, and I'm quite frankly gobsmacked that you would think that yelling in the chamber is somehow due to points of order being called and my answers on direct relevance somehow upsetting senators. I remind you of the comments that Senator Parry has made. It's not an opportunity for backchat. I've said that myself. You can choose to disagree with my ruling—I've done that when I sat as an opposition senator—but it is not your prerogative to get up and backchat and argue and continue to be disorderly. That is not what is expected in there. You move on. Sometimes, yes, senators will be called to be directly relevant to the question, and sometimes that point of order will be dismissed.

Senator McGRATH: President, this actually isn't about me. This is about your inability and your failure to explain to the Senate chamber what you mean by 'directly relevant'. Perhaps we should be focusing on what can make the chamber run more smoothly. To me, that is for you to give a definition of what is meant by 'directly relevant', but it is clear you are unable to give that. What I'm going to do, President, is—

CHAIR: Senator—

Senator SHELDON: So ironic! You're one of the most disorderly people in the chamber. I can say that because I'm probably one of the most orderly in the chamber.

Senator McGRATH: Is that a point of order?

CHAIR: Senator McGrath.

Senator McGRATH: It's just ironic, at an estimates where we're trying to get information and questions—

Senator COLBECK: I don't any the hearing is going to be helped by government senators making reflections on opposition senators.

Senator SHELDON: Even if it's accurate, you're right, Senator Colbeck.

CHAIR: We'll return to the question before the committee. It is, of course, a question asked by Senator McGrath to the President. If you are looking for an answer to your question, Senator McGrath—to which you are expecting a relevant answer—you should seek to ask a more relevant question. If I asked the President how many hairs there are on a dog if there are 12 lemons on a tree, it is not a question to which the President can provide an answer. The same goes for the manner in which you have asked a question about relevance, because you have failed to contextualise—

Senator McGRATH: That's a bonkers example.

CHAIR: You have failed to contextualise the question with any example from chamber, as the President of the Senate has asked you to do.

Senator McGRATH: You are correct, Chair, that I would not expect the President of the Senate to know the number of hairs on the back of a dog as compared to the lemons on a lemon tree, but I would expect the President of the Senate to know the definition of what is meant by 'direct relevance'. That is totally within the purview of the President of the Senate. The President asked for some examples. I am going to refer to a question asked by my colleague Senator Scarr on 2 August this year. I'll read out this supplementary question. He asked:

The judge also noted that the penalty would still be insufficient to deter the CFMMEU, as they regard such a sum as 'chump change'. Will the government commit to at least doubling the fines available to the courts for such matters, including the disgraceful matters considered in this case, as the coalition government promised to do in April this year? Will you commit to that?

Senator Watt was the answering minister. He went on to say:

Thank you, Senator Scarr, for reminding us of something that your government had nine years available to do and didn't actually do until its dying days in government. And thank you again for reminding us that Senator Cash has apparently been ruled out from asking any questions about the portfolio that she's the shadow minister in. It is interesting that we continue to see members of the opposition talk up the ABCC when its record was about prosecuting trivial matters, going after unions, going after workers, rather than actually doing anything to improve the lot of workers in the industry.

Senator Scarr raised a point of order, saying:

Point of order: it was a very specific supplementary question about whether or not the government would double the fines. A yes or no answer should be perfectly able to be delivered on that sort of question.

Your response was:

Thank you, Senator Scarr. The minister is being relevant. He may not be giving the answer you require, and I can't direct him to directly answer your question, but he is being relevant to the subject matter of the question. Minister Watt, please continue.

I have further examples. I'll refer you to Minister Wong on 27 September, Minister Watt on 24 July, 27 July and 6 September, Minister Gallagher on 2 August and Mr Farrell on 2 and 4 August. These are *Hansards*. They're public documents. It's pretty clear that the ministers weren't being directly relevant. Anyone down at the Kingo or Sandy Creek pub could make that determination. But, in that instance, you said the minister was being relevant. Would you care to discuss?

The President: Senator McGrath, as you are well aware, a supplementary—and I don't know if it was a first or a second—is related to the primary question. You haven't provided that. If you care to provide those examples, I will take them on notice and I will have a look at them.

Senator McGRATH: Will you come back to this committee or will you just have a look at them?

The President: I'm happy to come back to the committee with a response as to whether they are relevant or directly relevant.

Senator McGRATH: Just so—

The President: I have answered the question.

CHAIR: I am going to move—

Senator McGRATH: I have further questions.

CHAIR: Okay.

Senator McGRATH: President, I want to formalise that I would ask you, on notice, to review your approach to 'direct relevance' generally. That's my first question on notice. My second question on notice is in relation to the answers and your rulings on 2 August in relation to the answer by Minister Watt, along with his further answers on 24 July 27 July and 6 September, Minister Wong's answer on 27 September, Minister Gallagher's answer on 2 August and Mr Farrell's answers on 2 and 4 August. Can you come back to this committee, on notice, and advise how you applied the test of direct relevance in relation to those particular answers.

The President: What I will do is look at the examples you have given, assuming they are complete examples. I'm taking you at face value here that you have the primary question plus the two supplementaries. I will review them and come back to the committee. I am not going to go away, as you suggested in your first response, and come back to the committee and determine whether I have been relevant or not. I remind you that I am the President and I deserve the respect of all senators in the chamber. My rulings, whether you agree with them or not, can be objected to, and have been objected to, and they have been found to be relevant. I am asking for respect in the chamber, particularly at question time. If you provide those examples to the committee, they will be answered in due course.

Senator McGRATH: You just said then that your answers were found to be relevant.

CHAIR: Senator McGrath, you are supposed to address questions through the chair. You don't say 'you'.

Senator McGRATH: President, you just said then—through you, Chair—that your rulings were found to be in order. Who was the person or persons who found your rulings to be in order?

The President: I've answered that question over and—

Senator McGRATH: No, you actually haven't.

The President: Senator McGrath, I've answered the question. You can choose to disagree with my response—that is your prerogative, and I respect that—but I have given you an answer. If you want to review the *Hansard*, you will see that over and over I have given you answers.

Senator McGRATH: President, you just said then that your rulings were found to be in order, and I'm asking you, as a follow-up to that answer you just gave, which person or persons found your rulings to be in order.

The President: Senator McGrath, I've answered that question.

CHAIR: I'm now going to move the call.

Senator McGRATH: I'm sorry, Chair; the President made a comment just then, in answer to this committee, that the rulings of the President were found to be in order, and I want to know who determined that the rulings of the President were in order.

CHAIR: Senator McGrath, you're taking complex matters of chamber procedure and—

Senator McGRATH: I'm not.

CHAIR: You are, in the context that Senator Lines has said her rulings are in order. From my point of view, they are entirely consistent with previous Presidents' rulings, including under your government, and the chamber has not moved dissent with any of those rulings or had a dissent motion carried. If the President explains that they are in order, that is what I take that to mean. I'm sorry that you seem to require such an explanation.

Senator McGRATH: If I may, Chair, to your intervention there, I do have a point of clarification. The President clearly said that the rulings of the President were found to be in order, and I wish to know who found the rulings of the President to be in order, because I was under the understanding that the President is in charge of the chamber. The President is obviously accountable to the chamber, but there is no-one above the President in the order of precedence. It's not like the President is accountable to anybody else—

CHAIR: Other than the whole of the chamber.

Senator McGRATH: so I wish to know which person or persons found the President's rulings to be in order. The President may wish to correct the record, but that was the answer given to a question just now.

The President: My rulings have been consistent with precedent. As I've said before, you may not agree with my rulings. I have not always agreed with the rulings of a President, but, as a senator sitting in that chamber, I have respected them.

CHAIR: Senator Sheldon. I'm moving the call.

Senator McGRATH: To clarify: you misspoke when you said that the rulings were found to be in order?

The President: No, I did not misspeak, Senator McGrath.

Senator McGRATH: Who found your rulings to be in order, then, President?

The President: I've answered that question.

Senator McGRATH: You actually haven't answered that question, President.

The President: I have.

CHAIR: Senator McGrath—

Senator McGRATH: Is there a secret committee that exists which endorses the rulings of the President? This is quite a serious point here. The President has given an answer to this committee that the President's rulings are in order, and I wish to know which person or persons determined that the rulings were in order.

CHAIR: The whole of the Senate chamber does, unless there is a resolution of the Senate otherwise.

Senator McGRATH: Chair, the President doesn't need your intervention—

CHAIR: I'm going to move the call to Senator Sheldon.

Senator McGRATH: I have further questions, by the way.

Senator SHELDON: In the same vein as the last hour and a half of questions on the same item—we eventually got to the detailed questions being asked on notice, which was quite some time ago—my question goes to the rulings. To the President: do you feel that the rulings have been consistent with previous Presidents? That's the essence of the question that I think is being asked, regardless of the hyperbole from the opposition.

The President: That's indeed what I did say.

Senator SHELDON: Thank you, President.

Senator McGRATH: I want to go to points of order. There was a decision, President Lines, where you refused to take a point of order during a censure motion. I wish to be clear that I'm not criticising that decision, but it's something I haven't seen before. In relation to that decision, was there a precedent you were operating from?

The President: I refer you to the statement I made in the chamber the following day. Perhaps you missed it.

Senator McGRATH: To assist with the operation of this committee, could you explain why you made that decision?

The President: That was a very difficult debate, and there have been some very difficult debates in the Senate which I have presided over and other presiding officers have presided over. That was a very difficult debate. When points of order were initially called, they were not points of order; they were simply statements about one side of the censure argument or the other. So I made the decision that I wouldn't entertain points of order. I can provide the committee with the statement that I made in the chamber the following day if that assists.

Senator McGRATH: I just want to understand. This goes to the smooth operation of the chamber; that we have—through you, Chair—a president that refused to take a point of order. I'm just trying to understand. It's one of the few devices for senators to be able to use to raise an issue or concern. I just want to understand why you refused to take that point of order. I think it was from Senator Whish-Wilson, from memory, so it wasn't from a coalition senator.

The President: It was a number of senators, as I recall. I'm more than happy to provide the committee with the statement that I made the day after that debate.

Senator McGRATH: What other circumstances, moving forward, would you refuse to take a point of order in?

The President: That's a hypothetical question. I've answered your question. I will provide the committee with a copy of the statement that was tabled in the Senate the day after that debate.

Senator McGRATH: But it's not a hypothetical question, in that it is highly unusual for a president to refuse to take a point of order. So I suppose I'm asking: under what circumstances would you refuse to take a point of order?

The President: As I've said, I will provide the committee with a copy of the statement that I made in the Senate the following day.

Senator McGRATH: So you don't have a copy of that statement in front of you?

The President: Well, I came prepared for budget estimates, not a lot of questions around me chairing the Senate, the way that I respond to points of order, and questions about direct relevance. So, no, I don't have a copy of the statement with me, but I will provide it to the committee.

Senator McGRATH: You have some staff sitting behind you. Surely they can go and—

The President: I've answered the question and I've indicated what I'll do.

Senator McGRATH: I don't think you have. Anyway, how—

The President: I'm sorry to interrupt you. I've said very clearly that I will provide the statement to the committee. I've been very clear.

Senator McGRATH: You've been very clear that you'll provide a statement to—

CHAIR: Senator McGrath, you may not like the answer, but that is the answer you've been given.

Senator McGRATH: So how would a senator bring to your attention, for example, a breach of standing order 193(3) at such a time?

The President: I've indicated that I will provide the statement to the committee.

Senator McGRATH: This is a very specific question, President. How can a senator bring to your attention, for example, a breach of standing order 193(3) at such a time?

The President: Are you referring to the censure debate?

Senator McGRATH: I'm trying to understand—

The President: I've indicated to you that I will provide the statement.

Senator McGRATH: In terms of the budget estimates—we are examining the operation of how the chamber operates. I just need to stress that it's coming about because we just want some answers to some simple questions. We have not got the answers to those questions today. That very simple question is: what is meant by 'direct relevance'? I do hope—I note your answer previously—that you will consider, in terms of how the smooth running of the chamber can operate, whether you wish to make a statement at some point as to how you are applying direct relevance, because that certainly may assist in the smooth running of the chamber. The questions on notice that I can put to you will relate to those examples that I mentioned before in the *Hansard*. I think I'm done, Chair.

CHAIR: Senator Colbeck.

Senator COLBECK: President, in your opening statement today, there was a reference to some fairly significant programs of work post the election in relation to the refurbishment of suites, both in the ministerial wing and for a further 21 suites across the House and the Senate. Has that impacted on the capacity to provide other services to senators?

The President: I'm happy to answer that question, but it's really a question for DPS, not for the Department of the Senate.

CHAIR: We're now due to move on to the Parliamentary Budget Office. You could direct those questions to the Department of Parliamentary Services. The President will still be at the table.

Senator COLBECK: Okay. I'll deal with it then, but it was part of your statement, so that's why I was making reference to it.

Mr Pye: The responsibility for those matters does lie with DPS.

Senator COLBECK: Okay. I'm comfortable with that.

Senator DEAN SMITH: I'm happy for the answer to this to be provided on notice. It's a similar question to the one I asked the Office of the Official Secretary to the Governor-General. Were there any additions, deletions or enhancements to the program of events, or the details of each event that was held, over the week to 10 days associated with the demise of the Crown? So were there any additions, deletions or enhancements, after 23 May, to the program of events, or the details of each of event, associated with the program that coincided with the demise of the Crown?

The President: Just so I'm clear: if there were, say, a spring event planned, are you asking whether that still went ahead?

Senator DEAN SMITH: Yes. On the election of the new government, it would have inherited—

The President: A timetable of events.

Senator DEAN SMITH: a plan and a program of events.

The President: That's right. Are you asking if there was anything cancelled over the period of mourning?

Senator DEAN SMITH: If anything was cancelled to make way for the program of events, I would like to know that. But, more particularly, if the program of events was amended in any way—through an addition, deletion or enhancement—I'd like to know the nature of that.

The President: That's probably something DPS could answer.

Mr Begley: The plan for the observance around the demise of the Crown—which is the internal naming of the process—has been set in stone for quite a while, and there were no changes to the plan following the election. It was the same plan that we used when the Queen passed away.

Senator DEAN SMITH: That's exactly what I'm seeking to know.

The President: The plan for mourning would have been the same plan that the previous government was briefed on, and probably the government before then. But Senator Smith is asking whether, if there were programs in addition to that—if some event was planned—that was cancelled. I think that's what Senator Smith is asking.

Senator DEAN SMITH: Yes. Is that clear, Mr Begley?

Mr Begley: Yes. I think so. So did anything change in what we did from what was planned prior to the election?

Senator DEAN SMITH: Correct.

The President: Yes. Were there any other events that were going to happen that were cancelled? That's what you're asking, isn't it?

Senator DEAN SMITH: No. To be clear, we had a national service of mourning in this building. If there were any additions, deletions or enhancements to that that were incorporated into the program following 23 May, I'd like to know what they were.

Mr Begley: Off the top of my head—but we'll confirm on notice—the only thing would be the wreath-laying ceremony that happened on the Saturday. That was organised fairly quickly, and I don't recall if that was in the original plans.

Senator DEAN SMITH: Thank you, Mr Begley. They're exactly the sorts of things that I'm looking to have identified to me.

The President: So we've agreed to take those on notice.

Senator DEAN SMITH: Yes. Thank you, President.

CHAIR: I want to thank the Department of the Senate, on behalf of all senators, for their service for our parliamentary work.

Parliamentary Budget Office

[14:20]

CHAIR: I welcome Dr Helgeby and officers from the Parliamentary Budget Office. I thank the department for providing updated information on PBO activity. Dr Helgeby, would you like to make an opening statement?

Dr Helgeby: No, thank you.

CHAIR: Okay. We'll move straight to questions.

Senator DEAN SMITH: Thank you, officials, for making yourself available. Did the PBO seek additional funding in the 22 October budget process?

Dr Helgeby: I can talk about that. The Chair of the JCPAA makes a statement, which he made in the House on the evening of budget day. In that statement, he mentioned that the PBO had sought some additional resourcing through the October budget and that the nature of that request was to effectively restore what's called our special appropriation back to the original level.

Senator DEAN SMITH: And was that agreed?

Dr Helgeby: There was no decision to that effect.

Senator DEAN SMITH: There was no decision to that effect. Excuse my ignorance, Dr Helgeby, but can you explain to me what the restoration of the special appropriation involves?

Dr Helgeby: Yes. At the time the PBO was created, there weren't a lot of precedents that people could call to mind or use as reference points for how something like this would operate, given that a large part of the work is demand driven and that demand would be varying from time to time and unpredictable. In order to kind of

establish it properly, there were two appropriations created. One was a normal annual appropriation, which is ongoing funding, and the other was a thing called a special appropriation, which was set at \$6 million. The purpose of that was and is—and it's quite constrained in terms of what it can be used for, as appropriate for special appropriations—to enable the PBO to make decisions as and when it needed without the risk of not being able to fund them in particular ways. That \$6 million was used, up until 2019, in particular, I think, to meet emerging staff costs. It now sits at \$1.8 million, and the request was to restore the 1.8 back to 6.

Senator DEAN SMITH: What were the drivers that you had identified in requesting or seeking the special appropriation?

Dr Helgeby: The special appropriation was there. Perhaps if I answer the question in terms of the drivers to asking it to be restored?

Senator DEAN SMITH: Yes, please. Correct, that's right.

Dr Helgeby: We see quite a bit of risk and financial pressure in the coming few years. In particular, ICT is a big risk for us financially. We don't have our own ICT area. DPS provides that for us. But we have to absorb whatever the costs of ICT are going to be, both for our base level of service and for enhancements. As you are probably well aware from other contexts, cybersecurity and all of those sorts of things add to complexity and cost in ICT. So it would be reasonable to expect that there will be dollar pressures flowing through to us from that.

At the same time, every term of parliament we run a stakeholder survey. That stakeholder survey was last run in 2021. It pointed to a number of areas where we could improve our service to parliament. One of those was to get a better website. Another of those was to develop a tool by which parliamentarians, who are our stakeholders, could better relate to us and better relate to their own requests on a real-time or ongoing basis. We call that a portal. At the moment, we are investing in a website. We are investing in a portal. They're both a little way off delivery, but I'm hoping they'll be done in the next little while. Then we have these underlying ICT pressures as well. That's one stream of things.

Then you still have that unpredictability around what the demand level is going to be. The purpose of the special appropriation, the purpose of our request, was simply to enable us to better manage those pressures and meet the needs of the parliament. The JCPAA took the view that it was supportive of that. The JCPAA also stressed that it considered there was an argument for independent bodies such as us to have such facilities.

Senator DEAN SMITH: So the government denied its appointed chair to the JCPAA's request for the restoration of the special appropriation?

Dr Helgeby: I can't speak for what happened within government. I don't know.

Senator DEAN SMITH: What are the characteristics of this parliament that are different from the previous parliament that might give rise to, in your words, the 'unpredictability' around demand for services from the Parliamentary Budget Office?

Dr Helgeby: We're quite struck by how many new members of parliament there are in both chambers. We've been doing quite a bit of outreach activity. When we did the session for new senators, there were about a dozen new senators. When we did a session for new members of the House, there were about 35. That's a significant proportion of this parliament that's new to this place. We've been trying to reach them, to make sure that they know we're here and to also work with them to identify if there are services we can provide to them and services we can't provide to them. That's one of the key characteristics of it. There are now also members of parliament in both chambers who are Independent or who otherwise aren't part of major party groups.

Senator DEAN SMITH: I recall the Prime Minister making a commitment that he would, in exchange for not increasing the staffing numbers that were available to Independent members and senators, provide additional resourcing to the Parliamentary Library. Was there a commitment to provide any additional resourcing to the Parliamentary Budget Office?

Dr Helgeby: None that I'm aware of.

Senator DEAN SMITH: If the Prime Minister were interested in supporting the parliamentary services that are available to Independent members and senators, do you agree it should have also included the Parliamentary Budget Office?

Dr Helgeby: I abstract from that commitment and simply go back to what the JCPAA considered and the statement made by the chair on budget night.

Senator DEAN SMITH: So the parliamentary committee concluded that the restoration of the special appropriation would support the work of parliamentarians, but the government decided that it was not necessary?

Dr Helgeby: I've got nothing to say about the government.

Senator DEAN SMITH: Turning to the other risk that you identified, which was the ICT competency, what sort of information is contained on the PBO's systems?

Dr Helgeby: We operate in a 'fully protected' environment. That's the level of security we have, which is higher than many departments.

Senator DEAN SMITH: 'Fully protected' meaning a classification?

Dr Helgeby: Yes. That's right. It's a classification. We do that because we are party to a lot of information from many different sources, much of which does have not just confidentiality but data protection—

Senator DEAN SMITH: Sensitivity?

Dr Helgeby: sensitivities, yes. We're also party to, and obviously work for, a large number of members of parliament and we need to respect their privacy and confidence. We have very large supplies of sources of data, from across government. We have very many models. Many of those are also from across government. We need to make sure that we respect the integrity of the purposes for which that data was originally collected and the integrity of the purposes for which we are using that data.

Senator DEAN SMITH: Am I correct in assuming that the PBO has a number of memorandums of understanding or agreements between itself and departments across government—including the Treasury, the Department of Social Services and others—which facilitate the exchange and holding of that information by the PBO?

Dr Helgeby: That's correct, yes.

Senator DEAN SMITH: Does that extend to stakeholders beyond the government? Are there any data sets or models that the PBO takes from outside of government to support its work?

Dr Helgeby: No. We would use publicly available data just like anyone else would.

Senator DEAN SMITH: In your earlier evidence, I think you said that one of the risks around the work of the PBO is around the ICT infrastructure. At the moment, you use the services of the Department of Parliamentary Services. Am I correct in assuming that, given the 'fully protected' nature—a security classification—of the information you hold, you now think that that is at a greater level of risk because you have not had access to the special appropriation to better support ICT services?

Dr Helgeby: We will always maintain the protected status of the data. That's a base level. It's really as new cyberthreats emerge, for example, and DPS—

Senator DEAN SMITH: Do you agree that they are emerging? Are new cyberthreats emerging?

Dr Helgeby: All the information available to me—and I get similar information to what others would—suggests that it is a very complex cyberenvironment. It is an environment where actors, whoever they may be, are always looking for new opportunities to exploit weaknesses in systems. DPS is our key support in managing that.

Senator DEAN SMITH: I'm assuming that in the Treasury, for example, its information has a level of ICT protection. Some of that information is being passed across to the PBO under the memorandum of understanding et cetera. Is that information being held by the PBO at a lesser ICT standard or level of security than it is being held within the Treasury, for example?

Dr Helgeby: That's not my understanding.

Senator DEAN SMITH: Why was it necessary then to seek a special appropriation to enhance the ICT infrastructure?

Dr Helgeby: I think we may be talking about a couple of different things. One is that the ongoing ICT cost base just keeps going up. That's where the dollars come from.

Senator DEAN SMITH: Which is a fee that the DPS seeks you to—

Dr Helgeby: Yes.

Senator DEAN SMITH: What does it mean then if the DPS cost structure to the PBO is going up and you're not able to meet those costs? How do you rearrange the resourcing that you currently have?

Dr Helgeby: Our other resource is staff. We're not at that stage, and I think that's the key point. We're not at that stage, but we can see the pressures there. Our other variable is staff, and we would recruit less. We would maintain our staffing levels lower than they are now, and as a result of that we would be less able to keep up with the expectations of the parliament.

Senator DEAN SMITH: So your ability to provide independent budget advice to the parliament will be constrained because you will be able to employ fewer staff in the PBO, because costs that might have gone to

staff are going to have to be diverted to meeting the ICT costs, because the special appropriation wasn't delivered or restored?

Dr Helgeby: We're not in that situation now.

Senator DEAN SMITH: But you must have foreseen the situation in order to ask for the restoration.

Dr Helgeby: We foresee that the combination of ICT pressures and costs in particular, as we go into the future, could put us in a situation where we are having to make decisions between supporting our ICT—which we will—and the level of recruiting we do. We're not at that stage now.

Senator DEAN SMITH: Is the future one year? Five years? Ten years?

Dr Helgeby: A lot of that depends on exactly how long some of these ICT costs would take to crystallise. This year—if I talk about this financial year—we should be okay, but, once we look beyond that, that's when these things start to become a concern.

Senator DEAN SMITH: I can't speak for other members and senators, but I suspect that in the next six months there probably isn't going to be too much, but I would expect the demand on the PBO to increase as the parliament's term moves closer to the election period. Is that a correct assumption?

Dr Helgeby: Yes, that's been the history.

Senator DEAN SMITH: So you are going to be required to make decisions about the resourcing of the PBO, in terms of staffing levels, after the next six months, at a time when the demand on the PBO from senators and members is likely to increase?

Dr Helgeby: There are many things that could go towards that, but we raised it as a risk. We discussed it with the JCPAA as a risk, and the JCPAA supported it as a risk management provision, which is what it was originally created for.

Senator DEAN SMITH: And the government, in its budget process, decided that these were not risks?

Dr Helgeby: I can't speak for the government.

Senator DEAN SMITH: How does the government respond to the risks that you identified to the JCPAA, which the JCPAA agreed were risks? What's the mechanism for the government engaging in whether or not it agrees that the risk profile is the same as or different to the one that the PBO has identified and that the Joint Committee of Public Accounts and Audit has endorsed?

Dr Helgeby: Sorry, Senator. I have no visibility on what the process is within government.

Senator DEAN SMITH: Thank you very much. Moving on, can you advise the number of costings that were undertaken during the 2022 caretaker period?

Dr Helgeby: During the caretaker period? To be clear, there are a couple of things. I can answer 'zero' to one aspect of that: there were zero publicly lodged costings during the caretaker period. So we produced zero. All of the costings we were working on in the caretaker period were costings that were lodged prior to the beginning of the caretaker period. I can't give you a breakdown for that couple of weeks, but I can tell you that two-thirds of our requests for the whole year—in other words, 2,180—were received in the six months from January to June.

Senator DEAN SMITH: That's January to June—

Dr Helgeby: This year.

Senator DEAN SMITH: This year, 2022. Can you advise the number of costings, including recostings—and perhaps you might provide them an equal part—undertaken prior to the caretaker period but in the period from 17 December 2021 to 10 April 2022?

Dr Helgeby: I would have to take that one on notice. I haven't got that with me.

Senator DEAN SMITH: And you'll be able to provide that in terms of costing and recostings—sort of delineate between the two?

Dr Helgeby: I think it would be helpful if we could be clear about what you mean by re-costings. What we would call a re-costing is something we've seen substantively before. If that's what you mean, we'll try to get you that.

Senator DEAN SMITH: Can you break these down in terms of revenue tax costings and spending costings?

Dr Helgeby: We'll see what we can provide.

Senator DEAN SMITH: Thank you very much. Can you confirm for the committee your guidance to parties remains that the most effective way to ensure our costing advice is not misrepresented is for parliamentarians to publicly release the costing advice provided to them by the PBO?

Dr Helgeby: That's our advice.

Senator DEAN SMITH: How many PBO costing advice documents were public released during the election campaign?

Dr Helgeby: Can I clarify: what is 'the period of the election campaign'?

Senator DEAN SMITH: I would define that as the period between the calling of the election and the conduct of the poll. I can go backwards. It was 22 May—

Dr Helgeby: I think the answer is none.

Senator DEAN SMITH: Can you share with the committee whether during the election campaign the PBO took steps with parties to correct the public record as to whether or not figures referred to in media reports reflected your costing and analysis?

Dr Helgeby: We have a process, which was set out well in advance and remains our process, whereby we do monitor references, raise concerns and issues or ask questions, and we do that on a not-infrequent basis.

Senator DEAN SMITH: 'Not-infrequent basis'.

Dr Helgeby: Sometimes we're just asking a question: 'We saw something. Could we just clarify: were you talking about something we had done?' Sometimes the answer is yes and sometimes it is no.

Senator DEAN SMITH: Do you keep a log of those?

Dr Helgeby: I don't think we do keep a log of those, but we do run the process.

Senator DEAN SMITH: And the responsiveness of individual members and senators to queries that are raised with them by the PBO—

Dr Helgeby: is good. I apply that to journalists as well. We don't just focus on parliamentarians; we also focus on journalists where we think journalists have misrepresented something. In fact, our process is fairly straightforward and essentially just means that we will have a look. We now have it on our website under the heading 'Correcting the record'. It says quite simply:

Our preferred approach ... will be to liaise with parliamentarians or journalists to correct the record so that a misrepresentation is not further reported.

That's something we would do from time to time.

Senator DEAN SMITH: The positive responsiveness of members, senators and journalists speaks to the high regard in which PBO is held. That's a good outcome.

I turn now to Senator Gallagher's tweet on 14 April 2022 regarding the costing of Labor's urgent care centre. Are you familiar with that?

Dr Helgeby: I am aware of that tweet.

Senator DEAN SMITH: Are you able you confirm that this was a result of steps to correct the public record?

Dr Helgeby: I'm not going to go into confidential discussions. I will say we have a process and we work through that process.

Senator DEAN SMITH: Was the correction of the record necessary as a result of your interaction?

Dr Helgeby: Again, I'm just going to say we have a process. We put the question normally to journalists or parliamentarians, with a view towards enabling them to address any concerns that we might have, and I don't want to go into confidential discussions.

Senator DEAN SMITH: So you did find it necessary to contact Senator Gallagher?

Dr Helgeby: I'm not going to go into confidential discussions.

Senator DEAN SMITH: If there was a log that was publicly available, I wouldn't need to ask the question. I'm curious to know given there is a contact and a process for correcting information. I'm just wondering whether or not the Parliamentary Budget Office had found it necessary to speak to Senator Gallagher, or her office, with regard to the costing of Labor's urgent care centre policy?

Dr Helgeby: I am aware of Senator Gallagher's tweet. Senator Gallagher's tweet gives me no cause for concern, and I don't wish to go into confidential conversations.

Senator DEAN SMITH: We can always revisit that in February, of course. Can you confirm whether all parties were consulted about the presentation of commitments throughout the report process?

Dr Helgeby: Do you mean the *Election commitments report*?

Senator DEAN SMITH: I do.

Dr Helgeby: Yes. We ask each party to nominate a contact, or a series of contacts, and we work with those contacts throughout the process. We work with them pretty continually throughout that process.

Senator DEAN SMITH: Further to that, can you advise how many additional election commitments, not reported in the parties list, you identified in your report and for which party?

Dr Helgeby: I think that is set out in the report itself. I will just go to it.

Ms Bruce: Senator Smith, while Dr Helgeby is looking for that information, I want to correct the record in relation to one of your earlier questions. The PBO does subscribe to one private data source, and that's Wood Mackenzie.

Dr Helgeby: Senator, can I clarify? Your question was how many additional commitments were identified by the PBO?

Senator DEAN SMITH: Yes, that were not reported by the parties in their provision of information to you.

Dr Helgeby: There were 28.

Senator DEAN SMITH: Can you provide me a breakdown for each political party?

Dr Helgeby: The ALP four and the Australian Greens 24.

Senator DEAN SMITH: And the coalition nil, zilch, none?

Dr Helgeby: Yes.

Senator DEAN SMITH: I assume that you made contact with the ALP and the Australian Greens when you realised that there had been a total of four in the case of Labor and 24 in the case of the Australian Greens that hadn't been disclosed to the PBO.

Dr Helgeby: It's a process by which there's information exchanged both ways throughout the process. Usually parties will point us to public statements, and sometimes we'll point out a public statement and say something along the lines of, 'This looks to us like it's an election commitment under the terms of our act.' But it's an interactive process. It's not a one-way process. We are very dependent on the parties pointing us to things. In fact, the way in which parties work with us and do point us to things, and do provide us with information, is a really strong positive of the system.

Senator DEAN SMITH: How would you describe their responsiveness when the absence of this information was drawn to their attention?

Dr Helgeby: Throughout the process, all aspects of the *ECR*, all parties, and Dr Haines, who was our Independent, were very responsive. It was a very positive process.

Senator DEAN SMITH: I would have thought, that, as major parties in the Australian parliament, they would have understood their obligations to the PBO in terms of making your life easier and providing accurate election commitment information to you in the first instance.

Dr Helgeby: I've got no question as to whether major parties understand that. They do. What I'm talking about is when you see something that turns up in a press conference, for example, or in a document, and you think, 'Is that an election commitment?' It's that level of tick-tacking. It's not an issue of withholding information on the part of any of the parties we work with, or Dr Haines.

Senator DEAN SMITH: Is there a remedial process or any work that is done post the election to educate political parties that don't provide information?

Dr Helgeby: All political parties are providing information and have provided information. What we will do is assess—and we are assessing—which aspects of our process worked and which aspects of our process we need to tweak or fine-tune. We will go through a process, well before the next election, where we will consult properly with all the parties that are relevant and any individuals who wish to take part. We will consult with them about changes that we might want to put in place.

Senator DEAN SMITH: Thank you very much for that. I just want to turn to figure 1 in your election costings report. Could you just explain or share with the committee why there's such a large discrepancy between the UCB, the underlying cash balance, and the underlying cash balance if policies terminate, in relation to the commitments of the Australian Labor Party?

Dr Helgeby: Can I just check that we're talking about page 7 of the election commitments report?

Senator DEAN SMITH: We're talking about Figure 1, which is headed, 'Net impact of PBO guidance on the underlying cash balance (UCB), by party'.

Dr Helgeby: That appears on page 7 in the main report, under box 2. When we go through and cost all of the policies we're costing, we have to make certain assumptions, and one of those assumptions is a question about whether the policy as articulated—because all of our costings are done on the basis of publicly available information, so that's our framework—is an ongoing or non-ongoing commitment. Our default is to assume a policy is ongoing. That means that effectively, in the absence of a concrete statement to the opposite, we will continue to run the financial effect of that into the future. What you see in that graph, in the bold red line, is the effect of that assumption. You'll see that that carries forward over the period. In the lighter line, you will see: what if we adopted—so it's a 'what if' question—the opposite assumption? What would happen? What would happen if we said, 'That policy isn't an ongoing policy; that policy is a terminating policy'? And usually we'd terminate it at the end of the forward estimates period. What happens then? What you see there is really the effect of the assumption that we have made.

Senator DEAN SMITH: In the absence of any clear information otherwise?

Dr Helgeby: By applying our default, and our default is: if you don't state it explicitly, we will treat it as ongoing.

Senator DEAN SMITH: So what do we see here in these particular lines—the very dark red and the lighter red line?

Dr Helgeby: The dark red line shows improvements over the period, and the lighter line, which I think is a light orange or something like that, shows that the budget position would have deteriorated if those things were not ongoing.

Senator DEAN SMITH: I notice here that it looks like there's quite a significant deterioration at the end of the forward estimates and then quite a significant deterioration over the medium term. Have I understood the graph correctly?

Dr Helgeby: I think what you may be looking at there is another assumption that we make, and it was a default assumption about whether there was a tax cap. Under the previous government and its budget, there was a tax cap. It was 23.9 per cent, and the forward estimates—that is the baseline we were using—had that in it. So in our guidance we said quite explicitly, 'We will treat that as if it's in it unless you tell us the opposite, or unless we see something publicly that's the opposite and that says, "We don't have a tax cap."'

For example, the coalition had a tax cap, the Australian Greens did not have a tax cap, and we've applied a tax cap in the case of the Labor Party.

Senator HUME: I'm trying to clarify. The red line and the orange line both have a tax cap applied to them?

Dr Helgeby: Yes, they both have a tax cap.

Senator DEAN SMITH: On what basis was that assumption made?

Dr Helgeby: On the basis of the framework we put out more than about a year in advance which said that we will apply the tax cap unless there is an explicit statement to the contrary, and the reason why we will apply the tax cap is that the baseline included the tax cap, and all costings are variations on the baseline.

Senator DEAN SMITH: So the Australian Labor Party did not disclose to the PBO in its election costings any plan to abandon the 23.9 per cent tax cap?

Dr Helgeby: If I go to page 25 of the report, we have in the case of each party, and Dr Haines, a section on the interaction with the tax cap. I might quote it, because no-one withheld anything; we were applying our framework against public statements. I want to make that bit clear. I will just read it out:

The *Statement on Labor's Economic Plan and Budget Strategy* outlined that 'Labor is not attracted to the current [23.9% tax-to-GDP] cap and does not believe it needs to be revisited, given that both [the Coalition and Labor] will not approach it in the forward estimates'.

As such, the PBO has incorporated the tax cap in calculating Labor's fiscal aggregates. That is our assumption, applying the framework we published almost 12 months earlier, and the reason for that was that the baseline included the tax cap. So we were going to leave the tax cap in unless there was something explicit saying, 'Take it out.'

Senator DEAN SMITH: The new government hasn't kept its commitment to the tax cap in its budget released just a week and a little ago?

Dr Helgeby: I can't talk for the government.

Senator DEAN SMITH: No. It's a question of fact. It's either there or it's not there in the budget.

Dr Helgeby: As far as I can see there is none.

Senator DEAN SMITH: Thank you. You are the Parliamentary Budget Officer. I appreciate that. Just turning to the difference between the deep red line and the lighter red line, there is a difference between the two over what I'm seeing as the forward estimates period. Can you identify how many commitments are included in that difference?

Dr Helgeby: Yes. I will refer to the report itself, page 7, box 2:

In some cases, it is not clear from announcements whether a policy would be ongoing or would cease (for example, at the end of the forward estimates). In these cases, when estimating the impacts for the report, the PBO applies our published guidance, by assuming that the policy would be ongoing. This assumption has been applied to 48 quantified commitments: 1 for the Coalition, 41 for Labor, and 6 for the Greens.

Senator DEAN SMITH: Can you provide a list of those policies for Labor and the Greens?

Dr Helgeby: In some of the material we've provided, you'll find there's a big spreadsheet, *Election commitments report* appendix tables for each party. In that big spreadsheet, one of the columns is called 'PBO, ongoing assumption'. That column shows the year in which we first applied that assumption. That does that for each party.

Senator DEAN SMITH: I do have some other questions, but I might give way to other members of the committee.

CHAIR: We are waiting to move on to other outcomes. We're in the coalition's hands until you choose to move on.

Senator DEAN SMITH: I do have two others just by way of information which might be good to have on the public record. Can you advise the process for setting the timing of equity investments and returns on equity investments?

Dr Helgeby: I actually think that question would be best directed to Finance, because obviously timing of decisions like that typically involves government decisions or board decisions.

Senator DEAN SMITH: In the context of those matters which were contained in the election costings analysis, can you outline whether these were all proposed by parties or assumptions made by the PBO?

Dr Helgeby: As I said, we work off public statements, so I would say public statements would be the main drivers of those things. You're asking the question at an aggregate level. Public statements are the main drivers. There may have been some occasions where we've made an assumption, but in that case we would have said so in the costing.

Senator DEAN SMITH: Finally, given the ongoing role of the PBO in budget analysis, does the PBO undertake a reconciliation of variations to policies that are costed in the election commitment report and in those that are presented in the subsequent budget or budgets?

Dr Helgeby: We don't have a formal role in any of that. Individual parliamentarians ask us a whole range of things, and we do have the ability to publish material which we consider to be of broad interest to the parliament, but we don't have a role in that specifically.

Senator DEAN SMITH: Thank you very much. Might I just put on the record that, as a former chairman of the Joint Committee of Public Accounts and Audit, I remain a very strong supporter and advocate for the great work that the PBO does. Thank you very much for your cooperation thus far.

Dr Helgeby: Thank you, Senator.

CHAIR: Our thanks to the Parliamentary Budget Office for their work.

Senator HUME: Can I just follow up with one question.

CHAIR: Yes, of course.

Senator HUME: I just want to understand the process for confirming with the parties as to whether their policies terminate or whether they're ongoing. You said that you assume that they're ongoing unless you're advised otherwise. There's one policy: ECR115, the cheaper childcare policy. Were you advised that the revised CCS rates would apply from 2023 through to 2026 but at that point the program will revert to the existing policy?

Dr Helgeby: Can I just check: is that ECR116?

Senator HUME: ECR115. So the new rates will apply from 2023 through to 2026, but then it reverts back—is that right?

Dr Helgeby: I'm just going off our summary spreadsheet. That policy, as we costed it, went through to 2025-26. We did not apply an ongoing assumption.

Senator HUME: Then, after that, what happens? Nothing, or it just reverts back?

Dr Helgeby: We didn't apply an assumption to that.

Senator HUME: Okay. There was one policy that you costed at one amount, and the election commitment has been substantially different, which was the strengthening competition to ease cost of living pressures. Is that because of insufficient information or a timing change or whatever it was? That was ECR171. I think you estimated it was going to be about \$1 billion, and it ended up being about half of that in the budget papers.

Dr Helgeby: Senator, can I just confirm: we're talking about the difference between a number published in the ECR and a number published at budget?

Senator HUME: Yes. I just want to understand what the difference with Treasury's costing of it. When the legislation was introduced, there was a costing done by Treasury, and it was about half a billion dollars less in savings.

Dr Helgeby: I don't have the detail about what's in the Treasury costing. What I can say is that, between two points in time, there are going to be a number of things that are going to impact on a costing. For example, economic parameters impact on a costing. New data impacts on a costing. A big one that impacts on a costing is implementation strategy and implementation time frames. Our costings typically abstract from implementation questions. I don't know what happens within Treasury, but one additional reason why things might differ, apart from those big-picture economic things, is that implementation considerations are factored in in a way that we don't factor in and wouldn't claim to factor in.

Senator HUME: And timing is one of those implementation factors?

Dr Helgeby: Timing affects costs. Typically, timing will either bump up how much you have to spend on something or reduce what revenue you get or both. It will also push the profile along. In our costings, we abstract from implementation questions. That's usually what we're asked to do as well, and we would do confidential costings. We abstract from those things. When you then come and apply implementation considerations, you will get that shift along.

Senator HUME: The more information you have when you do those costings, obviously, the more accurate your costings would be.

Dr Helgeby: I would say that, if requesters were to say to us, 'We want you to really think hard about the implementation side of this thing,' yes, we would take that into account. We won't default to taking that into account, because we don't really have the information to do that with.

Senator HUME: Thank you.

Senator COLBECK: Just on the response to Senator Hume in the previous question—where you said that, in relation to the childcare policy, an assumption wasn't applied—what does that mean, and what's the effect of that?

Dr Helgeby: That means we had seen some data, at the time when we were producing the report, that led us to the view that we should treat this as a four-year commitment.

Senator COLBECK: As a non-ongoing program?

Dr Helgeby: Yes, as at that point in time.

Senator COLBECK: Okay. Thanks.

CHAIR: Thank you. I believe we are now in a position to move on to the Department of Parliamentary Services. Thank you to the PBO.

Department of Parliamentary Services

[15:08]

CHAIR: I now welcome the Department of Parliamentary Services. I welcome Mr Rob Stefanic, who is the secretary of the department; Dr Dianne Heriot, the Parliamentary Librarian; and officers of the department. Dr Heriot or Mr Stefanic, would you like to make opening statements?

Mr Stefanic: No, thank you, Chair.

Dr Heriot: No, thank you, Chair.

CHAIR: We'll go straight to questions, and I'll give the call to Senator Paterson.

Senator PATERSON: Thank you, Chair. The first topic I want to discuss with you is advice provided to parliamentarians about the use of certain applications on their DPS issued devices. Does the department give members of parliament or their staff any advice about applications that they should or should not download on their DPS device?

Mr Stefanic: I might ask the chief information security officer to step forward to assist you. In the broad, we do provide advice but don't impose requirements.

Senator PATERSON: Thank you.

Mr Sfyris: As Mr Stefanic said, we do provide advice to parliamentarians and users across the network in regard to general advice around the use of applications on their devices and within our environment.

Senator PATERSON: Are there any applications that you recommend parliamentarians don't use on their DPS issued devices?

Mr Sfyris: I don't think we've provided any specific direction about certain applications not to use on their DPS devices.

Senator PATERSON: Do you provide any specific advice about any specific applications at all? Do you say, 'These types of applications are higher risk on a DPS device'?

Mr Sfyris: I believe that on occasion we have previously provided awareness information about the types of applications that are in the environment, and, I guess, an awareness around some of those applications—social media applications et cetera.

Senator PATERSON: Which applications does that include?

Mr Sfyris: I don't know that we specifically named them.

Senator PATERSON: That's my question: are there any specific apps that you provide any advice about?

Mr Sfyris: I might ask our chief information security officer. I don't think we've actually named any, Toby?

Mr Amodio: We haven't specifically named any apps, and that's given, in part, because we utilise a mobile device management tool to secure the department's information on the devices. So a lot of the advice is specifically to manage their personal information on those devices. As Con—the CIO—mentioned, things like social media apps are an example.

Senator PATERSON: Some of the bodies that are roughly equivalent to DPS in other parliaments internationally have provided specific advice. I want to cite a few examples for you for context. The US House of Representatives Chief Administrative Officer, which is a roughly analogous body, has issued a specific advisory in relation to the TikTok platform. It provides a series of specific observations about the app and the risk that it poses to users, and it concludes:

To reiterate, we do not recommend the download or use of this application due to these security and privacy concerns.

The New Zealand parliament has provided similar advice. In August this year the Speaker wrote to all political parties and said:

The Parliamentary Service—

which is roughly equivalent to DPS—

strongly recommends you do not use TikTok on your Parliamentary Service devices as it could pose a security risk where data on your devices could be accessed by Byte Dance (the owner of TikTok) and the Chinese government.

Is there a reason why DPS hasn't provided similar advice, given these two similar bodies in similar jurisdictions provided very explicit advice about TikTok?

Mr Amodio: I can advise that we work closely with our partners at the five parliaments, and the other parliaments around the world, and my understanding of the advice that they provided was that it was in relation to specific advice they'd received from other agencies within their country, and we hadn't received an equivalent level of advice that would warrant us to then provide that advice directly to parliamentarians.

Senator PATERSON: Okay. I will be pursuing this matter with the Australian Signals Directorate and the Cyber Security Centre, but you might be aware that there was public reporting in 2020 that the Department of Home Affairs had conducted a security risk assessment that concluded TikTok should not be used on departmental phones for employees, and that was consistent with an earlier decision made by the Department of Defence. Why would it be that two arms of the Australian government recommend to its users, 'You should not use this device on your departmentally issued devices,' but DPS hasn't received or issued the same advice?

Mr Amodio: I apologise. I can't talk to their risk assessment methodology or the way that they manage risks within their environment, but we've assessed it within the context of utilising a mobile device management solution to protect the official data.

Senator PATERSON: You have assessed TikTok specifically?

Mr Amodio: Not TikTok specifically but installing other applications. Given than context, there has not been the decision to go down the path of assessing individual applications.

Senator PATERSON: There was a report in the *Financial Review* earlier this year which said that a group of parliamentarians had been advised that they should have a second phone for social media applications. Again, I'll be exploring this issue with the Signals Directorate, but are you familiar with that report and that advice?

Mr Amodio: No, I'm not.

Senator PATERSON: So DPS was not involved in providing any advice about the necessity of a second phone to manage social media applications?

Mr Amodio: Not that I'm aware.

Senator PATERSON: And DPS has not considered the need for parliamentarians to potentially have a second phone for social media applications?

Mr Amodio: Apologies. The reason I'm pausing is because it would not necessarily be for the benefit of protecting the official information on that phone, if that makes sense.

Senator PATERSON: Yes.

Mr Amodio: So, if there was provision of that advice, it would be about how the members or senators protect their personal information on those devices. It may not necessarily be within the purview of DPS to provide that advice, it that makes sense.

Senator PATERSON: Sorry, I'm having a little bit of difficulty hearing you because of a discussion across the room from other senators.

Senator WATERS: Sorry.

Senator PATERSON: Could you just repeat that answer you gave then about personal information of MPs and senators?

Mr Amodio: Yes, sure. What I was saying is that, because we utilise controls to secure the official information on the devices, the risk may be more to their personal information on those devices, which may restrict the way in which we would provide that advice.

Senator PATERSON: I see. So your view is that the personal information of MPs and senators on their phones—as distinct from, say, the Microsoft Outlook which you provide to us—is not within the purview of DPS. You're not responsible for my Signal messages, for example, or my phone calls or whatever else.

Mr Amodio: It's not within our purview to provide a risk context on the personal information on those devices.

Senator PATERSON: Why not? Why isn't it within your purview?

Mr Amodio: Because the information is the information that we manage, which is on our systems.

Senator PATERSON: You issue these devices to us. We use them and follow the advice that you give us very carefully—we take it seriously. If there were risks to me in my communications on this device, I'd be hopeful that you would provide advice to me about that. If my messages or other services I use were at risk, I'd be counting on DPS to provide that advice. Is there any reason why you couldn't?

Mr Amodio: Indeed, and as Con mentioned, we do provide advice about it, but your question was specifically about: do we block them?

Senator PATERSON: No, it wasn't. I didn't say 'block' once and I wouldn't propose or suggest that you should. I think it is up to the judgement of individual parliamentarians as to what they want to download on their devices, but we can only make an informed decision about that, consistent with advice we receive from experts whom we respect, including you. Can I just ask you, as a concluding question, to reflect on whether or not you could provide more advice to parliamentarians about whether there are high-risk applications that pose a greater risk to our privacy and other communications we have on the device?

Mr Amodio: I'm happy to take that on.

Senator PATERSON: I'd like to move on to another matter, Chair, if that's okay with you.

CHAIR: I do need to rotate the call because there are lots of senators, but if the coalition is dividing its time and prioritising you, that's fine. Please continue.

Senator PATERSON: I'm interested in discussing the disposal of our devices when we come to the end of the use of our devices. I recently disposed of a previous device and had some discussions with your team, and they

very efficiently provided me with some options as to what could be done with that device afterwards. What's the standard process for when a member of parliament ceases to use a device? What happens to that device?

Mr Amodio: We have a standard secure destruction process which the phones will go through, which includes putting them into safe hands and then getting a record of that destruction.

Senator PATERSON: Are all phones or other devices used by parliamentarians destroyed? Is it in 100 per cent of cases destroyed?

Mr Sfyris: In some cases, a parliamentarian who may be exiting parliament—depending on the age of the phone—does have the option to purchase the phone and take that with them.

Senator PATERSON: I wasn't really thinking of that. I was thinking more: would you consider recycling the phone and reusing it or onselling it to someone else? After the parliamentarian has ceased using it, does it not get passed on any further? Is it destroyed in all instances?

Mr Amodio: It may not be destroyed in all instances, and we can maybe take that on notice.

Mr Sfyris: We'll just have to take that on notice.

Senator PATERSON: I don't believe it's destroyed in all instances, based on the advice I got from your staff.

Mr Amodio: Can we take it on notice just to confirm, because there will be some context around devices that are still within warranty and then how they get recycled?

Senator PATERSON: I included in my formal questions anything that was still in warranty. My question was: after it leaves our use, does it go on to be used by anyone else? It's my understanding that the default option is that, yes, if it is within warranty, if the phone is still functioning, then there's some kind of a cleansing process that it goes through, but it can then be redeployed within DPS or elsewhere. Does that sound right to you?

Mr Amodio: That is a possibility.

Senator PATERSON: Okay. Can I encourage you to consider the Australian Cyber Security Centre's advice on this, which is very explicit in their ICT equipment disposal guidelines. It's not an especially lengthy document, but one relevant section says:

Before ICT equipment can be released into the public domain, it needs to be sanitised, destroyed or declassified. As sanitised, destroyed or declassified ICT equipment still presents a security risk, albeit very minor, an appropriate authority needs to formally authorise its release into the public domain.

It's my view, given the sensitive nature of information that parliamentarians have on their phones—particularly if they're involved, as I was in the previous parliament, on the intelligence committee—that it's not safe to take the risk for a device to be redeployed elsewhere, given people are able to do reverse engineering with people's phones. It was only because I proactively asked the department, 'What will happen to my phone after I give it back to you?' that they gave me the option of it being destroyed. My view would be that being destroyed should probably be the default, given that risk. I can move on to other matters, or I can cede the call to others.

CHAIR: I'll give the call to the Greens, noting the call will come back to the coalition, if you can prioritise your time, and then I'll hand the call to Senator Pocock after that.

Senator STEELE-JOHN: I have a question for Mr Stefanic: can you confirm the process for staff visitors and building users to input into the upcoming review of DPS's access and inclusion plan?

Mr Stefanic: We have commenced a process, following the recommendations in the Jenkins review report, to review the accessibility and inclusion plan in advance of when it was due for review. We engaged the Australian Network on Disability in the development of the first plan, and we have re-engaged them for the purposes of a review of the plan. That is in the early stages. We haven't yet determined the whole process for review but I certainly anticipate there will be broad consultation, given we will be speaking to the Jenkins review recommendations.

Senator STEELE-JOHN: I understand consultation is at an early phase, but are you able to confirm there will be an input pathway for staff, visitors and building users into the creation of that plan?

Mr Stefanic: Yes, there will be.

Senator STEELE-JOHN: Okay. One of the limits I've noted with the current plan is that it isn't in fact a whole-of-building plan; it's only a plan for DPS. Is there any intention to expand the review to include other departments so we can actually achieve an access and inclusion plan that covers all departments that are responsible for the overall parliamentary experience?

Ms Luchetti: There has been some initial conversation so far about making the accessibility and inclusion action plan whole-of-parliament for all the parliamentary departments. We are very supportive of allowing that to happen.

Senator STEELE-JOHN: Those conversations have taken place with the other departments?

Ms Luchetti: Yes—just at a low level at this stage, at one of the Jenkins implementation group meetings we've had. There was general consensus that that would be a good idea.

Senator STEELE-JOHN: Who was present at that meeting? Was it the Department of Finance? Which of the other departments are involved in that?

Ms Luchetti: I'll have to go back to the minutes of that meeting to tell you.

Senator STEELE-JOHN: I would like to know. At the moment, your process is that there would have to be multiple departmental buy-in for it to be a whole-of-parliamentary experience plan?

Ms Luchetti: Yes.

Senator STEELE-JOHN: But DPS is proactively pursuing that goal line?

Ms Luchetti: Yes, we are, and we'll have some further conversations about that to finalise it before we move ahead with the 2023 plan.

Senator STEELE-JOHN: Just to clarify: you said that had taken place at the lower level. What did you mean by that?

Ms Luchetti: It was, informally, something I had raised as a suggestion, and there was consensus that that was a good idea. It hasn't gone any further in terms of department heads' meetings or anything like that.

Senator STEELE-JOHN: Mr Stefanic, when is your next department heads' meeting?

Mr Stefanic: We just had the last one. They happen quarterly, so the next one won't be due until early next year.

Senator STEELE-JOHN: Will you be putting that on the agenda for that meeting?

Mr Stefanic: We will now.

Senator STEELE-JOHN: Fantastic! Thank you for raising it at that meeting; that's fantastic that you did that. It is very good to have it on the agenda.

My last question is in relation to the current plan. In the current plan, as of November 2020 the department disclosed that it had a disability employment representation rate of 2.3 per cent at the time. What's the figure currently?

Ms Luchetti: As of 30 June 2022, it was 2.9 per cent.

Senator STEELE-JOHN: Sorry; it's 2.9 per cent now?

Ms Luchetti: As of 30 June.

Senator STEELE-JOHN: So, in the roughly two years intervening, we've not quite gone up one per cent?

Ms Luchetti: That's correct.

Senator STEELE-JOHN: I note your plan states and observes—if it was correct then, it's correct now—that about 10 per cent of the working-age population is disabled. You say you aspire to achieve a higher rate of representation for people with disability. The APS target overall for 2025 is seven per cent; the current rate is four per cent. If you want to reach that higher level of 10 per cent or increase that number, I would hope to see in the next plan a concrete target and some clear steps to achieve that target. Thank you.

Senator PATERSON: I have some questions about the new DPS social media policy. At first glance it seems to be a fairly comprehensive and pretty harsh policy which quite severely restrict the rights of DPS employees to express their opinions. It's so comprehensive that it even includes unpaid interns and students undertaking voluntary work at DPS, which I think is extraordinarily broad, and encompasses online gaming networks such as *World of Warcraft* and *Second Life*. I'm not sure how often DPS employees express their political opinions on *World of Warcraft*, but that is seriously comprehensive! Mr Stefanic, can you articulate why such a stringent social media policy is necessary?

Mr Stefanic: The review of the social media policy was initiated following three specific events. The first was the implications of the High Court judgement in Banerji. The second was the case of Voller. The third was a defamation and breach-of-copyright proceeding that was taken against one of our staff. DPS, representing the Commonwealth, was joined in that proceeding for vicarious liability on the basis that the work was performed within the scope of the person's employment. The proceeding resulted in significant costs in respect of legal

representation. It engaged the Attorney-General's Department and Comcare in negotiation of settlement of the claim. The thing I learned out of that process is that the bar for defamation claims in Australia is, unfortunately, very low. To not make any change to the policy would have essentially left us open to the same risks and to considerable additional cost to the Commonwealth each time someone took offence and decided to take defamation action. I certainly know that it consumed a large portion of my, Ms Saunders's and Ms Luchetti's time in managing through that process. It's not a sustainable position for us to take into the future, so we sought external, professional legal advice to shape a new policy that would deal with the implications, particularly in the Banerji and Voller cases, and that would provide protections not only for the department and the Commonwealth but also for our staff. It was not my intention for the policy to be punitive. It was to protect our own staff as much as anything else.

Unfortunately, as we've found, it's possible that an employer's staff member can tweet something that's fairly innocuous, but it's what a third party then attaches or shares that could be defamatory that then is imported to you as a publisher. Obviously, you don't have any ability to moderate that, so that is stuck to your tweet. It is a problem that anyone tweeting can have a third party, resulting in them experiencing a defamation claim.

We did consult on the policy with our staff for a 24-day period, and we also consulted with unions and received no responses to that. Having followed that process, we felt that it was satisfactory to then promulgate that policy.

Senator PATERSON: I appreciate your observation about the low bar for defamation in Australia. I agree with you that it is too low and that that's unfortunate. In my view, it restricts free speech more than it should, and that's not your job to fix; that's the parliament's job to fix. I understand that. But I am interested—

CHAIR: I'm not sure whether it's Mr Stefanic's role to decide whether the threshold is too high or low. It's only to ensure that the department's interests are protected in that.

Senator PATERSON: Sure. I take that point. But, particularly given that this is based on legal advice and not on a specific case—the department, following advice, decided to settle that case—I'm interested in whether or not there was a less rights-restrictive way to achieve the same objective—for example, requiring that DPS employees don't tweet or use social media during work hours. I understand why you need to have a social media policy. DPS employees shouldn't be tweeting or using social media all day while they're at work, and they shouldn't say things which reflect badly on the department or which make them seem politically partisan. That's a perfectly acceptable need to have. But did you explore other, less rights-restrictive ways of achieving this objective?

Mr Stefanic: Yes. An important thing that I forgot to mention is that it is not an absolute bar to staff engaging with social media. Where there is doubt, the policy explicitly talks about talking to the senior executive, but obviously that's initiated through the manager at line level. There are strategies that could be talked through. One of those may be putting restrictions around how a particular platform is used. Another might be about what other tools are possible to still achieve the same outcome in terms of providing that information but doesn't occur on such a public platform that would create those risks. So there's scope for discussion with the employer to come to some sort of mutual arrangement.

Senator PATERSON: My sense from DPS employees that I've heard from over this policy issue, and from the comments I've seen attributed to them in the media and on social media, is that they don't believe that it is a flexible policy that allows them to come to an arrangement. They believe it's very restrictive and that it really doesn't leave them many options at all. I appreciate your point about consulting with DPS employees, but they're not the only relevant stakeholder here. The parliament is also a relevant stakeholder, because we rely on the work of DPS and, in particular, the work of researchers at the Parliamentary Library I'm particularly conscious of the fact that academic research is a collaborative exercise. It's not something that you just do sitting on your own. Interactions with others generate ideas and produce understanding. It really seems to me to have heavily restricted the work of the researchers at the Library, in particular, in a way that will impact the quality of the advice they're able to provide to parliamentarians.

I guess I've made that point. I just invite you to reflect on that. I know there's a review mechanism in the policy, but I also know it doesn't take place, unless otherwise initiated, for three years. I would encourage you, because of the way in which it impacts on our work, to consider if before that time there's a way of facilitating DPS employees having more freedom of speech.

Mr Stefanic: Thank you, Senator. I'll take that on notice, and we'll make some assessments about the impact that it may have on parliamentarians.

Senator PATERSON: Thank you. I appreciate that.

Senator WATERS: Hi, folks. Thanks for joining us today. I will start off with some questions about parliamentary fundraisers, and then I have some questions for the Library folk. At the previous estimates hearing,

on 28 October, Minister Wong confirmed that the Prime Minister had written to the President and to the Speaker requesting that APH venues not be used for political fundraising events. We obviously welcome that initiative. Can I be advised, please, on what DPS has done to give effect to that ban? How are you operationalising it?

Mr Stefanic: Thank you, Senator. As a first response, a lot of the work was done for us. Because it became public fairly quickly, all the organisers of events that were previously booked had contacted us directly to cancel them. There were nine particular events that cancelled. Our APH Catering and Events team contacted all other booked events during budget week to ask them whether those events were for political fundraising purposes, to ensure that it wasn't transgressing the requirement. So that was the first step.

The second is that we have reviewed the policy, which also provides clarity on what 'political fundraising' means, to provide clarity to our staff in managing inquiries for events within venues at Parliament House. That policy is currently with the Presiding Officers for their approval.

Senator WATERS: I don't think I have read that policy. Will that be made public at some point?

The President: I'm happy to take the question on notice, Senator Waters, but I believe we've signed off on it, so it may not have got back to DPS.

Senator WATERS: So it presumably will be made public once the process is finished.

The President: Yes, absolutely.

Senator WATERS: Thank you. Could you assist me, in the meantime, with what you are defining as a political fundraising event and what your policies or processes will be to make sure that one isn't booked in in the building?

Mr Stefanic: The definition that we have been working with is a fairly detailed explanation which I believe will be approved: events are 'those organised by registered political parties and/or candidates for public office and/or any other third party where funds are collected in connection to the event for the purpose of donating raised funds to a political party campaign and/or candidate'.

Senator WATERS: Thank you. The second part of my question was about the processes that you'll use to make sure no such events get booked in.

Mr Stefanic: Yes. The form that organisers are required to complete requires a box to be checked, verifying that the event is not for political fundraising purposes. Given that our staff work with these types of events, if there is any doubt, there is a point of escalation, so it may be passed further along the line for consideration. If necessary, we would require a statutory declaration to ensure that that's the case.

Senator WATERS: Okay. So staff won't do any checking as such, but you might require the applicant to further assert that it's not a fundraiser?

Mr Stefanic: On the form which they complete when they book the event, yes.

Senator WATERS: You just trust that they're ticking the box and you won't actively check that that's correct?

Mr Stefanic: Our staff, if they have any doubt about it, will then seek further advice. If necessary, I will consult with the Presiding Officers.

Senator WATERS: Okay, thank you. Can I move on now to the resource question for DPS. The budget provided an extra \$15.9 million, which I understand is largely directed to the library—and I have some specific questions on that. But for now, it's an extra \$15.9 million and yet Budget Paper 4 shows that DPS staffing numbers have only grown by six FTEs. I'm just trying to understand the figures there. My question is, given the additional responsibilities in implementing the *Set the standard* report and managing a significant increase in Independents and minor party members, are the staffing resources for DPS adequate?

Mr Stefanic: Thank you. I will ask Mr O'Brien to talk through some of the detail. But in general terms, some of the funding differential is a carry-forward of funds; it's not all new funding. The new funding we received specifically relates to additional operational funding to support Hansard and Broadcasting services in supporting committees. The other element of that funding supports the Parliamentary Library to provide additional services.

The President: Before you go there: Senator Waters, I'm advised that the new fundraising policy was sent back to DPS on 27 October. So it should be published fairly soon.

Senator WATERS: Great, thank you, President. Mr O'Brien?

Mr O'Brien: Looking at the 2022-23 financial year, there are three drivers for the increase of \$6.7 million in our departmental operating. The first one is a reallocation of some administered operating funding which was attached to the support for the electronic security system. We've had that relabelled from administered funding to departmental operating. In that sense it's not new money: it's come out of one bucket and into another.

Then there are the two elements of new funding: \$810,000 for Hansard and Broadcasting, reflecting the increased level of support required for committees and committee activity following the commencement of the 47th Parliament. After the first year there's a phase-in for the ASL in the first year, but then it's 10 ASL per year. The second amount is an additional \$2.05 million, and that's the amount related to the Parliamentary Library to provide additional support. That's for 13 ASL, but there are also non-staff costs in the first year of around \$700,000 related to, I think, plugging the gaps in the collection. So there is some additional expenditure there that's not staff-related.

Senator WATERS: Thank you. Is it correct, then, that DPS numbers have gone up by six full-time equivalents, if you take out the Hansard folk and the library folk? Is that what your share of the budget gave you?

Mr O'Brien: I believe so, Senator.

Senator WATERS: Thank you. So back to my original question: given the additional responsibilities with *Set the standard* and the larger crossbench, is the number of staff the department has adequate to meet those new obligations?

Mr Stefanic: Yes. So far we have absorbed the cost of the additional work. There is a piece of work currently underway which was also a recommendation under the Jenkins review, which is the feasibility study into a health and wellbeing service. We did receive funding through the previous budget to undertake that feasibility study. We anticipate that to be completed before the end of the month and—depending on the recommendations—it may require additional resourcing. But at this stage it can't be known while the fieldwork is still underway.

Senator WATERS: If it did require extra resourcing, would you need a further allocation or have you got other means to access the funding?

Mr Stefanic: It potentially may not require anything. It would depend on the model that's being proposed. For example, if it's a GP service that people would access normally—the availability of a GP service that they still pay for—then of course there is no cost to the department to provide that service. I know that the *Set the standard* report did speak to a remote access to services, which would potentially have a greater impact on costs. What I'm saying is: there's a broad spectrum of potential recommendations, and we're just not quite sure where that might land yet.

Senator WATERS: Coming to my question, would you meet those additional resourcing demands, whatever shape or form they might take, internally or would you need to seek a separate allocation for that?

Mr Stefanic: We would aim to provide whatever we could internally. We would seek additional funding, for example, if there were additional capital required or if DPS had to pay for a contract service provider. That would certainly be something that DPS could not absorb and would require funding.

Senator WATERS: I note that you've given me the figures for Hansard, and I think, Mr O'Brien, you said \$810,000 for Hansard and broadcasting. My notes here tell me that there was \$5.1 million for additional Hansard and broadcasting to support committees. Could you please clarify for me whether that's accurate or where I might have gotten that impression from?

Mr O'Brien: The figure that I was talking about, \$810,000, relates to the 2022-23 financial year.

Senator WATERS: And \$5.1 million is over the forwards?

Mr O'Brien: Yes. Then it jumps to \$1.39 million in 2023-24 and then through to 2025-26 at 1.5.

Senator WATERS: That additional funding is obviously necessary and welcome, but I might note that it's not just Hansard and broadcasting. There is travel, venue hire, staffing for secretariats. Committees obviously have quite a price tag attached to them. I note that a number of important committees, including the inquiry into murdered and missing First Nations women and children, have had to reduce the number of their hearing locations due to resource constraints. Is the department monitoring that particular issue and those sorts of committee resourcing issues generally and advocating for more resources so that important committee work can get done?

Mr Stefanic: Certainly where DPS intersects with that would be providing the Hansard and broadcasting support, and we would meet any requirements in respect of that. The staffing itself is a matter for the Department of the Senate.

Senator WATERS: So it sounds like you're championing the bits you can champion. I have some questions now about the library. As we have previously discussed, the library is a really invaluable resource for all of us here but particularly for crossbench staff and smaller parties that have fewer staff per head. I note that, when this government reduced the staff allocations for Independents, it said that the library could provide the necessary assistance. The budget allocated \$10.8 million to assist the library to provide support to parliamentarians. I'd like

to know how that funding will be applied and, in particular, what measures have been put in place to ensure that those additional resources are in fact used to support Independent and minor party members with the advice and research that was promised to compensate for the loss of, or failure to increase, staff.

Dr Heriot: We will be recruiting. We're gaining additional staff. I can't tell you how many and at what level as yet because I'm waiting for a number of what we elegantly call bulk recruitment rounds to go through their final stages and come to me, but we'll be looking to maximise our staff hiring, noting that these are constrained-market employment times.

Senator WATERS: Mr O'Brien mentioned that there will be 13 additional ASLs for the Parliamentary Library. How does that figure match up with your comments just then?

Dr Heriot: Matt will correct me if I get this wrong. FTE is different to headcount because it is calculated on a certain notional staffing level but, within that budget envelope, the number of staff you can actually on-board depends on a whole range of things—their level, their pay point within a certain level. So it is a more flexible matrix than that might appear.

Senator WATERS: I see. So it's 13 FTEs, and that might present itself in a number of different forms.

Dr Heriot: Absolutely, and I won't know that until I see the recruitment process follow through.

Mr Stefanic: The ASL calculation is a theoretical dollar amount, but the staffing you need to provide might be either higher or lower than that amount. So it will be—

Senator WATERS: I see. So it's just an envelope that you can fill.

Dr Heriot: It can be different.

Senator WATERS: Back to my question about whether or not any proportion of those new resources will be dedicated for the use of independents and smaller parties—

Dr Heriot: No; we won't be dedicating resources. The act requires us to provide services equally. Dedicating resources is also problematic because, if I dedicated to you an economist and you need legal advice, a dedicated economist wouldn't help you. We are looking to build capacity across the library to answer all our client requests. To meet the expressive needs of the new parliament, with its enlarged crossbench, we have retuned our process to legislative briefing. You may have noticed that we've introduced a new product around disallowable legislation to make it easier for senators and members to track that by portfolio. We've also re-engineered our process, I think it would be fair to say, for Bills Digests, to get them out as much as possible for first chamber debate. I think the last figures I saw were that, of the 28 we published for the last sitting, all but one were out in time for first chamber debate, which is a great achievement on the part of staff, since we only see them—'them' being the bill—once they are introduced into parliament.

Senator WATERS: Will there be any evaluation process undertaken to assess whether MPs and senators are satisfied with the service that they receive?

Dr Heriot: We conduct a formal evaluation of library services by an external evaluator once in the life of every parliament. We also actively solicit feedback, including through meetings with senators and members, where I and my colleagues ask them how it's going, what's working, what's not working and that sort of thing. I could make this an advertisement: we are very keen for as much feedback on our services as possible to enable us to fine tune them. It is sometimes more useful to get feedback that points out what we could do differently or better than, 'No; that's great.' So we are always keen for that.

Senator WATERS: I understand your term as the Parliamentary Librarian was due to expire in May of this year but was extended, I believe, until 2023 due to the election. Has there been a process to decide on advertising for your replacement and will that be an external recruitment process? I'm not sure whether it is best that you answer that or somebody else.

Dr Heriot: Before I pass to somebody else, I'll just note that, in making the announcement about the extension of my term, the then presiding officers noted that it was to enable me to assist Ms Missingham in the conduct of the review, not necessarily the election.

Senator WATERS: Sorry, to assist with the?

Dr Heriot: The conduct and implementation of the strategic review, not tied specifically to the election.

Senator WATERS: Thank you. Who can answer my question?

Mr Stefanic: The presiding officers have written to me and to Dr Heriot seeking our advice on the strategic review conducted by Ms Missingham. There are some recommendations in that strategic review of the library that are detailed and that require some thought and identification of resourcing levels. I know it was the original intent

for a new parliamentary librarian to implement a 10-year strategy. I think it's not until that strategy has been developed that a conversation can occur about whether a new librarian to implement that strategy will be important or not, and then it'll be a matter for the Presiding Officers, based on that advice, to make a decision.

Senator WATERS: So did you just tell me that there might not be a recruitment process at all?

Mr Stefanic: Potentially not. The first tranche of advice I've been requested to provide is before the end of this calendar year.

Senator WATERS: I'm almost finished. Some concerns have been raised previously about some knowledge gaps within the library research teams and whether the advice provided is sufficiently targeted. I understand that some teams recruited experienced subject matter experts while others recruited generalists—correct me if I'm wrong about that. How are decisions made about allocation of resources to particular teams within the library?

Dr Heriot: To go back to first principles, our legislative library and research service always needs a mix of generalists and people with particular subject matter expertise on the basis that the nature of inquiries from parliamentarians ranges very widely across a whole range of issues. Decisions about the exact mix of positions within a particular team are made in consultation with the team leader, who will look at how their team is structured, what their particular resource pressures are and where there is pent-up demand. There isn't a one-size-fits-all solution. It's worked out specifically vacancy by vacancy, really.

Senator WATERS: So the team leader makes that decision?

Dr Heriot: The team leader will be involved in the decision; they're not necessarily the final decision-maker.

Senator WATERS: Who's the final decision-maker?

Dr Heriot: That would be a consultation with the branch head, me and the team leader.

Senator WATERS: I was going to ask for an update on the strategic review, but you have given me a partial answer already. So I might put further questions on notice about that. Lastly, I'm wondering if there's any employee census data from either the Parliamentary Library or the DPS on the APSC website. I note that other agencies publish their employee census data, but I couldn't see any for either DPS or the Parliamentary Library. What's the reason for that?

Mr Stefanic: The department doesn't participate in the APSC census.

Senator WATERS: Sorry, it does not?

Mr Stefanic: It does not. We did for some years, but in 2019 we initiated our own, which was based on the substantive engagement related questions in the APSC census. The principal reason we went down that path is that you would categorise roughly a third of our workforce as non-desk based, and we had terrible difficulty in getting more than 59 per cent of staff to participate in the survey because the APS survey is very lengthy, and it's also very much targeted to what would be referred to as white-collar public servants. The third of the workforce that I'm talking about consists of people that are in security and trades related professions who are quite mobile and have brief periods of time to have breaks, so sitting in front of a PC for two hours is not palatable. So what we did was a truncated survey of fewer than 40 questions that hit the key engagement markers but were less concerned with a lot of the statistics that are, importantly, generated through the census. The first year we did it, we achieved a response rating of nearly 80 per cent, and I think last year it was around 76 per cent.

Ms Saunders: Seventy-one per cent.

Mr Stefanic: Seventy-one per cent. It's validated that we've been able to improve our staff involvement in that. I know that's a lengthy answer to your question, but there was quite a bit of context behind it.

Senator WATERS: Thank you for that explanation. Are staff surveys undertaken to assess satisfaction, health and wellbeing, engagement or any other sort of workplace issue? And if so, is there a process to respond to the feedback received?

Mr Stefanic: Yes. There is a combination. There are questions around bullying, harassment and discrimination also. The latest survey, actually, just went out today.

Senator WATERS: That's the survey that you were referring to with the 40 targeted questions?

Mr Stefanic: Correct.

Senator WATERS: As opposed to workplace bullying or some of those more serious issues, do you ever ask your staff about health and wellbeing, satisfaction—important issues still, but less serious in terms of the legislative response required?

Mr Stefanic: Certainly, around satisfaction levels within their work groups and also satisfaction with their management teams and with the organisational direction more broadly.

Senator WATERS: And what's the process for responding to any feedback that you receive?

Mr Stefanic: The questions also provide some free-form text—some qualitative responses. Those responses are aggregated, then considered as part of the workforce capability assessment. The information is collected from a management point of view to identify whether there are any trends or issues that need to be addressed.

Senator WATERS: Could you provide on notice, please, a little more detail about that process? I don't have a good understanding of it. My last question is: do you think staff feel discouraged from raising concerns about the workplace they're in?

Mr Stefanic: I wouldn't have thought so. I know that our previous census responses indicated that staff were comfortable to raise matters of concern, but I don't know if Ms Saunders has any more to add to that?

Ms Saunders: No, not at this stage, but we will have a look at come back to you.

Senator DAVID POCOCK: Thank you for your time and the great work you do. I have a few more questions on the Parliamentary Library, if that's alright, and thanks for the great service you provide. Can you look at historical funding? Looking through the annual report from last financial year, in figure 12 it looks like the funding for the library has fallen by about 25 per cent in real terms since 2006. Is that correct?

Dr Heriot: I'm confident that if it's a figure in the library report it will be correct, because someone other than me works out the stats. Yes, we take that as our benchmark figure because that was the year of the amalgamation, when the parliamentary departments joined in DPS.

Senator DAVID POCOCK: Do you know if this additional funding gets us back to 2006 levels?

Dr Heriot: I can't answer that. I'll have to take that on notice, I'm sorry.

Senator DAVID POCOCK: That's alright. Also in the annual report it talks about issues in recruiting staff before this additional funding. Could you talk us through some of those challenges?

Dr Heriot: The challenges are that we compete in an employment market that varies widely. I know it's tight at the moment for everyone and, of course, for us, but sometimes, even without the current market, we'll go out to recruit someone with a particular subject expertise and they'll be in an employment category that's very well sought after in many areas. For example, for a number of years, it was very difficult to recruit lawyers with tax expertise. We also tried for a number of years to recruit geologists but, of course, they were in huge demand elsewhere.

So the ability of the market to meet a certain job need varies across time. On the one hand, you have the general environment of the marketplace, whether it's tight or not, and then you have within that—because we often do recruiting in quite specialised areas—the ability of the market to respond to that. On the whole, we get good fields but it depends, if we're looking for something in particular, whether the market will provide that at a particular time. Then we just have professions where we have an ongoing need and we'll just run recruitment processes for those. Economists come to mind.

Senator DAVID POCOCK: Given those challenges, are you confident that you'll be able to both plug those gaps that you've been trying to plug and recruit new expertise?

Dr Heriot: I'm hopeful. We deliberately went for bulk recruitment rounds at various levels to give us maximum flexibility. There are quite a lot of people who have gone through to the reference stage, which indicates that the recruitment committees are buoyant about the fields, but I haven't seen what would come to me yet. But I am hopeful, which is all I can be, having not seen anything.

Senator DAVID POCOCK: You mentioned that once a parliament you do a big review. Are there any metrics that you are keeping an eye on every year or a few times a year to look at whether you think you've got the resourcing required?

Dr Heriot: We look at demand quite closely. We look at the number of client inquiries, the nature of the client inquiries, what sorts of fields they fall into and whether some sections are really getting a lot of work and others less to try and work out where to move resources as parliament's interests change over time and how to give ourselves flexibility to do that. Since the last evaluation, we started to pilot someone in a co-ordinating role who, if a senator or member had an inquiry that had, say, 15 or 20 parts, could work with their colleagues across the library to make sure that all those parts were answered consistently. When I say 'consistently', I don't mean the answers being consistent, because they will all be different, but consistent in style and level of detail across the job. That seems to have been fruitful.

We spend a lot of time looking at the client jobs, client responses, where the pressure points are and what we might need to do to balance the pressure points. The staff in the library are really good at volunteering to help out where a section might be a bit under the pump and another one isn't, to even it out a bit. That's the sort of work

that we undertake on a weekly basis. Then we look at longer term trends. It's hard to predict trends sometimes because you can think, as we do in the briefing book, 'Well, these will be the issues on horizon,' and then we get a pandemic and everything changes. We're aware that, while we're looking at trends, things can change really quickly or—of a less catastrophic nature—a new inquiry can come up in the parliament, which will mean that we'll get a lot of interest in another area.

Senator DAVID POCOCK: Do you have a handle on what the average turnaround time is for a request, and what that's sitting at at the moment?

Dr Heriot: No, I don't; sorry. We know—and I've been reporting on in this in the annual report over time—that, because it's easy to find basic information now, we don't get those really easy jobs anymore, because people can self serve. So we're getting a higher and higher proportion of more complex and difficult questions. This is consistent with the experience of colleagues in parliamentary and legislative libraries and research services internationally. The trend is for an average job per FTE to take longer but the time spent for an individual job can vary widely, depending on the nature of the job and the number of its moving parts.

Senator DAVID POCOCK: Thank you.

Senator SHELDON: Can you update us on the department's ongoing building works, including the transfer of senators between offices after the federal election?

Mr Stefanic: Within Parliament House?

Senator SHELDON: Yes, thanks.

Mr Stefanic: Noting that there was insufficient space in the Senate wing for senators, there were senators accommodated in the House of Representatives wing. On that basis, following discussions with the President, we identified some space in the Senate wing that was occupied by DPS staff. One suite was previously occupied by Mr O'Brien. He now has an office at 25 National, so we were able to vacate that suite to relocate one senator very quickly. That left two senators that needed to be relocated. The space next to Mr O'Brien's suite was originally intended to eventually be converted into senator suites. We are currently in the process of converting that remaining space into three senator suites. The demolition work, I believe, has now commenced; it's occurring after hours, when it disrupts the parliament less. There is significant work that'll need to be done that'll be disruptive to the floor immediately below, which I believe is occupied by the Senate Table Office. We anticipate having those additional suites online to relocate the remaining senators by the first quarter of next year.

Senator SHELDON: Thank you.

Senator WATERS: Good news!

Senator PATERSON: Can I have an update on the planned construction of an additional classified meeting space within Parliament House?

Mr Stefanic: That work is underway. There was an extensive design period for the creation of a secure container space. The design for the space itself, I believe, has been completed. What is now in progress is the design on the external side. It does disrupt the design intent of the building; it has an impact on space that was occupied by the reading room. That work is—I'm going to say, at great risk—on track. It certainly is in progress, as quickly as we can expedite it.

Senator PATERSON: What are the next steps? The design of that external facing part will be completed and then has to be approved, and then—

Mr Stefanic: We work closely with the moral rights administrators in the design of Parliament House; that is occurring as we speak. I might let Matt finish the rest of the answer; he's across more of the detail.

Mr O'Brien: The site will be established after the last sitting day, and we will commence demolition work in early December. The target completion date is by July of next year, but, as the secretary said, we need to get our way through a range of approval processes during that program window.

Senator PATERSON: You've anticipated my next question. That's very welcome news. I wish you all the best for that process. It's an important new facility.

To my final matter: does the Xinhua News Agency still have accreditation in the press gallery, and, therefore, hold a pass to access the building?

Mr Stefanic: Good question. I would have to take that on notice. I honestly don't know.

Senator PATERSON: No-one else here who has knowledge of that who could come to the table?

Ms Saunders: That would be me, but I'll have to take that on notice.

Senator PATERSON: In anticipation of that answer being yes, which I believe it is, I want to table an article for the benefit of committee members, and particularly for the President to consider. I will briefly describe it. It is an article by the Associated Press published last week on 1 November. It has a number of interesting observations about the Xinhua News Agency. The title of the article is 'In Xi's China, even internal reports fall prey to censorship'. There are two interesting reflections. Firstly, it reports:

Xi took control of Xinhua, which nominally reports to the No. 2 official, the premier—
which is, of course, Li Keqiang—

Under Xi, Xinhua at times began to ignore Premier Li Keqiang, whose frustrations boiled over in an internal meeting, said Wu and a state media journalist with knowledge of the matter, speaking on condition of anonymity to discuss the sensitive subject.

We already knew it was a Chinese government controlled agency, but now we know it reports direct to President Xi.

The second interesting observation is that this article describes a process by which the Xinhua News Agency has a dual purpose. One is that it files press reports, like any other press agency, but the second is that it is a source of intelligence for the Chinese government. I will just read a few excerpts for your information:

But a few outlets, such as Xinhua and the state-controlled People's Daily, supply intelligence directly to China's rulers. Their confidential reports have toppled officials, changed policy, and launched government campaigns against poverty and waste.

The Communist Party calls internal reporting a secret weapon, acting as its "eyes and ears," while propaganda acts as its "throat and tongue."

Essentially, it's saying Xinhua journalists have a dual purpose: they file both public reports and private intelligence into the Chinese Communist Party.

In light of that information now on the public record, courtesy of the Associated Press—it's really a question for you, President—do you think it's appropriate that Xinhua journalists hold passes that allow them unescorted access to the whole of Parliament House?

The President: As you can appreciate, this is the first I've heard of this. Any decision we took would be a matter for myself and the Speaker, in consultation with other people in the parliament. If you table that article, I'm happy to take it on notice and get back to you.

Senator PATERSON: I'm grateful for that. I'd encourage you to read it and discuss it with the Speaker at your convenience and to reflect on the risks posed to building occupants of having in the building people who may be acting as agents for an authoritarian government—particularly in light of one previous incident in the building a couple of years ago, which I asked your predecessor, Senator Ryan, about, where state media from China filmed other journalists in the Prime Minister's courtyard in a way that journalists described as being intimidating. I certainly wouldn't want to see anything like that happen again in the building. Thank you.

Senator COLBECK: In relation to Senator Sheldon's question on the additional suites: is that impacting on the capacity to provide services to other senators?

Mr Stefanic: No. Within DPS's annual appropriation is administered capital and an administered operating budget that is specifically for the maintenance and refurbishment of Parliament House. The work is performed within that resourcing envelope.

Senator COLBECK: So the resources available to the parliament for other services for senators are separate from those involved in the project for construction of the additional suites?

Mr Stefanic: Yes. Within our property services branch, there are two main elements. One is what we call business as usual, the maintenance element, and the other the delivery of capital projects. They will work together depending on the scale of works required. So, if it's something that we call 'patch and paint', it is simply done as an operating cost. Things like recarpeting, where there are major works required, are funded out of that capital cost. It doesn't impact any of the other services that DPS provides to the parliament.

Senator COLBECK: So there's no cross-transfer of personnel or people involved?

Mr Stefanic: No.

Senator COLBECK: In relation to the parliamentary art collection, is there a capacity issue with storage?

Mr Stefanic: There is. Dr Heriot is probably in a better position to answer, as the manager responsible on my behalf. We do have off-site storage for some of the art collection, but I might let her answer.

Dr Heriot: Yes, we do have some constraints on our storage with regard to both the amount of art we can have in the art store and the dimensions. For example, a number of the older, literally larger-than-life historic

memorials portraits are in off-site storage because we can't accommodate them here. The changeover of parliament, when art is returned from suites prior to being redeployed, also puts pressure on storage. If we also have a lot of art moves, not in the case of the Senate suites but in the case of some other capital works, that can create some short-term spikes in storage. But that's just a short-term thing.

Senator COLBECK: Is that impacting at all the procurement process for the collection?

Dr Heriot: No, not that I'm aware of.

Senator COLBECK: So the procurement of new works would continue without concern for the capacity to store?

Dr Heriot: We always have regard for a number of things in our procurement, and some of those relate to the size of the object, not only for storage reasons but for our ability to display it. The procurement is proceeding as normal and as agreed to by members of the Art Advisory Committee at their meetings. The storage issues tend to be related not to those but to some of the larger pieces, or bulk—the need to accommodate, suddenly, quite large collections when we empty suites.

Senator COLBECK: So circumstances such as a change in government will create an additional bottleneck, if you like, that makes it harder to manage?

Dr Heriot: A new parliament post election, whether or not there is a change of government—because there is always a change in members and senators—creates a large logistical challenge.

Senator COLBECK: Are there any plans to manage the storage constraint issues, or is it a new parliament issue rather than an overall storage issue?

Dr Heriot: We have some limitations on storage space due to competing demands, but the peak demand of a change of parliament is a seasonal activity rather than a constant state.

Senator COLBECK: But isn't your storage specifically designed in the context of atmosphere, temperature and things of that nature?

Dr Heriot: Yes, that's why we use off-site storage for some elements.

Senator COLBECK: I might get you to provide me on notice—I don't need it here today—the extent of on-site versus off-site storage. That would be fine.

Dr Heriot: Certainly.

Senator COLBECK: What advice or support did the department provide to the Prime Minister's office in the installation of the telephone system that doesn't permit a member of the public to speak to a human in the PMO?

Mr Stefanic: Mr Sfyris is responsible for the phone system, but he looks as confused as I am, so I'm not sure.

Mr Sfyris: I'm not aware of the telephone system that they've installed. I know that we provide a switchboard and telephony service to parliament, but I'm not sure if the service you're referring to is a unique one that has been arranged between the PMO and the Department of the Prime Minister and Cabinet.

Senator COLBECK: So you don't provide oversight of the telephone system within the Prime Minister's office?

Mr Sfyris: We provide a telephone service to all parliamentarians and parliament, including switchboard services. That's the service we provide to all suites and offices. I'm not sure if there's an additional service that may be running through something like Teams, for instance, that they've implemented.

Senator COLBECK: Under the current switchboard system it's not possible for anybody to call the Prime Minister's office and talk to a human. They get an answering machine. You're not part of that process? Having heard one of the messages, there are four options: a member or senator gets a member or senator's message; someone else gets a different method; and a member of the public gets another message. Have you not played any role in providing a system into the Prime Minister's office that doesn't permit anyone to talk to a human being?

Mr Sfyris: Not that I'm aware of. The calls that I'm aware of, that we are responsible for, coming through to the APH number, will go through to our switchboard in the first instance. Then, if they're not going directly to a member or a senator, they'll come through the switchboard and then they'll be patched through to the relevant office.

Senator COLBECK: How would your switchboard connect somebody to the Prime Minister's office, given there's an answering machine that won't talk to anyone?

Mr Stefanic: It may be that the office themselves have set up four messages to go directly to a voicemail system, which would be managed from within that office. We would supply the infrastructure, but the arrangements within the office would be a matter for that office.

Senator COLBECK: Have you provided the infrastructure to support a telephone answering service that doesn't permit people to talk to humans?

Mr Stefanic: No. It would be the generic infrastructure that is supplied.

CHAIR: I think you'll find we all have that infrastructure, Senator Colbeck. Whether we use it or not is a different question.

Senator COLBECK: Thanks for your intervention, Chair. So, Mr Stefanic, you've provided no additional infrastructure or no changes to the infrastructure that supports that service?

Mr Stefanic: That's correct.

Senator COLBECK: Would there be any costs that would come through your department in relation to the provision of that service?

Mr Stefanic: Not to my knowledge.

Senator COLBECK: Would they be fed back into the Department of the Prime Minister and Cabinet as a service provider to the PMO?

Mr Stefanic: If there's an additional system they have set up in parallel, then those costs would be borne by that department. But if it's using our infrastructure there should be no cost.

Senator COLBECK: Could you take on notice for me whether there's been any communication or requests in relation to the establishment of this service?

Mr Stefanic: I shall do.

Senator COLBECK: In relation to the decision on prohibition of political fundraisers in the building, does that have any impact on the current catering contract?

Mr Stefanic: There is no catering contract. DPS operates APH catering and events. It's an in-house operation.

Senator COLBECK: Okay. So the nine events that you indicated earlier that have been cancelled would have had an impact on the revenue for the department in that sense?

Mr Stefanic: It would. Certainly there is a reduction in revenue that results in fewer people here. For this year, at least, serendipity meant that it was actually quite challenging to get the hospitality staff required to support those events. By way of explanation, the service that we operate is run by DPS. We employ approximately 40 staff directly, and then we rely on labour hire through an external agency for surge capacity—for example, for sitting days and events. We use contract staff for that purpose. The whole hospitality industry is struggling at the moment to gain resources, and additional staff come at a high cost. For this year at least, it was not a great concern to our staff.

Senator COLBECK: So your core staff, in terms of employment, wouldn't be impacted by the decision, but the contract labour staff would be?

Mr Stefanic: We would have a need for less contract labour staff; that's correct.

Senator COLBECK: No impact on your core 40?

Mr Stefanic: No.

Senator COLBECK: Can you on notice give me a sense of what the change might be with respect to contracted staff. I'd be happy for you to take that on notice, please.

Mr Stefanic: In terms of staff numbers?

Senator COLBECK: Yes.

Mr Stefanic: I can do that.

Senator McGRATH: In relation to that area, you mentioned the policy before that I think the Presiding Officers have signed off on. Just to clarify for me, when we say 'political fundraising events', is that just for political parties, or does it include, for example, unions or an organisation like Sea Shepherd? Can they still come here and hold an event and raise money?

Mr Stefanic: It isn't limited to political parties.

Senator McGRATH: Sorry, it isn't limited?

Mr Stefanic: It is not limited to political parties. It certainly would capture prospective candidates, where that funding would be diverted to an election campaign.

Senator McGRATH: But what about campaigning organisations, who may not be campaigning for an individual or against an individual, but they're raising money for an issues based campaign? Can they still hold fundraisers here?

Mr Stefanic: I guess it's difficult to answer a hypothetical. I think, on the face of it, I would say that sort of event would be permissible. There would still be a lot of events that are hosted here by organisations that have a representational purpose—what you might call lobbyists. There are many organisations that host events at Parliament House that may be generating revenue through ticket sales for a particular purpose that we are not aware of. How they direct those funds is not a matter that we can determine.

Senator McGRATH: But, to go back to your earlier answer, when you talked about a checklist per se. An organisation books a room here. There is a cost price. Can you just confirm that they sign an undertaking that moneys raised will not be used for a political campaign?

Mr Stefanic: Correct. The form that they're required to complete requires them to confirm that they've read the events policy and that they are not booking it for the purposes of political fundraising, and political fundraising is defined within the events policy.

Senator McGRATH: Can the events policy be tabled on notice, please. What is meant by 'political fundraising'? Does it merely take in political parties and candidates—or prospective candidates, as you mentioned—or does it take in an issue? Is there a delineation?

Mr Stefanic: My interpretation would be that, if it's an issue, then it wouldn't fall within that classification. Again, it's a hypothetical scenario, so we'd have to know the organisation and what its purpose was to be able to establish that.

Senator McGRATH: So, for example, a trade union that wished to raise funds could hold a fundraiser here?

Mr Stefanic: It'd be the purpose for which the funds are raised rather than the nature of the entity itself.

Senator McGRATH: What about, for example, if the Australian Republican Movement or the Australian Monarchist League wished to hold a fundraising event here? Would that be allowed?

CHAIR: You could just ring the officers on this question, and you would get—

Senator McGRATH: Well, no. I think—

CHAIR: I've been dealing with this question. They've been very capable at answering how to manage these things when you ring to book an event.

Senator McGRATH: I think this is very important in terms of a decision that was announced by one political party, without consultation and in haste. It has obvious ramifications and it is important to ensure that, if that decision has been made, its application is consistent, because I would not like to see a situation where political parties are not allowed to fundraise in this building but political organisations like trade unions or other campaigning organisations are. That seems to defeat the purpose of the policy that was outlined. Would you care to comment, President?

The President: No. the policy should be out within a week or so, so that will be available to everyone on the website.

Senator McGRATH: It can't be released now? It can't be tabled now?

The President: It's not signed.

Senator McGRATH: You said you'd signed it.

The President: I've signed it and I have since learned that we're waiting, I think, on the Speaker to sign it.

Senator McGRATH: You gave evidence before that it had been signed and returned to DPS, I think on 27 October. Was that an incorrect answer?

The President: That was correct. Then all the additions were put into the one document, and it was sent back. I have signed it and I understand that we are waiting on the Speaker to sign it.

Senator McGRATH: It is quite important for how people interact in this building to have clear guidelines and a clear definition. Are you able to expand on whether unions can hold fundraising events here?

The President: As I said, the policy will be up on the website in the next few days. You have already asked for it to be, on notice, given to the committee, and the Secretary of DPS has undertaken to do that. It's no longer in my hands.

Senator McGRATH: It's no longer in your hands, but you did sign it, so I assume you did read it. Will unions be able to hold fundraising events here?

The President: I've indicated to you now three times that the policy will be available fairly soon on the website. As Senator Pratt said, if you want to make a booking currently, the department will get you to fill out a form and go through those requirements. It's not my role as the President to interfere in the day-to-day operations of DPS. I've signed a policy. I'm satisfied that it meets the requirements. If there's a glitch in the policy, then obviously we'll review it.

Senator McGRATH: My question goes to the policy. Yes, you may have signed it and, yes, it may have gone off for other possible changes, but my question is a very simple question: can trade unions hold fundraising events under that policy that you've signed off on?

The President: As I said, the policy will be available shortly. You've asked for it on notice. You will be able to review it then.

Senator McGRATH: So you don't know?

The President: I've indicated my answer to you.

CHAIR: I've never heard of a union holding such a fundraiser in the building in any case.

Senator McGRATH: Thank you, Chair, for your intervention. I'm sure the President doesn't need your interventions. President, I just want to clarify that you are unable to answer the question as to whether trade unions can hold fundraising events in this building, despite having signed the policy?

The President: Senator McGrath, again you're taking out of context what I said. What I said is that the final policy, which everyone in this place will be able to see, is going to be available shortly.

Senator McGRATH: I didn't take it—

The President: Then you can make your own judgements about who you think can and cannot hold a fundraising event at Parliament House.

Senator McGRATH: I am neither making any judgements, nor am I taking your comments out of context. I regret that that would be put on the record. What I'm merely stating is, to ensure the smooth running of this building and to ensure that there is transparency and accountability, which the Labor Party love to lecture everybody else on, I'm asking a question about a policy that you have signed yet are unable to answer a very simple question about as to whether trade unions can hold fundraising events in this building.

The President: Senator McGrath, I have answered that question by informing you that the policy will be available shortly. It will be on the website. You've also requested a copy to this committee. I'm sure DPS will provide you with that policy document once it's ready for public release.

Senator McGRATH: Do you believe in transparency, President?

The President: I think if you refer back to my comments after I was elected President, I talked about integrity and transparency. Yes, I do.

Senator McGRATH: Do you think this is an example of integrity and transparency, where a senator is asking you a question about a policy that you have signed in relation to the operation of this building, yet you are refusing to answer the specifics of that question and are merely saying that the senator can look at it in a week or so's time?

The President: As I've said to you on occasions, the policy is not yet finalised. Once it's finalised, it will be available for the scrutiny of those who wish to scrutinise it and it will be available for those who wish to continue to hire rooms in Parliament House.

Senator McGRATH: You said the policy is not finalised. Was the document that you signed a draft?

The President: The process is that a document that requires the presiding officers' sign-off goes back and forth between presiding officers, both of us, and the department. There were a number of alterations made because DPS also took the opportunity to update the policy, which it did. It came back to us, the presiding officers, on the 27th. I've signed it and sent it back, I don't have oversight as to whether the Speaker has signed it or not. Once the Speaker has signed it, DPS may have processes that they then enter into, in terms of a new policy. That would be questions directed to them. Shortly after that, I imagine, the policy will be publicly available. If you want to use 'draft' in the broadest context, I guess you could say that if it's missing a signature it's not a complete policy.

CHAIR: We will suspend for five minutes.

Proceedings suspended from 16:43 to 16:46

CHAIR: Mr Stefanic, I think you have some advice you want to give the committee?

Mr Stefanic: Could I clarify an answer I gave following one of Senator Colbeck's questions in relation to the automated messaging set up in the Prime Minister's office. My advice is that the automated message was set up by DPS staff using existing infrastructure at the request of the Prime Minister's office, but there is no cost associated with that set up because it does use our existing infrastructure.

Senator McGRATH: I might just come in on that. So, under the telephone system that has been set up in the Prime Minister's office—I think this is the first time this has happened; no former Prime Ministers of either party have put up such an electronic wall—but with the pressing the buttons, is there an opportunity for an Australian citizen to speak to a human being? Is that an option?

Mr Stefanic: I anticipate that if the call was put through by the switchboard, and at the end point if it just directs to an automated system, then beyond the original human interaction at the switchboard, potentially no.

Senator McGRATH: On notice, are you able to table the script or the options that are used for the telephone?

CHAIR: Senator McGrath, I believe that is more appropriately directed to the Department of the Prime Minister and Cabinet. In my view it wouldn't be appropriate for the Department of Parliamentary Services to answer that question. Perhaps you might like to call the Prime Minister's office and listen to the options.

Senator McGRATH: I'm sure the Prime Minister's office would treat me like they treat every other Australian and refuse to take the call. You've said you've set up the devices in the Prime Minister's office. If you've set up the devices, you would have to have set up the back-of-house operations. So if someone presses one the following happens; if someone presses two something else different happens. Do you operate off such a script for that?

Mr Stefanic: I'll stand corrected if I get different advice, but I imagine it would simply be a switching mechanism within the phone system that would divert to a voicemail service. Then whatever was set up as part of that voicemail service would be a matter for the office itself.

Senator McGRATH: I got the impression from Senator Colbeck that there were different options, though, when you were put through to the Prime Minister's office's switchboard. Perhaps just to assist you could take on notice, please, what those options are when a call goes through in terms of how Australians are treated when they try to call up the Prime Minister's office.

I've got some just further questions. Just to clarify, how many requests for the new fit-outs in the ministerial wing of Parliament House have been received since the election?

Mr O'Brien: I will have to take that on notice. I don't have an exact number with me.

Senator McGRATH: Could you provide a list of the requested changes and also the offices from which those changes came through, please. The government has proposed that all departments will go net zero. Has DPS developed a plan that will see Parliament House reach net zero emissions?

Mr Stefanic: No, we have not.

Senator McGRATH: Do you know much it would cost for Parliament House to reach net zero emissions?

Mr Stefanic: I do not at this stage. We would require a significant consultancy to make an assessment on that, given we are a significant consumer of energy.

Senator McGRATH: What was the cost of Parliament House's electricity bill for, say, the last financial year?

Mr Stefanic: Unless Mr O'Brien's got it at his fingertips, I would have to take that on notice. Oh, we do have it? It was \$5.874 million for 2021-22.

Senator McGRATH: Do we know if there is a share of that that is renewable?

Mr Stefanic: There are over 200 solar panels that exist, the majority of which sit on the Senate wing. There are also panels that are situated on one of the outbuildings within the precinct. That's 200-and-something panels. I can't recall—

Mr O'Brien: It's 234.

Mr Stefanic: That provides some form of offset.

Senator McGRATH: The budget papers showed that the cost of power is going to go up by over 50 per cent over the next two years. How do you see Parliament House, with DPS's power bill of almost \$6 million, coping with a 50 per cent increase over two years?

Mr Stefanic: That figure that I gave you is across electricity, gas and water. So it's not just electricity and gas. We have been implementing a series of projects which are still underway to reduce our energy consumption footprint. For example, in recent years we have replaced all of our chilled water system that supplies the air-conditioning and our boilers that supply the hot water and also the heating for the air-conditioning as well. All those things consume far less energy. We're also in the middle of a project to replace the fluorescent lighting throughout the building with LEDs. What I mean by saying that is that we're implementing a whole series of measures to reduce our overall energy consumption.

Senator McGRATH: Okay, thank you.

Senator DEAN SMITH: Excuse me if I've repeated these questions; I wasn't here when Senator Colbeck was asking his questions in regard to the Prime Minister's decision to make it more difficult for Australians to reach his office here at Parliament House. Can you confirm on what date the request was made for the Department of Parliamentary Services to assist his office to establish the voicemail service?

Mr Stefanic: I would need to take that on notice; I don't have that.

Senator DEAN SMITH: Does anyone sitting behind you have access to that?

Mr Stefanic: The one person who would know doesn't have it.

Senator DEAN SMITH: The one person who would know is sitting behind you and doesn't have it?

Mr Stefanic: Mr Lawson, who is responsible for the telephony system, is aware of the request, so he's across more of the detail of what we've been discussing, but he doesn't have the date of the request with him.

Senator DEAN SMITH: But he can find it?

Mr Stefanic: At the moment, probably not.

Senator DEAN SMITH: So you're taking it on notice?

Mr Stefanic: Yes.

Senator DEAN SMITH: He can't find it at the moment because he has left work?

Mr Stefanic: No, he's right here.

Senator DEAN SMITH: Mr Lawson, would you mind coming to the table? Just for the committee, can you explain your role?

Mr Lawson: Yes, Senator. I'm the Assistant Secretary, Digital Customer Services. I'm responsible for the majority of the operational ICT at Parliament House, excluding cybersecurity and networks. So it's frontline services, 2020 and core infrastructure, and telephony as well.

Senator DEAN SMITH: Thank you very much for the work you do, Mr Lawson. Just in regard to this particular matter: on what date was a request made to you or your section by the Prime Minister's office to set up a voicemail service that would make it difficult for Australians to reach the Prime Minister's office here at Parliament House directly?

Mr Lawson: Senator, I will have to take the question on notice for the exact date. I have been able to source some correspondence, and we were in discussions in July. But in terms of the exact date the request was initiated, I will take that on notice—and the exact date that we implemented it as well.

Senator DEAN SMITH: So the request was initiated by way of correspondence?

Mr Lawson: That's correct.

Senator DEAN SMITH: I assume that was an email request?

Mr Lawson: That's correct.

Senator DEAN SMITH: Who made the email request to you or your team?

Mr Lawson: As I mentioned, I will take that on notice as part of being able to provide the initial email requesting the automated recording service.

Senator DEAN SMITH: And what—

CHAIR: I just need to intervene here, Senator Smith. I note that it is quite ordinary for such questions to be directed to the Prime Minister's office, but I do question, as a general precedent, whether it is appropriate for the Department of Parliamentary Services to comment on how I might have arranged my telephone service. If this discussion creates a precedent in that regard then I would be concerned about that, Mr Stefanic.

Senator DEAN SMITH: If you let me continue my line of questioning—

CHAIR: I would just draw Mr Stefanic's—

Senator DEAN SMITH: I think that at the end the suitability of my questions will be revealed.

CHAIR: I'm quite happy for you to continue asking those questions, but I would draw the attention of the Department of Parliamentary Services to where they might more appropriately direct the question, or maintain the confidence of senators and members.

Senator McGRATH: Did someone from the PMO send you that message to read out, Senator Pratt?

CHAIR: They certainly did not! But they would have been welcome to.

Senator DEAN SMITH: On what date was the voicemail established—the new voicemail arrangement?

Mr Lawson: Is this in terms of what date it was implemented? Is that what you're asking?

Senator DEAN SMITH: Yes, correct.

Mr Lawson: As I mentioned previously, I'll take that exact date on notice for you. I'll provide the implementation dates—the date that we put that in place.

Senator DEAN SMITH: In the original email in July—the exact date of which you can't recall—did that email describe the sort of voicemail options to be included in the new voicemail set up?

Mr Lawson: When we use our existing infrastructure to provide a service, including of this nature, we would do it by soliciting business requirements from a stakeholder. When engaging with parliamentarians or staff or any network users we just talk about the capability of our system and then go from there.

Senator DEAN SMITH: So who in your team, or perhaps yourself, was involved in soliciting the business requirements?

Mr Lawson: I have a director responsible for co-ordinating our telephony services. I would expect it would have been that director or one of their team members, but I will confirm that.

Senator DEAN SMITH: Is he or she sitting behind you?

Mr Lawson: No, she's not.

Senator DEAN SMITH: Explain to me what is involved in soliciting business requirements? Is it a meeting, an email exchange? Is it a pro-forma document?

Mr Lawson: It depends on the nature of the request. As I'm sure you can imagine, we provide a whole range of services across the parliament, from provisioning devices through to advice on using off-the-shelf software. It really depends on the nature of the topic we're discussing with the stakeholder.

Senator DEAN SMITH: So in this particular circumstance, given you can recall that there was an inquiry, you can recall that there was an email exchange, can you recall what the nature of the discussion and the type of discussion was around this soliciting business program arrangement?

Mr Lawson: As I mentioned, I wasn't personally involved in any discussions. We will have to take that on notice as to the process we went through.

Senator DEAN SMITH: It's quite a significant matter, though, I would have thought.

CHAIR: You're gratuitously using the word 'soliciting', Senator Smith. We are really talking about the ordinary business—

Senator DEAN SMITH: I apologise if I've got this wrong, Mr Lawson and Chair, but I thought that the business function was called 'soliciting business program'?

Mr Lawson: It's just gathering business requirements or eliciting business requirements.

Senator DEAN SMITH: That's fair. But given this is a request from the Prime Minister's Office, wouldn't it have been elevated to you, Mr Lawson, given the significance of having a request from the Prime Minister's Office?

Mr Lawson: Not necessarily. DPS ICT provides services to all parliamentarians and staff. There is a level of uniqueness, I think, in our department where—

Senator DEAN SMITH: It's a level of uniqueness between members and senators as well, let me tell you, having come from—

Mr Lawson: The point I was just trying to make was that the majority of our client base are VIPs, so I wouldn't necessarily be involved in every request, even from very senior stakeholders.

Senator DEAN SMITH: Does the phone get answered at any particular point in the Prime Minister's Office now? I think, by comparison, it's important that I share with you, just in case you're not familiar, my experience with previous Prime Ministers' offices. That was that a constituent, an Australian, indeed a member of parliament,

would ring the number, which is publicly available, and a person would answer the phone, inquire who was calling, inquire about the nature of the call and then themselves divert that call to another person. That is my understanding of the established practice of the Prime Minister's Office in this building taking calls from other people in this building, but also from people outside the building, ie citizens. Is that your understanding as well?

Mr Lawson: I think it's probably fair to say that we provide a range of technology capabilities, and we don't necessarily determine exactly how parliamentarians should use them. We recognise that parliamentarians use ICT services differently, so we provide a range of capabilities that they can consume in a matter appropriate for their parliamentary duties and business.

Senator DEAN SMITH: Secretary, are you confident that when someone makes a call to the new Prime Minister's Office and is invited to choose from a variety of functions, which don't yet allow them to speak to a real person, can you be confident that at the end of those various functions that phone is answered?

CHAIR: Senator Smith, before the secretary answers that question, I am more concerned for the precedence of these questions set in relation to the Department of Parliamentary Services disclosing answers about the individual operations of any of our offices and the services that we request.

Senator DEAN SMITH: This is a public—

CHAIR: It is perfectly appropriate to ask questions about how ministers and ministerial offices conduct their businesses, and that is what Senate estimates are for, but those questions should be directed to the appropriate agency.

Senator McGRATH: This is the appropriate agency; it's clearly within the remit of DPS to answer the questions. They are the ones who have installed the telephone system. With respect, Chair, Senator Smith, Senator Colbeck and myself clearly are being directly relevant to the purposes of the estimates committee today in putting the questions to this department because it does involve the expenditure of public funds. Senator Smith is within order.

CHAIR: Senator McGrath, I am going to spend my time now, then, asking some questions about when was the last contact from Senator McGrath's office made to the Department of Parliamentary Services and on what topic was that?

Senator DEAN SMITH: I think that—

CHAIR: I can then ask the same question about Senator Smith—

Senator DEAN SMITH: No, Chair. I think we are talking about—

CHAIR: and Senator Colbeck, and what requests they have made of the department and how they manage their telephone services.

Senator McGRATH: The Prime Minister refusing—

CHAIR: I call into question whether this is an appropriate line of questioning if it is not directed to the relevant department.

Senator DEAN SMITH: In my defence, Chair, we are talking about a public phone number, we are talking about a significant deviation from previous practice. Mr Lawson has answered a number of questions or has taken those questions on notice—

CHAIR: And I gave you a great deal of liberty as chair.

Senator DEAN SMITH: which suggests that these questions are legitimate, and I would note that neither the secretary nor the President has interrupted my line of questioning to say that it is not proper. It is very, very proper and I would like to continue with a number of other questions, if I may? Thank you. So, Mr Lawson, when you were given the request to set up the voicemail service, in the request—have you been able to satisfy yourself or your team satisfy itself that at the end of the various functions there is a real person answering the call?

Mr Stefanic: I might interject there, Senator. The purpose of DPS is as an enabling function, to enable both the parliament to discharge its responsibility and individual parliamentarians to discharge theirs. Part of our remit is to provide a capability to give parliamentarians the flexibility to manage their offices in the way they see fit. How they decide to manage their offices is not a matter for the department's judgement. As Mr Lawson described, there's a capability that the telephony system has, and within the capability of that system it enables a direct connection to a voicemail service, which presumably is an extension, as opposed to an extension that has a person sitting at the other end.

Senator DEAN SMITH: Mr Lawson, as part of the brief to establish this voicemail service for the Prime Minister's office, on what is a public line, were there any requests or instructions to set up a shadow or alternative telephone line that government members might be able to call as a way of circumventing the voicemail?

CHAIR: Senator Smith, you are taking up the time of this committee with pointless questions, unless you don't know how even your own telephone system works. Each desk has their own extension number, and you can call in on any number you like if you haven't gone through the public number. I'm getting rather concerned with—

Senator DEAN SMITH: My question is to Mr Lawson. He's not yet answered it. He's free to take it on notice or to escalate it to the secretary or the President.

CHAIR: I think you are trying to politicise something that is a matter of operational practice for every member of the building, in that you can pick up the phone and dial someone's extension number and reach them directly if they're in the building.

Senator McGRATH: With respect, Chair, a member of the public cannot do that. It has been the practice—Sorry, Senator Smith—of all previous prime ministers to allow members of the public to call the office of the Prime Minister. We now have a Prime Minister who talks about transparency and accountability, but one of his first acts as Prime Minister is to put on the voicemail in the Prime Minister's office. Senator Smith is clearly in order to ask these questions of DPS.

Senator DEAN SMITH: Mr Lawson, my question was whether or not you were, as part of the brief or the request, asked to set up an alternative or shadow number that some members of parliament could use to access the Prime Minister's office. Was that part of the brief?

Mr Lawson: I'm not aware of any additional requests for services.

Senator DEAN SMITH: Perhaps you could take it on notice.

Mr Lawson: I would need to take that on notice. As I mentioned previously, we typically talk about capabilities that our technology platforms provide. In terms of further requests, they may be better put to PM&C.

Senator DEAN SMITH: On notice, Mr Lawson, can you provide to this committee all relevant information with regard to requests that have been made by the Prime Minister's office to your team with regard to the establishment of various capabilities around the telephone system, subject to matters being of a significant security consideration such that they shouldn't be disclosed in a public forum—I put that qualification on it. Is that possible, on notice?

Mr Lawson: Yes, Senator.

Senator DEAN SMITH: Thank you very much. Secretary, can I take this opportunity to compliment those that answer the phone on the (02)62777111 number in this building and the very polite and courteous service that they provide. I am someone who can't commit extension numbers to memory, so I do use it frequently. So I'd like to use this opportunity to thank them for their service. Are there any plans to put a voicemail service on the (02)62777111 number?

Mr Stefanic: No, there is not.

Senator DEAN SMITH: Why not?

Mr Stefanic: I think, when people ring the parliament, it's always been a tradition that there is somebody who takes the call. Sometimes those calls are quite vague in terms of the nature of the request or who they wish to speak to and it requires a human to make a judgement about where the call should be directed and how it should be managed.

Senator DEAN SMITH: They would be a certain set of characteristics that I think should apply equally to the office of the Prime Minister of the Commonwealth of Australia. Wouldn't you agree, President?

The President: Senator Smith, what I will say is this line of questioning is extraordinary. I think the chair and the officer involved have been very generous in their responses. The officer involved said he will take a number of your questions on notice. I think it is time to move on.

Senator DEAN SMITH: President, to be clear, Mr Lawson and the secretary have been very professional and have cooperated greatly.

The President: That's exactly what I said, Senator Smith.

Senator DEAN SMITH: But it does not in any way distract from the key point here, and that is that the new Prime Minister has thought it necessary, on a public number, to set up a voicemail with various functions that make it extremely difficult for ordinary citizens to reach his office—which is actually their office. Importantly,

this is unprecedented, because I'm not aware of that public number under previous prime ministers ever being put to voicemail during work hours as a standard operating arrangement. Thank you very much.

The President: You do not need to reiterate your points to me. I've been sitting here listening to them. As I said to you, the officers involved have been extremely generous. Questions have been taken on notice. I find your line of questioning extraordinary and I think it has been exhausted because the officer has agreed to take matters on notice. I think it's time to move on.

CHAIR: Very appropriate.

Senator DEAN SMITH: President, do you have a voicemail service on your public number and, if not, do you intend to put one on?

The President: I would have to take that on notice, Senator Smith. I don't deal with my voicemail. I suggest you ring whichever office you're referring to and find out—

Senator DEAN SMITH: Oh, no, that was a genuine question for your office—

The President: As I said, if it was a genuine question I'm happy to take it on notice.

Senator DEAN SMITH: Thank you.

The President: I don't personally deal with my phone and I don't personally deal with my voicemail messages, if there are any.

Senator DEAN SMITH: I do deal with my personal phone, and there is no voicemail—

The President: Well, that's your personal preference—

Senator DEAN SMITH: during work hours.

The President: as the chair has been pointing out. If you want me to take that question on notice, I will.

Senator COLBECK: President, do you set your own personal preferences for how your office is managed?

The President: Senator Colbeck, I've already indicated that I will have to take those questions on notice. I have people in my office who are in charge of certain things and I have someone in my office who is across the telephone and communications.

Senator DEAN SMITH: For the sake of the record, I think it's very, very important that we just reiterate that the officials at the table have conducted themselves professionally. That is certainly the attitude of coalition senators on this side of the table.

The President: There was no assertion that they were not doing anything other than conducting themselves in a professional manner. They have said on numerous occasions in relation to this question that they'll take it on notice.

CHAIR: May I just ask this? When the phone lines are particularly busy, is it possible to have one, two or three humans answer the one line? I would expect that it would be quite common in this busy building that if you're not calling the front desk that you need to go through to a voicemail or an automated system of some sort in order for your call to be responded to. That would apply to a number of numbers in the building, wouldn't it?

Mr Stefanic: Yes, Chair. As I stated earlier, it's entirely up to individual areas or offices to determine what is appropriate. Our role is simply to enable that request.

CHAIR: Thank you. We're now due to move on to—

Senator McGRATH: No, I've still got some questions, please.

CHAIR: That's fine, but we need to check in on how we manage the evening's business—we're two hours behind. We will continue with the Department of Parliamentary Services until the dinner break.

Senator McGRATH: This is just in relation to the power bills—which is a vexed issue for many Australians—in relation to the upcoming price increases. You mentioned some actions that the department is taking. Is that part of a plan, moving forward, to work on how DPS, on behalf of Parliament House, looks at minimising the power bill for Parliament House? And were you instructed to put one together by the Presiding Officers, or was it something that you did of your own will?

Mr Stefanic: Thanks for that question. It has been part and parcel of progress towards refurbishing the building progressively. Because it's now 35 years of age, a lot of the base infrastructure has passed its usable life or is at end of life, so we have taken the opportunity with the infrastructure replacement and renewal to implement technology that uses less energy. I guess it has been a confluence of the replacement of ageing equipment with current technology.

Senator McGRATH: So you are projecting that the power bill for 2022-23 will be higher than the previous financial year? Are you able to say by how much higher in terms of a percentage? If you need to take it on notice, I'm happy for you to take it on notice.

Mr Stefanic: I might ask Mr O'Brien to answer.

Mr O'Brien: I have some information. I've been trying to see if I could get the details of our contract. We're in a whole-of-government contract which expires in 2024. Just looking over the last three years, the consumption that we have for electricity has been relatively stable. We have seen, on a base of about \$3.3 million, only a couple of hundred thousand dollars increase each year. I'm just trying to get the figures for what it's going to mean for 2022-23. But our contract will go until the end of 2024.

Senator McGRATH: On notice, that would be good. I'll move on from power and those other questions that you are taking on notice. I have a question about the security of these devices. I think it is well known by the officials at the table that I'm a complete and utter Luddite when it comes to using these devices. I suppose it is a simple question. I'm following on from something that Senator Paterson asked about or sort of alluded to. You may not be able to answer this, for security reasons, which I will understand, but my understanding, through the rumour mill in this building, is that there are, on any day, a number of attempted hacks on Parliament House and the people who work within this building. Are you able to confirm that and are you able to say that, in the last financial year, there were X number of attempted hacks on Parliament House in terms of its infrastructure but also in relation to the mobile devices that parliamentarians and staff use that are issued by DPS?

Mr Amodio: I can say that, as an organisation, we do face external threats, just like every government agency does. But I wouldn't be comfortable to talk about specifics in a public forum. So I'd like to do that in a private forum or take that on notice to provide it to you directly if that assists. The challenge will be as well—I don't want to get too technical, but it depends on what lens we're talking about. When we're talking about hacks, you can send a malicious email, and we block millions of them every week. That's just standard business. Or you can talk about targeted attacks. My preference would be that we don't talk about it publicly, especially with specifics, but, if you want to narrow the question, we can then provide that to you in more detail in private.

Senator McGRATH: I think you've answered the question without answering it, so I'm not going to push you on that. The next question I'm pretty sure you won't be able to answer: have any been successful, in terms of the targeted hacks as opposed to the phishing emails that we all get?

Mr Amodio: I'm not aware of any. As a security professional, I always say, 'Touch wood,' but we're not aware of any successful hacks in the last financial year.

Senator McGRATH: I will move on from your area. Secretary, I have a question on behalf of some of the staff who are in the building full time. I ask this with seriousness, because it concerns how we look after our staff, whether they're the brilliant staff who work for your department or the brilliant staff who work for the various politicians. Can you confirm that there is now only a weekly menu being provided for building occupants, in place of the previous two menus each week? I do ask this with seriousness. Why has this happened? Why was this change made? Was it a cost-saving measure? Was any consultation done with the building occupants? It is asked on behalf of staff and not my stomach!

Mr Stefanic: As DPS took over the catering operation in 2017 we've been looking at improving the level of service, admittedly off a low base. Because of the range of food available, we initially decided to do a midweek menu change to provide variety for the people that work long hours here. But what we have also done, in the meantime, is expand the bistro, the cook-to-order offering. We've also expanded the offering in Queen's Terrace Cafe, which a lot of people access as well. So there is a fairly broad variety of options available to people.

We substantively hadn't increased prices since about 2017, when we started. As a combination of both increased revenue generation and cost savings we've implemented some changes. We needed to put the price of coffee up, some of the menu items have gone up and, as part of the cost side, we've reduced it back to a single menu during the week.

Senator McGRATH: I would like to thank you, your office and your staff for the assistance that you've provided today but also, generally, in terms of how you help us in what sometimes is quite a difficult environment. We do appreciate that.

Senator COLBECK: I'm sorry I had to leave the room but I want to ask you, Secretary, to go back and check the record of the *Hansard*, from my questions, in relation to the PMO phone line and see if there's anything that might need to be corrected.

Mr Stefanic: While you were out of the room, I did get advice from Mr Lawson that the request was made to our staff to create that messaging service for the Prime Minister's office. So our staff did enable it. What I can also confirm is that it used the existing infrastructure; there was nothing new that was set up.

Senator COLBECK: Thank you for doing that. Now it saves a little bit of time, and obviously there's a series of questions that flow from that.

CHAIR: I would like to thank the Department of Parliamentary Services and our President.

Proceedings suspended from 17:27 to 18:31

FINANCE PORTFOLIO

In Attendance

Senator Gallagher, Minister for Finance, Minister for the Public Service, Minister for Women

Department of Finance

Executive

Ms Jenny Wilkinson 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 PSM, First Assistant Secretary, Budget and Financial Reporting

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

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

Mr Stephen Sorbello, Assistant Secretary, Budget and Financial Reporting

Ms Louise Sasaki, Assistant Secretary, Budget and Financial Reporting

Ms Elizabeth Hickey, Assistant Secretary, Budget and Financial Reporting

Ms Christine Duke, Assistant Secretary, Budget and Financial Reporting

Ms Donna Valenti, Assistant Secretary, Budget and Financial Reporting

Mr Nathan Williamson, Deputy Secretary, Governance and Resource Management

Ms Tracey Carroll, First Assistant 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, Assistant Secretary, Governance and Resource Management

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

Ms Mary Wiley-Smith, Deputy Secretary, Business Enabling Services

Mr John Sheridan, First Assistant Secretary, Business Enabling Services

Mr Iain Scott, First Assistant Secretary, Business Enabling Services

Mr Grant Stevens, Assistant Secretary, Business Enabling Services

Ms Kelly Hoffmeister, 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, Commercial and Government Services

Mr Lex Bennett, Acting Assistant Secretary Commercial and Government Services

Mr Jason McDonald, First Assistant Secretary, Commercial and Government Services

Mr Paul Hubbard, Assistant Secretary, Commercial and Government Services

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

Mr Nick McClintock, Acting First Assistant Secretary, Commercial and Government Services

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

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

Ms Rachel Figurski, Acting Assistant Secretary, Commercial and Government Services

Ms Rachel Antone, Assistant Secretary, Commercial and Government Services

Mr Nathan Williamson, Deputy Secretary, Governance and Resource Management

Ms Tracey Carroll, First Assistant 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, Assistant Secretary, Governance and Resource Management
 Ms Shannon Frazer, First Assistant Secretary, Governance and Resource Management
 Ms Sally Harris, Assistant Secretary, Governance and Resource Management
 Ms Gayle Milnes, National Data Commissioner, Office of the National Data Commissioner
 Ms Mary Wiley-Smith, Deputy Secretary, Business Enabling Services
 Mr John Sheridan, First Assistant Secretary, Business Enabling Services
 Mr Iain Scott, First Assistant Secretary, Business Enabling Services
 Mr Grant Stevens, Assistant Secretary, Business Enabling Services
 Ms Kelly Hoffmeister, 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 Mary Wiley-Smith, Deputy Secretary, Business Enabling Services
 Mr David De Silva, First Assistant Secretary, Business Enabling Services
 Ms Jill Flinders, Acting Assistant Secretary, Business Enabling Services
 Mr Tim Abrahams, Assistant Secretary, Business Enabling Services
 Mr Dean Edwards, Assistant Secretary, Business Enabling Services
 Ms Lauren Barons, Assistant Secretary, Business Enabling Services

General

Mr John Sheridan, First Assistant Secretary, Business Enabling Services
 Mr Iain Scott, First Assistant Secretary, Business Enabling Services
 Mr Grant Stevens, Chief Financial Officer, Business Enabling Services
 Ms Kelly Hoffmeister, Assistant Secretary, Business Enabling Services

ASC Pty Ltd

Mr Stuart Whiley, Chief Executive Officer and Managing Director
 Mr Ashley Menadue, Chief Financial Officer
 Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services, Department of Finance
 Mr Sacha de Re, Acting First Assistant Secretary, Commercial and Government Services, Department of Finance

Australian Naval Infrastructure Pty Ltd

Mr Andrew Seaton, Chief Executive Officer and Managing Director
 Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services, Department of Finance
 Mr Sacha de Re, Acting First Assistant Secretary, Commercial and Government Services, Department of Finance

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Mr Damian Hill, Chief Executive Officer
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Digital Transformation Agency

Mr Chris Fechner, Chief Executive Officer
 Ms Lucy Poole, General Manager, Digital Strategy, Architecture and Discovery
 Mr Wayne Poels, General Manager, Digital Investment Advice and Sourcing
 Mr George-Philip de Wet, Branch Manager, Corporate
 Mr Matthew Sedgwick, Branch Manager, Digital Identity
 Mr Doug Rutherford, Branch Manager Digital Prioritisation and Cyber Capability

Ms Michelle Tuck, Branch Manager, Digital Sourcing

Future Fund Management Agency

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Mr Ben Samild, Deputy Chief Investment Officer

Mr Nathan Williamson, Deputy Secretary, Governance and Resource Management, Department of Finance

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

Ms Tracey Carroll, First Assistant Secretary, Governance and Resource Management, Department of Finance

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

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

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Mr Tom Rogers, Electoral Commissioner

Ms Robyn Black, Acting First Assistant Commissioner, Enabling and Regulation Group

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

Mr John Forrest, Acting First Assistant Commissioner, Electoral Integrity and Operations Group

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

CHAIR: I welcome the minister for finance, women and the public service, the Hon. Katy Gallagher; the Secretary of the Department of Finance, Jenny Wilkinson; and other officers.

Department of Finance

CHAIR: We are examining outcomes 1 and 2 for the department. Do you have an opening statement?

Senator Gallagher: I just want to make the point that officials have been waiting and ready to appear since 1.45. I'm not around to appear before this committee tomorrow; in fact, I'm on another committee doing representing duties. We also have the Future Fund, ASC and ANI officials, who have travelled to be here before the committee tonight. I want to flag that with the committee. Obviously, we will do whatever we can to assist the committee, but we are quite behind in the program, which is unusual for this committee. Any guidance the committee can provide us about how this will be dealt with would be useful.

CHAIR: I'm actively seeking that guidance as well. We can move on either by resolution of the committee and with its agreement. In the meantime, so as to not waste time, I'll give the call to Senator Hume.

Senator HUME: Ms Wilkinson: first of all, congratulations on your appointment, and welcome to your first estimates in this committee. I have some questions about budget processes. In determining how decisions were made during this budget, are there any particular guard rails or rules that determine how new policy proposals are decided? What factors are considered when determining whether to proceed with a new policy proposal.

Senator Gallagher: I can start. There were rules around what came forward. They largely consisted of election commitments, urgent and unforeseen expenditure and dealing with some legacy items that were left over, or time critical decisions that had to be made, so there were processes put around it for the ERC—interim arrangements, and they will be confirmed as more-permanent arrangements in the May budget.

Senator HUME: Are they priorities or are they rules?

Senator Gallagher: There were rules.

Senator HUME: Are they informal or are they written down somewhere?

Ms Patterson: In relation to the budget process operational rules, they are something that is signed off by cabinet as the rules that guide the budget process in the broad. They tend to be fairly consistent over the years in terms of requirements around offsets and the general processes around the budget.

Senator HUME: I was going to ask you about that. Are there fiscal offset rules embedded in the decision-making process?

Ms Patterson: Yes.

Senator HUME: What about rules around movements of funds and how they're approved?

Ms Patterson: Yes, similar around movements of funds, estimates variations et cetera.

Senator HUME: Are they based around a set of principles or objectives?

Ms Patterson: They tend to be fairly process oriented. I think the minister was talking more about the kind of framing of the intent of the budget as opposed to the rules, which are very much about the day-to-day operational side of the budget process.

Senator HUME: So they are based on principles?

Ms Patterson: Probably in a broad sense, but they are pretty consistent from one year to the next.

Senator HUME: So they're approved by cabinet?

Ms Patterson: Yes.

Senator HUME: Who brings them to cabinet?

Ms Patterson: Normally the Department of Finance and the Treasury.

Senator HUME: So the finance minister and the Treasurer?

Ms Patterson: Yes.

Senator HUME: How are they set out? Are they listed? Is there a list of rules, a check box you have to tick off, to say these are the principles and the rules around which this particular policy proposal has been taken into cabinet?

Ms Patterson: Yes. I might get Ms Lee, who knows the BPORs, as we refer to them, intimately.

Ms Wilkinson: The way I would think about it is that this is overarching guidance that's provided to all of the ministers who bring forward proposals into ERC. In order to bring forward the proposal, as is the case with almost every government I've worked with, authority is provided by the Prime Minister to bring forward the proposal. These are very standard processes which I think I've been exposed to for as long as I've worked for the Commonwealth.

Senator COLBECK: Provided or—

Ms Wilkinson: Provided. They're not required, in the sense that it's up to every government to work out what their guidance is, and then that's guidance. It's guidance to try and ensure that, when departments bring forward information, they bring forward the right information so that the ERC has all of the information that they would want to consider when they're making a decision.

Senator HUME: So they're official budget process operational rules?

Ms Wilkinson: Yes.

Senator HUME: And they are listed in a document somewhere?

Ms Wilkinson: Yes.

Senator Gallagher: They were slightly updated from the ones that had been previously used, I think.

Senator HUME: So the same number of rules as was in the previous government?

Ms Lee: Probably roughly the same number. The minister said some changes were made, but a lot of the rules around movement of funds et cetera are the same as they have been for a number of years.

Senator HUME: The ones that are different, can you explain to me what they are?

Senator Gallagher: There was one around women, from memory. I don't know how to explain it more than that.

Ms Lee: In terms of the gender impact assessments being undertaken on new policy proposals. There was no ASL. The ASL cap rule was removed. The minors threshold was changed.

Senator Gallagher: It was lowered. It was too high.

Ms Lee: The rest of them were very similar to what has been used previously.

Senator HUME: On the gender impact assessment one: does that apply to everything that's brought through ERC? It doesn't really matter what department it's coming from, there is going to be a gender impact assessment on any expenditure—is that right?

Ms Lee: No. For this budget there were select proposals and then going forward I understand the Office for Women will have some guidance like the Office of Best Practice Regulation have about which ones are going to need that assessment and which ones won't.

Senator HUME: Who owns the document? Who is the author and who owns it?

Ms Lee: The documents are authored in the Department of Finance and the Department of Treasury.

Senator HUME: So the minister owns it?

Ms Lee: Then they go to cabinet and then Finance issues them as advice to agencies.

Senator HUME: Is the minister then in charge of enforcing those rules as well?

Senator Gallagher: Essentially, yes.

Senator HUME: What's the authority that sits behind that document? Did the Prime Minister write to each member of the executive and say, 'These are the rules for the budget processes,' or did the minister right to write to each member of the executive and say, 'These are the rules,' or was there some other way of circulating them?

Ms Lee: Generally that's done by the Department of Finance under cabinet authority. When they go to cabinet we get authority that we'll be the ones who issue them, and we have done that for a number of years. We use the documents that we issue a range of budget advice and guidance. We call them estimates memorandums, and they've been around for many years. That's how we tell agencies what things they need to do. They advise their ministers then on how that needs to work.

Senator HUME: So I'm very clear: while it's the finance minister who owns this set of rules and owns the document, is it then the finance minister who becomes the sponsoring minister for that consideration by cabinet, or was it the finance minister in conjunction with the Treasurer in conjunction with the Prime Minister or the cabinet secretary?

Ms Lee: The finance minister and the Treasurer.

Senator HUME: Just the finance minister and the Treasurer?

Ms Lee: Yes.

Senator HUME: Do the rules go to other processes that aren't necessarily budget or expenditure related?

Ms Lee: No. They might be things that happen outside the budget process time frames, but they mainly all go to managing the budget estimates and elements of the over-the-year things that we have to do in relation to those things.

Senator HUME: While there's no ASL cap—you said that that rule has been removed—is there, for instance, the number of public servants that might be required to develop a policy that's included in the rules?

Senator Gallagher: I don't think it's included in the rules, but we assess that through the measures.

Senator HUME: Are there rules about what can and can't be considered or progressed? I know that the former government has stated that new spending had to be offset with reductions in expenditure elsewhere. I'm assuming that your offset rule is the same as our offset rule?

Senator Gallagher: Yes. Except we're trying to follow ours!

Senator HUME: Is there an exception mechanism?

Senator Gallagher: Yes, there is.

Senator HUME: So, if savings can't be found, there is an opportunity for that rule to be put aside?

Senator Gallagher: An exemption from that part, yes.

Senator HUME: What does that involve, and who has the power to administer that? Is that you, Minister?

Senator Gallagher: I would certainly be involved in it. I imagine it's something that the ERC would consider as well more broadly. My answer to your first question was more an answer about the NPPs that were allowed to be brought forward within the context of the BPORs. It's something that would be discussed in that room. Part of the discussions were around urgent, unforeseen and legacy issues. Some COVID issues. Obviously those can't be offset.

Senator HUME: Do the BPORs include issues around timing for when items have to be provided prior to lodgement?

Ms Lee: That's actually set out in the cabinet handbook.

Senator HUME: Which hasn't been updated yet. We were talking about that just a couple of days ago. Does that mean that the old cabinet handbook is being referred to?

Ms Lee: I think that's what happened. The time frames for those things came to us from PM&C

Senator HUME: You were talking about the minors before. You said that the threshold has changed?

Ms Patterson: Yes.

Senator HUME: Can you tell us what the new threshold is?

Senator Gallagher: The new threshold is \$20 million.

Senator HUME: Down from?

Senator Gallagher: \$70 million. That's because it's a process that I manage, and I was not comfortable with that.

Senator HUME: I'm very glad you said that because I want to know what that alternative process, what the minors process, looks like. Can you describe that for us?

Senator Gallagher: The minors just goes through a less—basically, I can approve a minor to go to a certain point. It's less extensive than a full submission, because it is dealing with a much smaller allocation of funds usually. But it is still required to go to ERC to be finalised.

Senator HUME: So who's the final decision-maker? ERC?

Senator Gallagher: Yes.

Senator HUME: What about how announcements are made? Are there rules around that? Is it as soon as ERC or cabinet agrees to a measure and then it's up to the minister to announce it, or are there rules and guardrails around that? First of all, I suppose, who makes the decision on announcements?

Ms Patterson: Sometimes a minister may come forward and say, 'I would like to make this announcement ahead of a budget or a MYEFO.' If that's agreed in the room, and there will often be something around 'in consultation with'—there is an agreement that it might be announced before the budget, but there is an agreed process about who will be consulted to do that. It is normally the case that, if something is to be announced before the budget, which has become standard practice, the Treasurer would be consulted about.

Senator HUME: The Treasurer is consulted?

Ms Wilkinson: Yes.

Senator HUME: On the offset rule, you can provide any more detail around whether it's identical to the one in the previous government or is it slightly different? Has it been adjusted in any way other than the exceptions?

Ms Wilkinson: Yes, I think it's broadly similar. The only difference is, as is always the case in the first budget after an election, what had been election commitments have already been considered holistically and so individual election commitments generally don't need to be brought forward with offsets. That's the only difference.

Senator HUME: Is that non-genuine offsets? Is that what non-genuine offsets are?

Ms Patterson: No. Non-genuine offsets are sometimes when people propose things which might be an underspend in a program that is not actually an offset. In the case of election commitments, that's more along the lines of that they can come forward without offsets. But, otherwise, the offset rules have stayed the same, with the same rules around ministers needing to seek authority to bring things forward without offsets

Senator HUME: How are non-genuine offsets dealt with, then?

Ms Lee: Generally, Finance would work with the agency. If an agency had identified something that we considered met one of the requirements that wasn't genuine, we would raise that with them as part of the costing process. Otherwise, if it didn't happen in that part of the process, it might happen when the proposal is coming forward. The Cabinet Secretary or the Cabinet Secretary's office may look at it then as well.

Senator HUME: Who is it that determines whether an offset is genuine or not?

Ms Patterson: Normally the Department of Finance.

Ms Lee: The Department of Finance.

Senator Gallagher: And they are a pretty sceptical bunch.

Senator HUME: Who is the ultimate arbiter of whether exceptions can be granted? Is that the minister?

Ms Lee: I think it would be more in the context of the Cabinet Secretary and—

Ms Patterson: It's the Cabinet Secretary.

Ms Lee: going into ERC whether submissions are allowed to be lodged to go in.

Ms Patterson: Yes. Sometimes the Cabinet Secretary will indicate that a submission can come forward without offsets identified, but that's not the same as saying that the submission or proposal can come forward without offsets. They are actually two different things. The room would then make the decision about whether an offset is or isn't required.

Senator Gallagher: There'd usually be some consultation from the Cabinet Secretary with the economic team, probably the Treasurer's and the finance minister's offices, about whether this was something that should be dealt with that way.

Senator HUME: Are there circumstances where non-financial decisions or decisions without financial implications are considered by ERC?

Senator Gallagher: No, not in my time in the room. There are obviously discussions around some of those key priority areas of government, but to qualify for ERC there would have to be a financial angle of some part. Then of course cabinet also considers matters from ERC.

Senator HUME: Is the document containing the BPORs something you can table for us?

Senator Gallagher: I can take some advice on that. I don't know that it has been made available in the past, but I'm happy to have a look at it.

Senator HUME: Can you take on notice the request to table the documents, rather than just seeing what you can provide?

Senator Gallagher: Yes, I will take that on notice. It's a decision broader than me because it's not a document that's just owned by me. But we can put on notice the key elements of the BPORs, I'm sure, which we have just worked through. We can provide more detail on that.

Senator HUME: Alright. Thank you. I have lots more questions, Chair. Are you happy for me to plough on?

CHAIR: Yes, you may for the moment.

Senator HUME: Does Finance still produce the green briefs? I want to make sure the colour-coding hasn't changed.

Ms Patterson: Yes, they're still green.

Senator HUME: Some things never change. That's good. Has there been any change in the format of the greens?

Senator Gallagher: I don't think so, but that's not to say they might not change. I don't want to be tied into them never changing.

Senator HUME: Do they still present a summary of the proposal on the left-hand side and then the financial implications of the proposal in the middle and then a recommendation from Finance?

Ms Patterson: And other central agencies, in the right-hand column—yes.

Senator HUME: Are these briefs circulated to just the finance minister's office, or are they also circulated to the Treasurer and the Prime Minister?

Ms Patterson: While those green briefs are produced and in a sense authored by PM&C, Treasury and Finance, they are provided to all of the members of the ERC and obviously to the office of the sponsoring minister.

Senator HUME: What about the Cabinet Secretary?

Ms Patterson: Yes. They go to the Cabinet Secretary, who then issues them.

Senator HUME: And, in terms of the recommendation that Finance provides, you said it does include policy advice. Rather than saying, 'We approve this policy,' or, 'We don't approve this policy,' or, 'We agree with this policy,' or, 'We don't agree with this policy,' do the greens say: 'Well, it could be done differently. It could be done this way instead'?

Ms Patterson: There are probably three categories most commonly on the right-hand side. There will be often a straight support, with some policy analysis of why we support the minister's proposal. Rarely there's a 'do not support', with obviously a rationale for why. And then the other category is often a support with a 'but', or support instead, which may be some variation of the minister's proposal. So some elements might be agreed to, some elements might not be. There may be some caveats around managing risk, timing of implementation or some of

those more nuanced things or processes. So the proposal is broadly agreed to but with some caveats about how that might be implemented.

Senator HUME: And you said that it would be very rare that a green brief would recommend not to proceed with a policy that's brought by a minister?

Senator Gallagher: Yes, because of the amount of work that goes into it before it gets to that point, I think. Again, I'm a new member to the ERC, and I've been very impressed by the quality of the work that goes into those green briefs and by the level of understanding and expertise of those sitting behind me and back in the department. The ERC members are very well briefed on particular measures, and the central offices work hard to make sure that we have all the information available to us.

Senator HUME: I know it's only been a short period of time, but has there been a situation where Finance has made a recommendation not to proceed with a policy?

Senator Gallagher: We're not going to go to that, Senator Hume. Nice try, but they're deliberations within the room.

Senator HUME: Let me say it a different way. Approximately what percentage of the time would a recommendation like that occur?

Senator Gallagher: Well, again, you're still asking for information of deliberations within the ERC. I would say that people respect the central agency advice.

Ms Patterson: Senator, we'll often have done quite a lot of work with a department, and that should mean that in most cases that's not the outcome. We'll have had conversations with the agency, often for sometimes months in advance, working through where we have issues with proposals. On one level, it is sort of a team effort to try and get the proposal into a good position, rather than things just landing and us then needing to have a quick response.

Senator Gallagher: Sorry, I'll just add that there are situations where the ERC, as the decision-maker, will make a decision that differs from advice, for a whole range of reasons, as you can imagine. And that is the purpose of that meeting.

Senator HUME: Is there a green brief provided for every proposed measure that comes before ERC?

Ms Patterson: Yes.

Senator HUME: And is there any other similar kind of product that's developed for every item? I was going to say the gender impact assessment—does it have a colourful paper? It's not 'the lavender' or something, is it?

Ms Patterson: At the moment we have the greens and then the pinks, which are from Treasury, the revenue proposals. For things like general impacts, we will include that as part of our advice, as part of the green. So there are pinks and greens, and we have not got anything beyond that.

Senator HUME: The ERC members—I know the Prime Minister, the Treasurer and the Deputy Prime Minister are there.

Senator Gallagher: I think it's public on the website, isn't it?

Senator HUME: I know. I could go and look it up.

Senator Gallagher: That's alright. It's the Prime Minister, the Deputy Prime Minister, the foreign minister, the Treasurer, me, the minister for infrastructure, the Minister for Communications, the minister for health and the Assistant Treasurer.

Senator HUME: Are these members of the ERC in their own right, or is it due to their position? Do you know how they got chosen for ERC?

Senator Gallagher: I think it's both.

Senator HUME: Well, is Senator Wong there because she's Senator Wong or is she there because she's the Minister for Foreign Affairs?

Senator Gallagher: Again, I'm not sure you can split the two.

Senator HUME: Or because she's Leader of the Government in the Senate?

Senator Gallagher: I'm not sure you can split the two. She's there in her own right and she's there as Minister for Foreign Affairs.

Senator HUME: What about Mr Jones? Is he there because he's the Assistant Treasurer or—

Senator Gallagher: And, again, the amount of expertise he brings.

Senator HUME: Would he still be a member of ERC, for instance, if he changed portfolios?

Ms Wilkinson: That would be a matter for the Prime Minister.

Senator Gallagher: It would be. It's a hypothetical.

Senator HUME: So it's not just standard practice that the Assistant Treasurer would always sit on ERC?

Senator Gallagher: I think it would be unusual not to. I don't know what arrangements existed under the former government, whether you had your Assistant Treasurer there, but it's an important role in the economic team.

Senator HUME: And they're all voting members of ERC, I assume—not that it comes to voting all that often?

Senator Gallagher: They're full members of the ERC.

Senator HUME: That was the word I was looking for. Thank you. How does it work when a minister brings a submission into the room? Can you walk me through the process?

Senator Gallagher: I'm trying to be as helpful as I can without going too far down the track of keeping—

Senator HUME: I won't ask about any specifics other than process.

Senator Gallagher: The sponsoring minister or the portfolio minister will come and present their submission, and then the ERC will consider it.

Senator HUME: Are staff allowed with the sponsoring minister?

Senator Gallagher: There are staff on occasion, yes.

Senator HUME: Are each member's staff allowed in there as well?

Senator Gallagher: There are a select group of staff.

Senator HUME: Can you tell me how many? Is there a limit?

Senator Gallagher: It will depend on the matters that are being discussed by the ERC.

Senator HUME: So there's no limit to how many staff can be in there?

Senator Gallagher: I'm trying to be as helpful as I can. Where particular staff are needed, they will attend the ERC.

Senator HUME: Who is the official note-taker in ERC?

Ms Patterson: The Cabinet Secretary would be the lead note-taker, but, as standard practice, there would be officials from PM&C who also take—

Senator HUME: Does the Cabinet Secretary have to turn up to every ERC meeting if that's the case? Who signs off on the minutes of ERC?

Ms Wilkinson: The Cabinet Secretary.

Senator HUME: Even if he's not actually there and somebody else has taken the notes?

Ms Wilkinson: If the Cabinet Secretary is not there, then somebody else is asked to step in for him for that meeting.

Senator HUME: Is a minister asked or is somebody else asked?

Ms Wilkinson: It's up to the Cabinet Secretary and the Prime Minister as to who they want. Again, in different forms of ERC different people in different roles have been the Cabinet Secretary, but there has always got to be somebody who is the Cabinet Secretary who signs off on the minutes.

Senator HUME: So there can be an acting Cabinet Secretary?

Ms Wilkinson: There can be someone who steps in for the Cabinet Secretary, yes.

Senator HUME: And the acting Cabinet Secretary doesn't necessarily have to be a minister; it could be somebody appointed by the Cabinet Secretary?

Ms Wilkinson: It's a matter for the Prime Minister and for the committee.

Senator HUME: So they could be appointed by the Prime Minister?

Ms Wilkinson: It's a matter for the committee as to who would rep in for the Cabinet Secretary if they weren't available.

Senator HUME: Does that get decided before the meeting begins or is it something that has to be decided by the committee—

Senator Gallagher: Yes. If you're not going to be there, that sort of thing—well understood.

Senator HUME: But does the committee have to have some sort of resolution at the beginning of the committee that somebody who isn't the Cabinet Secretary is going to take the notes?

Senator Gallagher: No. It would be agreed on with the Prime Minister, probably in consultation with the Treasurer, I imagine, if that situation were to arise.

Senator HUME: So the Cabinet Secretary isn't a member of ERC?

Senator Gallagher: I should check. I think it's online. I tried to rattle it off from memory. Sorry, we're just having a look. No, he's not listed as a member.

Senator HUME: But he does attend ERC?

Senator Gallagher: Yes.

Ms Patterson: As the Cabinet Secretary, he would normally attend those meetings, yes.

Senator HUME: Okay. Just to confirm, the Cabinet Secretary attends ERC as a matter of course, not just when he is taking items through as the Attorney-General?

Senator Gallagher: That's right.

Ms Patterson: Yes.

Senator HUME: Have there been meetings with ERC where the Cabinet Secretary hasn't been able to attend?

Senator Gallagher: I think we'll take that on notice. We've had a lot of meetings.

Senator HUME: Does the Cabinet Secretary then sign off on minutes of the ERC that relate to his other portfolio responsibility? Would he sign off minutes for ERC if the Attorney-General's portfolio had been involved in a decision?

Ms Wilkinson: I think that's a matter for Prime Minister and Cabinet.

Senator Gallagher: We just don't have oversight.

Ms Wilkinson: That would be managed by a Cabinet division. I'm not quite sure of the protocols in that circumstance.

Senator HUME: Can the Cabinet Secretary vote in ERC?

Senator Gallagher: He's not listed as a member of the ERC.

Senator HUME: Does he get to speak in ERC if it's not his portfolio?

Senator Gallagher: I'm not going to go into the way ERC is conducted in the room. I am trying to be as helpful as I can for you, Senator Hume.

Senator HUME: I'm just interested in how it works. Can I clarify—does he or does he not vote in the room?

Senator Gallagher: Again, I don't want to go into how the ERC conducts its deliberations. I think it's an important committee doing important work. I've been as helpful as I can.

Senator HUME: I agree, although, from my limited experience, we didn't have a minister that was also Cabinet Secretary, obviously, and they didn't get a vote in the room. Does the fact that you have a minister as your Cabinet Secretary change the membership of the ERC?

Senator Gallagher: No, I don't believe so.

Senator HUME: So he doesn't have a vote in the room?

Senator Gallagher: He's not a member of the ERC. I don't know how it operated under you, but the committee tries to work collegiately and collaboratively.

Senator HUME: Yes. Can I ask some questions about the finalisation of budget processes, such as the hunting licence process? Describe the hunting licence process at the high level. You don't need to get into the weeds on it, but are there letters? Is there a submission? Who writes what to whom?

Ms Wilkinson: It's the same process that has been run forever and a day. There is a set of decisions taken after the last ERC meeting, typically, which captures decisions that need to be reflected in the budget documents. Those are authored by the finance minister and the Treasurer and sent to the Prime Minister. The Prime Minister—

Senator HUME: He writes back and agrees or disagrees?

Ms Wilkinson: writes back and agrees or disagrees. Yes.

Senator HUME: How many budget discussions or measures went through this process? Just around about; it doesn't have to be precise.

Senator Gallagher: It was very streamlined, I'm told.

Senator HUME: That's not an answer.

Ms Wilkinson: We'd have to take that on notice. I don't know how many we got through.

Senator HUME: Just around about?

Ms Wilkinson: I think it's best we just take it on notice.

Senator HUME: Could you take on notice exactly how many, rather than—

Senator Gallagher: Exactly how many what?

Senator HUME: How many decisions or measures went through the hunting licence process. Are there rules around what type of thing can be done via letters in the hunting licence processes, rather than compared to the usual ERC processes?

Ms Wilkinson: No. There are no particular specific rules about—it's better practice for most things to go through the ERC meeting, and most decisions do go through the ERC meeting, but there are always some decisions which have to be finalised after the last ERC meeting.

Senator HUME: That's my next question: when is that last ERC meeting? When does the hunting licence process happen? Is it the week before budget, two weeks before budget, three weeks before budget? When does that start?

Ms Lee: It's about three weeks—three to two weeks—so we can get everything locked and finalised.

Senator HUME: With that question that you've taken on notice, as to how many measures went through on the hunting licence, can you also provide the dates of each of the hunting licence letters that were signed as part of the October budget?

Senator Gallagher: We'll see what we can provide, yes.

Senator HUME: I don't want the details, because I know that's cabinet in confidence. I just want the dates of the letters.

Senator Gallagher: Yes.

Senator HUME: Can you confirm that all the letters were signed jointly by both ministers, the Treasurer and the finance minister?

Senator Gallagher: We'll put that in the same—

Senator HUME: Yes. Also, I suppose, the same thing: the dates and the number of responses from the Prime Minister back for the hunting licences.

Senator Gallagher: Yes.

Senator HUME: I still have some more questions, Chair, around the wellbeing and the gender analysis budget. Can I keep going?

Senator Gallagher: Wellbeing is Treasury. 'Measuring what matters' is Treasury's responsibility.

Senator HUME: I suppose I just wanted to get a sense of the—

CHAIR: Are you running out of steam, Senator?

Senator HUME: No, no. Don't worry about that! I'm just building up a head. On the non-financial metrics—I know that the Treasurer referred to them as wellness measures—I'm wondering if the Department of Finance can tell me, in very broad terms, what went into the policy research and then the drafting of budget statement no. 4.

Ms Wilkinson: That was the responsibility of the Treasury.

Senator HUME: Finance didn't fit into that process at all?

Ms Lee: I think some people may have gone to some meetings on it, but we didn't have any role in producing the—

Senator Gallagher: Treasury's responsible for statement 4, is what we're saying.

Senator HUME: There weren't any costings of the policy proposals as part of—

Ms Wilkinson: No. Not as part of statement 4.

Senator HUME: You didn't have any role in editing or evaluating that statement? That was all Treasury, all the time?

Ms Wilkinson: That's correct. It was. As Ms Lee said, I'm sure there were some discussions between—

Senator HUME: Any advice?

Ms Wilkinson: I'm sure there were discussions between people in Finance and people in Treasury, just like there were—Treasury consulted quite a lot of different portfolios in pulling together that advice. We were certainly involved in those discussions, but it's not unusual for a statement in the budget to be primarily authored by one department or the other, and in this case this one was Treasury.

Senator HUME: The finance department didn't provide any advice to Treasury on the production of that statement?

Ms Wilkinson: As I said, Finance engaged through the consultation process that Treasury undertook, but the work was undertaken in Treasury. Yes.

Senator Gallagher: We can talk about this more in the Treasury estimates, but this is very much seen as the start of the conversation. I think you see that from what happens next, which is the 'Measuring what matters' statement being released in 2023 and the fact that Treasury will be consulting further on that. There's heaps of opportunity to get involved.

Senator HUME: Will any of the metrics or measures that were mentioned in that statement be considered alongside the financial implications in the usual products that support the budget decision-making process? Will it be included in the greens, for instance, as part of the change to the template to account for those metrics?

Senator Gallagher: Ultimately that may be where it ends, but this is the beginning of that conversation. I think the Treasurer's made clear—and I support it completely—that it's important to have a range of ways you measure the health and wellbeing of a society and an economy, and this is part of that conversation. I don't want to pre-empt where it may head. This was the beginning of engagement in this space Stakeholders have a lot of views about these ideas and concepts, and ways to improve them, and I have no doubt that that work will be taken on board as the product gets finalised.

Senator HUME: So policies are going to be brought forward using these metrics, whatever the metrics are?

Senator Gallagher: I didn't say that. I just said that that may be where this ends up, but this is the beginning of the conversation. We're opening it up for further discussion and input. How it's used in the budget is decisions yet to be taken, but we genuinely want to engage on how to measure the success of what the budget's trying to achieve, in addition to financial metrics.

Senator HUME: I see where you're going. I'm just trying to get a sense of the process. Is it something that's involved in the policies that are brought forward? Or are those metrics retrofitted to the policies once the policies are decided upon?

Senator Gallagher: Those decisions haven't been taken. That's what it says, basically, at what happens next. I think it says it at the beginning too, where it says that this is a way of 'tracking and achieving progress,' blah, blah, blah, and then at the end in 'A way forward'.

Senator HUME: So we haven't quite landed on exactly whether Finance is going to include these metrics in policy.

Senator Gallagher: No, but I think—

Ms Wilkinson: This is starting a conversation about what you might want to do from here and showing that different countries have taken different approaches. There are different ways in which you can think about embedding measuring or thinking about wellbeing concepts. It's genuinely laying on the table where the OECD is, where other countries are, what sorts of options could be considered. I think the statement was pretty open about the fact that it's the beginning of a conversation rather than a set of decisions about exactly how this is going to be taken forward.

Senator HUME: I understand where Treasury might be going with this. What I'm hearing—tell me if I'm wrong—is that we haven't quite worked out how it's going to affect the information that Finance generates or the recommendations that it makes to the minister. Is that right or do we just not know yet?

Senator Gallagher: The decisions haven't been taken. Treasury is starting a process. Finance will work and assist, and certainly, as finance minister, I am very supportive of looking at other ways of measuring and tracking success.

Senator HUME: Can I ask about the movement of funds, please? I just want to understand the movement-of-funds process and particularly why it's required and what the formal process for decision-making is and where that process is written down, or how it's written down.

Ms Lee: The movement-of-funds process is very similar to how it's been for a number of years. Movement of funds is generally required as there is funding for a measure that might have been ongoing for a number of years and all the funding hasn't been spent in the years it has been allocated. That would be the broadest sense of

describing why a movement of funds is required. There are a range of reasons why that might happen. Generally twice a year ministers and agencies are invited to submit their movement-of-funds requests. There's a threshold for which ones need to be submitted by ministers and which ones need to be submitted—

Senator HUME: What are the thresholds?

Ms Lee: I think it's broadly \$20 million. If it's under \$20 million, it can come from agencies and, if it's over \$20 million, from ministers.

Senator HUME: For the sake of clarity, can we confirm that on notice? But I'll take your word for the moment.

Ms Lee: Yes. Generally ministers write to the minister or agencies submit information to us. There are an exciting range of templates that go with that, which are quite complicated. They go through all the different elements of the way funding is included in the budget estimates. Then decisions are made based on the reasons and the case for the movement of funds. Finance will brief the finance minister on the decisions that are for her. Cath Patterson makes the decisions for the under \$20 million ones, based on advice, and that advice covers a range of things—where the project's is up to, how much other funding agencies may have available et cetera.

Senator HUME: Where does the process initiate again? Who is it that first has the inkling that the movement of funds might be—

Ms Lee: Generally most budget processes are very similar and have been very similar for a number of years. There are a range of elements in them. One of the things that we have as part of those processes is that there might be a need to move funds. So, as part of our planning for each MYEFO and budget process, we build that into our planning on when we're going to do the movement of funds processes.

Senator HUME: So it tends to be someone from Finance that initiates it?

Ms Lee: Yes, generally. Yes, we initiate it as part of our plan.

Ms Patterson: And, using an estimates memorandum usually, we'll go out to all of the departments to advise them that now is the time to make sure that you've had a look and determine which ones you need to provide direct to Finance and the ones you'll need to advise your minister to write to the finance minister requesting, so the over \$20 million ones.

Senator HUME: Okay. And, having taken a decision to spend money in a particular year, with that decision being included in a budget, if the government cannot spend the money in that particular year, due to factors outside their control—and that happens sometimes—does that necessitate the movement of funds decision from the government? Is that what it is?

Ms Lee: Sometimes, yes. It will depend on the nature of the funding and the nature of the purpose for what the funding was provided for. So, for example, we don't move funds in demand-driven programs, so the age-pension programs, but we would, generally, for a capital project or other project based measures or grant programs.

Senator HUME: Does that program then become considered unfunded? Does it have a word that's associated with it? Is it an unfunded program if there's been a movement of funds?

Ms Lee: No.

Ms Patterson: It's still a funded program, but the money is moved into the year in which the portfolio department needs the funding to be spent. So, as Ms Lee said, if it's a capital project and there's been a delay for some reason, but there's a contract signed to deliver the capital, then the funding would be moved from one year to the next in order to allow the payments to be made to finalise that project and be consistent with the contract.

Senator HUME: Are there any examples that you can cite in this budget, in particular, that necessitated a movement of funds for that reason? What I want to understand is if there are a larger number of movements of funds in this budget than there have been in previous ones, driven by supply chain factors or whatever it might be. Could you give us a couple of examples about where these things might occur?

Ms Lee: On page 80 it talks about the fact that there were a number of estimates variations; in this case, a lot of these were movement of funds that were due to slower contract finalisations, supply chain disruptions, capacity restraints.

CHAIR: Senator Hume, can you let us know when it's time for us to pause and have our private meeting?

Senator HUME: Yes. Just let me finish this line of questioning. I've still got lots more to go.

CHAIR: I know.

Senator HUME: I've still got lots more steam in the tank. Can I just ask about the largest movements of funds in this budget? Do you think you could give us a couple of examples and maybe take on notice the 10 largest.

Senator Gallagher: Yes, let's take that on notice. That's probably safer.

Senator HUME: Yes. Are there any that stand out at the top of your mind? Do you remember a particularly large movement of funds for anything in particular?

Ms Wilkinson: The one that the government highlighted in the budget is the movement for the infrastructure program. There was a lot of spending scheduled for 2021-22 that was not spent. So there was a significant movement of funds in that portfolio. I don't have individual projects. But there was certainly a significant movement of funds there.

Senator HUME: Because of issues that were outside the government's control?

Ms Wilkinson: Slower contract finalisations, supply chain disruptions—the general pressures that's we're hearing about in the infrastructure sector overall.

Senator HUME: Okay. And could you please provide the initial profile over the forward estimates, and potentially the medium term as well, and the updated profile over the forward estimates in the medium term for those largest movements of funds, just so we get a sense of when that money comes online. And a summary of the reason for the movement would be very helpful, just for those top 10. That would be good. Thank you, Chair, I have more questions, but have your meeting.

CHAIR: We will suspend for a short time, and I will call senators with an interest in how the program proceeds to a short huddle.

Proceedings suspended from 19:19 to 19:27

CHAIR: We are working to get through the program and we've made a decision. I'm going to give the call to the Greens now to do their bracket of Finance questions. We're then calculating who wants what time for agencies in the remainder. The coalition will have all of that time in between once the Greens have done the Department of Finance. Senator Waters?

Senator WATERS: Thanks, folks, for being with us this evening. I want to start with government advertising. A recent Grattan report was scathing about around a quarter of government advertising money being spent on campaigns that it characterised as politicised. That's consistent with concerns that were previously raised by the ANAO and also consistent with the fact that almost \$30 million was spent by the previous government on its Australia's Making Positive Energy campaign in the lead-up to the last election. Firstly, has the department briefed the minister on that Grattan report?

Senator Gallagher: I don't recall the department briefing me specifically on that report. I have been briefed on government advertising and I have read the Grattan report.

Senator WATERS: I see, so you have independently read the report but you didn't get a briefing as such from the department?

Senator Gallagher: Not specifically on that report.

Senator WATERS: Would the department normally give the minister a briefing if the minister had not already read the report?

Mr Williamson: We would look at those things on a case-by-case basis. As the minister said, we have provided briefings to her on government advertising. In the context of those briefings and discussions I can recall at one stage mentioning the Grattan report and the minister saying that she had reviewed the report.

Senator WATERS: All right. What, if anything, has the department done to review its guidelines and its authorisation processes to ensure that government advertising is not politicised?

Mr Williamson: The guidelines are the government's guidelines, not the department's guidelines.

Senator WATERS: Either could I get your volume turned up a smidge or could you speak a little louder?

Mr Williamson: The guidelines are the government's guidelines, not the guidelines of the Department of Finance, as such. They're endorsed by the government. We are always looking at ways to improve advertising, and so we will take any reports that we see into account as we're providing advice to government.

Senator WATERS: Perhaps, Minister, I might direct that one to you. Has your government reviewed the guidelines about government advertising to date?

Senator Gallagher: I don't believe so. But we are in the early days of government.

Senator WATERS: Is it on your work program?

Senator Gallagher: Making sure that we've got all the processes in place to ensure that there's proper accountability under the campaign advertising arrangements is a priority for me.

Senator WATERS: Okay.

Senator Gallagher: I'm aware of criticism in the past, so we're putting in place the Independent Campaign Committee. That lapsed on 30 June under previous arrangements. We're just going through the final stages of putting in place an interim arrangement for that before moving to a permanent solution post 30 June next year. That gives us the opportunity to look at government advertising in its entirety.

Senator WATERS: Can I perhaps request on notice a bit more detail about that renewed process and whether you're making any changes to it based on—

Senator Gallagher: Regarding changes to the Independent Campaign Committee, it's a reappointment to the 30 June of the people that were on it.

Senator WATERS: You're rolling them over?

Senator Gallagher: We're rolling them over, exactly. I just was not sure whether the three members were aware.

Mr Williamson: We're finalising that process. We've had discussions with those three members. And the ICC, as it's known, will continue in its role.

Senator WATERS: Has any change to the scope of their role been proposed yet?

Mr Williamson: No. They will continue to provide advice to the relevant accountable authority who's responsible for signing off for a campaign—that is, the secretary of the department. And they'll continue to provide advice on whether a campaign has the ability to comply with the principles in the guidelines, recognising that it's the accountable authority who ultimately signs off.

Senator WATERS: Thank you. There is an ongoing conversation around the need to cap election spending. Will the department be consulted, or have you already been consulted, about any changes that would need to be made to government advertising in the lead-up to elections in order to avoid incumbent government members getting an advantage over other candidates?

Mr Williamson: Can I just check there—are you talking about spending on government advertising campaigns, or are you talking about spending in relation to the election? Spending in relation to the election is an AEC matter.

Senator WATERS: I'm talking about the latter. In the course of the latter, it's important to look at other advantages that incumbents might have. One of those is the potential to gain a benefit from government advertising, which is meant to be non-political but has a bit of a chequered history. So my question is: are you expecting to be consulted on those electoral spending caps, given that context?

Mr Williamson: I don't want to be evasive. It's largely a matter for the Australian Electoral Commission.

Senator WATERS: I think you'll find electoral spending caps are not, in fact, a matter for the Electoral Commission; they're a matter for government. Is your department expecting to be consulted on any concomitant changes to government advertising that might flow from having an overall cap on election spending?

Mr Williamson: In our electoral policy role, working with the Australian Electoral Commission, we would provide advice to government on those matters if requested.

Senator Gallagher: And for the committee that's currently doing the review of the election, if there are recommendations that come out of that that have flow-on consequences, then the Department of Finance will be involved.

Senator WATERS: Sure. So you haven't been consulted as of yet, and, if you are asked, you will answer?

Mr Williamson: Yes. We've attended that committee, but we haven't dealt with questions on that matter yet. That committee usually goes for quite a while, because it's quite an expansive inquiry.

Senator WATERS: Are you talking about JSCEM?

Mr Williamson: Yes, JSCEM.

Senator WATERS: Great, thank you. Can I ask now about an issue that, in fact, Senator Hume raised earlier, which was the requirement for ministers to offset all new spending proposals. Can I just check whether or not that applies to the climate portfolio as well?

Senator Gallagher: Well, you've seen in the budget that the climate portfolio received quite a lot of new spending. Many of those measures were election commitments, and there wasn't a requirement to offset election commitments that had been accounted for in our costings document released before the election.

Senator WATERS: So it only applies if it wasn't an election commitment. I don't understand the scope of the restrictions.

Senator Gallagher: We went through it before. Where there were election commitments, there is another category of urgent and have-to-deal-with issues. Obviously, setting up a new department came with some additional costs. They are difficult, if not impossible, to offset, so you see some extra money going into that department for staff. I think we've taken a pretty common sense approach to this. You'll see from the measures in the budget that the climate change portfolio from finance point of view, let alone from the policy merits of it, did pretty well in the big scheme of additional expenditure. But we do have to have rules about how to manage new spending, so that department wouldn't be necessarily exempt—

Senator WATERS: So it's just new spending.

Senator Gallagher: in future from having to look at reprioritising within the department. But the ERC will consider them on a case-by-case basis.

Senator WATERS: Thank you for that clarification. It sounds like is just for new spending. Do the savings need to be made from within the portfolio or, for example, for climate, could savings be made by cutting fossil fuel subsidies or axing the fuel tax credits, which would sit under, probably, Treasury?

Senator Gallagher: Again, it's difficult in a hypothetical situation. We went through these. Where there's an offset that might relate to something else that's in the control of another department, it's not as easy to take the save, I would say, if it's in another portfolio where there may be different views. I think as a rule we don't really welcome a department nominating a save from somewhere else in order to allocate new spending to themselves. It's not something that would work very well.

Senator WATERS: If the climate minister wanted a new climate spending measure, would they have to find savings from within the existing climate measures? Would you have to cut an existing climate measure to fund a new one?

Senator Gallagher: There were a couple of saves from the climate change department, from memory. You will see on page 62 of BP 2 where it goes through partial reversal of a particular program, uncommitted funding, redirection of funding. So I learnt through this process that it's not just about cutting a program; there are genuine ways to reallocate and redirect to new priorities. One of the things that we're trying to deal with, with a budget that's under a fair bit of stress, is that every year you just can't add layer upon layer upon layer without some discipline about going through and looking at what you're doing, seeing whether there are things that are lower priority that can be put to one side or delayed for higher priorities. That's just, in a sense, some good budget discipline. Having said that, I would say, where there are government priorities—and, clearly, dealing with climate change and climate policies is one of those areas—we have made room for significant additional new expenditure, over and above even election commitments, which are essentially things like funding the department do its job.

Senator WATERS: Coming back to my submission, if the climate minister wanted to introduce a new climate policy that had a budgetary impact, he would have to find savings by reducing money from an existing climate program. He couldn't, as I said, for example, cut fossil fuel subsidies or do anything else good about reducing perks to big polluters?

Senator Gallagher: Nominating a saving from another area of government isn't preferred at all. Yes, the department may well be required to offset. The other is finding allocated or redirecting existing spending or seeking an exemption for additional appropriation. These are matters before the ERC, and the ERC would make a decision on that.

Senator WATERS: Thank you. Changing topic: the settlement agreement between the government and Ms Rachelle Miller was not subject to a non-disclosure agreement. My questions are not going to be specifically about that settlement agreement but, rather, about the department's approach to non-disclosure agreements in future. Has there been any policy change or decision in accordance with the recommendation of the Jenkins review to avoid non-disclosure agreements?

Mr Jagers: It is longstanding practice that Finance does not provide specific details of individual Comcover claims, because of the highly sensitive and personal information that's gathered and considered during the course of individual matters. Current practice in settlements doesn't prevent individuals from talking about their

experiences or that a settlement that been reached with the Commonwealth. It's not our normal practice to make those settlement deeds available to third parties, to protect the privacy and interests of individuals.

Senator WATERS: Thank you, but do you have an approach or a policy on whether or not you will insist on including a non-disclosure clause in those settlement agreements?

Mr Jaggars: I might ask Mr Danks to talk further on that.

Mr Danks: In the last couple of years, we have moved away from using non-disclosure agreements. We think it's important for claimants to be able to talk about their experiences openly. We haven't had that requirement for the last couple of years.

Senator WATERS: So it is a requirement or it's just a preferred approach? What's the status of that?

Mr Danks: It's a case-by-case scenario. Where these claims are classified as significant, it requires the Attorney-General or his or her delegate's agreement to the settlement terms and the settlement conditions. Those conditions are considered as part of that clearance process.

Senator WATERS: Sorry; did you just say the A-G needs to tick off on whether a non-disclosure clause is in any of your agreements?

Mr Danks: The Attorney-General has a role in approving significant matters and significant claims. The claims you're talking about are significant, by that definition, and it's a requirement for the Attorney-General or his or her delegate to agree to the terms of the settlement as well as a quantum.

Senator WATERS: I asked them a few hours ago whether they have a policy of not including non-disclosure agreements; that didn't get any joy, unfortunately. But there's some new guideline that's going to be released soon that goes to that, apparently. Has this department had any involvement in creating that new guideline for the use of NDAs?

Mr Danks: We haven't. We've been working closely with the Attorney-General's Department on the implementation of the *Respect@Work* report. They are matters for the Attorney-General's Department to talk to.

Senator WATERS: My last line of questioning—which I will be very quick on, because my colleague has some excellent questions—relates to act-of-grace payments. Have there been any changes made since the election to policies around the exercise of discretion to award act-of-grace payments or debt waivers?

Mr Danks: There have not.

Senator WATERS: How many act-of-grace payments were made in 2021-22?

Mr Jaggars: There were 732 act-of-grace payments in 2021-22.

Senator WATERS: What was the total amount of payments in that same time period?

Mr Jaggars: In 2021-22 it was 9.3 million.

Senator WATERS: How many waiver-of-debt applications were approved in 2021-22?

Mr Jaggars: There were 872 debts waved in 2021-22.

Senator WATERS: And the quantum?

Mr Jaggars: It was \$1.29 million.

Senator WATERS: Thank you. Lastly, what was the total value of compensation paid under the CDDA scheme in 2021-22?

Mr Danks: The Department of Finance doesn't manage CDDA on behalf of the entire Commonwealth. We have policy responsibility for the guidelines, but each accountable authority is responsible for its own CDDA scheme.

Senator WATERS: Do you have the Finance one, then?

Mr Danks: I don't, but my corporate colleagues might.

Senator WATERS: Perhaps you could take it on notice, in the interests of time.

Mr Danks: We might take it on notice, if we can.

Senator WATERS: Thank you.

Senator BARBARA POCOCK: Thank you all for being here. I have some questions about legal costs and consultancies. Before the election, Minister, you made an undertaking to cut contractors and labour hire by \$3 billion over the forward estimates; is that about right, from your recollection of a speech you made?

Senator Gallagher: Yes; that's about right.

Senator BARBARA POCOCK: In the budget papers, there's a promise, as I understand it, in the forward estimates of cuts to consultants and labour hire, travel, legal and advertising of \$3.6 billion.

Senator Gallagher: Yes. They were two separate commitments made by us in the election campaign. We had \$3 billion on consultants and contractors, and then \$570 million on a reduction in advertising, travel and legal expenses. When you put those two together, you get \$3.6 billion.

Senator BARBARA POCOCK: Travel, legal, and advertising to cover \$570 million over the forward estimates?

Senator Gallagher: Yes.

Senator BARBARA POCOCK: I will go to the legal costs and then come back to consultancies. As I understand it, in 2021 the legal spend across the Commonwealth was \$1.05 billion, up from about \$820-odd million the year before. There's a report today—a piece written by my friend ex-senator Rex Patrick—about the legal costs. He's pointing to the deep pockets the Commonwealth has exercised in recent years. I recently had a question on notice in relation to the Bungala people in the Eyre Peninsula region, in Kimber in South Australia, who have spent \$124,000 fighting for a say about the nuclear waste being placed on their country, which they oppose. The answer to the question on notice revealed the Commonwealth had spent \$9.9 million in relation to that nuclear waste dump. I want to hear your perspective about the Commonwealth's obligations to be a model litigant in relation to people with very shallow pockets, and what your view is about what seems to be a very wide gap between what legal firms estimate their costs will be and what it actually turns into—massive spends which really seem profligate and wasteful.

Senator Gallagher: I'm not in charge of the Attorney-General's portfolio. The model litigant rules are there, and we expect the Commonwealth would follow those. Having said that, there are many occasions, being the Commonwealth government, where you will have to fund legal costs for a variety of reasons. It's probably a question best put to the Attorney-General's Department about any work the Attorney is doing in this regard. In the area of the NDIS, for example, Minister Shorten has some work underway to try and resolve some of the more litigious nature of disputes in that fund. We are looking for value for money, but, having worked in government administration for a fair while, it's not surprising there's a heavy legal bill for the Commonwealth across the board. We thought there could be some sensible and responsible trimming of expenditure in those areas, which is why we put that in our costings document—to have a modest reduction in the spend across those areas of corporate activity.

Senator BARBARA POCOCK: Thank you for that. It's good to know there are eyes on that, given the evidence about the wide gaps between estimates and outcomes. Former Senator Patrick refers to it as a runaway gravy train. It will be nice to have money going in more positive directions.

I will come to the consultancy question. As I see the cuts to consultants and labour hire, there is a cut this year of \$642.5 million in terms of the public sector and a spend of \$67 million—which is going to frontline staff, as I understand it, mostly in the NDIA, Services Australia and Veterans' Affairs. So there's a small spend to increase frontline services but a very big cut to the consultants budget, as I read it. Could you comment on how that will affect the work that those consultants have been doing, of whatever kind—much of it possibly in policy development and advice on policy projects, programs and so on. How is that big cut going to affect the policy capability in the public sector, and how are you building that up as you cut those consultants?

Senator Gallagher: There are a couple of things there. We've applied the first year for the reduction in expenditure and we've essentially taken the whole \$3 billion save, but we are going through a process through the audit of employment, which will finish early next year, to help inform how we allocate the remainder of that save in a fair way. I was very conscious that it's possibly going to be imperfect in the end, but it is looking at where the big expenditure was and matching that with the save. I think some more information would be beneficial on that. So that's the approach we've taken.

In relation to the rebalancing work, which we spoke about this morning, I'm not quite sure of that \$66 million measure that you talked about, but there's definitely that in there for additional staff. There's also spending in Services Australia, I think, the NDIS, the Department of Veterans' Affairs—DVA was \$67 million, so maybe that's where you got that figure from. But then we've got the NDIA, Services Australia, climate change—we've got additional staff—and the environment—there's additional staff going in. So I guess we've started the rebalancing work.

Again, it's a couple of things. Not only are we trying to reduce the amount being spent on external labour; to reinvest into good, secure jobs; and to have the audit of employment, which will give us a better indication across government and data that doesn't exist at the moment about all forms of external labour, including where we

would benefit from those jobs becoming permanent and having that information, but we're also trying to exercise some budget discipline about spending. It's not going to be easy. I think the tendency and the focus under the previous administration was to just get the work done. They weren't really that fussed about who did it, and a lot of money went out the door. We're trying to change that. This is the first step along that way.

Senator BARBARA POCOCK: How big is the project of rebuilding the policy capability in the public sector? How would you describe that challenge?

Senator Gallagher: I think it's a significant challenge. We are fortunate that good, talented people choose to work in the APS—people who I'm sitting with today. So it's more about having more people to do the work, really. We've got a very talented Public Service, but it's been eroded back. Some areas haven't been able to maintain a policy function, and I think we need to rebuild that. My view is that the Public Service should be leading the way on some of these key policy areas, and, to do that, you have to support them with resources. So I think it will be an ongoing, probably never-ending job to make sure the Public Service keeps up with the demands that government and the community place on it. But we're starting off well; we've got good, talented people committed to the work and serving the public. But we have to augment that, for sure.

Senator BARBARA POCOCK: I'm conscious that time is really short, so I've got one last question. When the Department of the Prime Minister and Cabinet appeared before estimates a week or so ago, we asked them questions on the role of consultants. They said that there was still a role for consultants as independent advisers. I just want to hear your thoughts on what confidence the Australian public can have in the independence of the big five consultants, given that they're the ones who are supplying most of those consultant services. They're also amongst the biggest donors to the government and to the opposition. So how do you manage that conflict of interest, essentially?

Senator Gallagher: Most of my discussions with the consulting firms, big and small, is that they are actually really supportive of the APS reform work. I haven't had any kind of negative response. Now, that may be because they're looking for a role under the new arrangements, but I think it's more genuine than that. I think that, while it might have been good for business, they've got to the point where essentially they've been supplying people to do public servant work, and that's not really what they want to be doing. They want to value-add. They want to come in on particular technical expertise or policy expertise. They want to come in for a short term and come back out again. I think that role has been blurred. Their advice to me is that they would prefer to get back to the way consultants were previously used. Contractors and labour hire are a bit different. I think there will always be a key, essential, role for consultants in the APS as partners in what we're doing, but they shouldn't take over what the APS is meant to do. That's the difference in the rebalancing.

On the labour hire side and contractors—there'll always be a place for contractors too—with labour hire I'm less convinced. I've seen in questions on notice that I got in opposition, these were permanent jobs that had been filled through recruitment agencies in an insecure way, where the recruitment agencies clipped the ticket on the way through, and it turned out to be very, very expensive in many instances. We can make some efficiencies there, and it's good for the workers who could be converted into good, secure jobs. There's certainly a fair bit of work to go, and it will be years, not months, to address it.

Senator HUME: Can somebody please take me through the process of preparing a statement of risks and how that happens, and particularly what the thresholds of materiality are in that statement of risks. Maybe you could give me a couple of examples.

Ms Lee: The materiality thresholds for inclusion of an item in the statement of risks are \$20 million in any one year or \$50 million over the forward estimates period for a quantifiable risk. Where the risks are unquantifiable they are included if there is a reasonable likelihood they would exceed the materiality thresholds. These thresholds were the same thresholds we used in the March budget and in the PEFO. We haven't changed them. The preparation of the statement of risks is very similar each budget in the process for that. We work with agencies to update it. We send out all the risks that were in the previous budget and say, 'Have you got any changes to these? Have there been any changes?', and also ask for advice if there is anything new.

Senator HUME: There is something new in there. There is a new item in Social Services' financial risk section, which is the NDIS. Can you walk me through how that came to be included?

Ms Lee: That came from our discussions with the agency; it was recommended by the agency.

Senator HUME: What changed from the previous update?

Ms Patterson: From memory, this was just about, I guess, drawing out a little more clearly in the text that there is, sort of, uncertainty surrounding the eventual cost of the NDIS because it's a demand-driven program and it's still to reach maturity. There was a view that, particularly in light of the fact that we had seen a number of

estimates variations in recent years, it would be worthwhile to draw that out consistent with the intent of the statement of risks.

Senator HUME: Does that actually mean that the government's expecting an increase on the \$8.8 billion provided for NDIS in the budget?

Ms Lee: It's a demand-driven program, so it is likely that the estimates will increase.

Senator Gallagher: Yes, the estimates are all on the way up in that program.

Ms Wilkinson: It's reflecting the fact that the estimates for this program have varied significantly from one year to the next over the last four updates and that, as Ms Patterson said, this is a scheme which is not mature. It's a large scheme, and so variations to demand driven estimates of that scheme have a very significant impact on the budget. So that's really why it was included.

Senator HUME: There are other demand driven programs, like aged care, for instance, and that's not included.

Senator Gallagher: No, not with the big revisions.

Ms Patterson: No. And they are programs that are certainly consistent over time. They have been around for a long time, whereas the NDIS is still reaching maturity. We still don't know, at this point, what the final number of participants is likely to be. As Ms Wilkinson said, it's a mix of the fact that it is still reaching maturity, unlike a lot of demand driven programs, and that, because it's a large program, if you do get variations in expenditure they can be quite significant.

Senator HUME: Who exactly was it who proposed a new item? Was it the minister's office, was it the department, was it the NDIA or was it an internal recommendation?

Ms Lee: My memory is that it came down from the returns from the department. We can go out and ask them. They came back. Martin's pulling a face; I might be wrong.

Senator HUME: What circumstances would then be required for this item to be removed from the statement of risks? There are, as I said, other demand driven programs that have been recently amended—in the veterans portfolio, for instance.

Ms Lee: Generally, things are removed from the statement of risks if we consider that, in the program, the risk is no longer there. So examples that were removed this time—

Ms Patterson: An example might be something like in health and aged care, where you had the COVID-19 vaccine claim scheme that was put in place. At the time, it was not known what the level of claims would be and what the payment amounts might be. That was in response to people who had an adverse reaction to the COVID-19 vaccine. It's now clear that the payments are not exceeding the amounts originally envisaged, so the residual risk to the Commonwealth is low. So that has been removed from the statement of risks on advice from the Department of Health and Aged Care.

Senator HUME: On 19 October this year, the government announced a joint commitment with the Tasmanian government to support the development of Marinus Link. So why is that commitment to provide a concessional loan—and that's for 80 per cent of the value of the project—not reflected in the statement of risks?

Ms Lee: There's a section in the statement of risks on loans and—

Senator HUME: So it's in there?

Ms Lee: No. Generally, they go into the statement of risks in the loan section when the loan is actually in place—so after the policy decision and after the arrangements have been made. That's generally when they would go in, after the actual loan agreement is all in place et cetera.

Senator HUME: So the terms of that loan aren't included?

Ms Lee: I don't know. I think this is the amount as of 30 June 2022, and then there are others that are a bit later. I'll need to take on notice why it's not in there, but generally it's a timing issue.

Ms Lee: Generally that's when a loan has been financed.

Senator HUME: As opposed to just announced?

Ms Lee: Yes.

Senator HUME: The CEFC section of the statement sets out that, on its current investments, interest rates vary, with a current average expected return of approximately 3.9 per cent. Would this investment meet this standard?

Ms Lee: CEFC have been part of the statement of risks for quite a while. That is one that is updated, I think. Yes, I think that one has been in there for a while. We just update the amounts et cetera in that at each update.

Senator HUME: Okay. So that changes for—

Ms Lee: With the ones that have got the ongoing loan programs, we generally, at each update, update—it says down the bottom how many loans were contracted and outstanding totals et cetera. On those ones, we generally go through and do that type of an update to them.

Ms Patterson: Most of the ones in here are reflecting as at 30 June 2022.

Senator HUME: Will it meet the standard?

Senator Gallagher: That's probably a question—if it hasn't already been covered—for the relevant committee. This will be updated in line with normal process in the next budget.

Ms Patterson: With advice from the Department of Climate Change, Energy, the Environment and Water.

Senator HUME: We will direct that question to them?

Ms Patterson: Yes. I think they'd be better placed, particularly for something that was announced so recently.

Senator HUME: Okay. This was an announcement that was made before the budget, yes?

Ms Lee: Yes. I think it goes down to: a number of things are in measures, and then, as they move through into being implemented, they generally move into the Statement of Risks as well.

Senator Gallagher: That's part of Rewiring the Nation and, I think, was subject to reaching agreement with two other governments, Victoria and Tasmania.

Senator HUME: If it's subject to reaching agreement with two other governments, does that then somehow get included in the Statement of Risks separately or is it highlighted in the Statement of Risks?

Ms Lee: They're generally included under the activities. We don't have a state section or agreement section like that. We would generally we include them under a CEFC section.

Senator HUME: Slightly related, on page 278 in the Statement of Risks section, there's a bit that refers to the Brisbane Olympic and Paralympic Games, and it's referred to as an unquantifiable contingent liability. The text between this budget and the last budget has been altered. There was a bit taken out that said:

The Australian Government has committed to fund half the costs of critical infrastructure for the Games. The support is subject to shared governance arrangements with the Queensland Government.

That was in the March budget. Who was it that made the decision to alter that text? Was it the finance minister, the infrastructure minister, the Minister for Sport?

Senator Gallagher: I think the previous government had a public position, but there had been no provision at all made to back up that 50 per cent position, so this truly reflects the budget as it exists now. Obviously the Commonwealth will work with the Queensland government around support for the Brisbane Olympic and Paralympic Games, but we'll do it in a proper way. When we make commitments about the share of what we'll do, we'll make provision for that funding which was not made.

Senator HUME: The lack of provision is why it was in the Statement of Risks? Yes?

Senator Gallagher: I wasn't a member of the previous government, so I don't know.

Senator HUME: But it's still in the Statement of Risks, so there hasn't been a provision made. Is that right?

Ms Patterson: No, there has not been a provision made.

Senator HUME: So nothing's changed?

Ms Patterson: Some funding was provided in this budget to the department of infrastructure to assist with the work around the Olympics.

Senator Gallagher: Because there will be costs.

Ms Patterson: There will be costs, so it needs to be reflected in here, but, as to the nature of those costs, that's not yet known.

Senator HUME: Is the fifty-fifty split maintained?

Senator Gallagher: Well, that was your government's public position, not reflected in any financial provision, and we are working—

Senator HUME: That's why it was in the Statement of Risks. You are working on a different plan?

Senator Gallagher: We're working with the Queensland government in a responsible way. When agreements are reached, we will make those agreements known and we will provide the funding for it. There will be significant costs associated with the Brisbane Olympics and Paralympics.

Senator HUME: Is there an intention to increase the Commonwealth's proportion of investment in that infrastructure or decrease it?

Senator Gallagher: We are working with the Queensland government, in partnership, on how to deliver this appropriately.

Senator HUME: You don't know whether you're going to increase it or decrease it?

Senator Gallagher: We've costed infrastructure and understanding about what is required from each government. That work has not been completed.

Senator HUME: That must upset the Queensland government a bit, because obviously they had a fair bit of certainty with regard to their funding arrangements.

Senator Gallagher: Did they, though?

Senator HUME: Did they? They certainly had more certainty then than they do now.

Senator Gallagher: Well, they had no money provided.

Senator HUME: That's why it's in the statement of risks, where it still is. So they've got no more certainly, and now they don't know whether they're being funded more or less.

Senator Gallagher: No, they know that they're dealing with a government that will work through these things with them and come to a reasonable position. When those negotiations are finalised, there will be provision made. That's what it reflects.

Senator HUME: I'm sure the people of Queensland will be thrilled to know that they don't know where they stand. Can I ask about Inland Rail, please?

Senator COLBECK: I'd just like to ask some questions. Part of the deal with the Queensland government included a joint agency that would determine the costs and have a say for the Commonwealth in the planning, which was designed to manage the risk to the Commonwealth and the taxpayer. Are those arrangements continuing to be pursued by the government, or have they been dropped with the dropping of the fifty-fifty commitment?

Senator Gallagher: That's a matter for another committee, I believe. I'm appearing on Thursday at sports, so I'm sure it can be asked there or at infrastructure.

Ms Patterson: I think that is a question best directed to infrastructure, as to what conversations they are continuing to have with Queensland about both the nature of the funding and what the overarching governance arrangements will be—whether that will be a joint body or some other arrangement reflective of the split in funding.

Senator COLBECK: I know the Queensland government weren't keen on it, and it was something we insisted on as a discipline around the fifty-fifty funding deal—well, the Commonwealth did; I shouldn't say 'we'. The Commonwealth insisted on that arrangement as a mitigation to the risks of the fifty-fifty funding deal, and it was an important discipline. So your department has no participation in that overall decision-making process? That was part of the publicly expressed deal from the Prime Minister. The Queensland premier said that the state government weren't prepared to even commit to bidding for the Olympics until they had a commitment to sharing funds with the Commonwealth. What risk to the Olympic Games does the decision of the government put?

Senator Gallagher: No risk. We're working with them in partnership, as mature and responsible governments do. If we can provide any further information on the other matters that you have raised, which don't fall within the Finance Portfolio, we will do so.

Senator HUME: But what does fall within the Finance Portfolio is the fact that it's still in the statement of risks.

Senator Gallagher: Yes, the costs of the arrangements.

Senator HUME: The only thing that's been removed is the certainty of the fifty-fifty funding split.

Senator Gallagher: I don't agree. The certainty was just a slogan, in a sense, because there was nothing that underpinned it, so now we're doing it.

Senator HUME: But there's nothing underpinning your allocation.

Senator COLBECK: That was the basis under which the Queensland government agreed to bid for the games.

Senator Gallagher: As was said, the costs of these arrangements are yet to be determined. It exists there, and it will be a significant investment. It's been recognised as a major sporting event; it's there in the statement of risks. The actual quantum of the allocation, or the investment, is yet to be determined, and we will work closely with the Queensland government on that to deliver a fantastic Olympic Games in Brisbane, in 2032.

Senator COLBECK: Is the uncertainty expressed by a Queensland minister suggesting that the reconstruction of the Gabba was little more than a sketch one of reasons for the government's decision to back out of the fifty-fifty funding deal?

Senator Gallagher: You'll have to ask these questions to the relevant portfolio area; finance is not it. All I can continue to say is that we will work closely with the Queensland government on identifying the costs and investment required to deliver the Brisbane Games, in 2032. We're an active participant, an active partner, working closely with them, and the costs of the arrangements are yet to be determined, as is reflected in the budget papers.

Senator COLBECK: Is the government seeking to get less than a fifty-fifty deal?

Senator Gallagher: The government is seeking to work in partnership with the Queensland government and identify the costs and investment required to deliver the games in partnership.

Senator HUME: Fifty-fifty is partnership.

Senator Gallagher: That is what we are seeking to do—

Senator HUME: You don't get much more partnership than that.

Senator Gallagher: When those costs and investments are identified, the government will take some decisions and then you'll see the outcome of those decisions. The work hasn't been done. You guys didn't do the work. You said fifty-fifty, and you didn't do the work. Now we are doing the work. And, when we land that work, we will let people know through the budget process.

Senator COLBECK: Perhaps the Queensland government is paying the dividend of delaying the agreement on the infrastructure body that was part of the fifty-fifty deal—until the new government came in—which is exactly what they were doing, and it has cost them the fifty-fifty deal.

CHAIR: Senator Colbeck, you've got 15 minutes before the tea-break—

Senator COLBECK: So you can try and point the finger over here, but I can tell you: you won't be looking at me.

Senator Gallagher: I'll keep pointing the finger.

Senator COLBECK: I'm sure you will!

Senator Gallagher: Yes, yes.

CHAIR: which means: at the tea-break we will break for 15 minutes, and then we will come back for another hour and 15 minutes, which means I can rotate the call some four times amongst the coalition. So I'm going to return now to Senator Hume and await an indication—you'll see us through to the tea-break?

Senator HUME: I should, yes.

CHAIR: Great.

Senator HUME: I still have questions on statement of risks. There was another alteration to the section on Inland Rail. So the text no longer includes a line that says: 'The Australian government has also agreed in principle to the extension of Inland Rail from Toowoomba to the port of Gladstone, subject to the outcomes of the business case demonstrating the project is economically beneficial.' That was in the March budget. Does the fact that that isn't there anymore mean that, should the business case for the extension come back supporting the project, the government won't invest in the extension of the route to Gladstone?

Senator Gallagher: Again, that question is probably best put to Infrastructure. And, sorry, I might leave that for Cath to answer. But we are doing a review of the Inland Rail to inform future government decision-making. That is underway, with Dr Kerry Schott, who is doing that work. But Cath might be able to help.

Ms Patterson: The advice that we have from the department of infrastructure, who obviously provide the advice to us when we're preparing this, modified to reflect the government's decision, as the minister said, to undertake an independent review of Inland Rail project, as well as cost and scheduling pressures emerging from the project, including the public-private partnership segment between Gowrie and Kagaru. The risk has been

updated to remove reference to the Toowoomba to port of Gladstone route extension, which was previously included, prior to the finalisation of the business case. The current government is still progressing with the business case and will make a decision on the extension once the business case is completed.

Senator HUME: Will that business case be made public?

Ms Patterson: I would have to refer that question to the department of infrastructure. That's a level of detail I wouldn't know about.

Senator HUME: But it's the department of finance—and this document belongs to the department of finance—has said that it's subject to that business case.

Senator Gallagher: Well, it's based on advice from an agency—

Ms Patterson: It is based on advice from an agency that they're progressing the business case and that the government will make the decision once the business case is completed.

Senator HUME: So there was good reason, clearly, why that sentence was removed. Does that suggest to you that this will not go ahead, even if the business case stacks up?

Senator Gallagher: No.

Mr Jagers: If I could add also [inaudible]: as the minister indicated, there is an independent review into the delivery of Inland Rail. The terms of reference which have been released—and of course Dr Kerry Schott is conducting that review—for that indicate that the review will have regard to the existing studies, including the extension of Inland Rail to the port of Gladstone. So, whilst there is also a business case being done for Gladstone, there's a review underway for Inland Rail, and those two pieces of work will be considered by government in finalising the decision.

Senator COLBECK: Just to understand: there are two business cases?

Senator Gallagher: No, there's a review and a business case.

Senator COLBECK: Okay. So the business case is for Toowoomba to Gladstone—that's correct?

Mr Jagers: Yes. There's an extension of Inland Rail from Toowoomba to the port of Gladstone business case.

Senator McGRATH: Just to clarify: and then the review—that is of the entire Inland Rail project, or specific components of it?

Senator Gallagher: That's the entire—

Mr Jagers: That's for the entire Inland Rail project. As Ms Patterson indicated, the changes to the statement of risk include an additional reference around the significant delays and cost pressures that have been emerging on Inland Rail and also the government's announcement of the independent review into the Inland Rail project. The review will assess the project's scope, schedule and cost. That's of the full project.

Senator HUME: I want to ask some questions about the contingency reserve. What is the value of the contingency reserve in the budget?

Senator Gallagher: It's just over \$27 billion.

Senator HUME: Can you provide a list of the public measures that are in the contingency reserve?

Ms Patterson: You're referring to the measures in there where it's been called out in the budget text?

Senator HUME: Yes.

Ms Patterson: We might not have the full list; we might have to take the full list on notice. Certainly in statement 6 in Budget Paper No. 1, on page 203, there are references to the fact that there are some election commitments that have been included where policy settings are yet to be finalised. In that same paragraph on page 203 there's also a reference to the provision for the Fair Work Commission aged-care decision. On the following page, page 204, there's a reference to some measures that require legislation to be implemented. That includes the National Anti-Corruption Commission and the Housing Australia Future Fund. It also called out in the text—there are references on page 203 to the flood provision. There's also a reference—I'm sure I can find you the page number of that—to the national skills agreement, which had been called out previously in the contingency reserve, I think, in the March 2022-23 budget.

There are also some—as I say, I don't have a full list, but there are some references you will see in Budget Paper No. 2 in some of the budget measures that will specifically call out something that is in the contingency reserve, obviously noting that a lot of things are not called out. One example I have is in the Health portfolio. There's a reference to \$500 million for COVID vaccines and treatments as part of one of the COVID response

measures. In relation to the Voice, there's a reference to the \$160 million that was in the contingency reserve. That was also called out, I think, in either March or PEFO. I don't have a longer list than that, but we can take on notice those ones that are referenced in the budget measures as being in the contingency reserve. But there's not a lot more than that.

Ms Wilkinson: That's right. Just two other things. Of course, more than half of the contingency reserve is the conservative bias allowance—

Senator HUME: Yes, I was going to ask you about that.

Ms Wilkinson: It's like \$14.8 billion in total. And then also there are decisions taken but not yet announced. You can find them in Budget Paper No. 2, both on the receipts and the payments side, and in net terms together they're worth about \$1.8 billion.

Senator HUME: I have two questions about decisions made but not yet announced, which I think are decisions taken but not yet announced—or maybe not, actually; maybe the opposite. I want to ask about the contingency reserve first. The decisions made that are too late for inclusion against individual entity estimates—what are those decisions?

Ms Lee: Generally that will be if there's some urgent decision or something has to be made at the end. When we're trying to manage finalising all the budget numbers, we—Finance—will sometimes say, 'That doesn't have any appropriations in this year; let's manage that one through the contingency reserve.' That means we put the estimates in and it's a little bit—when we're trying to finish everything. It's generally not something the government would do.

Senator HUME: Is there a list of things?

Ms Lee: It might be in those measures. Some of them may be some of those ones where it's mentioned. I'm trying to remember if we actually did that this time.

Senator HUME: Can you check on notice—

Ms Lee: We'll check on that.

Senator HUME: and, if you can, provide a list of what those items might be? Can I ask about an election commitment that was identified by the PBO? They called it ECR122, which was 'Ensuring certainty for Kurri Kurri'. That was an additional \$700 million in equity for the Hunter power project. Is that in the budget or in the contingency reserve?

Ms Wilkinson: There is a provision allowed for in the contingency reserve for—

Senator HUME: It is in there?

Ms Wilkinson: There is a provision in there. That's right. This is the hydrogen element—

Senator HUME: For Kurri Kurri?

Ms Wilkinson: Of Kurri Kurri, yes.

Senator HUME: Okay.

Ms Wilkinson: I think the government was clear that there's a provision in the contingency reserve for election commitments which haven't been able to be finalised in these first six months but where there's funding attached to them. That provision has been allowed for those.

Senator HUME: Okay. The regional statement, when it's referring to investments in the Hunter power project, notes that it's only the previous government's commitment. Why was it not updated to reflect the announced commitment?

Ms Wilkinson: I think there was this discussion in an earlier hearing this morning.

Senator HUME: Yes, that's where it came from.

Ms Wilkinson: There's a business case, which has yet to be done, around the conversion of the Kurri Kurri plant to hydrogen. My understanding is that that hasn't yet been done, even though it is an election commitment to convert that plant to hydrogen. When the business case is done, that would be when the funding for that conversion would be reflected.

Senator HUME: Okay. In the statement of risks, the fiscal risk for Snowy Hydro is unchanged from the previous budget. But isn't an additional \$700 million—which is a fair swag, and that's in equity too—a material variation? Would that not feature more prominently than somewhere stuck in a contingency reserve?

Mr Jagers: As I indicated, I think the discussion this morning with Snowy Hydro indicated that they are currently producing a business case in relation to hydrogen and how that could be used at Kurri Kurri. The initial

plant, which is a gas plant with a diesel back-up, will be able to take hydrogen fuel at about 15 per cent. Then there's an option to go to 30 per cent and then further. The business case itself will have a range of options, and each of those options will have a range of issues in relation to sourcing hydrogen and how hydrogen is produced. Until that business case is complete and the government is able to consider the way it wants to take Kurri Kurri forward, it hasn't appeared in the budget papers proper, but there's a contingency that's been provided for that decision to be taken next year. We'd expect the business case to be completed early next year, and then we would expect a decision on it in next year's budget.

Senator HUME: Is it unusual to commit to funding a project like this to that extent without a business case?

Senator Gallagher: It's an election commitment.

Senator HUME: Yes.

Senator Gallagher: We made an election commitment based on the information available to the opposition at the time. Now, in government, we are doing the responsible thing: delivering on the election commitment and making provision. The work's being done by Snowy Hydro to inform the final decisions that are taken about that.

Senator HUME: And that provision is there for Kurri Kurri in the contingency reserve?

Senator Gallagher: Yes.

Senator HUME: Can I ask about something else that may or not be in the contingency reserve? There was an article today in the *Australian* that suggested that the interim ruling of the Fair Work Commission for aged-care workers was going to be up to \$2.1 billion a year. Is that somewhere in the contingency reserve? Was there an estimate made in anticipation of that ruling?

Ms Wilkinson: Page 203 makes it clear that a provision has been included in the contingency reserve for the implementation of the potential increase in award wages resulting from the aged-care work value case being determined by the Fair Work Commission.

Senator HUME: What was it estimated to be? Was that \$2.1 billion?

Ms Wilkinson: No. It's just a provision. A provision is allowed for a range of different things, but the details of what's in the contingency reserve are not made public.

Senator Gallagher: We took the decision in the budget that we knew this was coming. We knew there was going to be a wage increase, as best we could to make a provision, not having the Fair Work Commission's decision—but the responsible thing to do was to make a provision. Obviously, we will work through the decision of the Fair Work Commission, which was handed down on Friday. They're going to make some additional comments about implementation and timing, and when those are clear the final costings will also become clear, and we will use that provision to help meet those costs.

Senator HUME: Do you anticipate that you will need to provide additional funding compared to what was allocated—

Ms Wilkinson: To be honest, it's just too early to tell. In terms of the Fair Work case, there are two more significant changes to take place. We wouldn't be in a position to assess that at this point.

Senator HUME: Did you cost 15 per cent, or 25 per cent? Did you pick a number—

Senator Gallagher: Obviously it's costed—

Senator HUME: for the pay rise?

Senator Gallagher: I think our answer remains the same. We made a provision.

Senator HUME: How did you land on what the provision was going to be?

Senator Gallagher: Based on information from where this was likely to land, not knowing the Fair Work Commission's ultimate decision, but I don't think the 15 per cent was a surprise.

Senator HUME: So it wasn't 25 per cent that you accounted for?

Senator Gallagher: I guess in all bargaining—in my history of bargaining—you've got people saying it should be this and people saying it should be this, and quite often it lands somewhere in the middle.

Senator HUME: The government supported it.

Senator Gallagher: The provision didn't necessarily have to meet all the costs, but a responsible thing to do was to make provision for some of what was known. We were going to have a pay increase, I think anyone watching the Fair Work Commission could have assessed that it was going to be a reasonable pay increase, but I don't know that that necessarily means you had to make provision for something you didn't know the cost of. So it's a provision.

Senator HUME: Isn't that the point of a contingency reserve?

Senator Gallagher: It's a provision in the contingency reserve to help meet the costs of the aged-care claim. That's what it is.

Senator HUME: I'm wondering how you landed on the number that you came to, considering that a range of percentages were put out there, that the government had supported the union's claim.

Senator Gallagher: We supported a wage increase for aged-care workers.

Senator HUME: But you didn't pick a percentage?

Senator Gallagher: We supported it. We put in—

Senator HUME: You had to pick a percentage, though, to put something in the submission.

Senator Gallagher: We put in a submission which did not nominate a figure but indicated that we believed there should be a significant wage increase for aged-care workers, and we've made provision accordingly.

Senator HUME: Alright. Thank you, Chair.

Proceedings suspended from 20:33 to 20:46

Senator DEAN SMITH: Congratulations, Secretary, on your appointment to the new department.

Ms Wilkinson: Thank you, Senator.

Senator DEAN SMITH: My questions go to the audit of wasteful spending.

Senator Gallagher: Oh, yes, our favourite subject.

Senator DEAN SMITH: Is there an official here that might be able to come to the table to step us through the granularity of that process?

Ms Wilkinson: Yes, absolutely. I will ask Ms Lee to walk you through that process. It was a very whole-of-government effort, I would say, with Finance working very closely with ministers and all of their portfolios over a pretty intense three-month period.

Senator DEAN SMITH: Could you explain to me who in Finance ran the audit, including the number of ASLs that were assigned to the particular project?

Ms Lee: Finance established a joint task force with Treasury, which was headed up by a band 1 officer and there were 10 officials in that team, including him—seven from Finance and three from Treasury. But it actually was part of the entire budget process for all of the different teams who work on the budget, and the agency advice units also worked on elements of the audit. But we had a core task force—they were in my division—and then we had other teams that helped them on different parts of the process.

Senator DEAN SMITH: What date was the task force established?

Ms Lee: I don't have the exact date but it was established in July.

Senator DEAN SMITH: You can get me that exact date?

Ms Lee: Yes.

Senator DEAN SMITH: Does the task force continue to exist or has it ceased?

Ms Lee: That task force has ceased. We are moving on to the next stage.

Senator DEAN SMITH: What date did the task force cease?

Ms Lee: It was around the time the budget came out. It was in that week. We had different people leaving at different times and then sort of finishing off the budget week and the week after.

Senator DEAN SMITH: So was a joint Treasury and Finance task force, and the lead was a Treasury or Finance official?

Ms Lee: It was a Finance official.

Senator DEAN SMITH: It was not yourself?

Ms Lee: No, it was someone who worked for me.

Senator DEAN SMITH: They were member of your team?

Ms Lee: Yes.

Senator DEAN SMITH: Were they a direct report to you?

Ms Lee: Yes.

Senator DEAN SMITH: Were any officials from other departments seconded at any time to the task force?

Ms Lee: We did have one officer who had used to work in Finance, and she came from another department, but that was more because she wanted to come and work on the task force, not because we asked that department for her. She has stayed in Finance.

Senator DEAN SMITH: Enthusiastic!

Ms Lee: Yes, very enthusiastic.

Senator DEAN SMITH: That's good. What was the total cost of the project?

Ms Lee: I would have to take that on notice. I don't know. We absorb the costs within our budget.

Ms Wilkinson: Yes, Treasury and Finance absorb those costs. We weren't funded for it. It was the cost of 10 ASL, but they were just absorbed within both our departments.

Senator DEAN SMITH: Was there the use of any consultants?

Ms Lee: No, we used no consultants.

Senator DEAN SMITH: By what mechanism was the task force established?

Ms Lee: We had a cabinet submission.

Senator DEAN SMITH: Sorry?

Ms Lee: Sorry. The Minister for Finance and the Treasurer sought ERC's agreement to how the task force was going to work and how the spending audit would be undertaken. Then we established a task force by seeking nominations within Finance and Treasury to establish the task force.

Senator DEAN SMITH: So there were terms of reference for the task force?

Ms Lee: Yes.

Senator DEAN SMITH: Can you provide us this evening with the details of those terms of reference?

Senator Gallagher: I think so. I don't think it's a secret. Yes, we'll get them.

Senator DEAN SMITH: And just circulate them. That would be great. What was the mechanism of engagement with other departments? There were Treasury and Finance officials on the task force, but then you said that, as part of the normal budget process, the task force engaged with other departments. Can you just give me a sense of what that means and what that looks like from a process perspective?

Ms Lee: Departments were actually asked to provide the task force with information on all their programs, because one of the commitments the government had made during the election was to do a line-by-line assessment of government spending. So we asked departments, and departments provided us with the level of funding for their programs that was committed and uncommitted. That was one way we engaged with departments. Portfolio ministers and their departments then provided advice on proposals for potential savings and reprioritisations, and this included—

Senator DEAN SMITH: Sorry? Departments offered up advice?

Ms Lee: Departments and portfolios—mainly from portfolio ministers. Their departments then provided us with advice on proposals for potential savings and reprioritisation of existing funding. This included advice on measures from the 2022-23 March budget and the 2022 PEFO as well. Then, throughout the budget process and throughout government, it considered a range of different proposals for savings put forward by ministers.

Senator DEAN SMITH: Am I correct in assuming that there are—these are my words, not yours—two work streams, the first of which is identifying savings from reduction in travel, consultancy, legal fees et cetera?

Ms Patterson: Yes. That is a separate process.

Senator DEAN SMITH: Separate within the—

Ms Wilkinson: No, that's separate from the audit. That is separate from the spending audit.

Senator DEAN SMITH: So the task force was only established to pursue the examination of the line-by-line process that the minister has often talked about publicly through each department?

Ms Patterson: Yes.

Ms Lee: Yes.

Senator Gallagher: Yes. The savings on consultants, contractors, travel, advertising and legal were commitments already made, and then we made a commitment to have an audit separate to that or in addition to that, and then that's what kicked off. Ms Wilkinson can take you through some other info.

Ms Wilkinson: I can just give you a few more specific details. It was on 14 June that there was an agreement to the terms of reference. On 20 June, Finance issued an estimates memorandum, as we do, to portfolio agencies,

which included a request for them to provide data, and we specified in the estimates memorandum what the data was. On 30 June the Minister for Finance wrote to portfolio ministers seeking their views on the 2022-23 March budget measures, including the PEFO measures. Portfolios provided data to Finance on 19 July. That was the first date that they had to have data provided to us. That was data detailing their expenditure programs. The following day they had to have data to us around their views on the March budget measures. On 26 July they provided proposals on the programs within their portfolios that would be suitable for either savings or reprioritisation of existing spending.

So that was by the end of July. Then really the months of August and September involved the task force working collaboratively with all departments around the information that had been provided—what were the sorts of considerations being given to measures from which there could be savings and measures which could be reprioritised to other higher priority matters.

Senator DEAN SMITH: So the \$3.6 billion figure that's referred to on page 83 of Budget Paper No. 2 is not the work of the task force?

Ms Wilkinson: No, that's a separate election commitment.

Senator DEAN SMITH: So turning to the \$3.6 billion figure and the specific reference in Budget Paper No. 2, the second sentence of the measure says:

The allocation of the remaining financial year impacts in the 2023-24 Budget will be guided by the Government's broader Australian Public Service initiatives, including the Audit of Employment.

Ms Wilkinson: That's right. That's a separate audit—the audit of employment, which I think the Public Service Commission spoke about at some length this morning.

Senator DEAN SMITH: Sorry, excuse me. There are two things here. There's the broad, which is 'guided by the Government's broader Australian Public Service initiatives'—and there is a comma—'including the Audit of Employment'. So the audit of employment is a subset of the Australian Public Service initiatives.

Senator Gallagher: It can be seen that way, if you prefer to see it that way.

Senator DEAN SMITH: Well, that's how I'm seeing it.

Senator Gallagher: 'Comma'.

Senator DEAN SMITH: Pedantic I know, but these things—

Senator Gallagher: I know. That's what we love about you, Senator Smith. Someone's got to do it.

Senator DEAN SMITH: Minister, the comma would not be there unless it was important.

Senator Gallagher: Yes, alright. I'm sure there may be a wayward comma somewhere in these books, but that's not it.

Senator DEAN SMITH: If the comma did not need to be there, it would not be there.

Senator Gallagher: I'm with you. Yes, so it's a subset of the initiatives.

Senator DEAN SMITH: Thank you. Just turning to the Australian Public Service initiatives, what are they? Have they been identified yet?

Ms Wilkinson: I think that's just referring to the government's priorities. It is initiatives across all portfolios. We can get back to you if there is anything different, but I think that's just a reference to the government's priorities.

Senator Gallagher: Sorry, if I could just help—and I think we covered it a little bit—but where it says 'will be informed by'—and there's not a comma there—

Senator DEAN SMITH: It says 'guided by'.

Senator Gallagher: Yes, 'guided by'. That was a decision that we took about how we allocate. Because we don't have information on the use of external labour until the audit of employment reports, we have attributed it this year but are then holding the distribution of it, even though we've booked the save, for once that audit is complete.

Senator DEAN SMITH: So that's helpful. So we had a task force in order to identify the line-by-line initiatives that would be discontinued or reprofiled. Then there was a separate process that identified the \$3.6 billion, which is identified on page 83 as a measure. So when the department came to determine the \$3.6 billion figure what was the process that individual departments went through in order to get to that cumulative \$3.6 billion figure?

Senator Gallagher: That was a commitment we made. We actually made the commitment prior to the election of \$3 billion from consultants and contractors and \$570 million from advertising, legal and travel. So really the department's job was to implement that. It wasn't essentially a process.

Senator DEAN SMITH: It was to make the necessary savings around that quantum figure.

Senator Gallagher: That's right. In this first year, it's largely attributed based on a pre-existing formula for savings, but that may change once we have the audit for the following years, because it's not fair for an agency that hasn't been using external labour to then have a save booked against them to reduce their use of external labour, if you see what I mean.

Senator DEAN SMITH: So is the \$642.5 million figure that is attributed to 2022-23 determined by a pre-existing formula?

Ms Wilkinson: That was allocated, but we worked with the government to come up with what we thought would be the most defensible proxy with the information that we had available and to work out what would be the best distribution of both of the two saves. We separately had a methodology for allocating the spending on legal and advertising—what was the other one?

Senator Gallagher: Travel.

Ms Wilkinson: Yes—and travel. We used one set of information to allocate those saves, and we had a different methodology for allocating the first year of the \$3 billion save. I don't have it in my head exactly how much that's worth. In both cases we had to work with the information that we had available—for example, we did have data on spending on travel, legal and advertising expenses from, I think, 2021-22.

Ms Patterson: And earlier.

Ms Wilkinson: So we used that data in order to allocate that amount of the save. And for other save, the save related to the total \$3 billion figure, which was about contractors, we had information on the extent of supplier expenses across different agencies, and that was used as a proxy for spending on consultants and labour hire. That was for the first year, because that was the only information we had available. The employment audit that is being undertaken at the moment will inform the second and subsequent years' distribution of those savings.

Senator DEAN SMITH: Excuse me if I'm not keeping up. So Finance, based on the various data that's available to it, the existing data, determines that the figure is \$642.5 million.

Ms Wilkinson: No, that was a government decision. That was an election commitment.

Senator DEAN SMITH: Thank you. And then Finance determines how the \$642.5 million will be divided between various parts of the government in order to deliver up that \$642.5 million. Is that right?

Ms Wilkinson: That's correct. The way I would put it is that we worked with the government to come up with a reasonable methodology of distributing those savings, given the information we had available.

Senator DEAN SMITH: And then departments were required to fit their expenditure across the external labour, advertising, travel and legal expenses into that quantum that Finance had provided to them.

Ms Wilkinson: There was a save taken from most departments—I think probably all departments. As the accountable authorities who are leading those departments—there was a save taken from Finance, and I have to work out how I can best manage the budget for the department, taking into account that saving.

Senator DEAN SMITH: Given that you don't have a reliable dataset for 2023-24, 2024-25 and 2025-26, how did Finance come to the \$809.2 million figure, the \$975.8 million figure and the \$1,142.5 million figure?

Senator Gallagher: They were in our costings document.

Senator DEAN SMITH: Sorry?

Senator Gallagher: They were in the costings document. From memory, it was an incremental step-up towards 20 per cent savings on consultants and contractors by the end of the forward estimates. That's how it was profiled, and that is the money that will have to be attributed once we have the audit of employment back to inform those decisions.

Senator DEAN SMITH: So where in the various portfolio budget statements do I find the individual save for each of the departments that gets you to the \$642.5 million?

Ms Lee: In each of the measures sections for each of the agencies in the portfolio budget statements there will be the measure title, and it should have their allocation there.

Senator DEAN SMITH: Are you able to provide that for me in a composite document, on notice?

Ms Lee: Yes.

Senator Gallagher: Doing a bit of your homework for you, Senator Smith.

Senator DEAN SMITH: I'm looking forward to seeing where the commas are.

Senator Gallagher: I'm going to put a tricky one in there, just to blow your mind!

Senator DEAN SMITH: I do have a story that I share with senators about former Secretary Jane Halton in the Health portfolio. I'll save that for another time. I might pause there for a moment and catch my breath.

CHAIR: Senator Hume?

Senator HUME: I'm definitely not going to allow you to catch your breath at all. I want to ask about estimate variations. Do you think you could give me a quick explanation of estimate variations and how they differ from decisions of government?

Ms Lee: Estimate variations cover a range of things. They include the ongoing impact of previous government decisions, such as further changes to demand driven programs et cetera. So that's mainly, when we talk about ongoing impacts, changes to all the demand driven social welfare payment programs. They include changes in relation to public debt interest and include movements of program estimates between the years—we talked earlier about movement of funds. They also include other changes to departmental administered programs in each budget update that do not require a government decision, so this could be changes to indexation arrangements. Basically, if a program has been put in place and it has a range of elements in it that are not fixed, then the movements ongoing for those are done as estimate variations. They don't require a government decision to make those changes. The main difference is that, if those programs are in place and have already been approved by government—the program doesn't need to have been approved by the current government—Finance works with agencies, and we make those estimate variation changes in each budget.

Senator HUME: So it's a decision of Finance?

Ms Lee: Yes, we work with agencies on those, and they update their estimates. And some of these programs have quite complicated models.

Senator HUME: Yes, I was going to say there must be some grey areas.

Ms Lee: There are. There are quite big models et cetera that go into some of these programs; they're quite complex. We have a range of very clever people in Finance and agencies who understand them. They work them through, and then we make decisions about whether that looks like a valid change to the estimates.

Senator HUME: It's late at night; I'm not going to ask anyone to explain those models to us. I think that might be too much. But I will ask: have you got a figure for the aggregate value of the estimate variations in this budget?

Ms Lee: Yes, there's a table in statement No. 3. The aggregate figure for all variations is in the reconciliation table, which is on page 79 under 'Effect of parameter and other variations'. So that's the estimates variations. The 'payments' line overall is \$92 million, and there's a 'receipts' line as well. The overall impact of all of that is \$52 million. Then, if you go to page 93, table 3.4 is called 'Reconciliation of payments estimates'. It's got a line called 'Effect of policy decisions', which goes back to the reconciliation table. But then it breaks down the different groupings of estimates variations. It's got the ones that are made in relation to economic parameters, and there's a line which is about the interest payments. Then it's got 'Program specific parameter variations', which are about how the program is designed, and then the other variations. I think down the bottom in footnote c) it talks about the changes to the conservative bias allowance, and that's also where we'll pull through a lot of the movement of funds that we talked about earlier. This table here helps break down what makes up the overall estimates variations changes in the budget. This is on the payments side; there's obviously a significant revenue side as well.

Senator HUME: Is there a list anywhere of the estimates variations made as decisions of government in the budget? Is that something that can be provided?

Ms Wilkinson: They're not decisions of government. Estimates variations are not decisions of government.

Senator HUME: In response to decisions of government?

Ms Wilkinson: No. Then that would be a measure. If there were a decision of government that had an impact on the estimate, that would be a measure.

Senator HUME: Were there any funding decisions made by the government as measures that were then reverted back to be published as estimates variations? No?

Ms Wilkinson: No.

Senator Gallagher: Through the process we are briefed on what's happening with the estimates variations, so we're aware of that. High inflation means your payments are going to be indexed at a higher rate, so that's going

to be a big thing. Interest rates going up means the interest payments on your debt are going to increase. So it's for information purposes, rather than a new decision of government.

Senator HUME: So what's the largest of the estimates variations—

Senator Gallagher: The debt.

Senator HUME: within each portfolio, I was going to say.

Senator Gallagher: My understanding is that the largest chunk is the increase in servicing the debt—the interest payments. Then it goes down to support for seniors, provision of GST to the states and territories, indexation arrangements for JobSeeker, NDIS, financial support for people with a disability. It's largely those payments, interest and GST.

Senator HUME: Is the government ever in a position to elect that a decision is an estimates variation as opposed to a measure?

Ms Wilkinson: Elect that the decision is an estimates variation? That would be highly unusual. I can think of a couple of occasions where an estimates variation has been published as a measure—is that correct?

Ms Patterson: Yes.

Senator HUME: But not the other way around?

Ms Wilkinson: No. I mean, things like the reconciliation table in the budget are trying to provide clarity on the difference between policy decisions that are taken by government and changes in the budget which are a function of things that are outside the government's control.

Senator HUME: Alright.

Ms Wilkinson: Sometimes it's confusing if you have estimates variations and policy decisions all happening concurrently. Sometimes that's a little bit tricky to unpack.

Ms Patterson: We've had some where there's a demand driven component, which would be the estimates variation, but at the same time the government may have made a decision that relates to that. That is a decision, and it would get published as a measure, even though it's about the same—

Senator HUME: Can they be separated out? Are there any of those in this set of estimates variations?

Ms Lee: I don't think so. I can't think of any in this one. The main changes in our estimates variations were related to economic parameter changes this time around and, as the minister said, the debt management.

Senator HUME: Can I ask then, on notice, if you could provide a list of top 20 estimates variations by value along with the prior budget measure or the program that it relates to, with a summary of the variation and the reason for that variation?

Ms Patterson: Yes. Certainly some of the top five or six or so are on page 93, but we can certainly provide you with the top 20. As you can see from the text we've got here, they're mostly as a result of a higher than projected rate of indexation. We can step that out for you.

Senator HUME: Are you happy for me to keep going? I want to ask questions about processes on budget measures. How many measures are in Budget Paper No. 2 for this budget?

Ms Patterson: I think it's around 250. I haven't added them up.

Senator HUME: What's the measures process? Is there a style guide for the—

Ms Lee: For the drafting of the measure description?

Senator HUME: Yes.

Ms Lee: Yes, for measure descriptions there is a style guide. As you can see, there's quite a formula, and they all very much look the same as to how they start. They're drafted in the Department of Finance and the Department of the Treasury for the revenue ones.

Ms Wilkinson: Just to be clear, there are 237 payments measures. I haven't got a number on the number of revenue measures.

Ms Lee: So they're drafted and then they are all cleared by the Minister for Finance.

Senator HUME: Okay. That's what I wanted to ask. Is the measures process approved through the department and therefore through the relevant minister and then through the finance minister or the Treasurer, or is it just one approval process?

Ms Lee: We send them up to the finance minister's office, and the finance minister approves them.

Ms Patterson: And, obviously, Finance plays a key role in making sure all the numbers in the measures are correct.

Senator Gallagher: The portfolio ministers also look at the measures description. They have an involvement in it early. Then it comes through the final approval process.

Senator HUME: There are a number of measures in BP 2 that state that partial funding for the measure has already been provided for by government. This is this government's first economic update in a decade. Is that reflecting a decision of the former government?

Senator Gallagher: Yes.

Senator HUME: That's not made very explicit.

Ms Patterson: No, and that is fairly standard wording for budget papers.

Senator Gallagher: It's pretty obvious.

Senator HUME: There are a number of measures in the budget that do reprint decisions of the March budget—yes?

Senator Gallagher: Yes.

Senator HUME: Why did this only apply to some decisions?

Senator Gallagher: Because we reviewed all of them. That's the letter that Ms Wilkinson went through with Senator Smith, which I wrote in late June or mid-July. There were two processes underway. One was around the audit of spending, and the other one was to review the March and PEFO budget measures to see whether they aligned with the new government's priorities. Where there were opportunities to redirect or reprioritise that funding, ministers should think about that. That was reasonably successful in finding money to repurpose and meet some of the additional requests for extra funding, and you can see that where it reflects that this is partially met or fully met within existing resources. That's what that talks about—basically a reallocation of money within their own appropriation to a new priority.

Senator HUME: But then there are measures that haven't been reprioritised and are, in fact, decisions of the former government that are—

Senator Gallagher: Yes, that's right. There were ones where there was advice back from the ministers and their departments that these measures were needed. In those instances, where that was demonstrated, those measures continued.

Senator HUME: Can the department please provide a full list of the measures that were reprinted from the March budget and their value—on notice. You don't have to do that tonight.

Ms Patterson: The bulk of the measures from the March budget which were retained are obviously not reprinted in here, because they were already in the March budget. Some of the ones that might be in here are because either the funding changed or something changed about them so that the amount related to them changed or they were funded in a different way. This budget does not reprint all of the decisions from the March budget that were retained. For those March budget measures that were retained by this government, the funding is now included in the appropriation bills that are before the Senate.

Senator Gallagher: So what do you want to know, Senator Hume? Do you want a list of things that were in the March budget that remain?

Senator HUME: One or the other—either things that are different in this budget that weren't reflected from the last government or things from the last government that are reflected in this budget. Can we do that?

Senator Gallagher: I'm sure we can once I fully understand. Do you want a list of the things that are retained from the March budget?

Senator HUME: How about a list of the things from the last budget that were reversed? Can we do that?

Senator Gallagher: Or partially reversed?

Senator HUME: Yes.

Ms Wilkinson: Or reprioritised.

Senator HUME: Yes. That would be great. In the three categories. That would be perfect. How many measures in the budget terminate after two, three or four years?

Ms Lee: We'd have to take that on notice.

Senator Gallagher: Usually you can see over the profile, across the forward estimates. I'm not sure—some of them says 'This is a three-year program.' It's sometimes in the measure description, and if they're ongoing it has, 'This is funded at this level in an ongoing way.' You can sort of take it from that.

Senator HUME: Can we highlight which ones are ongoing?

Senator Gallagher: The childcare one, for example. I think that was talked about with the PBO. I'm pretty sure that has an indication in the measure description that it's \$1.7—I've had it whispered that it's on page 93. Thank you, Catherine. You'll appear in the *Hansard* now, with that whisper! On page 93:

The Government will provide \$4.7 billion over 4 years from 2022–23 (and \$1.7 billion per year ongoing) to deliver cheaper child care ...

Senator HUME: Can I ask, then: obviously, terminating measures provide opportunity to maintain oversight and review government programs, which is the reason why so many measures are terminating. Is that correct?

Senator Gallagher: Yes. Sometimes it can be for a specific period of time. In the women's portfolio there's \$3.1 million for the national gender equality strategy. That's work that will be completed within the next 12 months, so that only exists for one year. Other times, evaluation may take place before further decisions are taken. I think there are a range of different reasons about why something might be funded for one, two or three years or in an ongoing sense.

Senator HUME: Are there reviews of measures that are ongoing?

Senator Gallagher: There can be. Obviously there are some things that are just ongoing; you're not going to—

Senator HUME: There's oversight?

Senator Gallagher: Yes. The spending audit was partly about that. It was having a look and going back through all the spending to make sure that it's spending that is needed. There's a discipline that comes from looking at things in that way, but there are clearly programs, like on the payments side, that are ongoing. Nobody's going to review the sole parent pension or the parenting payment and say, 'in two years time', and not fund it in an ongoing sense. There are things like that that are just common sense. Evaluation is part of the public sector reform priorities, actually building up the evaluation capacity so that we are able to evaluate programs internally to inform government decision-making. So, yes, evaluation is an important part of it. I'm just saying there are a range of reasons. We're dealing with a range of terminating measures from the previous administration. We worked through some of those in the budget context. There are more to be dealt with. It's not an unusual way of budgeting. My sense is that where something is ongoing we should make provision for it.

Senator HUME: Right. Do you embed a review into your thinking? Is there something in the measure that specifies that there is a review for ongoing measures, or is it just part of the normal course of events?

Senator Gallagher: We are building in disciplined budgeting processes, fiscally responsible, but it varies. Some things are clearly ongoing. Some things are probably ongoing but you want to have a look at them. Some things are not ongoing. Some things you want ministers to come back to the ERC on, and they're required to report back against the implementation for further decisions. There is a range—

Senator HUME: None of that's actually specified in the description of the measure?

Ms Wilkinson: Sometimes. Sometimes the review is specified. Sometimes it's not.

Senator HUME: Sometimes it's legislated, but it doesn't necessarily need to be legislated to be specified.

Ms Wilkinson: Sometimes it's legislated. Exactly. That's right.

Senator Gallagher: Yes. But the measure gives you a snapshot, essentially, of the high-level key information. Then, obviously, this process allows for closer interrogation, and portfolio budget statements give further opportunity on that.

Senator HUME: Senator Smith has another line of questioning and then I've got one more.

Senator DEAN SMITH: Just to confirm, Ms Lee, that you're going to make those terms of reference available?

Ms Lee: Yes.

Senator DEAN SMITH: Great. Thanks very much. Secretary, on 20 June there was the Finance estimate minute distributed. Is that a public document? Is that a document that can be made available to the committee?

Ms Wilkinson: The estimates memorandum is not public.

Senator DEAN SMITH: I thought I would try.

Senator Gallagher: But basically we agreed to have a spending audit.

Senator DEAN SMITH: I'll wait for Ms Lee to come back. I'll start with the secretary.

Senator Gallagher: Everyone's going away. What were you doing?

Ms Lee: I was trying to find the terms of reference.

Senator Gallagher: She was doing the previous task you'd given her. She's flat out.

Senator DEAN SMITH: Returning to the task force process, can you explain to the committee how decisions were taken in determining which programs were either to be reprofiled or discontinued?

Ms Lee: They were all decisions of the government through the ERC process.

Senator Gallagher: They were based on advice from the portfolio and Finance.

Senator DEAN SMITH: Where a program was discontinued or reprofiled, were those decisions taken to ERC?

Ms Lee: Yes.

Senator DEAN SMITH: By Finance and the finance minister?

Senator Gallagher: Yes. I gave updates on the spending audit as it was being undertaken, but it was also handled through portfolio ministers coming forward with their priorities.

Senator DEAN SMITH: I'm specifically talking about the decisions to be taken, which is, to be fair, different from providing an update. Were the decisions that were to be taken at ERC with regard to whether a program was discontinued or reprofiled taken by the minister that was responsible for the program or was it taken by Finance and the finance minister?

Senator Gallagher: They were decisions by the ERC. This is the product of decisions of the government for the budget.

Senator DEAN SMITH: How many times were decisions taken to ERC?

Senator Gallagher: A lot.

Ms Wilkinson: Do you mean through the whole budget process?

Senator DEAN SMITH: No, just with regard to this task force exercise?

Ms Wilkinson: The way in which this process unfolded is that ministers made proposals around savings that they thought could come out of their portfolio. In some cases, Finance would collect all of those together and take that through to the ERC decision. In other cases, when a minister was bringing forward their proposals they proposed in their own submission that these savings could be taken or that a particular measure could be reprofiled and could be used as a save or could be reprioritised to be spent on something else.

Senator Gallagher: It was embedded.

Ms Wilkinson: It was just embedded in the process. There were a number of different ways in which decisions around both saves and reprioritisations were taken. There wasn't just one channel for those decisions to be taken.

Senator DEAN SMITH: Why was it necessary then to have more than one channel? Why was the task force process necessary?

Ms Wilkinson: The task force process was a way of gathering together the information and enabling Finance to provide our advice, regardless of how the actual measure came forward. This was a process which, as I said, ran over a period of several months. There was actually a pretty continuous discussion in the ERC process around saves and reprioritisations, particularly for ministers who were bringing forward additional spends that went beyond election commitments. And the question was how they were going to be afforded.

Senator DEAN SMITH: Are you able to identify a cumulative figure for the discontinued and reprofiled programs that came out of the task force process?

Senator Gallagher: Yes, I think of the \$22 billion, it was roughly half-half, from memory. Yes, \$10.436 on savings and \$11.519 on reprioritisation.

Senator DEAN SMITH: Were there any recommendations from the task force that weren't progressed to ERC?

Senator Gallagher: That would go to deliberations of the ERC.

Senator DEAN SMITH: I'm trying!

Senator Gallagher: I know. Nice try! You looked unassuming as you tried it, just in case we were falling asleep.

Senator DEAN SMITH: What's the risk of a program that's being reprofiled in this budget being reprofiled in the next budget or future budgets?

Senator Gallagher: Reprioritised or moved into another year?

Senator DEAN SMITH: Yes, reprofiled.

Senator Gallagher: Potentially, I imagine, there could be some projects particularly in the infrastructure space where, for one reason or another, approvals aren't given or supplies aren't there, so they have to move again. There's a chance. I don't know how likely it is, but there's a chance.

Ms Wilkinson: In every budget process you assess whether any adjustments need to be made to the profiling of spending, particularly on things like infrastructure.

Senator DEAN SMITH: What are the factors that might influence a decision to reprofile an infrastructure project?

Ms Wilkinson: We would take advice from that department, which would usually reflect their assessment of things like approvals; capacity constraints; and, in the last couple of years, supply chain constraints, and their assessment has to be what would be a reasonable estimate of the amount of investment that could be undertaken and over what period.

Senator DEAN SMITH: If the government was looking for further savings, it would be open to them to reprofile projects in order to achieve future savings in future budgets?

Ms Wilkinson: Reprofiting is not so much about savings; it's changing when the spending takes place, so it's making the profile of spending more realistic. That's different from savings, which involve making a decision that you're not going to spend on a particular project.

Senator DEAN SMITH: In the *Australian Financial Review* of 26 October in a report authored by Tom McIlroy, it says:

But Senator Gallagher told *The Australian Financial Review* Labor would have to pursue more savings in future budgets—
comma—
including—

I thought you'd appreciate that.

Senator Gallagher: I did. I loved it.

Senator DEAN SMITH: Including:

... further reprofiling of project timelines and efficiencies from government departments.

That's a possibility? That's a risk? There's a chance?

Senator Gallagher: Yes. Well, it's not a risk. We will be doing more in this space because we have to.

Senator DEAN SMITH: You will be doing more reprofiling of project time lines to achieve savings?

Senator Gallagher: I think the comma is probably pretty important in that sentence, so I'm glad you pulled it out. There are more savings—comma—including the possibility of reprofiling. I think that's unsurprising. We will be looking for further savings because the budget is in structural deficit.

Senator McGRATH: Can I ask about responsible investment to grow our regions?

Senator Gallagher: Do you have a page number there?

Senator McGRATH: Sure, it's page 163 in Budget Paper No. 2. Can one of the officials explain the \$1.8 billion cut to infrastructure in this measure?

Senator Gallagher: I'm sure we can answer questions on it. I would note that this has been dealt with at RRAT on the first Friday, where Infrastructure went through project by project about the projects that are being ceased or reprofile through the infrastructure program. But if there is anything we can add that will be helpful—is there a specific project?

Senator McGRATH: I just want to know which projects or programs this funding relates to in relation to specifically the cut of \$1.8 billion, and can you provide a full breakdown?

Senator Gallagher: I'm just trying to find—

Ms Patterson: This is from the Regional Accelerator Program?

Senator McGRATH: I'm not the smartest chook in the chook yard, but there is a \$1.8 billion cut when I add that together. What I'm trying to understand is what projects or programs that funding relates to. It's the Department of Infrastructure, Transport and—

Senator Gallagher: It would probably be best to go to Infrastructure to answer that question. There was a partial reversal of the Energy Security and Regional Development Plan, I understand. Maybe the Community Development Grants Program fitted in there and Building Better Regions Fund unallocated money—

Ms Wilkinson: And also the Regional Accelerator Program.

Senator Gallagher: It's a combination of things.

Ms Wilkinson: On page 164 of Budget Paper No. 2 it says, about halfway down the page, 'This measure will redirect \$10.2 billion in funding from those four programs.'

Senator McGRATH: I understand those programs, but are you able to list specific projects that have been impacted by this cut?

Ms Wilkinson: I think the department of infrastructure may have provided some of that information. We don't have that detailed information with us here. They would be the appropriate portfolio to provide that level of detail.

Senator Gallagher: I think some of it was unallocated funding. They weren't projects. It was just taking back the unallocated funding. Some of the programs, like the regional accelerator and the energy security one, were in very early stages—they were announced in March—with not a lot of detail to underpin them necessarily.

Senator McGRATH: I might come back to that. There are also three new grant programs in this measure. Has the Department of Finance reviewed or approved any grant guidelines for those programs?

Ms Patterson: No, we have not.

Senator Gallagher: Not yet. It will though. The idea behind those is setting up ongoing competitive grants programs with guidelines that exist and are set. So it's not putting big buckets of money in year by year; it's a known program. The minister for infrastructure has been clear she wants regions to know that that money is there to support community based programs and that it's a competitive program that's there in an ongoing sense, not a top-up arrangement, which we saw a bit with the Community Development Grants Program and the Building Better Regions Fund.

Senator McGRATH: To take you back to a previous answer, Minister, this is not new funding in the budget, is it? This is funding which has been reallocated/redirected from other programs?

Senator Gallagher: It's new funding in the sense that it was a separate decision that was taken to establish these programs and provide appropriation for that separate to the programs that were partially reversed or money that had been taken from in the spending audit.

Senator McGRATH: Are you able to provide a breakdown of the \$1.9 billion of funding for the Middle Arm commitment?

Senator Gallagher: That's an equity investment is my understanding. It was a commitment from the March budget measure. It says on page 163 that it's for common-use marine infrastructure and a hub—

Ms Patterson: A regional logistics hub.

Senator Gallagher: in the Darwin Harbour.

Senator McGRATH: So it was in the March budget?

Senator Gallagher: Yes. We are proceeding with that.

Ms Patterson: But not as an equity investment. It's in here as an equity investment. I think the department of infrastructure answered quite a lot of questions on that today. They obviously have a lot more detail about the split between the various components. There are still ongoing discussions with the Northern Territory government on this proposal.

Senator McGRATH: Why did the government convert the funding from a grant to equity?

Senator Gallagher: We'll see if we can provide any further information, but it would be a matter for Infrastructure. I'm not sure if they've done that today.

Senator McGRATH: Did the Department of Finance provide any advice on the restructuring of the investment?

Ms Patterson: We would only have provided advice on a proposal from a minister that we would have provided advice on.

Senator McGRATH: Okay. Are you able to advise me how the government is investing this funding? Is there a particular investment vehicle for the funding?

Senator Gallagher: I think again you would probably do best to ask the minister for infrastructure, but I understand negotiations with the Northern Territory government are ongoing.

Senator McGRATH: I think the minister representing the minister for infrastructure said that these questions should be raised here.

Senator Gallagher: Damn!

Senator McGRATH: So you're too late on the handball there.

Senator Gallagher: We'll see what further information we can provide about the mechanism and where it's up to.

Senator McGRATH: Okay—how the government is investing the funding and what is the investment vehicle for the funding. Is there a government business enterprise being set up to manage the project?

Ms Wilkinson: No, no decision has been taken to do that. Senator, we're very happy to take your questions on notice. I'm not sure that we have the details with us here. This project is still at an early stage. There are discussions with the Northern Territory, which are ongoing. We are very happy to see how we can help, but we just don't have the answers here.

Senator McGRATH: I understand. I am interested in the decision-making process as to why it changed from a grant to equity. I'm quite interested in that if anybody is able to provide advice.

Senator Gallagher: Yes, sure. We are happy to have a look at any further information there. I have a recollection of it, but I would like to check my records before I come back and talk about the choice to move from a grant to an equity investment.

Senator McGRATH: I asked before about whether a government business enterprise has been set up to manage the project, and I think you've taken that on notice. Has the Department of Finance provided any advice on how this project should be structured?

Senator Gallagher: I don't want to get ahead of myself, but we will when it reaches the stage for further decisions, obviously.

Senator McGRATH: In comparison to how other government business enterprises operate, this will be a very small investment—that would be correct?

Senator Gallagher: Yes, there are certainly a lot of investments going from the Commonwealth into various GBEs. That's right.

Senator McGRATH: But, notwithstanding that, does this create a risk for the proposed equity?

Senator Gallagher: Does what create a risk? That it's so small?

Senator McGRATH: The investment. I'm just trying to clarify here. We have \$1.9 billion of taxpayers' funds. It was a grant, and now for some reason it's become equity in this project. You've taken it on notice. I'm just wondering: is there a risk profile here?

Senator Gallagher: I'm not sure I fully understand what your concern is. Perhaps it's going to be assisted by how we answer your other questions. I just want to be clear in the evidence I give to the committee. Essentially, it is early days. For the Middle Arm precinct, the government decided to continue with the amount that had been allocated in March to support the development of this precinct. We're in negotiations or discussions with the Northern Territory government. We'd like that money to be used for common-use infrastructure, but there is a lot more work to be done. I will come back with whatever we can provide you with, Senator McGrath.

Senator McGRATH: Does the government have an expected return on the investment? You've shifted from it being a grant to equity, so do we have an expected return on the investment in this project?

Senator Gallagher: I think if we come back—seriously, I think it's early days. We're continuing with the measure that you had agreed. We've got more work to be done with the Northern Territory government. We will provide whatever further information we can to you.

Senator McGRATH: Are you aware of how much money the Northern Territory government is committing to the project?

Senator Gallagher: This isn't a project that Finance runs, so I think, again, it should go to the relevant portfolio agency. Obviously we have an interest.

Senator HUME: There must have been advice from Finance, though.

Senator Gallagher: Yes, absolutely.

CHAIR: I don't intend to interrupt your questioning—

Senator McGRATH: Apart from this interruption.

CHAIR: other than to say I'm just letting you know that in 10 minutes we are moving on to the Future Fund.

Senator HUME: I have two more lines of questioning.

Senator McGRATH: Yes. So does the—

CHAIR: It's 10 to 10—that's what I'm conscious of.

Senator McGRATH: The department of infrastructure did say on Friday that this will be a joint venture with the Northern Territory government, so can I confirm that is the case?

Senator Gallagher: Yes. I've been saying we are in negotiations with the Northern Territory government. Further decisions will be taken. That money is on the table.

Senator HUME: Why didn't you just keep it as a grant if it's still early days?

Senator Gallagher: I've taken that on notice because I want to check my recollection of the discussions we had before answering that. I think that's reasonable.

Senator HUME: If it's a GBE, are you the shareholder minister?

Senator Gallagher: Those decisions haven't been taken.

Senator HUME: Okay. It's a joint venture, but the Northern Territory hasn't committed?

Senator Gallagher: We are in discussions with the Northern Territory government.

Senator HUME: Okay.

Senator McGRATH: Will there be private investment in the project?

Senator Gallagher: I understand there is private investment in Middle Arm in the whole proposal, which is why the allocation from us, from the Commonwealth, is to go to the common-use infrastructure, the shared-use infrastructure, as the way of supporting or assisting the project. But I will check that. I don't want to mislead either.

Senator McGRATH: On notice, could you advise what fund or company they are investing in. Minister, you've pointed out that negotiations are still underway with the Northern Territory government, but, considering the sum of money that is being invested in this venture—\$1.9 billion of taxpayers money—and that we've had the department of infrastructure refer us to come back here to ask some questions, we just want to make sure—

Senator Gallagher: Okay. Yes, fair enough. I don't want to ping-pong you around, but we will find out and answer the questions we've taken on notice. If there's anything further that I can provide in the short term, whilst negotiations are ongoing, we will provide that to you, Senator McGrath.

Senator McGRATH: Okay. I might have a couple more, but I'll—

Senator Gallagher: It is the same amount of money that your government allocated for this project.

Senator McGRATH: I suppose that's one of the things I'm trying to understand. It is the same amount of money, and it was a decision of the previous government in the March budget, but we're trying to understand why it changed from being—

Senator Gallagher: Yes. We've taken that on notice because I just want to be accurate with the advice I'm giving you.

Senator McGRATH: I might hand to Senator Hume.

Senator HUME: Thank you. I want to ask some questions about the Suburban Rail Loop project in Victoria. Is the Department of Finance aware of, and has it assessed, the findings of the Victorian Parliamentary Budget Office and that office's higher estimated Suburban Rail Loop project costs, which are \$36.5 billion for the first stage and \$125 billion for the combined Suburban Rail Loop East and Suburban Rail Loop North project?

Senator Gallagher: This is a project on which the questions should go to Infrastructure. We can be as helpful as we can, but—

Senator HUME: They've answered them, and that is why I'm asking these questions, because the department of infrastructure told estimates that it has not made an assessment of what the total cost of the project would be. So did the Department of Finance, then, undertake its own assessment of what the total Suburban Rail Loop project would cost prior to the commitment in the October budget?

Senator Gallagher: No, it's not Finance's job to do that.

Senator HUME: So you just chuck around \$2.2 billion without any assessment?

Senator Gallagher: No, we assess the use of that \$2.2 billion. That's what Finance does.

Senator HUME: The secretary of infrastructure, Mr Betts, was quite clear. He stated it at least twice. He said, 'At this stage, the Commonwealth's contribution to the project is confined to \$2.2 billion.' So has any funding beyond the government's existing \$2.2 billion commitment been provisioned as a contingency by the Department of Finance?

Senator Gallagher: No.

Senator HUME: No more? There's nothing added to that larger contribution to meet the full costs of the first stage of the Suburban Rail Loop or any future stages of the project?

Senator Gallagher: No.

Senator HUME: Can the government, then, commit that it will not be contributing any further funds beyond the \$2.2 billion?

Senator Gallagher: No.

Senator HUME: The October budget cancelled several significant infrastructure projects in Victoria, including a Wellington Road, Dawson Street and Glenferrie Road level crossing removal. I feel that one acutely; it's around the corner from my house. Has the Department of Finance assessed the cost to Victorians and the national economy of those projects being cancelled against the risk of the Suburban Rail Loop project not going ahead?

Senator Gallagher: No. It's not Finance's job to do that. We work alongside the department of infrastructure in the decisions they make within their Infrastructure Investment Program. The departments work closely together, but Finance isn't running a second infrastructure department, assessing projects on the quiet. These are matters, quite rightly, for the minister for infrastructure.

Senator HUME: But it got through ERC.

Senator Gallagher: What? The measures?

Senator HUME: The \$2.2 billion for a suburban rail loop that has no business case attached to it got through ERC.

Senator Gallagher: I'm not quite sure about there being no business case. My understanding is there has been quite a lot of work done on the business case that underpins that process. I know the Victorian Auditor-General has made some adverse comments. I know that the Victorian government is working with Infrastructure Australia on that project. There will be good integrity around that. So, on that side of it, yes, I'm aware of that. We were involved. But your question was: have you assessed the cost to Victorians of cancelling some projects and proceeding with this one? The point I'm making is that the Department of Finance is not a shadow infrastructure department quietly assessing every project and forming its own view. They will assess the submissions that come to ERC, where we make decisions, and they will provide advice on the greens, as we discussed earlier.

Senator HUME: So the greens said that this was a good project and that it stacks up?

Senator Gallagher: I'm not going to tell you what the greens said. We went through this earlier. But I can say that Finance worked with Infrastructure on how a whole range of decisions within the Infrastructure Investment Program are made and proceeded with.

Senator HUME: So when Finance makes its recommendation to you in ERC, does it take into account the recommendations that come out of Infrastructure Australia?

Senator Gallagher: Again, it's not—

Senator HUME: Because it hasn't gone to Infrastructure Australia.

Senator GALLAGHER: As I said, my understanding is the Victorian government are working with Infrastructure Australia on this project. I'm trying to be as helpful as I can. I'm not going to go to specific advice provided by departments or specific decision-making processes within the ERC. We work closely with Infrastructure. It's their job to consider merits or otherwise of particular projects. They work with Finance, but Finance does not sit there running a separate process.

Senator HUME: If the rail loop doesn't go ahead—for example, let's say the Victorian government can't secure the necessary funding—you have already said the Commonwealth won't step in. If it doesn't go ahead then will Victoria have lost that infrastructure funding as well as all those other projects?

Senator Gallagher: Just going back, did you say that I said we wouldn't step in?

Senator HUME: You said that there was no additional funding for the Suburban Rail Loop.

Senator Gallagher: There is no additional funding. But then you asked: can you rule out further funding for it? I'm pretty sure you asked me that, and I said, no, because those decisions haven't—

Senator HUME: But, potentially, if the Victorian government couldn't get the funding—

Senator Gallagher: Well, those decisions haven't been taken. I just want to be factually correct about the evidence that I've given today. But you're now asking me a hypothetical question.

Senator HUME: It's not that hypothetical, because the Victorian opposition have said that they won't go ahead with this project.

Senator Gallagher: It is. It is, 'If this doesn't happen then what will you do?' I'm clearly not in a position to answer that.

Senator HUME: What if there were a change of government in Victoria in three weeks time and the Suburban Rail Loop were shelved?

Senator Gallagher: We'd work with the Victorian government. If that happens then the Commonwealth obviously would work with the new government on a range of infrastructure priorities.

Senator HUME: Given the findings of the Victorian Parliamentary Budget Office, which must have been included in your deliberations and have been made public, why isn't the Suburban Rail Loop project listed as a fiscal risk against the infrastructure portfolio in the statement of risks in BP 1?

Senator Gallagher: I'll see if someone else can answer that, but because of the extent of the Commonwealth's involvement, and based on the decisions we've made, it extends to the \$2.2 billion.

Ms Patterson: We will have to take that on notice. I don't know that.

Senator Gallagher: We'll take that on notice if there is anything further to add. But that is the extent of the government's decisions on that project.

Senator HUME: Can I ask, then, how the department determines which projects are recorded as a fiscal risk, noting that only the delivery of the Inland Rail has been identified as such under the infrastructure portfolio?

Senator Gallagher: I think this goes back to questions you were asking earlier about how things get into the statement of risk.

Senator HUME: Yes.

Senator Gallagher: There's a whole range of different considerations.

Senator HUME: I'm just wondering what the difference is between Inland Rail, which is considered a fiscal risk, and the Suburban Rail Loop, which I would have considered a far greater risk.

Senator Gallagher: Well, again, I think it's because the extent of the Commonwealth's exposure to the Suburban Rail Loop is in the money that's been provided. On Inland Rail, for example, the exposure to what's going on with that project is a risk entirely to the Commonwealth.

Senator HUME: But you're suggesting that there may be further exposure of the Commonwealth to the Suburban Rail Loop.

Senator Gallagher: No, I just said I can't rule it out. You asked me, 'Can you rule it out?' and I said, 'Well, no, I can't,' because future decisions may come before the ERC. I can't predict that. So I'm not ruling it out, but I'm telling you the exposure to date is for the project as it is currently funded. If there is anything further we can add, I will come back to the committee and add it.

Senator HUME: Prior to the election, the Prime Minister spoke of the importance of ensuring that infrastructure projects were prioritised by Infrastructure Australia, and clearly this one has not been. Is the intention of the Department of Finance, going forward, to include that recommendation by Infrastructure Australia when it puts together its advice to the minister as to whether a project like this should be included in future budgets? If so, why was it not this time around?

Senator Gallagher: Yes, we are. I find it interesting around integrity on infrastructure projects, coming from the history of your government, Senator Hume.

Senator HUME: That's my next question.

Senator Gallagher: But ensuring that Infrastructure Australia and decisions made about investments in infrastructure are informed through the proper process is absolutely what this government intends to do. I think I'm advised that the Suburban Rail Loop was an election commitment as well. So, in that sense, the commitment that we're delivering on is delivering on that commitment. But, yes, Infrastructure Australia has a major role. That

is why, under the minister for infrastructure's leadership, the Victorian government are working with Infrastructure Australia on the Suburban Rail Loop.

Senator HUME: Okay. Just for total clarification, what I'm hearing is that \$2.2 billion potentially is just the beginning of your government's commitment to Dan Andrews's project of the Suburban Rail Loop, which potentially could be, according to the Victorian Auditor-General, \$125 billion—\$125 billion being more than the entire infrastructure plan, going out a decade, coming from the Commonwealth. Is that correct?

Senator Gallagher: You are trying to stretch it out further than what I've said. I have said—

Senator HUME: Well, 2.2 is a fair stretch.

Senator Gallagher: I have said the exposure to the Commonwealth or the funding commitment from the Commonwealth is our election commitment for \$2.2 billion. The government has made no further decisions over and above that.

Senator HUME: Can you guarantee that Victoria will not miss out on that \$2.2 billion of infrastructure if the Suburban Rail Loop does not go ahead?

Senator Gallagher: I am not going to answer hypothetical questions. There's no point. I have to work with the Victorian government.

Senator HUME: Can I ask a question around FOI 2257? I have taken copies of some of it, not all of it, which was around the minister's question time briefs. Perhaps the department can start by telling me how question time briefs originate in the department. Is it the department that comes up with the list of what the briefs should be about or does that come from the minister's office?

Senator Gallagher: It's a combination of issues that the department wants to prepare me for, for question time. There could be ones that I have asked for information or that are prepared for my office.

Senator HUME: One of the things that was asked for in that FOI was a list of topic headings, which was given. I haven't given you a copy of that because I don't have it in front of me, but there were topic headings that were blocked under section 22 on that contents page. I don't know what would be the reason anyone would block the topic of a question time brief? Maybe the department could give me an indication of why that might be the case?

Ms Wilkinson: We don't know who the decision-maker was on this FOI. As far as I'm aware, we weren't aware you were going to ask questions around this. I'm not sure how much we can help you.

Senator HUME: I will ask basic questions.

Ms Wilkinson: We can take questions on notice.

Senator HUME: In drafting the briefs, can you walk me through the process from the officer who is drafting it, the clearance process it goes through and then who sees it before it leaves the office. Is there a step-by-step process it goes through in the department? For instance, who in the office reviews it?

Senator Gallagher: Do you mean in my office?

Senator HUME: No, I mean in the department.

Mr Williamson: I will try to answer your question based on the brief that you circulated. Mr Dilley might be able to assist me. Question time briefs are a combination of engaging with the minister's office on issues that the department might identify and issues the minister's office might identify that could come up. Once those issues are settled—in this case, the pensions scheme, which you circulated, which is a standing item—the department will draft a question time brief. That will go through an internal clearance process. Depending on the nature and sensitivity of it, different people will see that. It is then provided to the minister's office.

Senator HUME: Does the minister's office make amendments?

Mr Williamson: It is open to the minister's office to make amendments, but the system that is used has tracking to clearly show what advice the department puts forward and where anyone else may make changes to that brief.

Senator HUME: Are the amendments fact checked by the department? Do they go back to the department to fact check it?

Mr Williamson: We can be asked to fact check.

Senator Gallagher: I hope they are.

Mr Williamson: It's often an iterative process with the office. As I said, it's always clear about where the text has come from at different stages in drafting the brief.

Senator HUME: In this FOI, there is text that is in red. What does that designate?

Mr Williamson: My understanding is that is text that was included by the office.

Senator Gallagher: It does look like something my office would do.

Senator HUME: It does, doesn't it?

Senator Gallagher: I don't think I've had a question as the Minister for Finance in question time yet. It would be nice to give my question time folder a bit of a work out.

Senator HUME: I can't imagine how the judge's pension scheme could possibly have anything to do with 'we inherited a budget of trillion dollars of debt'.

Senator Gallagher: It's about budget repair. You can see a link to the article on the back.

Senator HUME: So it was definitely not the department that made these changes?

Mr Williamson: That is correct.

Senator HUME: This was the minister's office?

Senator Gallagher: No.

Senator HUME: Did that then go back to the department and did the department look at that and say, 'Can we just fact check that?'

Mr Williamson: I would have to take that on notice. I don't know about this particular brief if that was the case.

CHAIR: Taking that on notice is a good point in time to conclude—

Senator HUME: Was this added by a staffer in the minister's office?

Mr Williamson: Yes.

Senator HUME: And you are aware, I assume, that, Chris Richardson, the much-esteemed and many times quoted economist said that anybody that uses this phrase, 'a trillion dollars of debt', is either trying to make a political point or is ill informed?

Senator Gallagher: Well, there is a trillion dollars of debt.

Senator HUME: So which one are you?

Senator Gallagher: Well, there is. Look in the budget papers. We are managing that debt and as we had—

Senator HUME: Are you? I would point you to page 101 of the budget papers—'debt 101', I like to call it—which says that, compared to the March budget, you are in fact increasing the debt and increasing the deficits—

Senator Gallagher: That's not true.

Senator HUME: over the medium term.

Senator Gallagher: We can have a long chat about debt, for sure. We are borrowing less—

Senator HUME: We will do that in Treasury.

Senator Gallagher: because we put the uplift we got in receipts predominantly to budget repair.

Senator HUME: Is that over the medium term?

Senator Gallagher: Yes. If you look at the debt projections over the medium term—perhaps that is getting into another story—the impact of the deficit, which is linked to the amount of debt or money you have to borrow, is interest on the debt, NDIS, and the change in productivity assumptions. So anyway, let's log that.

Senator HUME: We can pursue that.

Senator Gallagher: We can and no doubt we will. Anyway, you distracted me from the question you asked.

Senator HUME: It was: has one of your staff edited a question time brief on the judge's pension scheme?

Senator Gallagher: I am learning about that tonight. I don't know that I have used a question time brief yet.

Senator HUME: Do you know whether other question time briefs have been edited in such a way by your staff to make sure there are political points like that being used?

Senator Gallagher: They may well have been. It's a political forum, my friend, let's not pretend.

Senator HUME: Are those edits fact checked by you or by anybody else?

Senator Gallagher: I hope they are fact checked. Otherwise, I could mislead the Senate, which would be a problem. I'm very confident my office would have good processes in place to ensure information that comes to me is factually correct and politically correct.

Senator McGRATH: I have one question for Inland Rail. I apologise if this was aired and I missed it. In the review of Inland Rail, my understanding is that works are underway. Has the review put a pause on those works? Are the works still proceeding for the development of the Inland Rail?

Mr Jagers: Yes, there's been no pause put on the works that are currently underway on the Inland Rail project while the review takes place.

Senator McGRATH: I wonder why there would be a review if the works are still proceeding?

Senator Gallagher: It is for the new government to get a grasp on the project and some of the problems. It is well understood there are significant challenges and complexities with different parts of the project. There are significant cost increases. There are some other matters that I have recently become aware of. I think it's just good practice, when you look at \$14 billion going in and more costs attached, that we have a pretty good look at what is going on.

Senator McGRATH: I speak as probably the only person in this room who lives near where the Inland Rail is going through. I think there should be certainty for the communities. I'm concerned that this review—

Senator Gallagher: It's a quick review. By the end of the year, is it? It's pretty quick. We're mindful of that, too. There are a lot of positives about the project, but I think it's fair enough that we get an external check on it. That's not only good for us; it's good for the board and the way the project is managed going forward.

Senator McGRATH: One final question: does Finance expect the project to be delayed past 2026-27?

Mr Jagers: One of the key things that the review will look at is the cost and the schedule for the project. Dr Schott is meeting with the ARTC, with stakeholders, with state and territory governments and with a whole range of people, and one of the key terms of reference for her is to report back on the schedule as well as the cost issues. The government will be better informed of that at the completion of the review.

Senator Gallagher: It's not delayed by the review, but we do want to know a realistic schedule and cost for the delivery, which I'm not sure is fully understood at the moment.

Senator McGRATH: I have further questions on notice, but I will hand back to my colleagues.

CHAIR: Thank you very much. We will now move on to the Future Fund.

Senator Gallagher: Does that mean outcomes 1 and 2 are discharged?

CHAIR: We asked for questions to be put on notice.

Senator Gallagher: Yes, thank you.

Senator McGRATH: Can I just point out that we have lots of questions for the Department of Finance. We were hoping to have the department last Friday. For whatever reason, that did not happen, and we hoped to have a spillover, but that did not happen. We would hope that in future the opposition will have sufficient time to question the Department of Finance.

Senator Gallagher: I would facilitate all of that if you hadn't spent a large part of today not coming to the Department of Finance. We were ready to appear at 1.45, and we got here at 6.30.

Senator HUME: We had Prime Minister and Cabinet too.

CHAIR: I don't want to debate this. We have given the coalition 80 per cent of the day in order to facilitate an early departure. The rest of the time this evening belongs to the Greens, because they're the ones who have ceded their time, along with the ALP, in order to enable the coalition to spend all their time with the Department of Finance. I'm now pleased—

Senator Gallagher: Chair, Ms Patterson just wanted to make a quick correction.

Ms Patterson: This was in relation to a question from Senator Hume on the change in the threshold for the minors process for ERC. We said it was from \$70 million to \$20 million. It was actually from \$75 million to \$20 million. I just wanted to correct the record tonight.

Senator Gallagher: So anything above \$20 million can't come through the minors.

CHAIR: I know there are many officers in the building, but we intend to give Senator Shoebridge the last 20 minutes of the evening, with the last two agencies: ANI and the ASC. In order to facilitate that, I would hope those officers can sit behinds us.

Senator Gallagher: Yes, they're ready.

Future Fund Management Agency

[22:13]

CHAIR: I welcome the Future Fund and Dr Raphael Arndt, the CEO. I'm hoping you don't need to make an opening statement this evening.

Dr Arndt: I might just table it.

CHAIR: We would be grateful for that and take great interest. Senator Pocock.

Senator BARBARA POCOCK: Thank you for being here for these questions. In 2020, the Future Fund used its shareholding power to agitate Rio Tinto for their tragic destruction of Juukan Gorge. Can you talk us through the internal steps that had to happen for the Future Fund to engage on this issue.

Dr Arndt: I think your question goes to how we exercise our proxy voting.

Senator BARBARA POCOCK: It's specifically in relation to Rio Tinto and the Juukan Gorge.

Dr Arndt: The process that we applied in that case is the same that we apply in general.

Senator BARBARA POCOCK: Walk me through it.

Dr Arndt: In this case, it's an Australian listed company. We have a process for Australian listed companies that identifies what we call strategic positions, which are large ones or controversial companies. Then, with other positions—because there are 300 or so companies in the portfolio—we let our fund managers vote the shares according to voting principles that we have published on our website. In the Rio Tinto case, that was identified as a strategic holding, for a variety of reasons. So the process there is that, when issues come up for vote—in this case I think you're referring to the election of directors; that was the issue that we were voting on, I believe—we would take advice from proxy services that are available to give advice on voting issues in the listed market as they come up as a matter of course, and we would take advice from our fund manager. In this particular case we invest in our Australian equities through Macquarie Bank, so they would have given us advice. Then we assess the issue against all of those different views, and, in this particular case, we determined how to vote.

As a normal part of that process, companies reach out to us or we reach out to them to engage with them on matters of significant interest. In this particular case the chairman of Rio Tinto sought to engage with us on the issue and to get our views as a shareholder on what had occurred and also on what we thought the appropriate action would be. So we did participate in that engagement meeting on that.

Senator BARBARA POCOCK: What did you say to the chairperson of Rio Tinto when they contacted you?

Dr Arndt: We don't normally talk publicly about engagement meetings with individual companies, because we think it would degrade our ability to influence them if we were to comment on those sorts of things in public.

Senator BARBARA POCOCK: So what did you do?

Dr Arndt: It wasn't so much what we did; it was what they did. They went around and engaged with a whole variety of their shareholders and received a whole variety of feedback. I think we made some public comments about our views at that time—our the chairman did. So we were one of many voices expressing a view to the company. The company, as I recall, made some changes to its senior executive team and its board as a result of those interactions.

Senator BARBARA POCOCK: You clearly took direct action. Did you instruct your fund managers to agitate Rio Tinto as well?

Dr Arndt: Our fund managers engage with companies on their own behalf. Whether they do that on our behalf or whether we do that directly depends on the situation. In this particular situation, we did engage directly, and I'm sure our fund managers would have engaged with them as well. But I don't think they would have been doing that on our behalf, because in this case we had the conversation directly.

Senator BARBARA POCOCK: So there's nothing that would prevent this same process occurring again to put pressure on companies that are only engaged, for example, with coal and gas, fossil fuels—companies like Woodside, Santos or Whitehaven, who have no intention of diversifying away from coal and gas? You could do the same thing again with those companies, if you were so moved?

Dr Arndt: We do engage with a variety of listed companies in Australia. Most of those companies would be companies that we do engage with. When we engage with companies active in this particular space, so in the fossil fuel industry, certainly climate transition, the global move away from fossil fuels is one of the issues we raise with them, typically with a view of understanding what their targets are and what their plan is to ensure that they're successful through that transition.

Senator BARBARA POCOCK: Have you given any instruction to your fund managers or have you engaged directly with listed coal, oil and gas companies seeking to constrain their current and planned climate damage in order to protect returns?

Dr Arndt: We're for sure engaged with fossil fuel companies on climate transition and their plans around that and on understanding what their plans and policies are around how they're going to position their company to be successful over time. As to specific cases, it would vary by the company.

Senator BARBARA POCOCK: In response to what they say, have you changed any of your decisions around investing in coal, oil and gas companies like those that are 100 per cent fossil fuel oriented?

Dr Arndt: There are a couple of things there I'll seek to explain. One is how we choose companies we invest in. Our job is to hire fund managers that then choose companies to invest in. Typically—the companies you refer to are all Australian—we buy investment strategies that are tracking either the index position or some adjustment to the index position, that the fund managers select; that's their consideration, not ours. On rare occasions the board has determined to exclude certain companies from the universe the fund manager can invest in; I've explained that here before. The board doesn't believe that exclusions in general are consistent with the long-term requirement to meet the investment mandate; we'd prefer to engage with companies on those topics. The exclusion policy, which hasn't changed for many years, is to exclude companies that have activities that would be illegal in Australia, or breach treaties that the Australian government has signed, or specifically hold tobacco product manufacture. We don't have any further exclusions.

Senator BARBARA POCOCK: The new government's election platform pledged businesses would have to reveal more of the financial risks they face about the problems climate change poses to their business models. Is this something the Future Fund has already commenced? Do you accept you have a fiduciary duty to understand the climate risks of the assets you're holding?

Dr Arndt: When you say 'we've already commenced', do you mean in how we analyse companies we invest in?

Senator BARBARA POCOCK: Are you responding to the government's election platform, which is clear that you will have to look at the climate risks and respond to them?

Dr Arndt: We see the policy response to climate change around the world as a significant risk issue for long-term investors and for global economies. We've had that view and said that publicly for many years. There's no change to the way we think about that with the change in government here. We look at it as a long-term investor. We have for many years considered a whole variety of ESG—environmental, social and governance—issues in how we invest and integrate consideration of those issues into our investment process in respect of climate change specifically and the risks around fossil fuel activities. For some years we've been considering our exposure to those things—and at the company level, as you pointed out, when we engage with them, ensuring they have views and a plan of how to transition their business, if it's relevant to do so.

Senator BARBARA POCOCK: You will be aware that I've previously had conversations with Mr Price about trying to get a sense about how much of the Future Fund's assets are held in fossil fuel—without success, although he did offer to meet with me offline but my office's attempts to meet with him have not been successful. Would it possible for us to meet within the next few weeks to take that conversation further—not that I'm finished here yet.

Dr Arndt: You asked some questions prior to this hearing about the Future Fund's exposure to a certain list of companies—

Senator BARBARA POCOCK: No, that was a question on notice.

Dr Arndt: We have put together a response to that. I can table that now.

Senator Gallagher: You might not need to meet!

Senator BARBARA POCOCK: I know. I look forward to reading that. It's hard to read your response and ask questions at the same time, which was exactly what happened last time when I talked with Mr Price. Here we go: how exposed at the moment is the Future Fund to damage risk through agriculture, tourism and infrastructure, and transition risk in stranded fossil fuel assets?

Dr Arndt: That's a complicated question.

Senator BARBARA POCOCK: You're managing \$250 billion. I'm sure you can manage a complicated question.

Dr Arndt: Even the definition of a fossil fuel asset is complicated. Different people would have different views on what that means. I've previously described here in testimony that we consider climate change as a significant risk issue to managing the portfolio, and we have, with the help of the parties, undertaken some analysis and modelling on the portfolio for different climate change scenarios to determine whether we think the fund is unduly exposed to risks associated with climate transition. We have to take that into account alongside a

variety of other long-term investment risk issues like rising interest rates, inflation and things like that. The result of that analysis, and the way that we're building the portfolio, is that we believe that we've got a relatively low risk to those things. Most of the carbon exposure that long-term investors acquire in their portfolios is in listed equity markets, given the nature of the types of companies that undertake those activities. The most carbon intensive areas of listed equity markets are emerging market equities. We have a relatively low allocation to equities in general, compared to most long-term funds, and we have in recent years reduced our exposure to emerging market equities, so we feel that that risk is well managed.

Senator BARBARA POCOCK: Thank you for that. Minister, is it the government's intention that the climate related financial disclosures regime will apply to public sector entities like the Future Fund or just to the private sector and private finance?

Senator Gallagher: Let me take that on notice so that I can provide an accurate answer, if that's okay.

Senator BARBARA POCOCK: Going back to you, Mr Arndt, do you believe the Future Fund's investment managers have adopted best practice in the climate risk reporting standards?

Dr Arndt: Best practice is still being determined. We have a range of investment strategies across a range of sectors and different fund managers, so there are different risks and different standards, depending on which sector we're looking at. For example, we've said publicly that we support the TCFD reporting standard. We think that companies we invest in should report in that way so that the data that is provided should be consistent so that investors like us can use that data to analyse our exposure in an efficient way, because when different data standards are used in different places it makes that difficult. So we certainly do that.

On our fund manager reporting, it depends on their strategy as to how they report on the carbon intensity of their portfolios, whether it is relevant or not. The thing for us to think about and the approach we take is to think about that at the whole-of-fund level. For example, a venture capital strategy that mostly invested in technology companies wouldn't have a very large exposure to those types of things, but an infrastructure mandate might, if it invested in energy generation, for example. We take an approach based on each individual thing.

Senator BARBARA POCOCK: Do you think you have a good assessment at the moment of the climate risk in your portfolio?

Dr Arndt: We've put some effort into seeking to understand it. Of course, this is a moving feast. The COP meeting is on right now, and policy is developing in this space around the world quite quickly. For sure there's more work to do, and there will be for some time, I think, but I feel like we have a handle on what the material many risks are, and we're taking steps to ensure that we understand those risks and mitigate them where appropriate.

Senator BARBARA POCOCK: What's the threshold that you use for withdrawing from investment in a company because of climate risk?

Dr Arndt: The way we would think about that is: what is the risk of that particular company or strategy and what is the expected return over time? Where we think there's a fair degree of compensation for taking those risks then we're prepared to make the investments, and if we don't think that risk is rewarded then we wouldn't.

Senator BARBARA POCOCK: I have a few questions back to the minister. Could I get a confirmation from you that the government isn't intending upon proceeding with the former government's legislation that would prevent FOI applications relating to the Future Fund?

Senator Gallagher: I'll have to check where that is up to. It lapsed at the end of the last parliament. There are some other elements of that bill—I know the FOI bit was the most controversial bit—that we do probably need to proceed with. We had reached agreement with the former government on handling that FOI part of the bill. I will go back and check, but I think we will want to proceed at some point with that bill.

Senator BARBARA POCOCK: Can I get confirmation that the government will advance the proactive disclosure requirements on portfolio holdings of the Future Fund that were moved as a government amendment under the expired Investment Funds Legislation Amendment Bill 2021?

Senator Gallagher: Yes, I think that was part of the negotiations from the previous bill. We will be bringing something back to deal with that, and that was the agreement we'd reached. So that sort of gives you an indication of where we were happy to land. But it just didn't get dealt with in the last parliament.

Senator BARBARA POCOCK: So, in that last parliament, the Liberals were willing to improve disclosure arrangements. Can we trust that Labor are moving in the same direction?

Senator Gallagher: Yes.

Senator BARBARA POCOCK: While we're on the topic of disclosure, can you advise on the status of your review into the appropriateness of Mr Costello chairing the Future Fund, in light of him acting as a paid and undisclosed lobbyist for Crown Casino?

Senator Gallagher: The Treasurer and I did write to Mr Costello about this, seeking assurances that all declarations that should have been made were made. Finance also had discussions with the Future Fund, as I understand it, and we were satisfied both with the response and that there had been no breach of the governance arrangements as required for Mr Costello in that position.

Senator BARBARA POCOCK: So the government believes the current chair has 'the professional credibility and significant standing that is required under the Act'?

Senator Gallagher: That's correct. The Treasurer and I have met with the chair on that specific matter you raise. We have corresponded with the chair, and we're satisfied with the explanation. We're happy with his leadership of the Future Fund.

Senator BARBARA POCOCK: Does the Future Fund hold any shares in Crown Casino, which is in the news today?

Dr Arndt: I think the answer to that is no.

Senator BARBARA POCOCK: I have a few easier questions, perhaps, around the housing proposal in the recent budget. The proposal sets up a \$10 billion Housing Australia Future Fund, administered by the fund, with a target rate of return to match the Emergency Response Fund and then to pay for housing out of that. What are the projected annual returns from the Housing Australia Future Fund investment for each year over the next 10 years?

Mr Williamson: The Housing Australia Future Fund has not yet been established. That is still being worked through, with the policy parameters of how the disbursements will be used still needing to be settled. So we haven't gone forward and looked at the returns for the Housing Australia Future Fund over the next 10 years.

Senator BARBARA POCOCK: Will the projected amount be exclusive of management fees and borrowing costs, or is that yet to be determined as well?

Mr Williamson: That's yet to be determined as well. The government's commitment is to establish the Housing Australia Future Fund at a level of \$10 billion. And, as I said, that legislation is still being worked through with stakeholders.

Senator BARBARA POCOCK: Will the cost to the government of borrowing the \$10 billion invested in the Future Fund be subtracted from the returns available to be spent on housing?

Mr Williamson: No, because the borrowing that's undertaken is done separately to the establishment of the Future Fund. So you've got the Australian Office of Financial Management et cetera who run the debt process, and they're always looking across all of government, not just individual measures. So they're two separate equations and wouldn't be subtracted.

Senator BARBARA POCOCK: So how are the interest costs of the borrowing to be met?

Senator Gallagher: They'll be factored in through the standard way of managing the Commonwealth debt program over time.

Senator BARBARA POCOCK: How much will the overheads of managing the funds be per year?

Mr Williamson: That hasn't been established yet, because the fund itself hasn't been established, but we would expect them to be in line with the other funds that are managed by the Future Fund.

Senator BARBARA POCOCK: When will the first returns from the fund be available?

Mr Williamson: I can't give you an exact date, because, again, the fund hasn't been established, but I think we would expect, if there is timely passage of legislation and establishment of the fund, possibly 2023-24.

CHAIR: Thank you. With sincere apologies to the Digital Transformation Agency, I need to let you go, because we've run out of time based on the agreements that have been made. I certainly had questions for you, and I look forward to catching up with you, as do other senators, at another time.

ASC Pty Ltd

Australian Naval Infrastructure Pty Ltd

[22:36]

CHAIR: Mr Andrew Seaton is joining us online due to an inability to travel. In the interests of time, I will ask the minister and all the officers at the table from both the ANI and the ASC if there is any objection—I know you

are very separate agencies—to Senator Shoebridge, who is the remaining senator with questions for you, asking questions of you together.

Mr Whiley: Not from my perspective.

CHAIR: No? Okay. I welcome Mr Stuart Whiley, the CEO and managing director of the ASC, and Mr Andrew Seaton, the CEO of ANI, and the other officers at the table. If you have an opening statement, I hope that you can table it.

Mr Whiley: There is no opening statement from me.

CHAIR: Great. I give the call to Senator Shoebridge.

Senator SHOEBRIDGE: My first question is to ANI. There was significant development in the Osborne North Development Project for the new yard for the Attack class submarines. Can you indicate what the expenditure has been date on the Osborne North Development Project?

Mr Seaton: Four hundred and seventy million dollars.

Senator SHOEBRIDGE: That investment was done in accordance with the functional specifications that were documented by Naval Group and Lockheed Martin Australia. Is that right?

Mr Seaton: Correct.

Senator SHOEBRIDGE: What have we got for \$470 million?

Mr Seaton: We completed the Lockheed Martin facility, which was the Combat System Physical Integration Facility. That facility has been finished and will shortly be tenanted. We have completed some utilities—a high-voltage substation, fire water tanks and fire water systems. Those facilities will be utilised for both the combat systems facility and other future works. We were part-way through constructing a Platform Land Based Test Facility, which was quite a bespoke facility for the Naval Group Attack class submarine design. It is likely that that facility will be demolished. In other areas, we were part-way through construction of the slab for some of the main hull and mechanical workshops. So it's possible that we will reuse parts of those foundations in future projects. Similarly, we completed the piling of the main consolidation hall where the Attack class submarines would have been consolidated, and it's likely that the piling and the substructure work that we've done there will be able to be reused for a future use.

Senator SHOEBRIDGE: Sorry, what was the facility that you said is going to be torn down, Mr Seaton?

Mr Seaton: The Platform Land Based Test Facility.

Senator SHOEBRIDGE: Can you indicate how much of the \$470 million that's been spent was for elements that are not fit for purpose and either will be torn down or for which there's no current plan for use?

Mr Seaton: It's too early to say, as we're still working through what the future requirements might be for the nuclear powered submarines. I can't give you a precise number.

Senator SHOEBRIDGE: Have you had any asset writedown on that \$470 million in your books?

Mr Seaton: Yes, we have. If you look at our accounts, which I think we tabled in parliament last week, we've had asset writedowns of over \$300 million.

Senator SHOEBRIDGE: How much of that relates to the \$470 million that you spent in preparation for the Attack class submarines?

Mr Seaton: The majority of it relates to the Attack class yard. But please understand that the way the accounting standards work is that you need to have a clear use for the asset to be able to hold the asset on your books. At the moment, for some of those facilities, whilst we expect that they may have a future use, we can't define that future use adequately for our auditors, so we have written them down. But I have a full expectation that, in the future, we may well write those assets back onto our books.

Senator SHOEBRIDGE: Mr Seaton, do you know if the \$300 million writedown in the ANI is part of the \$2.128 billion writedown and net impairment for accumulated capital costs that was disclosed in the most recent budget papers?

Mr Seaton: No, I can't speak to that.

Senator SHOEBRIDGE: Is the \$300 million writedown reflected in the publicly reported break costs for the contract for the Attack class submarines?

Mr Seaton: I can't comment on that. That's a question for Defence.

Senator SHOEBRIDGE: Alright. You said that the \$300 million writedown is primarily for the Osborne North Development Project. Are there other asset writedowns that you can identify that would have had contributed to that \$300 million?

Mr Seaton: There was the acquisition of some land, which involved relocation of an existing building, and that also contributed to the writedown.

Senator SHOEBRIDGE: Was that also for the Attack class submarines project?

Mr Seaton: Yes, it was.

Senator SHOEBRIDGE: So, in one way or another, the \$300 million writedown relates to the cancellation of the Attack class submarines project?

Mr Seaton: Primarily; there are some swings and roundabouts. As I said, I would expect some of that to be written back in future years.

Senator SHOEBRIDGE: You may repurpose it, but you don't have any current purpose that you can identify for audit purposes?

Mr Seaton: That's right.

Senator SHOEBRIDGE: Are there any other impacts to the ANI budget that have come about as a result of the cancellation of the Attack class submarine contract? Are there any other impairments on the budget?

Mr Seaton: No, the impairments were all disclosed in our 30 June accounts, and they're well set out there. They're itemised.

Senator SHOEBRIDGE: Apart from the Osborne North Development Project and the land acquisition that you've both had to write down, are there any other impairments to the budget as a result of the cancellation of the Attack class submarine project?

Mr Seaton: No.

Senator SHOEBRIDGE: Thanks, Mr Seaton. I might just move to ASC. I can't read from here. Sorry.

Mr Whiley: Stuart Whiley.

Senator SHOEBRIDGE: Ah, Mr Whiley—an entirely appropriate name for this time of night! Can you indicate what's the state of play for the Submarine Capability Development Group?

Mr Whiley: That's an internal group inside ASC. Their primary role is to manage the SSTP, the Sovereign Shipbuilding Talent Pool, and they're also involved in future business and preparedness for future programs. So they are a group that's ongoing.

Senator SHOEBRIDGE: So the SCDG deals with the SSTP—is that right?

Mr Whiley: That's correct, yes.

Senator SHOEBRIDGE: How many staff currently have been transitioned across into the SSTP—or are they part of the SSTP and moving into the SCDG?

Mr Whiley: No. If you're referring to the personnel who have come from Naval Group and Lockheed Martin, they actually come into ASC in total, so they don't go to either of the groups. The majority of them are actually working in the Collins group and the Collins program. There are five streams of work that the people come into, and they're dissipated into those five streams of work.

Senator SHOEBRIDGE: As at 30 June, 223 eligible workers had come into your organisation under that program. They're workers who otherwise would have lost their employment because of the cancellation of the Attack class submarine project—is that right?

Mr Whiley: That's correct. There are 223 who actually nominated to come across. They haven't all actually come across yet. There are about four remaining to come across, and that will be happening over the next six to eight weeks.

Senator SHOEBRIDGE: So you have 219, effectively.

Mr Whiley: Yes, they have come across.

Senator SHOEBRIDGE: Have they added to your workforce. Has it increased the full-time equivalents?

Mr Whiley: Exactly. That's correct. We haven't distinguished between Lockheed Martin and Naval Group and permanent ASC personnel. We've just been growing the workforce by that number, and the opportunities for them are exactly the same as for any other ASC employee.

Senator SHOEBRIDGE: But how is that being funded? How have you just bumped up your full-time-equivalent count by 219?

Mr Whiley: We have a contract which has a capped value of \$291 million. That's for funding initiatives that come out of the five streams of work, and where the funding is allocated from depends on who is involved and what work is being done.

Senator SHOEBRIDGE: Who provides the \$291 million?

Mr Whiley: That's being provided by Defence.

Senator SHOEBRIDGE: Is that over four years? Over one year?

Mr Whiley: It's three years initially, with the possibility of two one-year extensions.

Senator SHOEBRIDGE: So it's \$291 million over three years?

Mr Whiley: Yes.

Senator SHOEBRIDGE: Is it at your nomination that it can be extended by an additional two years?

Mr Whiley: No, it's Defence's.

Senator SHOEBRIDGE: When did it commence?

Mr Whiley: It commenced approximately six months ago.

Senator SHOEBRIDGE: Do you know how much has been paid under the contract?

Mr Whiley: I should hand over to my CFO here.

Mr Menadue: About \$28 million to the end of September, in that first six months.

Senator SHOEBRIDGE: Perhaps I'll take one step back. You have 219 additional employees who have come across into ASC. What does that mean that the headcount is? What's the full-time-equivalent headcount? I assume they're full-time equivalents.

Mr Whiley: Yes, they're full-time equivalents.

Senator SHOEBRIDGE: What was the headcount before that started, and what is it now?

Mr Whiley: I'll have to take that question on notice. I can tell you what it is now. The permanent workforce is 1,760 to date. That's as at 30 September.

Senator SHOEBRIDGE: So it is about a 10 to 15 per cent increase in your workforce?

Mr Whiley: Yes, approximately.

Senator SHOEBRIDGE: How have you allocated that work, then? What work has been done through, let's say, a 15 per cent surge in your workforce?

Mr Whiley: We had vacancies open; we had the LOTE program that was ongoing. There were effectively five streams of work, with 138 of them being utilised inside the Collins work scope. That's core work, supporting Collins. We have another 15 working in the learning and development program and approximately seven working inside the nuclear task force. Others don't have permanent jobs, but they're being kept busy with other tasks.

Senator SHOEBRIDGE: Alright. Would any of that fall under the characterisation of make-work projects?

Mr Whiley: Not really. We've got work we can bring forward and adjust. There are some tasks there—there are a range of skills and roles that maybe we'd have too many of in a normal organisation, but again we've brought work forward. Everybody has got a meaningful job at the moment.

Senator SHOEBRIDGE: In the very short time we have left, could I just touch upon the future frigates.

Mr Whiley: Yes, you can, but that's not really ASC's work. BAE would do the future frigates.

Senator SHOEBRIDGE: Does ASC have any current role in the Future Frigate program?

Mr Whiley: No, they don't.

Mr Jagers: Senator, ASC Shipbuilding is trading as BAE, so that company was separated out of ASC. The parent company is actually BAE.

Senator SHOEBRIDGE: BAE Australia or whatever it is?

Mr Jagers: That's right.

Senator SHOEBRIDGE: When did that separation happen?

Mr de Re: I think in December 2018.

Senator SHOEBRIDGE: Given the time, I won't launch into this next line of questioning. I don't think we will finish it.

Senator Gallagher: Small blessings. Thank you.

Senator SHOEBRIDGE: I think I will give you that small blessing.

Senator Gallagher: Thank you; I appreciate it.

Senator SHOEBRIDGE: Don't say I'm not here to help!

Senator Gallagher: I'll remember that.

Senator BARBARA POCOCK: Can I just ask whether any of the employees are overseas training, in relation to the Future Submarine contract?

Mr Whiley: No, they're not.

Senator BARBARA POCOCK: Thank you.

Senator COLBECK: I just have a question for you, Minister Gallagher. You indicated when we arrived that you were repping at another committee tomorrow morning.

Senator Gallagher: No. I said I have other committee engagements. But I have commitments tomorrow morning.

Senator COLBECK: So, you're not repping tomorrow morning; you've got other engagements?

Senator Gallagher: No, I am repping Treasury in the afternoon session.

Senator COLBECK: I understood that—so a misconception from my perspective. It is just in respect of representations for tomorrow, that's all.

Senator Gallagher: No, it was more that I hadn't been scheduled to appear, so I had a range of things booked in for tomorrow morning, and then I have commitments in the afternoon. So the day was pushed out.

CHAIR: Yes. We were expecting the responsible minister for the Electoral Commission, IPEA and the Department of Finance, Senator Farrell, to be here, but he is unfortunately at a funeral. We will have Assistant Minister Ayres at the table.

Senator SHOEBRIDGE: Can I ask one clarifying question of the ASC.

CHAIR: By all means.

Senator SHOEBRIDGE: On the \$279 million that's been paid to ASC for the submarine capability or the SSTP, do you know, Minister, if that's part of the announced \$4-odd billion in break costs for the contract, or is that in addition to the amount that's been announced as the actual cost of terminating the submarine project?

Mr de Re: My understanding is no, it's not, but the Department of Defence would be able to clarify.

Senator SHOEBRIDGE: It's not part of?

Mr de Re: It's not part of that.

Senator SHOEBRIDGE: Okay. Can you provide some clarity on the asset writedown for ANI that's also in addition to the announcements?

Mr de Re: I'm not aware. That's a question for Defence.

Senator SHOEBRIDGE: Okay. Thank you.

CHAIR: Thank you. That concludes Senate estimates for this evening. We will reconvene at 9 am tomorrow morning. I would like to thank everyone who stayed so late and all of our witnesses who appeared today.

Committee adjourned at 22:55