

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2020 - 2021

Division: JobKeeper Division
Topic: Impact on the aviation workforce from the new changes to JobKeeper
Reference: Committee Hansard page 24 – 21 July, IQ20-000167

Question:

Senator WATT: Thanks, Ms Quinn. I might start with some questions to you before I come to Mr Moore. Just before we get into the issues relating to Virgin, I note that we've taken some evidence today regarding the potential impact on the aviation workforce from the new changes to JobKeeper. There's obviously a bit of interest in that. Can I assume that Treasury did provide advice to government, in the lead-up to today's announcement, about what the effect of changes to JobKeeper would mean for jobs in the aviation workforce?

Ms Quinn: Unfortunately, I have not been closely involved in the briefing process for the JobKeeper arrangements. I'm happy to take questions related to JobKeeper on notice. Other members of the Treasury executive will be before you on 30 July, I believe.

Answer:

Treasury provided comprehensive advice on the expected impacts of the JobKeeper Payment extension, including in relation to employment. However, no specific advice was provided on issues related to employment in the aviation sector as JobKeeper Payment is an economy wide measure.

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2020 - 2021

Division: Markets Taskforce
Topic: Request for financial assistance – leak to media
Reference: Committee Hansard page 25 –21 July, IQ20-000168

Question:

Senator WATT: I want to touch on a couple of the major events regarding the Virgin collapse. You'd be aware that at one point in late March Virgin made a formal request to the government for financial assistance to the value of \$1.4 billion to enable it to deal with its liquidity issues, and that request was very promptly leaked to the media. Do you know or does anyone in Treasury know who leaked that request to the media?

Ms Quinn: No, we do not.

Senator WATT: Has any investigation ever been undertaken as to how that private request from Virgin found its way into the media?

Ms Quinn: Not to my knowledge.

Senator WATT: I assume, given that information and that request were highly market sensitive, there would have been a very limited number of people within Treasury aware of that request—is that correct?

Ms Quinn: Yes.

Senator WATT: Were you aware of that request?

Ms Quinn: No. I wasn't in this role at that point, so I wasn't aware of that request.

Senator WATT: Do you know roughly how many people in Treasury were aware of that request from Virgin prior to it appearing in the media?

Ms Quinn: I don't, but I'm happy to explore that with the people who were in those positions at the time.

Senator WATT: Thanks. Do you know whether the Treasurer's office was ever aware of that request before it appeared in the media?

Ms Quinn: As I said, I'd have to take that on notice because I wasn't personally involved at that point.

Answer:

Paul Scurrah, CEO of Virgin Australia Holdings (Virgin), wrote to the Prime Minister and Deputy Prime Minister on Thursday 26 March 2020 requesting financial assistance of \$1.4 billion.

Treasury was made aware of the request on 27 March 2020 and circulation of Virgin's correspondence and request, as per normal practice, was limited to those with a 'need to know'.

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2020 - 2021

Division: Markets Taskforce
Topic: Treasury officials meeting with Virgin regarding the request
Reference: Committee Hansard page 26 – 21 July, IQ20-000169

Question:

Senator WATT: I appreciate it was before your time in the role, but are you aware of whether Treasury officials met with Virgin regarding this request?

Ms Quinn: I don't believe there was a meeting with Virgin, but I do believe there might have been discussions by phone.

Senator WATT: Right. Could you take on notice to find out whether anyone in Treasury did personally meet with Virgin regarding the request?

Ms Quinn: I'm happy to take it on notice.

Senator WATT: Do you know whether Treasury met with anyone else in the aviation sector to discuss Virgin's request?

Ms Quinn: I'll take that on notice.

Answer:

Treasury routinely consults with stakeholders to inform the preparation of its advice to Government.

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2020 - 2021

Division: Markets Taskforce
Topic: Was foreign ownership of Virgin a factor in Treasury's advice
Reference: Committee Hansard page 26 – 21 July, IQ20-000170

Question:

Senator WATT: Well, putting it more broadly, was the foreign ownership of Virgin a factor that was considered in any advice that Treasury provided?

Ms Quinn: Once again, that goes to the nature of advice that we provided to government through a cabinet process.

CHAIR: Ms Quinn, we have been through this a few times. Just because something was written and ended up through a cabinet process, that isn't a reason that the Senate has accepted for not answering a question. You can and you may choose to claim public interest immunity, or, through the minister, go back and seek to go through that process, and I would ask you to do that if you're not in a position to answer Senator Watt's question today.

Ms Quinn: I'm happy to take it on notice, but, as you know, usually public servants do not answer questions directly about advice to government. I'm happy to take that up with the minister and see what information he'd be willing to make available.

Answer:

Treasury considered a range of factors in its advice to Government about the Virgin administration, including information on the ownership and capital structure of the Company.

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2020 - 2021

Division: Markets Taskforce
Topic: Preserving jobs in the Virgin workforce
Reference: Committee Hansard page 28 – 21 July, IQ20-000171

Question:

Senator WATT: Specifically, to what extent has preserving jobs in the Virgin workforce and preserving regional air services and competitive fares factored into the work that you've done, or is it really just about finding the best buyer for the best price?

Ms Quinn: As Mr Moore said, the role here has been to facilitate the flow of information for the government to make decisions and to advise the government. All of those factors have been included, as well as a whole suite of other factors that you would expect to be on the table. But with more specific questions about government policy, I'm happy to take them on notice and put them to ministers.

Answer:

As stated by the Treasurer in his media release of 21 April 2020, the Government's objective in relation to the Virgin administration was to help keep as many employees as possible in their jobs, a second major domestic airline in the sky, prices down and competition maintained. Treasury considered a range of factors in its advice, including employment outcomes, impact on regions and competition.

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2020 - 2021

Division: Markets Taskforce
Topic: Conflicts of interest – disclosure of personal interests
Reference: Committee Hansard page 30 – 21 July, IQ20-000172

Question:

Senator RICE: Okay. You may not wish to answer this, but can you tell us what the key conflicts of interest that you declared were?

Mr Moore: The key, I think, is relatively self-evident: I was at Macquarie, obviously, for many years and am still a shareholder of Macquarie, which I think is on the public record. As well as that, during that period Macquarie was the manager of Sydney Airport. Again, I'm a shareholder of Sydney Airport, and again that's on the public record.

Ms O'Rourke: Can I make one clarification. The disclosure is a disclosure of personal interests, not a disclosure of conflicts. I think it's important to say that whether they actually became a conflict or not is a separate question. There was a disclosure of personal interests that was required of Mr Moore, and, as he said, it is required when any consultant joins an agency like Treasury.

Senator RICE: And can that disclosure of personal interests be tabled?

Ms O'Rourke: It has confidential information, personal information, in the disclosure. We'll take that on notice, if that's fine

Answer:

Provision of Mr Moore's disclosure of personal interests would not be in the public interest as it unreasonably discloses personal information. Mr Moore outlined relevant personal interests to the Committee in his evidence at the hearing on 21 July 2020.

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Division: Markets Taskforce
Topic: Communicating with the ministers or their offices
Reference: Committee Hansard page 30 – 21 July, IQ20-000173

Question:

Senator RICE: How often have you been communicating with the ministers or their offices outside the working group process? Can you be more specific?

Mr Moore: It would be the exception rather—

Senator RICE: The exception, you're saying?

Mr Moore: The exception rather than the rule. It would be once a week or something like that.

Ms O'Rourke: Most of the communication was through the working group, and occasionally there was direct communication.

Senator RICE: Could you take on notice those communications outside the working group process with ministers or their offices?

Ms O'Rourke: You're keen to get a sense of the frequency of those—is that what you're asking us to take on notice?

Senator RICE: Yes, and the communications and who was communicated with outside the working group process—which ministers and how often and when. You also mentioned you met with the Virgin management. Could you give us dates for those meetings as well?

Mr Moore: Yes, I think we've got—

Ms O'Rourke: There were those two meetings at the beginning. If it wasn't in April—

Mr Moore: I think it was on the Wednesday after the appointment—

Ms O'Rourke: The 22nd.

Mr Moore: Yes. Very early on we had a meeting, and then there was a subsequent meeting—

Ms O'Rourke: In June.

Mr Moore: Towards the end of it.

Ms O'Rourke: We're happy to give you the exact dates—no problem at all.

Answer:

Mr Moore had direct communication with a small number of Ministers in his role to lead engagement with the administrators; the Prime Minister, Deputy Prime Minister, Treasurer and Minister for Finance. Such communications occurred infrequently and on an ad hoc basis. Mr Moore met with Virgin management on two occasions; 22 April and 16 June.

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2020 - 2021

Division: Markets Taskforce
Topic: When did Treasury become aware of the request from Virgin?
Reference: Committee Hansard page 30 – 21 July, IQ20-000174

Question:

Senator RICE: Previously Senator [inaudible] was talking about where the airline was potentially seeking a loan or the government buying a stake in the airline of up to \$1.4 billion. I'm interested as to how those two options of either a loan or investment were communicated to the department or to yourself?

Mr Moore: That preceded me, so, Megan?

Ms Quinn: I believe this question has been taken on notice in another committee by the department of infrastructure and transport. There were various requests at different points and some of them went to the Prime Minister, some went to the Deputy Prime Minister. Requests come in different forms. They get processed through cabinet processes or other policy processes depending on what the requests are. But that question really needs to be put to the department of infrastructure where most of the requests would have gone to directly.

Senator RICE: It didn't go through Treasury? Those options or potential of either a loan or—

Ms Quinn: Mostly they wouldn't come to us directly. They would go to the department that has the line responsibility for a sector. Then, depending on how they're dealt with, they would come to Treasury or other parts of the Public Service through cabinet processes.

Senator RICE: When did Treasury become aware of that request from Virgin?

Ms Quinn: I would have to take on notice that particular request, because, as I mentioned earlier, it was before my time.

Answer:

Refer response to IQ20-000168.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2020 - 2021

Division: Markets Taskforce
Topic: Is the Australian government a creditor to Virgin Australia or to the administrator?
Reference: Committee Hansard page 33 – 21 July, IQ20-000175

Question:

Senator PATRICK: Is the Australian government a creditor to Virgin Australia or to the administrator?

Ms O'Rourke: Yes. The ATO is a creditor.

Senator PATRICK: Are you aware of what amount is owed to the Australian tax office? I presume it would be public, in the context that creditor lists are normally published by administrators.

Ms O'Rourke: I'll take it on notice so I make sure I give you a correct number.

Senator PATRICK: Is there any idea of the quantum?

Ms O'Rourke: I'm remembering and I might not remember correctly, so—

Senator PATRICK: Ms Quinn, do you have any knowledge of what the quantum of any money owed to the Commonwealth is?

Ms Quinn: No. I think it's best that we take it on notice. The other contingent liability in the event that any company does fail and isn't fully covered would be through the fair entitlements guarantee obligations. That's another contingent liability that the Commonwealth faces for any company that is eventually made insolvent.

Senator PATRICK: When you provide that answer on notice, can you separate those out as any tax debt and any other debts?

Ms Quinn: The fair entitlements guarantee amount wouldn't be known at this stage because it's a contingent liability. It would be dependent on what the outcome of any arrangement was. But we can certainly take the tax issue on notice.

Answer:

The ATO is a creditor in the Virgin Group administration.

The ATO has lodged an original proof of debt with the Administrators in respect of the period prior to the appointment of the Administrators.

As this is a complex and ongoing administration the ATO has not yet determined or lodged a final proof of debt.

The ATO is unable to comment any further due to the taxation secrecy laws, but notes that the Administrators may reveal the quantum of the taxation liabilities owed by the group of companies in a future statutory filing lodged with the Australian Securities and Investments Commission.