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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Thursday, 14 November 2019

Members in attendance: Senators Ayres, Kitching, Lambie, McAllister, O'Sullivan, Paterson, Scarr.
PRIME MINISTER AND CABINET PORTFOLIO

In Attendance
Senator Seselja, Assistant Minister for Finance, Charities and Electoral Matters

Overview
Ms Stephanie Foster PSM, Deputy Secretary, Governance Group
Dr David Gruen, Deputy Secretary, Economic Group and G20 Sherpa
Mr Simon Duggan, Deputy Secretary, Industry and Jobs Group
Ms Caroline Millar, Deputy Secretary, National Security Group

Social Policy Division
Mr Matt Roper, Acting First Assistant Secretary

Office of the National Data Commissioner
Ms Deborah Anton, First Assistant Secretary

Government Division
Mr John Reid, First Assistant Secretary

Ministerial Support Division
Mr Gerard Martin, First Assistant Secretary

Industry, Infrastructure and Environment Division
Ms Helen Wilson, First Assistant Secretary

International Division
Mr Justin Hayhurst, First Assistant Secretary

National Security Division
Ms Abigail Bradshaw, First Assistant Secretary

North Queensland Livestock Industry Recovery Agency
The Hon Shane L Stone AC, PGDK, QC, Chief Executive Officer and Chairman
Mr Nico Padovan, Chief Operating Officer and Deputy Chief Executive Officer
Mr Colin Hunter, Assistant Secretary, Policy and Strategy
Ms Samantha Montenegro, Chief Financial Officer and Acting Assistant Secretary, Corporate and Governance

Office of the Official Secretary to the Governor-General (OOSGG)
Mr Paul Singer, Official Secretary to the Governor-General
Mr Steve Murtagh, Deputy Official Secretary to the Governor-General

Committee met at 15:17

CHAIR (Senator Paterson): I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today the committee will continue its supplementary budget estimates 2019-20 hearings. The committee's proceedings today will begin with the Department of the Prime Minister and Cabinet, followed by the Department of Finance,
agencies of the PM&C portfolio and conclude with the Department of Parliamentary Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 19 December 2019 as the date for the return of answers to questions taken on notice at this hearing and any written questions on notice arising from the hearing. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I particularly draw attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in Hansard.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or document. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adapted. Officers are requested to keep opening statements brief or seek to incorporate longer statements into the *Hansard*.

Department of the Prime Minister and Cabinet

[15:15]

CHAIR: I welcome the Senator the Hon. Zed Seselja, Assistant Minister for Finance, and officers of the Department of the Prime Minister and Cabinet. Minister, do you wish to make an opening statement?

Senator Seselja: No.

CHAIR: Ms Foster, do you wish to make a statement?

Ms Foster: Yes, just a brief one. There has been one change to the executive since the last hearing on 21 October. On 8 November 2019 Ms Alison Larkins finished as Deputy Secretary
of Social Policy, and Ms Caroline Edwards will commence on 25 November 2019. Mr Simon Duggan and Dr David Gruen are sharing responsibility for social policy and are available to assist on relevant questions.

Senator McALLISTER: I have in front of me the communique from COAG in Cairns in August this year. I want to get a bit of an update on some of the items which are mentioned in the communique:

Leaders asked the COAG Transport and Infrastructure Council to commission analysis and provide advice on infrastructure market conditions in each jurisdiction to COAG by the end of 2019. Can you provide an update on that?

Mr Duggan: Since that time we have met at the officials level both with the Department of the Prime Minister and Cabinet and the combined premier and cabinet departments and with the relevant infrastructure and transport departments to first of all agree on what the scope of that work will be to give further detail to what was stated in the communique so we could reflect back what we had heard about the intentions of leaders in that regard. Subsequently the work program has been set such that the analysis side of that work will be delivered to COAG before the end of the year. The advice component will come to COAG early in the new year. The transport and infrastructure committee are working through that at the moment. Their officials are currently drafting the first report in that regard, led by our Department of Infrastructure, Transport, Cities and Regional Development, with the assistance, as I understand it, of consultancy work from some firms that have done similar work in the past.

Senator McALLISTER: Is it fair to say, from your answer, that that timetable has slipped—that there will be analysis by the end of the year but no advice?

Mr Duggan: I think the key thing that leaders were keen to receive in the first instance was the analysis side of that. We have been very keen to make sure that part of it is absolutely delivered by the end of the year.

Senator McALLISTER: Was the communique inaccurate?

Mr Duggan: No, the communique is entirely accurate.

Senator McALLISTER: It is just that the communique says there will be analysis and advice on infrastructure market conditions in each jurisdiction to COAG by the end of 2019.

Mr Duggan: That's correct.

Senator McALLISTER: That was what was asked for, but that is not what is going to happen.

Mr Duggan: We went back and tested, when we worked through with transport officials, what they could do over different time periods. In order for them to, as you referred to, do that work really well across each of the jurisdictions—

Senator McALLISTER: So it has slipped. Can we just be honest about it? It has slipped. There was a deadline for the end of the year, but that is not possible, and now it is going to be next year.

Mr Duggan: By the end of the year we will have the analysis. Early in the new year we will have the advice.

Senator McALLISTER: Similarly, with the skills ministers, the communique indicated:
Skills ministers will work together through a new COAG Skills Council, in consultation with education ministers, to advise leaders on future reform priorities by the end of 2019 and provide a reform roadmap to COAG in early 2020.

Will leaders have been advised on reform priorities by the end of 2019?

Mr Duggan: Indeed they will. In fact, the skills ministers have made great progress on that already and are ready to provide their advice earlier than we anticipated. That will come through very shortly. As anticipated, the road map is on track for early 2020.

Senator McALLISTER: Is this all being done on the papers or is a meeting expected by the end of the year?

Mr Duggan: Skills ministers have met.

Senator McALLISTER: No, for COAG, sorry.

Mr Duggan: No, there's no COAG scheduled between now and the end of the year.

Senator McALLISTER: Right. So, although the communique suggests that COAG will be meeting by the end of the year, that's now not happening?

Mr Duggan: COAG deals with business through a range of different channels. The majority of COAG business is done through meetings, but we also do a lot of work out of session. So, it's not uncommon for work like that to come to COAG out of session. It'll be towards the end of the year that we'll provide the Prime Minister with a letter—some correspondence that he will send out to other leaders—with all those things COAG agreed to acquit by the end of the year attached to it to do that via an exchange of letters.

Senator McALLISTER: Will that include options for streamlining agreements in key sectors to improve the dynamism and efficiency of federal-state financial relations?

Mr Duggan: That's the intention, yes.

Senator McALLISTER: So, that will be reported on the papers by the end of the year?

Mr Duggan: That's correct.

Senator McALLISTER: Do we expect any decisions by the end of the year, or just a report?

Mr Duggan: That will be advice to leaders at that stage. I think at that point we'll be providing them with I guess the best work that we've been able to do as officials to try to acquit that request from COAG. I'm not anticipating that they will make decisions at that point. I'd expect that the next time they meet they'll make decisions around those issues.

Senator McALLISTER: There was a meeting scheduled for December. I understand that's been cancelled.

Mr Duggan: No, there wasn't a meeting scheduled. At officials level we'd planned for all possible eventualities, so we were talking to the states and territories about what we would potentially bring as an agenda were we to have a meeting towards the end of the year. But the Prime Minister never wrote out issuing invitations and in fact was clear with leaders at the August meeting that his intention wasn't to hold a COAG meeting this year.

Senator McALLISTER: That doesn't seem to have been the understanding of other participants in that meeting. For example, Annastacia Palaszczuk has publicly said that it is
not right that the Prime Minister has cancelled the December COAG meeting. She was plainly operating on an understanding that there would be a meeting in December.

Mr Duggan: She had a different understanding than the Prime Minister and his intentions; that's correct.

Senator McALLISTER: When is the next meeting scheduled?

Mr Duggan: The Prime Minister's yet to issue an invitation to leaders for the next COAG meeting.

Senator McALLISTER: Has there been any communication at all since the August meeting with state and territory leaders about future meetings?

Mr Duggan: As I said, the Prime Minister is yet to write out to state and territory leaders to invite them to the next COAG meeting. That's the point at which—

Senator McALLISTER: Just silence since the last meeting on the question of the future meeting?

Mr Duggan: I'm not privy to all the Prime Minister's conversations with state and territory leaders, but certainly by way of correspondence there has been no exchange or letters around a future COAG meeting.

Senator McALLISTER: Media reports indicated at the time that the Prime Minister pushed heavily after the last meeting, in August, for a future meeting in December. That was reported on 9News by Jonathan Kearsley on 13 October 2019. Are you advising the committee that that is incorrect—that the Prime Minister made no remarks in relation to that at COAG?

Mr Duggan: I had the good fortune of being with the Prime Minister throughout most of the engagements he had with state and territory leaders, but not all of his engagements. At all the ones I was at, the Prime Minister was clear that his intention was not to hold a second COAG meeting in 2019.

Senator McALLISTER: COAG was cancelled in October 2018, wasn't it?

Mr Duggan: Yes. To draw the distinction, an invitation had been issued for a COAG meeting at that time and a decision was taken by the Prime Minister not to proceed.

Senator McALLISTER: So, is it correct that in this 12-month period—or more than 12-month period—there will be just one meeting of COAG, that being the August 2019 meeting?

Mr Duggan: That's correct, and the reason the Prime Minister took that decision was that we tend to try not to hold COAG meetings approximate to state or federal elections. We had the New South Wales election in March. And given the caretaker period, it meant that the early part of the year wasn't available for a COAG meeting. Then into the federal election it meant that we went through to May. So, the earliest that we could bring a COAG meeting together was August. Then the Prime Minister made a judgement on the basis of the decisions coming out of the August meeting for COAG that there wasn't anything that was pressing that required leaders to get together between now and the end of the year. Rather, they could meet next year. But, of course, as I mentioned earlier, that doesn't mean that the COAG machine stops, grinds to a halt. There are a lot of things that we're continuing to acquit, and the things that they committed to doing by the end of 2019 we will do through our correspondence processes.
Senator McALLISTER: So there is nothing pressing that requires leaders to meet this year?

Mr Duggan: That's correct.

Senator McALLISTER: Today the Treasurer is in the newspaper saying that:

… to lift our productivity … Commonwealth and state governments need to work together and treat the productivity challenge as a national imperative

Later he says:

… we must … look for every opportunity to take the country forward. Making the federation work better is essential to this task.

My question is: how can you make federation work better if COAG never meets?

Mr Duggan: Senator, are you asking me for an opinion?

Senator McALLISTER: I'm asking about the organisation arrangements for COAG, which I understand are the responsibility of Prime Minister and Cabinet. Is it consistent with making the federation work better to allow COAG to meet just once in a 14-month period?

Mr Duggan: Senator, I think getting leaders together is a major exercise. Obviously, there's a lot of pressure on their time. I think the Prime Minister's made the judgement that it's not necessary to do that between now and the end of the year to do the things that COAG committed to doing in the remainder of 2019. So that's his judgement to make.

Senator McALLISTER: Minister Seselja, can you shed any light on this? Minister Frydenberg's in the paper saying that we need to make the federation work better, but the evidence from officials is to confirm that in a 14-month period COAG is going to meet just once. They've got the other premiers, it appears, quite upset that COAG isn't going ahead in December and no plan, as far as I can tell, to convene COAG at any specific point in the future.

Senator Seselja: I don't think there's much I can add to what Mr Duggan's pointed out. He's pointed out the reasons for the meeting schedule and the fact that the work of COAG goes on, and he's also pointed out the issues with elections. The Prime Minister, of course, remains committed to the COAG process and will, no doubt, have more to say in terms of future meetings in the future.

Senator McALLISTER: So the future meetings will occur in the future?

Senator Seselja: There are none scheduled. The government and the Prime Minister remain committed, and you will see when the Prime Minister agrees with premiers and chief ministers for the next meeting that Mr Duggan has pointed out very clearly some of the constraints around meetings this year.

Senator McALLISTER: So the Prime Minister and the Treasurer remain committed to what? You said they remain committed.

Senator Seselja: They remain committed to the COAG process.

Senator McALLISTER: I see, but no plan to schedule a meeting so far?

Senator Seselja: When there's a plan, it'll be announced.

Senator McALLISTER: Thank you.
Senator AYRES: Today in *The Australian* it announces breathlessly that the Treasury is releasing a discussion paper regarding the provision of tax concessions for projects over $500 million. Did Treasury consult with the department on the measure?

Mr Duggan: We were consulted in the usual course of providing policy advice to the Prime Minister. Tax policy decisions, of course, are issues for the cabinet and so we were absolutely consulted in the lead-up to cabinet discussions of those issues.

Senator AYRES: And when was that?

Mr Duggan: The precise measure I'll need to take on notice—I can't recall precisely when we were consulted.

Senator AYRES: Is anybody else here in a position to—

Mr Duggan: I don't believe so, Senator.

Senator AYRES: Is Dr Gruen in a position to tell us that?

Dr Gruen: Sorry to come all the way up here to say that I can't help you.

Senator AYRES: I suspected that might've been the case. The reason I ask is— it might just be my confusion, but can the department confirm that the measure that was announced today was first announced in last year's budget?

Mr Duggan: Yes, it was certainly a budget measure. That's correct. It was about expanding some existing tax concessions to include those infrastructure projects. So that's correct.

Senator AYRES: It was more than a budget measure, wasn't it? Is it the case that the measure passed the parliament in April of this year?

Mr Duggan: I don't have that detail in front of me.

Senator AYRES: I'm told that it passed both houses on 3 April. Is anybody in a position to confirm that?

Senator Seselja: That fundamentally would be a question for the Treasury.

Senator AYRES: It isn't a new announcement, is it?

Mr Duggan: It's a measure that was in the budget. In that sense, what's referred to in the press today is not a decision that was taken today. It's a decision that had been taken some time ago in the budget context.

Senator AYRES: It is a re-announcement of an old measure?

Mr Duggan: As I said, it's an announcement of a decision that had been taken in the budget context. That's absolutely right.

Senator AYRES: Perhaps I'll ask the minister: are there any plans to announce it again?

Senator Seselja: Sorry?

Senator AYRES: Do you have any plans to announce it again?

Senator Seselja: Not to my knowledge.

Senator AYRES: It began on 1 July 2019. Is the department aware of any projects that have been approved by the government for a concession yet?

Mr Duggan: I think that question is best directed to the Treasury. We're not involved in the administration of that program.
Senator AYRES: Perhaps you might have the same answer to this question then: can the department advise if the measure in the bill to crack down on the tax concessions has affected any existing projects?

Senator Seselja: Again, they are questions for the Treasury.

Senator AYRES: It's not a matter for you. Have there been any concerns that you're aware of that have been raised in relation to the measure by investors?

Senator Seselja: Again, I think that question would be best directed to the Treasury.

Senator McALLISTER: On a different matter, I was hoping to ask some questions about PM&C’s role in correspondence between Mr Taylor and Ms Moore and the associated public discussion about that correspondence. Should I direct those to you, Ms Foster?

Ms Foster: I'm going to need to seek some assistance, but yes.

Senator McALLISTER: Did Mr Taylor or his office discuss with the Prime Minister or his office the terms of a proposed reply to Ms Moore's letter of 22 August 2019 to the Australian government?

Mr Duggan: Not to my knowledge.

Senator McALLISTER: Did the Prime Minister or his office receive a draft of the letter from Mr Taylor to Ms Moore that was referenced in The Daily Telegraph story that was published on 30 September?

Mr Duggan: Again, we had no visibility of that.

Senator McALLISTER: Minister Seselja, did the Prime Minister's media unit know that the letter had been dropped as a story to The Daily Telegraph?

Senator Seselja: Not to my knowledge.

Senator McALLISTER: Did Mr Taylor or his office provide a copy of the extract of the City of Sydney's 2017-18 annual report relating to council travel costs to the Prime Minister or his office?

Senator Seselja: Not to my knowledge.

Senator McALLISTER: When you say, 'Not to my knowledge,' you are here representing the Prime Minister. Are you simply telling me that you're not particularly involved in the day-to-day operations of the Prime Minister's office, so you personally don't know?

Senator Seselja: I think the statement speaks for itself. I don't know the answer to the question.

Senator McALLISTER: Would you be able to find out the answer to the question?

Senator Seselja: Sure.

Senator McALLISTER: I've asked you a series of questions about the state of knowledge of the Prime Minister's media unit and their involvement in the generation of this story. They go to whether or not there were discussions between the media unit or the Prime Minister and Minister Taylor and his staff. They go to whether or not the extract from the City of Sydney's annual report that relates to council travel costs was provided to the Prime Minister's media unit. I would appreciate you taking those questions on notice, if you don't know the answers.
Senator Seselja: I'm happy to take them on notice.

Senator McALLISTER: Ms Foster, when did the Prime Minister or his office first talk to you about this issue? I assume you've had some discussions with the Prime Minister's office about this matter.

Ms Foster: No, I haven't.

Senator McALLISTER: Has the Prime Minister's office sought any advice from PM&C at all about the scandal that has engulfed Mr Taylor around these doctored figures?

Ms Foster: Not to my knowledge. I'm trying to think through whether I have any recollection of any advice being sought; and the answer is no, I don't.

Senator McALLISTER: Did PM&C prepare a question time brief on Thursday 24 October in relation to Mr Taylor's reliance on a doctored council document?

Ms Foster: I'd have to take that on notice and seek advice.

Senator McALLISTER: Minister, did the Prime Minister's office prepare a question time brief on Thursday, 24 October 2019 in relation to Mr Taylor's reliance on a doctored council document?

Senator Seselja: I'd have to take that question on notice.

Senator McALLISTER: Minister Taylor has stated publicly that he downloaded a document from the City of Sydney website that contained these figures that were subsequently acknowledged to be wrong. Has the Prime Minister or his office ever sighted that document?

Senator Seselja: Not to my knowledge.

Senator McALLISTER: Can you take it on notice—because, as you've previously observed, you are not deeply involved in the operation of the Prime Minister's office.

Senator Seselja: I'm happy to take it on notice.

Senator McALLISTER: Have there been discussions between the Prime Minister and his office with Mr Taylor about this matter? The Guardian broke the story on 24 October 2019. Have you not been provided with a brief about this, Minister?

Senator Seselja: I'm conscious of the fact that the opposition gave no particular guidance as to the various areas of questioning that you were going to go to. So the idea that I would have a brief on everything is, frankly, fanciful. If you'd given direction as to where you wanted to go, there may have been some briefing material prepared on this particular matter.

Senator McALLISTER: Minister, this is a spillover estimates hearing, it is an extension of the ordinary process of estimates, and it is reasonable for senators to expect that you will be in a position to answer questions relevant to the portfolio. I understand that Minister Cormann is not available. Opposition senators were flexible about which minister appeared at the table, but we did expect that people would be well briefed.

Senator Seselja: We've got officials here and they're going to do their best to answer the questions. But the idea that we could have anticipated every area you wanted to go for your spillover is, frankly, absurd.

Senator McALLISTER: Will that be the excuse next time we have an estimates hearing? Or will you come to the next estimates hearing prepared to answer questions?
**Senator Seselja:** We always endeavour to. But the idea that you would call a spillover and not give any direction as to where you want to go, and then anticipate that we are going to bring every official from PM&C in order to anticipate where you might want to go—I don't think you have helped your cause. We have officials here who are endeavouring to answer your questions.

**Senator McALLISTER:** They are. You're not. My concern is not with the officials. My concern is with you—because you are not answering any questions whatsoever. Every answer you have provided so far has been to indicate 'not to my knowledge'.

**Senator Seselja:** The idea that I would—

**Senator McALLISTER:** Be briefed on anything at all!

**Senator Seselja:** have intimate knowledge of those questions is absurd.

**CHAIR:** Can I interrupt for a moment, Minister and Senator McAllister. I appreciate that it is a Thursday afternoon, but it is not necessary for us to descend this quickly into talking over each other. Please ask questions in an orderly way and allow the minister to answer the questions.

**Senator McALLISTER:** I simply wish to record how entirely unsatisfactory this is. Minister, you ought to come prepared to be accountable on behalf of the government. That is the point of an estimates hearing. To indicate that you have no knowledge of a matter that has been a very prominent matter for the Prime Minister in recent months is, frankly, ludicrous. It is a totally unacceptable response from the government; it is non-responsive and it is not what the estimates process is about.

**Senator Seselja:** I don't accept that.

**Senator McALLISTER:** I'm going to move on, because it's apparent that you are determined to obstruct reasonable scrutiny—

**CHAIR:** Senator McAllister, order! As you well know from previous rounds of estimates this is not a place for editorialising or commenting. It is a place for questions. Please ask questions of the minister.

**Senator AYRES:** I want to ask a couple of questions in relation to what the Prime Minister has had to say recently about boycotts. In an address to the Queensland Resources Council annual lunch, on 1 November this year, the Prime Minister referred to what he described as 'an escalating trend towards a new form of secondary boycotts in this country'. He then went on to say:

Let me assure you, this is not something my government intends to allow to go unchecked. Together with the Attorney-General Christian Porter, we are working to identify a series of mechanisms that can successfully outlaw these indulgent and selfish practices that threaten the livelihoods of fellow Australians, especially in our rural and regional areas and especially here in Queensland. Now, we will take our time to get this right. We will do the homework and we're doing that right now.

What involvement has the department had in developing this proposal, Ms Foster?

**Mr Duggan:** That is my space again. We had some involvement in the Prime Minister's speech, largely by way of fact-checking. We provided an early version. We weren't engaged around the specific issue of secondary boycotts and so the work that has been taking place
subsequently has been taking place in the relevant departments. In that regard we are connected to that work, but we are not leading it.

**Senator AYRES:** In relation to the speech, was the secondary boycott bit in the speech that the department worked on?

**Mr Duggan:** No. We provided a draft and it wasn't part of that draft, but obviously it was part of the final. We did check components of a later version of the speech. I can't recall—I can't tell you whether or not that issue was part of that subsequent version that we saw.

**Senator AYRES:** So the lead department on developing this proposal is Attorney-General's?

**Mr Duggan:** Yes. It is a legal issue, so, yes, it would fit with Attorney-General's.

**Senator AYRES:** And the department has been consulted since? There is an active proposal?

**Mr Duggan:** I haven't been directly involved in this work. I might see if there is anyone here who can help you directly.

**Ms Foster:** There is no-one here who has that knowledge. I have just checked with the relevant officer, who would know if we knew.

**Senator AYRES:** I am just trying to see what I can ask if there is nobody here in a position to answer these questions. Is anybody in a position to advise us today whether the department has been working on briefs in relation to this proposal?

**Ms Foster:** I just checked with the head of the relevant division, who shadows the Attorney-General function. Had we been doing so, he would be aware.

**Senator AYRES:** You are proposing to check?

**Ms Foster:** I just checked.

**Senator AYRES:** Is he aware of—

**Ms Foster:** No.

**Senator AYRES:** So, no briefs—no homework?

**Ms Foster:** That is correct, to my knowledge.

**Senator AYRES:** Has a decision been taken by cabinet on this announcement?

**Ms Foster:** Sorry, I was just looking to make sure that we are still on track. We are doing a check with our staff just to make sure that there wasn't something happening that we weren't aware of; but to our understanding, no.

**Senator AYRES:** Has a decision been taken by the cabinet in relation to this proposal?

**Ms Foster:** I don't know.

**Senator AYRES:** Minister?

**Senator Seselja:** Sorry, I will take that question on notice.

**Senator AYRES:** Mr Duggan, you are not—

**Mr Duggan:** I don't have any line of sight on that, no. Sorry.
Senator AYRES: So the speech has been made. I am not sure whether the briefs, or what the Prime Minister called the 'homework' on this extraordinary proposition, have been done. We are not in a position to know whether the cabinet has considered it at all?

Ms Foster: Again, we're checking this, but my understanding would be that that work would be being taken forward by the Attorney-General's Department.

Senator AYRES: The Prime Minister announced it. It's an extraordinary proposition. It's not a small legal administration question; it's a big question of public policy—to outlaw consumer boycotts.

Ms Foster: That area of public policy rests with the Attorney-General's Department.

Senator McALLISTER: But it was in the speech.

Ms Foster: That's correct.

Senator McALLISTER: Was a draft of the speech prepared?

Ms Foster: Mr Duggan has just given evidence that the department provided an early draft of a speech that didn't cover that issue.

Senator McALLISTER: Are we able to see a copy of that draft?

Ms Foster: We'll take that on notice and see if we can.

Senator AYRES: You're not aware of whether any legislation has been prepared.

Ms Foster: I'm not.

Senator AYRES: Has the department sought any legal advice in relation to the proposition?

Ms Foster: I don't believe so, but I'm hoping that the staff who are listening will advise me if that's not correct.

Senator AYRES: It's an extraordinary proposition to advance. Has there been any effort, either in the fact-checking effort that you, Mr Duggan, referred to in relation to the speech or subsequently, to explore the constitutionality of that kind of proposal?

Ms Foster: If that work were taking place, that would be being done within the Attorney-General's Department.

Senator AYRES: So there's no engagement? Mr Reid, if there is something forthcoming from the Attorney-General's Department—I am brand-new here. How does advice get provided to the Prime Minister?

Ms Foster: There are two possible options. One is that the advice is worked up within a line department to that line department minister and then goes office to office. The alternative is that the—

Senator AYRES: When you say office to office, that's not the department?

Ms Foster: If the Attorney-General's Department was doing the work providing advice to the Attorney, that advice might go from the Attorney to the Prime Minister or between the Attorney's office and the Prime Minister's office. Alternatively, advice can be shared between departments and then go to the Prime Minister from the Department of the Prime Minister and Cabinet.

Senator AYRES: So you're saying advice has not been provided—
Ms Foster: By the Department of the Prime Minister and Cabinet.

Senator AYRES: by the department to you and you've not provided advice to the Prime Minister in relation to this matter?

Ms Foster: That's correct.

Mr Reid: My staff are happily listening and watching, and I can confirm that Ms Foster's correct. We haven't sought any legal advice in relation to the matter. The work is being conducted between AGD and Treasury, and work remains ongoing. We are keeping a watching brief over it, but Ms Foster's absolutely right. We haven't provided any advice directly to the Prime Minister.

Senator AYRES: So you can confirm there is work.

Ms Foster: The matter is being taken forward. I can't right now confirm what's being done, but the matter is resting between the AGD and the Treasury.

Senator McALLISTER: I think we're just trying to understand what was the basis on which the public statements about doing the homework right now were made. The advice from all of you is that that homework was not being done in your department at the time that the Prime Minister made those remarks.

Ms Foster: That's correct.

Senator McALLISTER: So we must look elsewhere for where he sought his information.

Mr Duggan: That's correct. What we don't have visibility of is the conversations that the Prime Minister may have had with the Attorney prior to making any statements in that regard and what the Attorney may have asked his department to do in that regard. We can only provide evidence on what we've been doing as a department.

Senator McALLISTER: Minister, did the Attorney-General provide advice to the Prime Minister about these boycotts before he made those public statements?

Senator Seselja: I'd have to take the detail of that on notice, but the Prime Minister has clearly laid out his concerns and he's laid out the fact that more detailed work will be done. In terms of exactly how that work's done, officials have given evidence in relation to the departments that will have the lead on that. No doubt a number of discussions take place. I wasn't privy to the specifics but I'm happy to take that on notice.

Senator McALLISTER: Could you please take on notice when advice was provided to the Prime Minister by the Attorney-General and in what form.

Senator Seselja: Sure.

Senator McALLISTER: Was it verbal advice? Was it an email? If written advice was provided, could we please see a copy of that advice.

Senator Seselja: I'm happy to take that on notice.

Senator McALLISTER: I want to ask some questions about the economy, and I think, Dr Gruen, you might be the person to respond to these. When did the department first become aware that the RBA would be downgrading Australia's growth outlook in the November Statement on monetary policy?

Dr Gruen: We became aware when the statement was released.
Senator McALLISTER: And when did the department first brief the Prime Minister on the RBA's downgrade?

Dr Gruen: We can find out whether there was a briefing sent up, but the RBA's statement is pretty self-explanatory. It goes into great deal about how the RBA sees the economy and it gives forecasts in some detail. I can find out whether there was a brief sent up. Usually such a brief would simply summarise the RBA's position.

Senator McALLISTER: Right. It obviously has bearing on the government's own forecasts. Can you just explain to me how PM&C involves itself in the process of forecasting, which I presume is led by Treasury?

Dr Gruen: You're exactly right. Treasury is responsible for the government's forecasts. The forecasts that will be forthcoming for the MYEFO statement will be finalised after the next national accounts, which come out in early December. We talk to the Treasury and we have a sense of what they're thinking about the economy, so we have an opportunity to discuss with relevant Treasury officials, but formally it's a Treasury responsibility and it goes up through the Treasurer.

Senator McALLISTER: Is there a working group, an interdepartmental committee? Is there a structured process by which PM&C involves itself in that advice?

Dr Gruen: No. There used to be, but, no, there isn't.

Senator McALLISTER: Okay. When did the department last brief the Prime Minister on the issue of wage growth?

Dr Gruen: I'd have to take that on notice. I can take on notice when the last time was that we briefed the Prime Minister on wage growth. We obviously monitor it closely. We're aware of the outcome yesterday, so we follow it closely, but I'm not sure that there would have—the Treasury summary of releases is shared with the Prime Minister's office, and that's the normal way that that briefing would go up to the Prime Minister.

Senator McALLISTER: There is a link between historically weak wages growth and weak consumption growth. Has that link been explored, and has the Prime Minister been briefed on that question?

Dr Gruen: Not to my knowledge, but certainly the Treasury—and the RBA for that matter—is well aware of the link between wages growth and consumption growth. It's obviously a matter of judgement to decide what the implications are of current wages growth and everything else going on in the economy for consumption, but I'm certainly not aware of a specific brief on that topic that went up to the Prime Minister.

Senator McALLISTER: Are the recent weak wages outcomes and retail trade outcomes consistent with the budget forecasts?

Dr Gruen: As we've been talking about, the Treasury is going to update its forecasts for the current financial year and subsequent financial years in MYEFO. It's certainly the case that the RBA has downgraded its forecasts for the current financial year. Something that does happen, obviously, is that forecasts become actual as you get more information about what has actually eventuated in individual quarters, so you don't have to forecast them anymore. But the judgements about what exactly the current data imply for the forecasts is something that will be revealed in MYEFO.
**Senator McALLISTER:** Logically, it is not always linear; but if we downgrade recent performance below what was projected, it might suggest that what is projected for the future also may require adjustment. I mean these results are softer than what was expected.

**Dr Gruen:** As you would be aware, the Reserve Bank, who have made public commentary on this recently, are expecting a gentle acceleration in growth. I'm not at liberty to discuss the Treasury forecasts, but we all look at the same data.

**Senator McALLISTER:** Does the department expect that GDP figures for the September quarter will improve from the June figures?

**Dr Gruen:** I'm not sure that I have a departmental view on the September quarter relative to the June quarter. We don't yet have a lot of the partials for the September quarter—we have some of them—so I can't really help you on that.

**Senator McALLISTER:** I ask because, in the days that followed the release of the June figures, the PM said that the GDP figures were soft because they didn't take into account the passage of the tax cuts. The implication is that the passage of those tax cuts will then see an improvement in September. Is that the expectation of PM&C?

**Dr Gruen:** Quite a few things have happened. We've had tax cuts. We've also had cuts in interest rates flowing through. And there is a very big pipeline of infrastructure spending. So there is quite a lot going on in the economy. I think those things will support the economy. I can't give you an estimate of what quantitative impact that will have on the September quarter, but I'm confident that the combination of tax cuts, cuts in interest rates and the pipeline of infrastructure spending will mean the September quarter will be stronger than it would otherwise be.

**Senator McALLISTER:** The Prime Minister has been more bullish about it. He came out on 4 September and said: 'I think as we go into the back half of the year things will improve.' Is that based on the advice of the department?

**Dr Gruen:** As you would be aware, he gets our advice but he also spends a lot of time talking to people all over the country—businesspeople and others whom he meets. He has a wide range of sources of information, of which the departmental briefing is only one.

**Senator McALLISTER:** Of course. Those remarks were made on 4 September and we are now into November. Is it still the government's position that the economy will improve in the back half of this year?

**Dr Gruen:** I'm not one to speak for the government's position. I'm happy to tell you about advice we provide, but the government's position is the government's position.

**Senator McALLISTER:** Minister, is it the government's position that the economy will improve in the back half of this year?

**Senator Seselja:** The government's position is that we are doing everything we can to make sure that's a reality. That's why we were re-elected to government, and that is our absolute focus. The government's position is also that, as we face those pretty significant challenges—those international challenges which have been talked about a lot in this place and outside it—the alternative of whacking the economy with $387 billion of extra taxes would have taken us backwards. Our position is that we will continue to do all we can to build on the strong economic growth that has occurred on our watch, the over-1.4 million jobs that
have grown in the economy since we took government. We are doing it by cutting taxes. We are doing it by building infrastructure. We are doing it by signing free trade deals. Your alternative, where you would have been whacking the housing industry, whacking retirees and whacking middle-income earners, would be dramatically taking us backwards. So, yes, our position—

Senator McALLISTER: With respect, Senator—

Senator Seselja: is that we will continue to work very hard to make sure that our economy remains strong.

Senator McALLISTER: I'm really not asking a terribly political question; I'm really just asking whether the government's prognosis is as it was when the Prime Minister made a series of public statements in September. In September, he said he expected that things would be stronger and would improve in the back half of this year. He also said, on 5 September, 'You'd expect things would improve in the next quarter.' It was a very strong statement about the numbers improving. I think it's reasonable for us to know whether that is still the expectation.

Senator Seselja: And what you will see in MYEFO, and at other times as various figures come to light, is what those actual numbers are.

Senator McALLISTER: Sure, but the—

Senator Seselja: You're asking me to speculate as to whether the numbers might be right—

Senator McALLISTER: The Prime Minister was happy to speculate about it on 5 September and on 4 September. It doesn't appear that he speculated on the advice from the department, so he was speculating about it happily back then. I'm asking whether it remains the public view of the government that things are going to improve.

Senator Seselja: It remains the view that we are dealing with the great challenges and that we are delivering on those policies that will continue to see strong jobs growth in this country. We are cutting taxes—

Senator McALLISTER: That's not an answer to my question.

Senator Seselja: You may not like the answer to that question, but it is an answer to your question.

Senator McALLISTER: It's a non-responsive answer to a straight question.

Senator Seselja: It is not a non-responsive answer.

Senator McALLISTER: Are things going to get better or not?

Senator Seselja: You just don't like the answer. You put forward your alternatives, and your alternatives were comprehensively rejected. The challenge we would be facing now, if you had decided to see people's rents go up, to see the value of their homes go down, to see their retirement savings hit, would have been a huge wrecking ball through our economy. We take a very different approach. You may not like that, but—

Senator McALLISTER: But you're not willing to say that things are going to get better. That's off the table.

CHAIR: Order! I note for the benefit of the committee we're due to go to the next agency, the Department of Finance, in a little bit over five minutes.
Senator McALLISTER: Can I indicate that the questioning for the Department of Finance is modest from our end and, if we ran over a little bit, it wouldn't be a big problem from an opposition perspective.

CHAIR: Okay.

Senator McALLISTER: I might leave it there and give the call to Senator Kitching, who I think has some questions.

Senator KITCHING: I do note the ABS data on jobs, released a few hours ago, where 19,000 jobs were shed from the economy, but I'll move on to—

Senator Seselja: You'd prefer to focus on one month than six years of data, I suppose.

Senator KITCHING: I think it's actually the biggest fall since May 2014.

Senator Seselja: You'd like to hang on to that one month and ignore the 1.4 million jobs.

Senator KITCHING: Yes, but there were 19,000 jobs lost in the last month.

Senator Seselja: One month.

Senator KITCHING: It's the largest fall since May 2014. I might go to a story that A Current Affair ran a couple of weeks ago, specifically on 31 October. It was entitled 'ScoMo's dodgy nephew exposed'. I'm not sure whether the department is aware of that story.

CHAIR: I'm looking forward to hearing why this is relevant to the Department of the Prime Minister and Cabinet.

Senator KITCHING: I'll give you just a very quick summary of it. The nephew of the Prime—

CHAIR: Rather than give us a summary, Senator Kitching, if you want to quote from an article, you can table the article.

Senator KITCHING: It's not an article. It was on A Current Affair on television, on Channel 9.

CHAIR: Have you got the transcript?

Senator KITCHING: I think I do have the transcript. I certainly have the letter that the Prime Minister wrote to one of his nephew's victims. I'm happy to table the transcript and a photograph that the Prime Minister's nephew Mr Mitchell Cole showed to victims of his building business. That's the Prime Minister's letter. The story relates to Mr Cole, who is the Prime Minister's nephew. He's allegedly an unlicensed builder, and customers claim that he used the Prime Minister's name to secure work. He used the Prime Minister's name on numerous occasions and showed photographs of himself with the Prime Minister at Kirribilli House. It says the man has been convicted a number of times for carrying out work without a licence. The story contained vision of the substandard and unfinished work that Mr Cole allegedly performed for customers. Has the department taken any steps to investigate the claims made in the story?

Ms Foster: This is not a matter for the department.

Senator KITCHING: Senator Seselja, have the Prime Minister's name and position been misused by his nephew for improper purposes?

Senator Seselja: Not to my knowledge. Can I just put on the record that I think the line of questioning not only has nothing to do with the administration of this department; I can see
it's a muckraking exercise from you to try and throw mud at the Prime Minister based on the alleged actions of a relative, which I think is pretty despicable.

Senator KITCHING: Maybe when you get a copy of the letter the Prime Minister sent to someone, we can discuss that, because obviously the Prime Minister himself is concerned. But, Ms Foster, were any of the resources of the department used—for example, the communications branch, or any of the resources that the Prime Minister might have used in order to correspond with alleged victims of his nephew?

Ms Foster: Not to my knowledge.

Senator KITCHING: Not to your knowledge? You would know, wouldn't you?

Ms Foster: It would be most unusual for departmental resources to be used for such an issue. As I said at the start, this is not a matter for the department.

Senator KITCHING: As the deputy secretary of the Governance Group—

Ms Foster: The communications area reports to me.

Senator KITCHING: would the media and communications branch be in your division? Dr Gruen is nodding.

Ms Foster: In my group, yes.

Senator KITCHING: And you believe or you know that the department wasn't used?

Ms Foster: I've said, 'Not to my knowledge'. I'm assuming my staff are checking, but I would be extremely surprised if the answer were different.

Senator KITCHING: But you will come back to clarify that?

Ms Foster: Yes.

Senator KITCHING: Are you aware whether Mr Cole has been a guest at Kirribilli House or the Lodge—let's include the Prime Minister's office as well—since 24 August 2018?

Ms Foster: We wouldn't normally be involved. Kirribilli House is the home of the Prime Minister, and the department only gets involved with official functions, for example, at the house.

Senator KITCHING: I guess what I'm asking you is: since 24 August 2018 are you aware whether Mr Mitchell Cole was a guest in any official function at which the department would be involved?

Ms Foster: I'm not aware. We just wouldn't have that level of detail with us.

Senator KITCHING: Can you take it on notice?

Ms Foster: I can.

Senator KITCHING: I presume you don't have a copy of the letter from the Prime Minister. You'll receive a copy of that shortly.

Ms Foster: I've just had confirmation that our communications branch was not involved in any way.

Senator KITCHING: Thank you. Was the letter that the Prime Minister wrote to the alleged victim of Mr Cole ever entered onto Slipstream?

Ms Foster: Typically, the system we use would be for correspondence generated in the department, and we were not involved in drafting the letter.
Senator KITCHING: So the Prime Minister's office doesn't enter correspondence using Slipstream?

Ms Foster: I'll need to take advice on that.

Senator KITCHING: If you are able to ascertain that, thank you.

Dr Gruen: Could I take this opportunity to correct something I said earlier. I was asked if PM&C were involved in an interdepartmental committee that does forecasting. I said that we were not, but I've been advised that the Joint Economic Forecasting Group does meet and that we are part of it, largely in an observer capacity.

Senator McALLISTER: Thank you very much, Dr Gruen. I might allow Senator Kitching to continue, and we can come back to that.

Senator KITCHING: The letter from the Prime Minister to the alleged customer says: 'You have indicated that you have alerted the department of fair trading, as you should. If you believe that any crimes have been committed, you should immediately report any and all of your concerns to the New South Wales police and other relevant authorities.' Are you aware, Senator Seselja or Ms Foster, whether the Prime Minister has reported this matter to any authorities?

Ms Foster: Not to my knowledge.

Senator KITCHING: Have there been other instances in the past—and is there a protocol or process in place—where people have used connections with the Prime Minister to, I guess, advantage themselves, and is there a protocol in place to ensure that people don't misuse a Prime Minister's position or the residences of the Prime Minister for improper purposes?

Ms Foster: Not to my knowledge.

Senator KITCHING: Are you able to take it on notice?

Ms Foster: Yes.

Senator KITCHING: Has the Prime Minister or his office, or the department, received any communications from any other alleged customers of this man, complaining about his work?

Ms Foster: Again, not to my knowledge. I would have to check.

Senator KITCHING: That would be good if you could. If yes, could you provide the communications, obviously with personal information redacted. Would you be able to do that?

Ms Foster: I'll take that on notice.

Senator KITCHING: Finally, has Mr Cole ever been engaged as a contractor by the Commonwealth? If you could take that on notice, that would be good.

Ms Foster: Certainly.

Senator KITCHING: I'll move to the electorate of Corangamite. There was a story during the election campaign of a dog that was supposedly killed, and Mr Morrison said on radio:

One of the worst stories I have heard — true story — Sarah Henderson told me about it, she's obviously the Liberal member for Corangamite, down near Geelong, …
One of her supporters had a poster of her in her yard. Someone shot her dog and put the body of the dog below her sign. I mean this is just appalling.

Sure, we can disagree about these things but that doesn't give anyone the right to engage in this sort of ugly hatred.

The Prime Minister gave the clear impression in those comments, reported in the ABC article, that the killing of Darcy the dog in the electorate of Corangamite last Easter was politically motivated. To PM&C's knowledge, have the AFP investigated this matter?

CHAIR: Senator Kitching, that sounds awfully like a question better directed to the AFP to me.

Senator KITCHING: I'm asking the Prime Minister's own department whether they're aware of correspondence with the AFP or any correspondence they themselves might be aware of in relation to this incident.

CHAIR: Senator Kitching, I will allow the department to answer, but if we are going to use estimates with PM&C to ask them if they are aware of other agencies of government undertaking things then we might as well only have one round of estimates and it only be with the Department of Prime Minister and Cabinet and not with any other agency. That would be truly absurd.

Senator KITCHING: What I'm asking is: is the Prime Minister's own department aware of any correspondence or any communication from the AFP, or anything that relates to the death of Darcy the pug?

Ms Foster: No.

Senator KITCHING: Is the department aware of any communication from Victoria Police?

Ms Foster: No.

Senator KITCHING: Has the department provided the Prime Minister with any briefings on this matter?

Ms Foster: Not to my knowledge.

Senator KITCHING: I think it's a terrible incident. Apparently the dog didn't die of unnatural causes, but certainly that was the impression the Prime Minister gave during the election campaign, and if nothing's happened since then, it doesn't seem to be very active or very caring.

CHAIR: Senator Kitching, can I just point out that opposition senators have called a spillover estimates to ask questions about, frankly, A Current Affair episodes and dead dogs during the election campaign. If you think this is a good use of the committee's time and of the many public servants assembled here, I think that reflects on you.

Senator KITCHING: Well, I think, Chair, in fact it reflects on the holder of the office.

Senator McALLISTER: It's also the case, Senator Paterson, that, as I indicated earlier, the questions we did want to pursue were unable to be answered by Senator Seselja, who wasn't briefed on one of the most significant stories that's occupied the Prime Minister in the last few months. There were other matters that we sought to explore, and they were completely unable to be answered by Senator Seselja. We will have to consider our options in relation to that.
Senator Seselja: If you'd wanted to ask questions on specific areas, it would have been well within your rights to have given an indication to the department ahead of time of the kinds of areas you wanted to go to.

Senator McALLISTER: Senator Seselja, it's up to you to come prepared. You can't just show up here and say you don't know anything.

Senator Seselja: The idea that you do a fishing expedition because—

Senator McALLISTER: You're responsible for your government and its performance—

Senator Seselja: You got nothing of value in the first one.

Senator McALLISTER: You turn up here and assert—

CHAIR: Order!

Senator Seselja: You ran short of time. You call a spillover and you ask these rubbish questions.

CHAIR: Order, senators!

Senator Seselja: It's an absolute embarrassment.

Senator McALLISTER: You're an embarrassment.

Senator Seselja: So keep going—very insightful questions! But it is a waste of time of the officials.

CHAIR: Senators, I do not think any of this is reflecting at all well on this institution. I would point out, since it's been raised for the record, that the department asked the secretariat a number of times whether opposition senators could indicate specific areas of questions that they had so that they could make sure they had relevant officials here to assist with them. It is certainly not an obligation or a requirement on opposition senators to do so, if they do not wish to do so, but it may assist in ensuring that your questions can be answered in the future if you give the department notice of specific areas.

Senator McALLISTER: The problem isn't the personnel; it is the way that the questions are being answered and specifically Minister Seselja's inability to answer a single question about the functions of the Prime Minister's office.

Ms Foster: Senator, I have had confirmation that the letter to Mr Cole—to the customer—was, as already said, not prepared by the department, nor was it on any departmental system. The system we now use is PDMS.

Senator KITCHING: So you've changed from Slipstream, haven't you?

Ms Foster: Yes, PDMS's successor.

Senator KITCHING: It was some years ago, I think.

CHAIR: Are there any further questions for the department?

Senator McALLISTER: No, but they took a lot of questions on notice last time and I'm looking forward to the answers being provided.

CHAIR: Thank you, Senator McAllister; I'm sure all senators are. I thank departmental officials very much for their attendance and evidence here this afternoon. The committee will now move to the Department of Finance.
FINANCE PORTFOLIO

In Attendance

Senator Seselja, Assistant Minister for Finance, Charities and Electoral Matters

Department of Finance

Executive

Ms Rosemary Huxtable PSM, Secretary

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 Nicholas Hunt, First Assistant Secretary, Commercial and Government Services
Mr Andrew Bourne, Assistant Secretary, Commercial and Government Services
Ms Anne Collins, Assistant Secretary, Commercial and Government Services
Ms Katherine Jones PSM, Deputy Secretary, Business Enabling Service

[16:25]

CHAIR: I now welcome Ms Huxtable and officers of the Department of Finance. Ms Huxtable, do you wish to make an opening statement?

Ms Huxtable: No, thank you.

CHAIR: Senator Seselja, do you wish to make an opening statement at this point?

Senator Seselja: No, thank you.

Senator McALLISTER: I want to return to a matter that the committee explored in February in relation to Helloworld Travel. It has since been reported that Victoria Police are investigating the matter, and that detectives from their Fraud and Extortion Squad have interviewed two former Helloworld employees. For the sake of clarity, can you confirm if the department referred the matter to Victoria Police or to any other investigative body?

Ms Huxtable: No, we did not.

Senator McALLISTER: Are you aware of the Victoria Police investigation?

Ms Huxtable: I've read the report in the media, which I think was a few weeks ago, but that's my only awareness of it.

Senator McALLISTER: Right. So there has been no communication with the Victorian police?

Ms Huxtable: No.

Senator McALLISTER: I wanted to ask about it, because, potentially, the matter raises questions around privilege and parliamentary privilege—at a minimum because it was considered during an estimates committee, where that estimates committee received correspondence directly from a former Helloworld employee. Not this estimates—

Ms Huxtable: That was the other committee—
Senator McALLISTER: Yes, that's right. It was another committee, but, nonetheless, it engages questions of privilege. It may be that the department considers this not to be your responsibility, and I accept that the department has not referred the matter, but has the department taken any steps to ensure that any potential claim for privilege is identified or protected?

Ms Huxtable: No.

Senator McALLISTER: Have you considered the issues of privilege in the event that the department is asked to cooperate with the investigation?

Ms Huxtable: I think at that time, clearly, we would consider any requests that were put to us, but that hasn't happened and so I guess I would be opining on a hypothetical matter in that regard.

Senator McALLISTER: Yes, for sure. I understand that. I think it's just that there have been a number of issues, which are not related to your area at all, to do with privilege and other investigative processes in recent times. The Senate, in particular, has been in an ongoing consideration of those matters and I just wanted to assure myself that those same issues weren't going to arise in this investigation.

Ms Huxtable: In thinking about the evidence that we provided in February, there were certain documents that were tabled at that time and, clearly, they're in the public domain. We've responded to questions on notice in respect of those matters. In the event that we were asked—and not in this instance alone, but in any instance where we were approached in respect of an investigation—then we would have to consider what was being asked of us and the context in which it was being asked, and whether there were any issues that we needed to consider in that regard. But in this particular case we've had no approach.

Senator McALLISTER: Okay, thanks very much. That's all that I have. That was the matter that we sought to explore, so thank you very much.

CHAIR: If there are no further questions for the Department of Finance, I thank you very much for your attendance and your assistance to the committee here this afternoon. The committee will now move to the North Queensland Livestock Industry Recovery Agency.
PRIME MINISTER AND CABINET PORTFOLIO
North Queensland Livestock Industry Recovery Agency

[16:30]

CHAIR: I welcome the Hon. Shane Stone, chief executive officer and chairman of the North Queensland Livestock Industry Recovery Agency, and other officers. Mr Stone, do you wish to make an opening statement?

Mr Stone: I do, Mr Chairman. Good afternoon, senators. I think I've met you all before in some capacity or another. I am the chairman of the advisory board and chief executive officer of the North Queensland Livestock Industry Recovery Agency, which we refer to as NQLIRA. I wish to make an opening statement so that you have a sense of the scope of what we're dealing with and how we've gone about ensuring a timely and well-coordinated response since the catastrophic flood event in North Queensland.

I have lived in the North for decades. I have experienced everything that nature can serve up—cyclones, floods, fires. This is what comes of living in the North. You are of the North, not just in the North. The sweltering heat, at times unpredictable weather events, isolation, cost and vast distances can be confronting. Banjo Paterson and Henry Lawson wrote of the 'ever-madd'ning flies' and 'mighty rivers with a turbid, sweeping flood'. I remain passionate about repairing and developing the North in the national interest. I believe in the people who take their chances in remote Australia. Families get knocked down. They get back up and stoically accept their lot. Dorothea Mackellar wrote in her famous poem 'My Country':

Of droughts and flooding rains.

... ... ...

Her beauty and her terror—
terror, indeed: a body of water more than 15,000 square kilometres in area, over 700 kilometres in length and up to 70 kilometres wide and moving at speed.

Between 25 January and 14 February this year, North, North-West and Far North Queensland experienced 12 days of continuous heavy rain, low temperatures, constant winds and a wall of water in the Flinders and Norman River basin. This devastated the North and North-West regions of Queensland. The devastation extended from Burke Shire in the west to Winton in the south and as far east as Townsville on the coast of the Coral Sea. Thirty-nine local government areas were activated under the Disaster Recovery Funding Arrangements. The region suffered unprecedented losses, totalling an estimated $5.68 billion in social and economic costs. Stock losses were as high as 100 per cent on some properties, and estimates to date indicate that several hundred thousand cattle, sheep and goats perished. There were also significant losses to cropping and horticultural businesses and extensive damage to critical infrastructure, including at least 10,000 kilometres of fencing, stock-watering infrastructure, some 6,420 kilometres of state roads and 15,000 kilometres of on-farm roads.

The flow-on effects to local businesses, communities, economies and environment were and remain significant. The hit to the economy has been substantial. According to the Queensland government, insurance claims lodged have a combined value of $1.132 billion, damage to roads and essential assets is around $800 million and direct impacts to small businesses are estimated in the many tens of millions. The financial impacts for primary producers in particular are likely to be felt over a number of years due to the loss of breeding
stock as well as cattle and sheep that were being readied for market in the short to medium term.

But most important is the human impact. I've seen hardened cattlemen brought to tears. Many of them endured years of drought before their herds were wiped out by the flood. People in these communities are still reeling from the scale of the disaster. Many people have already sought psychological assistance and there will be more support needed.

The Prime Minister acted quickly to establish the North Queensland Livestock Industry Recovery Agency, and that was on 1 March of this year. On the same day he announced that I would lead the agency. The role of the agency is to assist with immediate recovery efforts and, importantly, to work with communities to develop a long-term plan to rebuild the region, with an initial focus on what we can do for those many primary producers. My focus has been to get into the affected communities. The distances are vast, but already I have managed to get to those local government areas most impacted by this event. I have made it my business to see the damage firsthand and hear the stories of devastation and heartbreak, and what is needed to help get people impacted get back up on their feet. I am pleased to say that we hit the ground running. Within a fortnight of the announcement agency staff and I were travelling on the road visiting Cloncurry, McKinlay and Julia Creek. Nothing could prepare me for what I saw.

In September we travelled over 4,200 kilometres across the affected areas, visiting the local government areas that had been most impacted by this event. We spoke to primary producers, community organisations, small business owners, industry bodies and Queensland and local government representatives. We want to make sure, beyond any doubt, that we are reaching impacted people and communities, both in the recovery stage and in building strengthened resilience to such events in the future.

For both the immediate response efforts and the longer-term recovery, our mantra has always been 'locally developed, locally understood and locally implemented'. This ensures that we are delivering the right support at the right time to those impacted by this unprecedented event.

As at 1 November this year, the Australian government has made more than $3.3 billion available in support measures, including $100 million to deliver enhanced Special Disaster Assistance Recovery Grants to primary producers, small businesses and not-for-profits. There have been 1,755 primary producer grants of up to $75,000 paid, totalling more than $92 million, and 766 small businesses and not-for-profit organisation grants of up to $50,000 have been paid, totalling more than $10.8 million. Eleven million dollars has been paid to local government areas, that is $1 million each. $300 million has gone to delivering restocking, replanting and on-farm infrastructure grants of up to $400,000, matched dollar for dollar.

Over $32.7 million has now been approved for 109 applicants. There is $1 billion in AgRebuild loans that are now available to primary producers through the Regional Investment Corporation, which I am sure you are familiar with. There has been $1.75 billion made available for concessional loans directly to authorised deposit-taking institutions, and $4.8 million in education support to non-government schools with students from affected areas to support isolated students. There is $5 million for the management of prickly acacia. There is $2.6 million for mental health support for Northern and Western Queensland Primary
Health Networks and Phoenix Australia. There is $40.2 million for two new radars in Maxwellton, which is near Julia Creek, and Charters Towers, and their supporting rain gauges that will be spent over the next 20 years. A further $121 million was paid by the Queensland government to cover 50 per cent of the cost of the categories C and D monsoon trough package under the DRFA.

I want to assure you, Senators, that our programs are making a difference. Despite its name, the agency's remit extends well beyond livestock and encompasses all primary production, small business and community considerations in the flood-affected areas. Along with the Prime Minister, I visited Gary Stockham's sugarcane farm in Giru on 8 August. The floods dumped silt on the cane, ripped out his main irrigation pipe and destroyed his roads. Gary accessed a $75,000 special disaster assistance recovery grant to help repair the damage and was appreciative of how easy the process was and how quickly he was able to access the assistance. Graham Armstrong lost 50 per cent of his beehives when the flood hit Ayr. He used a $75,000 special disaster assistance recovery grant to pay wages and cover the cost of cleaning and repairs, which has assured his business's ability to provide pollination services to fruit and vegetable farmers across North Queensland. In Townsville, Michael Bulley used his $50,000 grant for small business to clean up and refit his Donut King outlet. Without that support, his shop probably would not have reopened. He's grateful for the country's 'life-changing' support, as he described it, when he needed it most.

Stories of local producers and community members like these embody the human face of the region's determination to pick itself up and get back to business. They are supporting themselves and their local communities. They are proof of what the agency can help people and communities achieve by offering the right assistance at the right time.

To support its complex and broad agenda, the agency has established an advisory board whose members have extensive on-the-ground industry experience as well as experience in government and non-government organisations. The board has met 11 times in the past nine months, including in the affected regions of Townsville, Winton, Mossman, Karumba and Cloncurry. Within a week of being re-elected, Prime Minister Scott Morrison met with the board at Cloncurry, where he acknowledged the value of their contribution to the agency in providing advice to government on how existing and new policies and programs can best support recovery and reconstruction efforts.

Looking ahead, the agency will produce and implement a strategy for the long-term recovery and strengthened resilience of flood-impacted areas of North Queensland. This long-term strategy will focus on locally led solutions that will help the region to be better informed and prepared for future natural disasters. We are consulting widely with the people who will benefit most from the strategy. The Prime Minister has highlighted the agency's responsiveness, direct engagement and effective collaboration with Queensland and local governments as making a crucial difference to the lives and livelihoods of middle Australians, demonstrating that government can be there when they need it most. The agency is uniquely positioned to deliver strategic leadership and to coordinate the Commonwealth's contribution to the reconstruction and future resilience and prosperity of North Queensland. It is with this compassionate and congestion-busting attitude that we will continue to have conversations around kitchen tables and walk paddocks and fields with farmers and their families, standing...
by communities as they rebuild and contribute to the country's economy. Recovery will take months and, in some cases, years given the scale of devastation from this event.

I wrote to all of the Senate and the House of Representatives enclosing a copy of our annual report under a personal letter, which I assume you have all received. You also will have received, in conjunction with my opening statement, five different graphics—I think there are five—which demonstrate the extent of the flood and the level of visitation that the agency has effected in the period. I assume that you've all received that through the secretariat? If not, we can—

CHAIR: It will be circulated to committee members. Thank you, Mr Stone.

Mr Stone: It has been?

CHAIR: It's about to be.

Mr Stone: Thank you. Thank you, Chair, for affording me the opportunity to make an opening statement.

Senator AYRES: Thanks, Mr Stone. I'm working through my list of questions and knocking some out because in your statement you dealt with some of them. My questions might be a little more prosaic than your, at least initially, poetic approach to the opening statement. I have a few basic questions about the administration of the organisation. Where is the agency currently located?

Mr Stone: The agency as it now sits is here in Canberra. I don't have an office in Canberra. My office is a LandCruiser on the Flinders Highway. It is our plan—because our appropriation was approved in the last week, I think it was—that we will be establishing a presence in Townsville and also in Brisbane. We'll scale back what we have here in Canberra. Our establishment is 34. We've occupied about 28 spots. We're quite small. Most of our effort is concentrated on being out there, up there.

Senator AYRES: When you say 34, you mean— I'm still getting across the language—

CHAIR: Full-time equivalent?

Senator AYRES: 34 desks, really?

Mr Stone: Yes, 34 desks. We only occupy 28. To add to that: a lot of my colleagues who work with me are secondees. Up until the appropriation, I was the only employee, so I relied on the collaboration and cooperation of other Commonwealth departments, which were first class in the way that people collaborated and came together to give us their time.

Senator AYRES: The appropriation has happened. There is an appropriation for 34, and they are transitioning—

Mr Stone: Some will join us.

Senator AYRES: Some are currently secondees who may become permanently allocated?

Mr Stone: They have that choice. Some of them have sought extended leave from their home departments. I have to say that everyone has been very cooperative. No-one has sought to block our access to the best people. A number have indicated to me upfront: 'Look, I'm happy to be here for six months, 12 months. I love this work.' I have a rule in the agency: you can't be in the agency unless you agree to go on the road. You have to get dirt under your fingernails and mud on your boots. You have to experience those emotional moments to
really get the feel for what we're dealing with. Some people have found that a very fulfilling experience. They may well transfer and stay with us in the next period.

**Senator AYRES:** Are you in a position to be able to say how many of those staff will be based in Townsville and Brisbane?

**Mr Stone:** For our initial placement in Townsville I'm working on a figure of about eight people. In Townsville possibly about three.

**Senator AYRES:** In Brisbane eight people; Townsville—

**Mr Stone:** Sorry, Townsville.

**Senator AYRES:** I see.

**Mr Stone:** Townsville is the convenient jumping-off point into the region. The other convenient jumping-off point is Mount Isa.

**Senator AYRES:** How does the agency work with the Queensland government body, the Queensland Rural and Industry Development Authority?

**Mr Stone:** QRIDA?

**Senator AYRES:** Yes.

**Mr Stone:** We have a superb relationship. They have a wonderful reputation. They have been around quite a while. Regardless of political colour they are so professional in the way that they action on our behalf. We pay them an on-cost and they become our agents out in the field. We have a working committee with them in which we might fine-tune criteria on grants or loans. We could not have done the job without QRIDA. They also function in New South Wales. There has been some suggestion that they might spread their wings and become a service provider for these sorts of exercises Australia-wide. If that were to happen, that would be a very good example of cooperative federalism and a very positive outcome. They are superb.

**Senator AYRES:** Is it easy to describe what they do and what your organisation does? Is there a way of capturing that?

**Mr Stone:** They're very much on the ground all day, every day, whereas we're setting policy and we're following up with people to make sure that they're getting what they need out of the arrangement. It works well. I know it has been said that it was just another layer of bureaucracy across the top. But I have to tell you: in the trip that I just did, where we drove for 4,200 kilometres, I asked the people—and it ranged from small business to local government; some farms organised meetings of all of their neighbours and all the rest—'Are we making a nuisance of ourselves? Would it be better, now that we've got over this initial hump, if you didn't necessarily see us again?' and the overwhelming response was, 'Please keep coming, because it demonstrates that the Australian government, the Australian people, still care about us.'

There is an issue. 'What flood?' I get that all the time in the south. 'What flood are you talking about?' And it's because it hasn't been on the front page and you haven't had people bent out of shape to the point where they feel the government haven't done their duty or the Queensland government haven't done theirs.

**Senator AYRES:** Until the appropriation was made, what have the set-up costs of the agency been?
Mr Padovan: To this point in time, to the end of September, we've spent $4.5 million. The costs of the agency are essentially covered by an advance to the Department of the Prime Minister and Cabinet, which covered the cost of the task force that Mr Stone referred to. From 1 March, Mr Stone, as a sole employee, was supported by a task force of secondees, and those numbers ranged from the mid- to high 20s during that period. But, essentially, the cost of the agency, from 1 March to the end of September, was $4.5 million.

Senator AYRES: So that cost includes the secondees?

Mr Padovan: It does, yes.

Senator AYRES: Plus Mr Stone, plus travel?

Mr Padovan: Yes.

Senator AYRES: There have been extensive visits made by the seconded staff, the CEO and the advisory board. Is it possible, on notice, to provide the travel costs associated with each trip?

Mr Padovan: I can provide that figure now. The cost of travel, to the end of September, was $319,000. That covered vehicle hire, airfares and accommodation, keeping in mind that every member of the team, bar one, has been in the region and some staff have done multiple visits. Of the board meetings, the bulk of them—all of them bar one in Canberra—were regionally based, so there's been quite a focus on getting staff and engagement out in the region.

Senator AYRES: Are you able to provide now a breakdown of the travel costs by trip and by cost item?

Mr Padovan: We can certainly provide a summary of the travel costs on notice.

Senator AYRES: Thank you.

Mr Stone: In terms of where we've been, I think the map of the region has now been distributed to you.

Senator AYRES: You will see we've annotated it. I think Townsville is listed as 13 visits and Cloncurry was 12, or whatever, so it's all documented.

Senator AYRES: This all happened pretty quickly. What was the process undertaken to appoint advisory board members?

Mr Stone: We went out to seek people who had some experience in the region, and we were very lucky—we didn't have anyone knock us back. The advisory board all had hands-on experience either in the livestock industry or of living in the region. There was a prescription: the Prime Minister requested that we include a local mayor, and so the mayor of Cloncurry, Greg Campbell, was selected. He has a 12-month term, and then we'll flip to another mayor in the region. We've worked closely with local government to deliver many of the programs.

Senator AYRES: Just so I understand it—was it you or the agency directly approaching people who had those attributes and experience?

Mr Stone: We workshopsed to get a list, which we submitted to the Prime Minister.

Senator AYRES: I see.

Mr Stone: Because it's his advisory board.
Senator AYRES: So you developed a list, and the Prime Minister approved the list?

Mr Stone: Yes.

Senator AYRES: It wasn't one of these things where people make applications or there's an advertisement?

Mr Stone: No. I hit the ground on 1 March. I was in the region in that week, and people were keen to meet with the advisory board to get a bit of a feel for who would be involved in their future. I know I got a bit emotional before, but it's really difficult to deal with people who've lost everything, and I mean everything. All the cattle are gone. The dogs are gone. The house has been washed off its stumps. Nothing could prepare you. It was just unbelievable.

Senator AYRES: I suspect we'll have agencies with the same experience in New South Wales and Queensland, with a million hectares burnt out already this season. It's very confronting for people.

Mr Stone: The people who will need to be supported are the victims of this as well as the first responders, I have to tell you, because it is really confronting.

Senator AYRES: Earlier on, Mr Stone, you said there was an on-cost payment for service delivery from—

Mr Stone: QRIDA?

Senator AYRES: QRIDA. How much is that?

Mr Padovan: That figure, from memory, is around 3½ per cent, and that is a negotiated figure with full transparency of what covers the administration arrangements for the grants programs administered by QRIDA on our behalf.

Senator AYRES: I see. So it's not done on the basis of time or an invoice. It's a proportion of the grants that are expended, is it?

Mr Padovan: In advance of settling the agreement with QRIDA around delivery, we had full disclosure of what it would take for QRIDA to undertake the processing, provide the assurance arrangements and do the on-the-ground activities that were required. From that, we agreed a figure for administration, which was a percentage of the overall—

Senator AYRES: Is there a memorandum between the two governments or the two agencies that sets that out?

Mr Padovan: There certainly is. There's quite a range of documentation in place: the national partnership agreement, which covers the $300 million that was transferred to the Queensland government and how that money is to be disbursed, and then a range of documentation that underpins that in terms of how we ensure that the money is going where we expect it to go and that the processes that we expect to be followed are being followed.

Senator AYRES: Would you be able to provide that on notice?

Mr Padovan: We can certainly provide those documents.

Senator AYRES: How often does the agency meet with QRIDA?

Mr Padovan: I'll just check. We have a formal governance forum that involves us, the Department of Agriculture, the Queensland Department of Agriculture and Fisheries, and QRIDA. I think that is monthly. So we're generally meeting monthly. That is reviewed,
particularly around the grants, how those grants are progressing and whether there's any recalibration required in terms of making sure we hit the mark.

Mr Stone: We intersect with those people all the time. I live most of my time, when I'm not out there, in Brisbane. So it's an opportunity to catch up with the senior bureaucrats who are most intimately involved from the Queensland government.

Senator AYRES: Mr Stone, at the outset, in your opening statement, you set out for us the proportion of that $3.3 billion that has been allocated. That was very helpful and saved me a series of questions. Is it possible to provide a schedule that sets that out in a way that shows what proportion of it is allocated to loans?

Mr Stone: Absolutely. Yes, we have all of that detail.

Senator AYRES: Is that something you can provide to the committee?

Mr Stone: Yes.

Senator AYRES: On 8 November, Mr Stone, you visited the Regional Investment Corporation in Orange. I assume it was to discuss the AgRebuild Loans.

Mr Stone: Indeed.

Senator AYRES: When were the AgRebuild Loans available for flood affected farmers to access?

Mr Stone: I think right from the very beginning. I think they've done about $36 million in flood related loans so far. There's a range of finance out there. For example, the Queensland government offers a $1 million loan, interest free for the first two years but thereafter 1.37 per cent. There's a lot of competitive product. But the other interesting thing in all of this is that the banks have been very defensive about saying: 'Look, these are our people. Don't get between us and them. We will do the right thing.' Two of the banks—I think NAB and also Rabobank—said that they would not foreclose on anyone for two years, and there was a postponement of interest. So there's quite a spread of product, both private sector and public sector, that is available to people.

Senator AYRES: I won't take this line of questioning too far; you never know where it might lead. But the entry of a public loan facility has encouraged better behaviour from our banks, has it?

Mr Stone: We'd say everyone's on their best behaviour in the light of—

Senator AYRES: It encourages a competitive—

Mr Stone: Look, they have been positive. At a lot of the meetings that we've conducted in the regions, the banks have sent representatives, and they've said all of the right things, and their behaviour speaks for itself. I'm very laudatory of the way they've worked with us.

Senator AYRES: Perhaps a question for Mr Padovan: are you able to provide any material that sets out what arrangements banks have been offering to the extent that the agencies have engaged with the banks? Have they sent out to you what they are offering property holders out there?

Mr Padovan: There are probably two aspects to that. There are certainly communications from the banks around what they are offering. NAB, I think, was one of the first to come out with what it would offer in response to the flood event. The bulk of the relationship that
individuals and businesses have with the banks is in a commercial arrangement, so those arrangements aren't in the public domain. But one of the things that we do wherever we go is have a discussion with individuals, with businesses and with primary producers around their relationships with the banks—what's working, what's not working and what our potential role might be. The consistent message we're getting is the banks have responded. And, for the bulk of the primary producers, I think it would be fair to say maintaining that relationship with their bank is paramount. It is, in many cases, intergenerational, so their first preference is to maintain the banking relationships that they do have and, ideally, on more favourable terms. Certainly the consistent message we're getting is that the terms they're reaching with the banks are very favourable and, in some cases, more competitive than we can offer through organisations such as the RIC.

**Mr Stone:** While we're talking about loans and the like, I think there's a real lesson here to be learned. The Prime Minister pretty much gave me a blank sheet of paper and asked, 'What do you think will work?' I said, 'I think the first thing I'll do is get out there and talk to the people to find out what it is they're looking for.' It became very obvious to us that people were not looking for more debt. That was the last thing on their mind. So we devised this approach of the grants. It's pretty basic in that, when you've lost everything, what's troubling you? What's going to make life really hard for you? Can I put bread on the table? Can I put fuel in the car? What about the kids in boarding school? How are we going to get by? If you want to give people hope, then, in my view—and it was strongly endorsed by my colleagues in the agency when we all came together—the initial grant was critical in giving people a sense of hope that there would be a tomorrow. So the loans have been quite secondary to the way we've otherwise dealt, as we've outlined, with the grants. The initial grant of up to $75,000 was for primary producers and up to $50,000 was for small businesses. Then we got into the grants of $400,000 for restocking, replanting and infrastructure, and that was dollar for dollar. Then we moved into talking about lines of credit. We've really just arrived at that point, but the grants upfront were critically important.

**Senator Ayres:** I have just a few more questions, as I'm conscious of time. In the October estimates, the RIC said that it had received 13 applications, but it's only approved three. Is that a source of concern for the agency?

**Mr Stone:** I think it's more now.

**Mr Padovan:** As at the end of September, as I understand it, they'd received 19 applications and three have been approved to a total of $8 million. But, going back to the point that was made earlier, and we have worked closely with Mr King and his team at the RIC, there were a lot of approaches. I can't recall if it was mentioned when the RIC appeared before estimates, but, when you look at the number of client contacts and the queries around those loan products, there are a lot of people ringing to find out what the RIC will offer so they can use that as a point of leverage with their commercial provider.

**Senator Ayres:** But you said it's improved since the estimates?

**Mr Stone:** Yes. In fact when I was there last week, I think it was, they told me that they had facilitated up to $36 million in loans. But there's another human element in all of this: you've lost everything, you're distraught, you're beside yourself and someone's putting a form in front of you and saying, 'Fill this in.' They're not in that space.
Senator AYRES: I take that point, and I take the point about alternative measures to loans, but RIC had received 19 applications and only processed three. I understand you're saying, Mr Stone, that more loans have been approved since then.

Mr Stone: That's my understanding, yes.

Senator AYRES: But it must be a source of concern to you that people who have filled out all the forms and decided—

Mr Stone: No, they haven't. That's the problem.

Senator AYRES: So they're holding up the process, not the agency?

Mr Stone: People are just collecting their thoughts and trying to work out, 'What do I need?' You have to remember that this all happened earlier this year, and we're only six or eight months into it. Our agency has a five-year life. We would expect to see a lot more around RIC and the alternative finance in the next two to three years.

Mr Padovan: Sorry, Senator, could I just clarify the context? One of the challenges, particularly for the primary producers in the north-west regions, is that many of the pastures haven't recovered from the flood event. When some of those grasses—the Mitchell grass, the buffel grass and the other grasses that are unique to those regions—are submerged for an extended period, they don't bounce back. Coming into the next wet season, a lot of them have to make a considered decision: do they buy now or do they hold off? Do they fix the fences and the roads? Do they redo the watering points and make other improvements to their properties with a view to restocking next year, or whenever the appropriate point in time is? So it really depends on the location and the nature of the business they're engaged with, the extent to which their properties were damaged and where that recovery process is up to.

Mr Stone: Further up, at Karumba, all the topsoil has gone. There is nothing for the Mitchell grass to come back into. So they're going to be waiting for quite a while before they even think about this.

Senator AYRES: I understand that the process for some of these properties rebuilding and having a plan to rebuild is complex, and so their needs in terms of finance, grants and other assistance are going to evolve over time. I get that. I guess what I'm really coming to is: the loan applications which had been received by RIC—let's go back to the estimates: the 19 in October, or as at the end of September—were complete loan applications, weren't they?

Mr Stone: Yes.

Senator AYRES: So it wasn't that people were struggling with filling the forms out; they'd filled the forms out and got that bit done. It was about RIC's internal processes in approving or not approving loans. Is that—

Mr Stone: No, I don't think that's right. We've worked closely with RIC. We haven't fielded a single complaint out of the region about RIC. When I was there last week they assured me that they had processed $36 million worth of loans and that they were out there, very visibly, trying to attract people to consider them as an option. But they're not the only option.

Senator AYRES: Yes, I appreciate that point. How many loans are they considering now? And how many have they approved?
Mr Padovan: The numbers we had in September were 19 applications received and three loans approved. We have worked with RIC in terms of their processing times. As Mr Stone flagged, there have been no concerns raised with us. As with any loan application, there is a lot of going back and forth—to clarify, to question, to test and to challenge—to make sure that the application is complete. It's not an area of concern, and we have that open line with RIC and also the strong engagement on the ground. So, from our perspective, the time around the processing of these loans has not been an issue which has been raised with us and it's not one which is an area where we're—

Senator AYRES: Would you be able to provide us with some updated figures then—to, say, end of October?

Mr Padovan: We will work with RIC, keeping in mind that RIC come under the Agriculture portfolio. We'll organise for an update through—

Senator AYRES: But the short story is that you're not concerned about that and believe that there's been some improvement in any case?

Mr Padovan: Yes.

Senator AYRES: But it would be good to see what's giving you that confidence.

Mr Padovan: Yes.

Senator AYRES: On 8 October, Mr Stone, you visited Hughenden to unveil a plaque commemorating the Commonwealth's commitment—

Mr Stone: I did not unveil any plaque!

Senator AYRES: Didn't you? It's funny; in my notes it says a 'plague', but I think they meant a plaque! I'm told you unveiled a plaque; what happened up there?

Mr Stone: I did not unveil a plaque. We were up in 'Katterstan' and they said, 'Your name's going to be on the plaque.' I said, 'No, it's not!' I was there to lend support for a very worthy project, but it's not our project.

Senator AYRES: There is no plaque?

Mr Stone: There's a plaque, but I'm not on it.

Senator AYRES: You scrubbed your name out?

Mr Stone: No. I think there was an expectation that, if they got my name on the plaque, somehow I'd pull out the chequebook—

Senator AYRES: Is the project a project that the agency is funding?

Mr Stone: No, but it is a project that we would support because of the resilience factor. What happens tomorrow in this region? Do we simply go back to doing what we've done before? The answer's got to be no.

Senator AYRES: When you say 'support' do you mean that rhetorically or—

Mr Stone: We support the whole concept of the irrigation project up there, and that's what it is. But it is not something that we fund. I think Minister Buchholz was the minister who attended up there. We want to see this diversity and development. This region will not survive if all they do is grow moo-cows. They've got to look further ahead in terms of developing crops that can sustain a feedlot operation that will make for better herds, more resilient herds, a more resilient region.
Senator AYRES: When you say 'support', there is no financial commitment from the agency—

Mr Stone: Not from us.

Senator AYRES: Or projected financial—

Mr Stone: No, it comes from—where does it come from?

Mr Padovan: Infrastructure.

Senator AYRES: When you say 'support', you think it's a good idea?

Mr Stone: We think it's an excellent idea, a superb idea.

Senator AYRES: You don't know why the water minister didn't attend?

Mr Stone: Minister Buchholz attended in his place. He's on the plaque.

Senator AYRES: He's on the plaque; I see. The agency's working on the development and implementation of a strategy for long-term recovery and strengthened resilience in North Queensland?

Mr Stone: Yes.

Senator AYRES: When will that strategy be delivered?

Mr Stone: We have finalised the strategy and we have submitted it in the usual way to the Prime Minister. I think that's right, isn't it?

Mr Padovan: We're just about to. We're in the process of closing out the strategy. There's a little more consultation we need to finalise, but we've certainly worked through with the board and with key stakeholders.

Mr Stone: We ran a series of roundtables throughout the region. We weren't going to just turn up and say, 'We're from Canberra.' From the top down we got people in all of the local government areas involved to tell us what they thought needed to happen.

Senator AYRES: So it's almost done and it will be submitted to the Prime Minister and the department? Is that right? What's the date that you're working towards?

Mr Padovan: Prior to Christmas.

Senator AYRES: When you talk about long-term recovery and developing resilience capability, is climate change built into the strategy? Has there been a discussion about incorporating—

Mr Padovan: What we built into the strategy was managing economic shock, whether it be induced by climate, market collapse—a whole range of factors. In the time that we've been up there there've been grasshopper plagues—there are a range of risks that need to be managed.

Senator AYRES: Plagues and plaques!

Mr Stone: Plagues and plaques, yes.

Mr Padovan: So it is about equipping and supporting the region to manage with a broad range of resources.

Senator AYRES: There have been fires in New South Wales and Queensland and sustained floods, and an increase in more extreme weather events is projected over coming
decades. It means different mitigation strategies from government, different resilience strategies from government. Is that part of the argument that you're making in the strategy?

Mr Padovan: One of the things the strategy identifies is the dearth of information up there. One of the struggles that many of the producers and many of the communities up there had is that they just didn't see the floods coming. They knew it was raining in the region. They knew somewhere upstream things were happening, but the lack of data made it very, very difficult for them to manage the risk effectively. So, to your point, one of the things we identify in the strategy and where we see tremendous opportunities is around providing better access to information—weather information, climate information, a range of information—and ensuring people are well equipped to make use of that information.

Mr Stone: The cockies accept that the climate is constantly changing. They don't push back on any of this. They've had the big floods before. They've had drought. Of the 11 LGAs that were initially flooded, four are now in drought.

Senator AYRES: It's not my experience that climate change denialism is a feature of my discussions with cockies; it's a feature of the Canberra bubble. That's where the climate change denialism is. It's not out in the regions, that's for sure. I don't have any more questions.

CHAIR: If there are no further questions for the agency, I thank you very much for your time and your attendance here today. I wish you all the best for your work in the years ahead.

Office of the Official Secretary to the Governor-General

[17:15]

CHAIR: I welcome Mr Paul Singer, Official Secretary to the Governor-General, and Mr Steve Murtagh, Deputy Official Secretary to the Governor-General. Mr Singer, do you wish to make an opening statement?

Mr Singer: Yes, I do. Since last appearing before the committee my office has been focused on supporting the transition between Governors-General Cosgrove and Hurley. After over five years in the role Sir Peter Cosgrove completed his term as Governor-General having participated in nearly 4,200 official engagements and opening the official properties to almost 240,000 guests. He and Lady Cosgrove travelled extensively throughout Australia, and by any measure it was a term of incredible outreach and engagement focused on reinforcing our national values and promoting community cohesion.

On 1 July this year General Hurley was sworn in as Australia's 27th Governor-General. Since then the Governor-General and Mrs Hurley have undertaken over 300 official engagements, hosted over 15,000 guests at Government House and Admiralty House, and by the end of this month will have visited each state and the Northern Territory to undertake programs of community engagement and outreach. During their first four months in office 36 per cent of events attended by Their Excellencies have been in regional and remote Australia, many of which have been in communities affected by the floods earlier this year in Central West Queensland or in fire-affected areas in South East Queensland and northern New South Wales. They have also visited remote Indigenous communities in Aurukun, Weipa and the Pilbara. Last month the Governor-General and Mrs Hurley represented Australia, alongside 180 other leaders of state and heads of government, at the enthronement ceremony for the Japanese emperor in Tokyo. In their first months in the role, just as they did in New South
Wales, Their Excellencies have committed themselves to helping build a stronger, more resilient and harmonious society.

With respect to the Australian honours and awards system the Queen's Birthday list announced in June contained the highest ever percentage of women recipients, 40 per cent. Having simplified and streamlined the nominations process we continue to see an increase in nominations received from the community. In fact there was a 47 per cent increase in nominations in 2018-19 compared to 2017-18.

I acknowledge the committee's interest in a project currently underway to stabilise the Kirribilli Point battery precinct. In November last year the self-seeded Moreton Bay fig tree which was causing the structural damage to the heritage listed marine barracks was removed and replaced with a mature Norfolk Island pine. The office has completed some initial remediation and the engineering design for the restabilisation works, which will be completed by the end of next year.

I also wish to provide advice to the committee with regard to the Senate order for the production of documents related to unanswered questions on notice. There was one question taken on notice by the office during the April hearings, and a response was sent to the Senate committee. I look forward to answering the committee's questions.

CHAIR: You have wisely anticipated one of the questions I would've asked, about the residence in Sydney, so I won't have to ask that.

Senator McALLISTER: We appreciate you being here today. Part of the impetus for having additional hearings today was the fact that your office wasn't able to attend at the scheduled time. Just for the record can you explain why a representative of the Office of the Official Secretary to the Governor-General was unable to attend on Monday 21 October.

Mr Singer: Of course. Thank you for the committee's flexibility in accommodating our attendance today. As indicated in my opening statement, General Hurley and Mrs Hurley represented Australia at the enthronement ceremony for the Japanese Emperor on 21 October, the day on which this office was scheduled to appear during the ordinary October estimates. I made a request on or around 16 September, via a letter to the chair through to the committee, seeking advice as to whether the office would be required for the usual October hearings. If so, I would have prioritised my commitments to ensure that I was able to represent the office at that scheduled hearing. I should also add that, at the time of our making the request, my deputy official secretary, Mr Murtagh, had indicated that he intended to retire, and we are currently undertaking recruitment activity to fill Mr Murtagh's position. So, to be quite clear, there was no-one available to represent the office during the scheduled hearing. Mr Murtagh has subsequently agreed to return to the office to assist with the handover until such time as we fill the DOS position.

Senator McALLISTER: I see. So Mr Murtagh wasn't employed at the time of the hearing?

Mr Singer: He was employed, but he had indicated his intention to resign and he was on a period of pre-agreed leave. At the stage of making the request, it wasn't clear whether or when Mr Murtagh might return to the office. I subsequently made a request to Mr Murtagh to stay on with the office until such time as we were able to complete the recruitment activity for the deputy official secretary.
Senator McALLISTER: Thank you. I am just looking at your budget from this year. It appears that in 2018-19 you had $7.6 million allocated for employee entitlements. Is that correct?

Mr Singer: That's approximately correct, yes.

Senator McALLISTER: And an average staffing level of about 80?

Mr Singer: That's right.

Senator McALLISTER: How does that compare with previous years?

Mr Singer: Over the last 10 years or so, there's been a reduction in the order of 10 per cent to 15 per cent in our average staffing level.

Senator McALLISTER: Can I ask you about some of the contracts that have been published on AusTender from the office. Looking at it, it appears that there have been more than 30 contract notices since January this year for your office for personnel recruitment and temporary personnel services. My assessment is that the value of those contracts is in the order of $2½ million, which is the equivalent of about a third of your entire staffing budget. Does that square with your understanding of the expenditure on personnel?

Mr Singer: Over recent times, you'd be aware that the office has undertaken a review of the honours business support system, and as part of that process we've been seeking to streamline and simplify the nominations process and the approval process for Australian honours. In that work, we've been doing a lot of automation. As part of the outcome of that work, we are currently undertaking a comprehensive workforce review of what our staffing requirement in the honours secretariat is. Until such time as that honours review is complete, we don't have a complete and full picture of what our ongoing staffing requirement will be. So, in the interim period, quite a number of those positions have been filled by contract staff.

Senator McALLISTER: Are they in addition to the baseline budget allocation that's indicated in the portfolio budget statement, or are you filling that allocation via these means?

Mr Singer: In the MYEFO in December, the office received additional funding in recognition of the increase in nominations for the Australian honours and awards system for the express purpose of providing additional contract staff to support the increase in workload, both in the honours secretariat and more broadly across the office.

Senator McALLISTER: That's in addition, then, to the 80?

Mr Singer: Those contractors are, yes.

Senator McALLISTER: Do you have 80 staff? Are you at your allocation?

Mr Singer: At the moment, no. We're currently sitting at approximately 74.

Senator McALLISTER: But you're in the ballpark of your allocation?

Mr Singer: The ballpark.

Senator McALLISTER: In addition to that, what are we talking about in terms of the contracted personnel?

Mr Singer: In terms of contract staff, we have approximately 10. It fluctuates between nine and 10.

Senator McALLISTER: So there have been 30 contract notices published since January 2019. I find it difficult to understand how that relates to just 10 personnel?
Mr Singer: It is important to note that relates to hospitality staff to support the Governor-General's program. We have a number of household staff who are permanently part of our ASL but they are, of course, complemented by contractors.

Senator McALLISTER: I see. Can I get a breakdown then of what is happening in terms of temporary personnel engaged in your area? Helpfully, you have confirmed that you have around 74 staff, and they are presumably engaged directly and in the ordinary way?

Mr Singer: Under the Governor-General Act, that's right.

Senator McALLISTER: Then you have an additional nine to 10 contract staff engaged in this honours project?

Mr Singer: Most of them are engaged in the honours project. There are some others within the office in different positions as well.

Senator McALLISTER: Then, in addition to that, you've got a fluctuating requirement for catering support?

Mr Singer: Yes, on an as-needs basis.

Senator McALLISTER: Can you give us a quantitative indication of what is being required in that area?

Mr Singer: I would certainly be happy to take that on notice to give you a full picture of where our contractors are employed and in what areas across the office.

Senator McALLISTER: That would be very helpful. I'm from New South Wales and am very pleased to see that the Governor-General's program since July has included a lot of trips to my home state, thank you, but I do notice that the Governor-General doesn't seem to have visited South Australia in that time. Is there a reason why South Australia has been overlooked?

Mr Singer: I would not suggest that South Australia has been overlooked. In fact, there is a planned visit to South Australia next week for a full community program. Much of the Governor-General's program has been very carefully planned for the first six months in office and there has been, of course, some flexibility associated with that to respond to natural disasters, both the floods in central west Queensland and, of course, the recent fires in both Queensland and northern New South Wales.

Senator McALLISTER: I understand. I attended the Remembrance Day ceremony at the War Memorial and Senator Ayres and I both remarked on how much we enjoyed the Governor-General's speech. If you could pass along our compliments to him.

Mr Singer: Thank you, and I will pass that on.

Senator McALLISTER: And I think you are obtaining 'hear, hears' from the other committee members. But on the website, there are only two published speeches. I am assuming that is not an accurate reflection of the Governor-General's speaking engagements?

Mr Singer: No, not at all. In fact, he has participated in over 300 official engagements, as I indicated, and in most of those engagements, he would speak in one form or another. The speeches that are currently on our website are in no way an exhaustive list of the speeches delivered by the Governor-General. But it is useful to remark that this Governor-General's personal style and preference is generally to speak quite informally and not necessarily from a
prepared speech; therefore, it would be inappropriate to put those informal remarks on the website. There would be no way of capturing those.

Senator McALLISTER: Nonetheless, two seems not quite enough?

Mr Singer: No, we noted that, in fact, last week. We will be undertaking to put more of the prepared speeches on the website to give a more full and comprehensive reflection of the diversity of the Governor-General's program.

Senator McALLISTER: If I may remark, I do think it goes to transparency in some regards, and people do want to see not only what his engagements are but what his contribution is at those engagements.

Mr Singer: Of course.

Senator McALLISTER: It also appears that the previous Governor-General's media has been removed from the website. Is this correct?

Mr Singer: In relation to media, I'm not quite sure what you are referring to. His full program is available on the website, so there is a full historical record of Sir Peter Cosgrove's program.

Senator McALLISTER: But not his speeches or media releases?

Mr Singer: No, that's right. The website was updated and changed over to support this new Governor-General, and the changeover was to coincide with the changeover of Governor-General.

Senator McALLISTER: Are the speeches and media of former governors-general archived anywhere?

Mr Singer: Well, the office has those archived within the office, yes.

Senator McALLISTER: The media of prime ministers and ministers is often available after they cease to hold office. Is there a difference here?

Mr Singer: I would have to contemplate that. I don't think there has been a precedent where a former Governor-General's speeches are necessarily made available on the current Governor-General's website but I can understand that there may be some ongoing interest and historical value in those speeches, and I would be happy to contemplate having those speeches made available.

Senator McALLISTER: Again, I suggest that there is a public interest in having such things publicly available and easily accessible. I would appreciate you considering it and perhaps providing some advice to the committee on notice.

Mr Singer: Of course.

Senator McALLISTER: That is all that I have, Chair. Thank you.

CHAIR: Thank you, Senator McAllister. If there are no other questions for the Office of the Official Secretary of the Governor-General, I thank you very much for your attendance and evidence here this afternoon. The committee now will move to the Department of Parliamentary Services.
CHAIR: I welcome the President of the Senate, Senator the Hon. Scott Ryan; Mr Robert Stefanic, Secretary of the Department of Parliamentary Services; Dr Dianne Heriot, Parliamentary Librarian; and officers of the Department of Parliamentary Services. I believe you have an opening statement, Mr President. I'll just check if Dr Heriot or Mr Stefanic have an opening statement.

Mr Stefanic: No, thank you, Chair.

CHAIR: I note for the record, Mr Stefanic, you have made changes to your plans today to make yourself available, and that is appreciated. Senator Ryan.

The President: I tabled some answers to questions on notice in the last hour and a half or so in relation to Senator Patrick's questions about the cybersecurity incident, so I wanted to take this opportunity to update senators in relation to that incident that impacted the parliamentary network earlier this year. I have been asked about how the incident affecting the network was executed. While I do not propose to discuss operational security matters in detail, I can state that a small number of users visited a legitimate external website that had
been compromised. This caused malware to be injected into the Parliamentary Computing Network. I reveal this information as a salient warning to all users of the parliamentary network that they must be cautious and vigilant when clicking on any documents, attachments or links that are outside of our environment. I had been asked if there was any insider involvement or assistance in the compromise, and I can confirm there is no evidence of an insider threat.

The Department of Parliamentary Services became aware of the incident on 31 January. DPS and ASD acted immediately to monitor activity and plan an effective remediation. Removal of the attacker occurred on 8 February. I have advised previously that a small amount of non-sensitive data was taken from the network. While we cannot precisely guarantee that no other data was removed, extensive investigation has provided no evidence of this. The small amount of non-sensitive data refers to DPS corporate data and data related to a small number of parliamentarians. Discussions either have occurred or will occur with the affected officers. I can advise that two senators were contacted at the time as soon as the breach was identified.

I have also been asked whether any law enforcement or intelligence agencies had access to the parliamentary system during the investigation and whether this access was supervised. DPS and the Australian Signals Directorate worked side by side in a collaborative manner in the investigation and remediation of the cyberincident. All ASD access was approved by and advised to DPS. ASD access related to investigating technical systems logs, scanning network traffic and identifying malware and other vulnerabilities. Neither ASD nor DPS accessed data or information stores held by parliamentarians without their consent. These technical investigations do not access contents of parliamentarians' documents, emails or communications and are limited to information required to diagnose and remediate cyberincidents. Thank you. I actually have some copies of the statement I can table—

**CHAIR:** That would be good.

**The President:** That I can circulate to you as well.

**CHAIR:** That should be helpful, Senator Ryan.

**Senator KITCHING:** Thank you, Mr President, for those responses to questions on notice from Senator Patrick. I received them at 4.47 pm, I think. In the first question—it doesn't have a number—Senator Patrick asked: 'What was the duration of the hacking, when did it start and how long did it take to close off the incident?' The answer is: 'DPS became aware of the incident on 31 January 2019. DPS and the ASD acted immediately to monitor activity. Removal of the attacker occurred on 8th February.' What happened between 31 January and 8 February, and was there any seeking to notify users of the system within that time?

**The President:** At this point I have to say that, given this forum, I am unable to go into any further detail. The Speaker and I have discussed this, because there was a query about releasing the report, and we have determined that the appropriate forum for us to provide some but not all further information, because there are sensitivities around it, is not a public forum but potentially and likely the security and appropriations committees of both chambers.

**Senator KITCHING:** Sorry, the security—
The President: The Senate Appropriations, Staffing and Security Committee—and the House has an appropriations committee that handles similar matters.

Senator KITCHING: In response to another question on notice, it says, 'The small amount of non-sensitive data refers to DPS corporate data and data related to a small number of parliamentarians.' You've said two. Were those parliamentarians contacted through their offices?

The President: I will speak only to senators. Questions regarding members of the House of Representatives should be addressed to the Speaker. At one point I contacted two senators personally and directly. Those senators were then contacted and dealt with by the Department of Parliamentary Services. I assume the Department of Parliamentary Services also had interaction with their offices.

Senator KITCHING: Both you and the Speaker issued a statement on 8 February.

The President: Yes.

Senator KITCHING: At 9:16 am, DPS put out an ICT notification suggesting parliamentary computer passwords be reset. Are you or Mr Stefanic able to take me through that in terms of what the was thinking there? Part of the problem was that the system went down, so communicating to people via email in a system they couldn't access would seem to be problematic, and that's why I asked how you contacted the two senators involved. If the President contacted them by phone, that would make sense to me given—

The President: I can clarify. I called the two senators by telephone before that statement. I believe it was the day before or potentially a couple of days before, but I think it was the day before. There was the password reset. The statement the Speaker and I put out afterwards was in the interests of being as transparent as possible. We really can't go into, in a public forum, more details of the stages of what happened or explanation for various reasons.

Senator KITCHING: I'm not really asking for more information. What I'm really asking for is, if the department knew that the system was down, why send out an email to a system that wasn't accessible? That's a little problematic.

The President: No, we were fully aware.

Senator KITCHING: That would not make sense.

The President: It was done in full consultation with the Speaker and myself. The password reset had to be undertaken. Given that substantial numbers, but not all, of the parliamentary computer network users are in this building, they would be coming to their desks and logging on. There are quite a number of people, of course, who don't work for parliamentarians who access the network. On that weekend and on that night there were extra resources dedicated to the 2020 helpdesk because we knew that those who were mobile, particularly members of parliament and their staff, would not see the notification and would not have an ability to access their email. Whereas, a lot of other people, those who come in and sit at their desk—as you all know, our computer asks us to change our password for good security reasons quite often—would not have necessarily noticed the change until they saw the newsletter. We knew that wouldn't pose a burden on members of parliament and mobile staff, and that's why we put extra staff onto the 2020 helpdesk. There was no other alternative given the advice that we received required the wholesale network password reset. I'll ask the
officials to correct me or add if there's anything wrong, but that wasn't an accident; that was intentional. We had no other pathway.

Senator KITCHING: At the time there was a suggestion made to DPS that DPS might acquire our mobile numbers and contact people that way.

The President: There has been work with whips, I think, looking into that. That's currently, at least in my experience, still under discussion with whips.

Senator KITCHING: Mr Stefanic?

Mr Stefanic: I don't really have anything further to add, apart from that the concerns you raise were actively discussed. It wasn't by accident that that approach was taken.

Senator KITCHING: I make the point that it's pretty useless to send out an email when people can't access it.

The President: With respect, Senator Kitching, it's not. Because there are several thousand people who access the network, we were very cognisant and aware—this was a decision that the Speaker and I took—that we had to undertake the password reset. We understood fully the frustration that that would involve, because it's happened to all of us before at some point, so extra resources were dedicated to the help desk. The password reset was going to happen. The email was merely a form of explanation so that people, when they got onto the network, understood why their passwords had to be reset.

Senator KITCHING: By 'extra resources', how many FTEs were put on?

The President: I can't recall.

Mr Stinziani: We certainly put a number of people on. I can't give you the exact number; I will take the exact number on notice. We certainly brought in people who are specialist service-desk people, and we also allocated other staff from other specialist areas to man the service desk.

The President: It was the focus of the Speaker and me, because we were very aware of mobile staff and mobile members of parliament.

Senator KITCHING: Just on the password reset: that notice went out on 8 February, and then there was another one on 15 February, at 12.34 pm, which was an authority to reset PCN passwords for parliamentarians. Firstly, do you think that that has been applied consistently?

The President: Sorry, I'm not quite—

Senator KITCHING: I'm looking at the 'authority to reset parliamentarians' passwords' form.

The President: Do you have a copy of that particular note? I don't have a copy of that note on me.

Senator KITCHING: I've got one. It has actually got an email from an officer of DPS who is lower—

The President: Fair enough. Off the top of my head, I am not particularly familiar with that level of detail of the operation to the network.

Senator KITCHING: But Mr Stinziani should be?

The President: Yes.
Senator KITCHING: Firstly, when was this form introduced—on 15 February?

Mr Stefanic: While Mr Stinziani processes it, from memory, the purpose of that authorisation was to enable parliamentarians to provide formal authority for passwords to be changed on parliamentarians' behalf by their staff. In the past, there had been ad hoc approaches by email and phone. This was an attempt to formalise that process.

Senator KITCHING: Once you introduced the form, was it then applied consistently?

The President: What do you mean, Senator Kitching?

Senator KITCHING: There seems to have been different levels—for example, people phoned in and no regard was given to that form or whether that form had been filled in.

The President: You mean when the reset happened?

Senator KITCHING: When a password expires, people—

The President: Okay, this is post the reset. This is when a password normally expires or—

Senator KITCHING: And that being allowed without the form.

The President: To clarify the question: you are asking the officials, 'When have staff been allowed to reset passwords for their senators or members without that form having been signed?' Is that correct?

Senator KITCHING: Yes.

Mr Stefanic: We'll have to take that on notice.

Senator LAMBIE: What happens when you've got rogue employees in your office, and it takes 10 days for 2020 to shut that down? Is that password changed straightaway?

Mr Stefanic: It should be actioned as soon as it's received. The concern that you raised about rogue employees is part of the rationale for having that form—to ensure that there is a very clear authorisation provided by the parliamentarian that that staffer has that authority. I don't know if Mr Stinziani can add any further to that.

Mr Stinziani: No, Rob, that's correct.

Senator KITCHING: Is there any identification process undertaken in relation to the staffer?

The President: Like the bank asks a secret question or something, a sort of verification that the person on the phone is the person they claim to be—is that what you're referring to?

Senator KITCHING: Yes.

Mr Stefanic: Presumably the parliamentarian is the authoriser.

Senator KITCHING: What I'm saying is that there has not always been regard to the form. People have phoned in, and the password change has happened without the form. It could be Joe Blow phoning in saying, 'On behalf of X.' As Mr Stefanic says, this is an attempt to formalise the process, and I understand that, but I'm suggesting to you that there are a number of examples where Joe Blow might have phoned in, because there's been no identification undertaken.

Mr Stinziani: I'll just invite Ian McKenzie, who's our chief information security officer, to answer this question. It's a level of detail that Ian's across.
Mr McKenzie: Could you please repeat the question?

Senator KITCHING: I think it was on 15 February that you instituted a formalisation of the authority to reset a parliamentarian's password process. Since then there have been a number of instances where people have been able to phone in. Given you've attempted to formalise the process, if anyone can phone in and there is no identification process—which obviously the form takes care of, to some extent—where is the security and where is the consistency in the application of password change?

Mr McKenzie: The exact process we use to verify the identity I will take on notice and provide more information on. I'll talk in general terms and can provide more information on notice. There are a number of ways that security is verified. One is the phone number. If we see a phone call come from that office, for example, then it verifies at least that that is the extension and the call is coming from the verified senator or member's office—and the same with electorate offices. The location of the call is one area.

Senator KITCHING: What about mobile numbers?

Mr McKenzie: They wouldn't be used as verification. I'll have to check exactly what verification we do use. One of the things we did state in implementing this process was that it's an opt-in process. There are a number of risks, and DPS did notify that there are risks around this process, but we did identify to senators who were wishing to accept that risk that we do put the best practice in place to prevent misidentification of individuals, but there is an element of risk because you are dealing with phone calls and other elements that aren't verified.

Senator KITCHING: The electorate offices have private numbers, so they come up as withheld. How do you see the number in order to use an electorate office number as a verification?

Mr McKenzie: If the number isn't available then we don't use it as a verification.

Senator KITCHING: In one instance someone phoned in on behalf of a parliamentarian and was asked nothing—she was asked for no verification, no identification. The change of the password didn't work, and it was only the second time that she was asked for identification. I don't need you to answer now—you can take it on notice—but that's one instance where there obviously is not consistency in the application of the authority process.

The President: Not all senators and members have filed the authority. I believe the way it—

Senator KITCHING: I'm only talking about the ones who have.

The President: So it's not about someone who hasn't filed—

Senator KITCHING: I'm not asking the department to control something outside of their ability. It's just, if you're going to have a process, it would be good if it were applied consistently.

Mr McKenzie: If I can just clarify, there is no identity verification for a reset. If we end up with a situation where a senator is travelling, for example, and they lock out their password and a staff member calls in and says, 'Can you please unlock or reset the password but not change it,' then there's no identity verification for that, because the only way harm could be caused is if the person actually knows the password in the first place. Where there's an
authority to change the password—as verified by the form—yes, there should be security identification, and we can look into that. I'd say, if there are any specific cases where any senators are aware that that security protocol hasn't been followed, if we can be advised immediately we can investigate those cases.

Senator KITCHING: I'll ask the people who have brought these instances to my attention, and then we might collate them and give them to you—

Mr McKenzie: Yes, please—

Senator KITCHING: if people are happy with that.

Senator LAMBIE: I'm informed that the number of sponsored security passes in circulation went up by fewer than 50 between 2016 and 2017, from 1,670, to 1,710, but between 2017 and 2019 it grew by nearly 700 to 2,380. Why? Did something change from 2017 to 2019 to have such a great bit of growth during that period of time?

The President: Those passes are sponsored by senators and members. I'll see if there's any data that the department has. But, in the end, those orange passes are a product of how many senators and members sign the forms. So, without meaning to be circular, the answer is: more senators and members sponsored orange passholders. There was a previous spike, years earlier, when the rules around unaccompanied passes were changed. You used to be able to sign in a guest on an unaccompanied pass. That was changed by my predecessor, I think, and Mrs Bishop, when she was Speaker. That led to a spike at the time, because people who wanted to come here regularly then were sponsored for an orange pass by a senator or a member. But, in the end, the number of those passes is a product of the number of senators and members who sponsor people to have one.

Senator LAMBIE: On average, how many orange passholders swipe into Parliament House when both houses are sitting?

The President: I'll take that on notice to look at. We definitely won't have that sort of data handy.

Senator LAMBIE: No, no—

The President: But we also, historically, have been very careful about publication of logs of any of the passes being used. So I'll take it on notice, but I'll make sure that what we answer is consistent with past practice. I don't know if we've ever answered on number of swipes in and out of the building. I just don't know, to be honest.

Senator LAMBIE: Would I also be able to get, on notice, the names of the parliamentarians who sponsored at least one pass in the previous parliament and the number of passes that they sponsored?

The President: I'll take it on notice, again, and see what, historically, has been provided. I will say that, as a general rule, when it comes to matters like this, firstly, I'm not going to be providing information about members of the House of Representatives, in my view, without consultation with the Speaker, and, generally, because of the need for comity between the houses and the fact that both the Speaker and I have a legal responsibility for the building, sometimes these decisions are historically required to be joint. So I'm not necessarily trying to put it on the Speaker, but I'd have to say: discussions have to happen before I determine what is released.
Senator LAMBIE: Would I also be able to get, on notice, the list of the organisations that employ people who hold orange passes and the number of employees per organisation with a pass?

The President: We've, historically, not published the data around who holds sponsored passes. So I'll take it on notice, but, again, I flag that I'll answer with what I believe has been past practice, after discussions with the Speaker.

Senator LAMBIE: Okay. Obviously, IT systems grow very quickly. We can accumulate all this information if we set the algorithms right—

The President: I know, and I'm being honest, Senator Lambie—it's about what we release rather than probably what we have.

Senator LAMBIE: In 2017, the Senate President argued that publishing the names of passholders would create security problems. He said it would let someone who wanted to identify themselves as a passholder create a likeness to a passholder, steal the pass, do harm to the person and then enter this building. I want to make sure that I'm getting this right: orange passholders have to scan their passes at security, correct?

The President: Yes.

Senator LAMBIE: Then security gets a picture that comes up on a screen?

The President: Yes.

Senator LAMBIE: So it shows up on the monitor. They can't enter the building if the card doesn't match up with the face that comes up on the computer, correct?

The President: Yes.

Senator LAMBIE: Now that you've updated your computers, has the problem that the Senate President referred to in 2017 been rectified?

The President: That was my predecessor. I previously said—I think at the most recent estimates—that we've not done it for privacy reasons, if I look back on the comments of Senator Parry. You can get into the public car park without a pass. It's effectively under the building. We do have incidents occasionally. Because the carpark gates are for cars, people walk into the building that way. They can't get past the front desk, for example, at the Senate or House entrance, but they do effectively get into the foyer of the building.

I think there are a myriad of reasons we historically have not published the names of passholders. I said last time that I would review it, but I'm not convinced of the reasons to change the historic reasons that we don't publish them. You've mentioned security. I think of privacy. I don't necessarily think it's up to me to unilaterally—if I could, because I'd have to speak to the Speaker—change that practice.

Senator LAMBIE: I would have thought it would be about transparency rather than privacy. These people are here. They've got nothing to hide. They come in and out. Their pictures are up on a computer. I would have thought that allowing this to be out in the public arena wouldn't be an issue any longer.

The President: I appreciate that's your view, Senator Lambie. As I said the other day in the chamber, some members of parliament have used sponsored passes, quite surprisingly to me—a member of the House told me—for volunteers in their office from community organisations. They're not all lobbyists. A sponsored pass is someone who a senator or
member sponsors to have a pass. It doesn't necessarily mean they're lobbyists. It could mean they represent the local football club and want to come up and speak to MPs a lot.

Senator LAMBIE: But they've got nothing to hide. That's my point. I think I made this clear to you the other day: New Zealand doesn't have a problem with it. They do it. It doesn't seem to be an issue over there. It's full of transparency. To build public confidence and trust in parliament, I think that such a little step wouldn't be a lot to ask.

The President: I understand you've got a different view to us, Senator Lambie. There are a couple of things that would concern me. I don't think it would be appropriate for me, without the consent of the Speaker of the House, to release the passes sponsored by members of the House of Representatives. I don't think it would therefore be helpful to have extra scrutiny placed on senators that's not placed on members of the House. Some people may think that is appropriate, but this building is effectively run jointly. It may change in the future, but I'm not convinced of the reasons for change myself now. I'm happy to review it, as I said to you in our discussion the other day and at the last estimates committee. I have given some thought to it.

Senator LAMBIE: At a bare minimum, if you don't want to put down who sponsored them, can we at least have a list that's out in the open? Sponsored passholders have to show they have a regular and significant business requirement for unescorted access to Parliament House. How do applicants prove this? Could you run me through it.

The President: It's asserted by the applicant, and members and senators, when they sign the form that they actually sign the form saying, 'Yes, I believe this person has a need for access to the building.' I'm not sure if you've sponsored someone. You get a form and you have to tick that you know the person and that they have a legitimate reason to access the building. We rely upon the applicant and the senator or member who authorises the application.

Senator LAMBIE: How many people reapply for a pass after it's expired? What's the average length of time that a person holds a pass? What's the, I guess, uptake of them continuing to have that pass? Is it three years for a pass?

The President: It is. A lot of people reapply. Again, we wouldn't have data around that handy. 'How many people with current passes have previously held a pass?' is, I suppose, the data interrogation question. I will take that on notice again in the context of what we have historically provided. My guess would be that it is quite a lot.

Senator LAMBIE: What are the conditions for revoking an orange pass? How many times has the department revoked an orange pass in the past?

The President: The Speaker and I revoked a few earlier this year that had been inadvertently issued incorrectly. We are currently in the process of approving a new pass policy. That won't change much for the orange passes, but, within that, there are rules. For example, earlier this year the Speaker and I removed the pass of a staff member of a member of parliament. The Speaker and I retain that power to remove the privilege of access to the building for anyone other than a senator or a member. We don't have to do it often. There were some that were inadvertently issued, in a category that didn't exist anymore, and they were withdrawn. They are the only ones I can think of other than the one that got some media attention this year, and that person has been issued a pass again since July.
Senator LAMBIE: Do we monitor the use of passes? Is any data collected on the use of passes?

The President: Senators and members are particularly nervous about access to the data system around passes to the building. In fact, one of the reasons the Senate still has not activated the electronic access system is some concerns people have over access to data held in the system. Senator Lambie, while it is an entirely reasonable question, in my experience I would have not quite a stampede at my door but a lot of concerns expressed if there was an analysis of who was going around the building and who was using passes. A lot of our colleagues would be very, very worried by that being undertaken. So it's not undertaken.

Senator KITCHING: I want to ask about some personal employment information which was recently visible in Outlook. Chair, I have copies of those documents—screen grabs. I don't really want to table them, because they do contain people's private information—their AGS number, the employing senator or member, the individual salary classification and their position within the office. I don't really want to table that information.

CHAIR: I share your caution. Let's see how we go asking questions without tabling them.

Senator KITCHING: It's across the parties.

CHAIR: Understood. I assume caution.

The President: Is this the staff of parliamentarians?

Senator KITCHING: Yes. There was personal employment information recently visible in Outlook. It has now been removed. Is the department aware that personal information of MOP(S) Act staffers was visible in the APH Outlook system?

Mr Stinziani: Yes, we are now.

Senator KITCHING: The information included AGS numbers, the employing senator or member, the individual salary classification and their position—for example, chief of staff or adviser or whatever?

Mr Stinziani: Yes, some of that is true. I can take on notice the exact information that was contained in Outlook.

Senator KITCHING: I would suggest to you that all those categories were available to be seen. What period of time was this personal employment information visible to APH email users?

Mr Stinziani: I'll have to take that on notice.

Senator KITCHING: How did the information become public in Outlook?

Mr Stinziani: It hasn't become public in Outlook. It is available only to people who are contained on the global address list—only people with an APH parliamentary account.

Senator KITCHING: How many people are on the APH global email list?

Mr Stinziani: I don't know the exact number. It would be a thousand at least.

Senator KITCHING: I'd be pretty happy if my information could be seen by a thousand people! Was the information deleted?

Mr Stinziani: It has been deleted, yes.
Senator KITCHING: You didn't just put it in a way where it is still on the system but just not visible?

Mr McKenzie: It was moved to a secure part of the system. That was information that we would want to retain. It is kept as part of our account management. It was removed from the global address book to a secure area which was not visible by anyone except the administrators responsible for looking after the system.

Senator KITCHING: How did it move from a part of the system where the administrator could see it to being publicly available?

Mr McKenzie: The process that had been in place for some time was that when we received a cessation notice from the Department of Finance—because, as you noted, it was staff of parliamentarians—the information was pasted in the notes field of the global address book—

Senator KITCHING: So you cut and pasted it in?

Mr McKenzie: A previous process was to follow that process to have that information available to the people who are managing the accounts. It wasn't immediately visible within the global address book; you did have to drill down several levels to see it. However, we acknowledge that there are now other repositories which we can use for that information and that's not an appropriate place to store that information. So it was removed.

Senator KITCHING: When you say 'drill down', you actually mean move across from 'general' to 'organisation' and then in 'phone/notes' is the information?

Mr McKenzie: That's correct.

Senator KITCHING: So it's not actually drilling down, it's just moving across the tabs?

Mr McKenzie: Yes. You would have to open the person's entry and then go across a number of tabs to find the information.

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Mr McKenzie: Yes.

Senator KITCHING: Why did anyone think that was a good idea?

Mr McKenzie: It goes to historical practice. Once we reviewed that practice, we determined that it was not a good idea and it was not an appropriate place to store that information. There wouldn't have been the repositories or other systems at the time that that practice started. Once we became aware of it, we ceased that practice and moved to a more appropriate storage location.

Senator KITCHING: Could I suggest to you that the users of the APH global email system are people who tend to have curiosity as a basic part of their character. I have a lot of them, so there are a lot of curious people on the system, and they didn't stop at the 'general' tab. What prompted the removal of the personal information?

Mr McKenzie: We received a phone call raising a concern that someone had seen the information we held.

Senator KITCHING: When was that?

Mr McKenzie: It was 2 pm on 21 August.
Senator KITCHING: This year. And how long had you been cutting and pasting information into the system?

Mr McKenzie: I believe the practice had been in place for a number of years.

Senator KITCHING: Can you take it on notice and tell me exactly how long.

Mr McKenzie: I can. I don't know that we will be able to get an exact date, and I don't know that there will be an indication of when the practice actually started, but we will do our best to find the most accurate answer to the question.

Senator KITCHING: How many APH account users did this issue affect?

Mr McKenzie: I believe it was quite large, potentially somewhere in the area of 2,000. Senator, can I also answer the question that Mr Stinziani took on notice as to what was actually included in the listing?

Senator KITCHING: Yes.

Mr McKenzie: Their name; the office that the person previously worked for—because it was a cessation of us it would actually note down where the person actually worked—their employee ID number; their position classification but not salary, it mentioned their position title as such; the date that they ceased employment; and their employment category, as in ongoing or non-ongoing was the information included.

The President: So it didn't have salary?

Mr McKenzie: No.

Senator KITCHING: But it had the classification, and obviously you can extrapolate out from the other documents we get from Finance?

The President: Having just been made aware of this, although occasionally when I see something, a file of an Outlook thing, it now makes a bit more sense that I might have come across it by accident—the fact that it has been going on for several years. I am substantially less concerned with the classification being published. I have to admit, when I thought it was the salary being published, listening to the question and answer, I was very concerned.

Senator KITCHING: I didn't say the salary; I said the individual salary classification.

The President: Yes, sorry, I misheard.

Mr McKenzie: Can I also indicate that the practice has been in place since 2013.

Senator KITCHING: So it was in place for six years?

Mr McKenzie: Since 2013, yes.

Senator KITCHING: Did DPS contact people who had been affected?

Mr McKenzie: We did not. We took advice internally within DPS about whether it indicated to be a notifiable data breach. It was indicated that it was not a notifiable data breach. The people who were included had left employment, so we did not have current contact details. But we determined that at that stage, based on the information that was disclosed and the manner in which it was disclosed, it was not a notifiable—

Senator KITCHING: Where did you get the internal advice from?

Mr McKenzie: Within DPS.

Senator KITCHING: Within legal?
Mr McKenzie: I believe so.

Senator KITCHING: Can you take that on notice?

Mr McKenzie: Yes.

Mr Brigden: I might be able to help. Internal advice was sought in terms of notification requirements. We considered the advice provided by the Office of the Australian Information Commissioner. The threshold question is whether or not the data breach, if it's a data breach, is likely to cause serious harm to individuals.

Senator KITCHING: I think it would have been courteous to try to notify people that you'd had the first bits of their personal information on board, because of course there might have been a cessation of employment and then they were re-employed in other people's offices. I would imagine that if I were re-employed I would be even more unhappy.

Mr McKenzie: Senator Kitching, if I can just correct my earlier answer: the number of accounts that were included was 1,169 by 2013. The answer was related to the year.

Senator KITCHING: Did you apologise to the person who phoned you?

Mr McKenzie: I believe we did. I did not speak to them personally, but one of my directors did. They had a number of conversations with them and did express our regret that it had occurred. The person had explained to them what had occurred and accepted our explanation.

Senator KITCHING: They had no choice at that point! That sort of goes against Mr Brigden's testimony that no serious harm was done, because you've issued an apology. And you didn't issue the apology; one of the directors did. Who issued the apology?

Mr McKenzie: Our director of cybersecurity and networks?

Senator KITCHING: Who is that? That's not Mr Stinziani, is it?

Mr McKenzie: No, it's not.

Senator KITCHING: Who is it? I presume he is executive level.

The President: Not an SES level officer.

Senator KITCHING: Why was DPS in possession of the private employment information? Why did you have that information?

The President: What do you mean by private?

Senator KITCHING: Like classification?

The President: The information that Finance—

Senator KITCHING: Yes, that Finance would have, and the role they had in the office. Why did DPS have that information?

Mr Stefanic: It's information provided by the Department of Finance that relates to the separation.

Senator KITCHING: If someone says ceasing employment, I can understand that they might say to cut off the email. I don't think you need the rest of the information, do you?

The President: That's a good question, to be honest. Obviously we rely on, as we've discussed previously, transfers of information from the Department of Finance and MPs, or an authorised officer on their behalf, asserting people should have access to the PCN. Off the top
of my head, I can't think why Finance would provide the classification. As a former Special Minister of State, it's never occurred to me, but I'll think about it and, if there's a reason it's been provided, we'll provide it. It could just be part of a block of data transfer.

**Senator KITCHING:** It could be Finance just not thinking or being lazy.

**The President:** It could be something simple like the EOA that the EOC has provided as part of an employment classification, but we'll have a look at it.

**Senator KITCHING:** Who has access to that information in DPS?

**Mr McKenzie:** Currently, in its current—

**Senator KITCHING:** No—who had it for six years? Was it broadly available in DPS or only available at a higher level?

**Mr McKenzie:** When it was provided by the Department of Finance for the purposes of administration? It would be the accounts administration team.

**Senator KITCHING:** Are you going to be able to give a rolled gold guarantee that this is not going to happen again?

**Mr McKenzie:** We have ceased the process and implemented a different process.

**Senator KITCHING:** Could I ask some questions in relation to the transition to Windows 10 and Office 365 and the email circular concerning the rollout for parliamentarians received on Thursday 24 October?

**CHAIR:** You may, Senator Kitching. Just so you know, it's 10 minutes to adjournment.

**Senator KITCHING:** What consideration has been given to the way in which the new storage arrangement will intersect with parliamentary privilege?

**Mr Stinziani:** Parliamentary privilege doesn't change.

**Senator KITCHING:** And you consulted with the presiding officers?

**Mr Stinziani:** On the privacy issue. In terms of directly consulting with the presiding officers around that, I'll have to confirm that. I don't think we did. It's an issue around parliamentary privilege that we take very seriously. We certainly examined whether there would be any change to that, and there is absolutely no change to it. The process remains exactly the same, where parliamentarians own that data and permission needs to be sought from parliamentarians for anybody to access that data, and we go through the presiding officers as part of that process.

**Mr Stefanic:** I think it's also important to mention that this project has been in progress for a number of years and is overseen by the Parliamentary ICT Advisory Board, which has a number of senators and members representing on it.

**Senator KITCHING:** I'm going to put some questions on notice that relate to consultation. There's some more detail I'd like. The data is not going to be stored onsite at Parliament House; it's going to be stored in the cloud. Is that correct?

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

**Senator KITCHING:** That's going to be at Microsoft data centres in Victoria and New South Wales?

**Mr Stinziani:** That's right.
**Senator KITCHING:** How is this going to affect the operation of the 2005 memorandum of understanding between the presiding officers and the Attorney-General and the Minister for Justice which sets out guidelines to be followed in the execution of search warrants in relation to premises used or occupied by members and senators, including their offices in Parliament House?

**The President:** I'll take that on notice. As some senators may be aware, there are currently discussions going on about commencing an update of that because it is quite old. Those issues about data being held offsite have been considered specifically with respect to the EACS, and I think similar principles would apply.

**Senator KITCHING:** So you're still consulting. I'll put on notice the arrangements. For example, if the Attorney-General, the Minister for Justice, the AFP, Microsoft et cetera—

**Mr Stefanic:** As a general rule, all our third-party providers that may hold parliamentary data are, under the contract, required to seek DPS's approval before releasing any information to any bodies, even including under process. We annually write to those same vendors to get them to verify the arrangements and, if there is such a request, we would then obviously facilitate with the relevant parliamentarian.

**Senator KITCHING:** Have you made or given Microsoft copies of the report into parliamentary privilege and the use of intrusive powers and the 164th report on search warrants in the Senate? Have you done that sort of training?

**The President:** I would doubt they've handed over the Senate Privileges Committee report, but it's not a bad idea. I'll think about it.

**Senator KITCHING:** I'm just aware that we've had issues with the AFP.

**The President:** I'm particularly aware. Respectfully, I think the AFP are aware. I'm not going to go into in a public forum what I did in the Privileges Committee with my interaction with them over a recent incident, which, while not perfect, I think showed substantial sensitivity. Those discussions occasionally happen between AFP officials, the Speaker and me, so I think there is a strong understanding there, but I do think—and I've said before—the MOU needs updating. We're progressing some effort on that, and that will be guided, in my view, by the findings of those Privileges Committee reports.

**Senator KITCHING:** I'm going to move on to DPS's internal budgeting procedures and particularly the 2019-2020 DPS capital administered budget. What items are covered in the DPS capital administered budget, Ms Saunders?

**Ms Saunders:** Sorry; I didn't hear your question. Can you repeat it?

**Senator KITCHING:** I want to talk about the 2019-2020 DPS capital administered budget. Has it been approved?

**Ms Saunders:** I believe it has. I will need to check that.

**Senator KITCHING:** It should have been approved in the first quarter of the financial year.

**Ms Saunders:** Ideally, yes.

**Senator KITCHING:** What do you mean by 'ideally'? Is it just like a hope and a prayer?

**Ms Saunders:** No. We have run a very rigorous process.
Senator KITCHING: But you can't tell me whether or not it has been approved yet?

Ms Saunders: I know that it was sent to executive committee members to consider around a week ago.

Senator KITCHING: That would make it late.

Ms Saunders: That's for new projects. Projects which had previously been approved and were carrying forward into this financial year were then reconsidered by the executive committee around July of this year. There are a substantial number of projects that that relates to. They were all approved. There are between 10 and 15 projects—I would have to have a look to give you a precise number—that were new proposals, and they have been considered, as I said, in a rigorous and comprehensive way. They have just recently been released to our executive committee to consider.

Senator KITCHING: Okay. Mr Stefanic, I'm going to make a big assumption here: you are on the executive committee.

Mr Stefanic: Yes.

Senator KITCHING: You received that report a week ago, so that report is late. No matter whether they're rolled over projects or new projects, my understanding is that that budget should have been approved in the first quarter even last week. Ms Saunders hasn't really given me an answer on whether it's approved or not—that seems very vague—but even last week that would have made it late, yes?

Mr Stefanic: It's important to note that these projects have been under consideration by the DPS executive committee for some months, so it is not like there is—

Senator KITCHING: When you say 'some months', do you mean before the first quarter of the financial year—before 30 June?

Mr Stefanic: Yes. We've been reviewing our processes for how individual project teams submit their capital works plans and to ensure that we've got an effective monitoring system in place. So it has been subject to—

Senator KITCHING: But that's your process for that. That's not actually the approval of the budget. I'm happy that you're reviewing your processes; what I'm concerned about is that that has delayed projects which should be underway—for example, in information services in the building and services division.

Mr Stefanic: The information services projects fall under departmental capital. Any ICT project typically falls under departmental capital.

Senator KITCHING: That's what I'm asking about. I started by asking about the DPS capital administered budget. Neither Ms Saunders nor you have given me an answer, but my understanding is that that is to be approved in the first quarter of a financial year. Is that correct? 'Ideally' was what Ms Saunders said, so that seems a bit—

Ms Saunders: That is the case though: ideally. There's no hard and fast rule that new projects need to be approved in the first quarter. It's something that we seek to achieve. However, the majority of projects were approved, so we are talking about a small number compared to the larger number of projects that are already underway and continuing into this year with funding approved.
CHAIR: I'm afraid any further questions will have to go on notice, as we have now reached the appointed time.

Senator KITCHING: This is highly unsatisfactory.

CHAIR: That concludes the committee's examination for today. I would like to thank ministers and officers who have given evidence to the committee today. I would also like to thank Hansard, broadcasting and the secretariat for their assistance. I now declare this meeting of the Senate Finance and Public Administration Legislation Committee adjourned.

Committee adjourned at 18:30