COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION
LEGISLATION COMMITTEE

Estimates

TUESDAY, 9 APRIL 2019

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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Tuesday, 9 April 2019

Members in attendance: Senators Ciccone, Farrell, Hume, McAllister, Paterson, Patrick, Polley, Dean Smith, Spender, Stoker, Wong.
FINANCE PORTFOLIO

In Attendance

Senator Cormann, Minister for Finance and the Public Service
Senator Seselja, Assistant Minister for Treasury and Finance

Department of Finance

Executive

Ms Rosemary Huxtable PSM, Secretary, Department of Finance

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

Mr David Fredericks, Deputy Secretary, Budget and Financial Reporting
Ms Katherine Jones PSM, Deputy Secretary, Business Enabling Services
Ms Amanda Lee, First Assistant Secretary, Budget and Financial Reporting
Dr Arthur Camilleri, Assistant Secretary, Budget and Financial Reporting
Mr Damien Adler, Assistant Secretary, Budget and Financial Reporting
Ms Donna Degen, Assistant Secretary, Budget and Financial Reporting
Mr Geoff Painton, Assistant Secretary, Budget and Financial Reporting
Mr Gareth Sebar, Assistant Secretary, Budget and Financial Reporting
Mr Paul Hupalo, Assistant Secretary, Budget and Financial Reporting
Ms Rachael Spalding, First Assistant Secretary, Budget and Financial Reporting
Mr Martin Graham, Acting First Assistant Secretary, Budget and Financial Reporting
Mr Mark Richardson, Assistant Secretary, Budget and Financial Reporting
Mr Nick McClintock, Assistant Secretary, Budget and Financial Reporting
Ms Jen Stace, Acting Assistant Secretary, Budget and Financial Reporting
Mr Libor Pelecky, First Assistant Secretary, Budget and Financial Reporting
Ms Chris Schweizer, Assistant Secretary, Budget and Financial Reporting
Mr Scott Austin, Assistant Secretary, Budget and Financial Reporting
Ms Donna Valenti, Assistant Secretary, Budget and Financial Reporting
Dr Stein Helgeby, Deputy Secretary, Governance and Australian Public Service Transformation

Ms Tracey Carroll, First Assistant Secretary, Governance and Australian Public Service Transformation
Ms Angela Baum, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Marc Vickers, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Peter Gibson, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Lembit Suur, First Assistant Secretary, Governance and Australian Public Service Transformation
Mr Neil Robertson, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Ian Nicholas, Assistant Secretary, Governance and Australian Public Service Transformation
Ms Rina Bruinsma, First Assistant Secretary, Governance and Australian Public Service Transformation.
Mr Gareth Hall, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Michael Di Francesco, Assistant Secretary, Governance and Australian Public Service Transformation

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
Ms Stacie Hall, First Assistant Secretary, Commercial and Government Services
Mr Nicholas Hunt, First Assistant Secretary, Commercial and Government Services
Ms Vivianne Johnson, 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 Tiffany Karlsson, Assistant Secretary, Commercial and Government Services
Ms Elizabeth Hickey, Assistant Secretary, Commercial and Government Services
Mr Andrew Staines, Assistant Secretary, Commercial and Government Services
Mr Matthew Whitfort, Assistant Secretary, Commercial and Government Services
Ms Lorraine Holcroft, Assistant Secretary, Commercial and Government Services
Mr Andrew Danks, Assistant Secretary, Commercial and Government Services
Mr Jason Ford, Assistant Secretary, Commercial and Government Services
Mr Stephen Sorbello, Assistant Secretary, Commercial and Government Services
Dr Stein Helgeby, Deputy Secretary, Governance and Australian Public Service Transformation
Ms Katherine Jones PSM, Deputy Secretary, Business Enabling Services
Mr Craig Donovan, Acting Assistant Secretary, Governance and Australian Public Service Transformation
Mr Lembit Suur, First Assistant Secretary, Governance and Australian Public Service Transformation
Ms Kim Baker, Assistant Secretary, Governance and Australian Public Service Transformation
Ms Kim-Louise Benning, Acting Assistant Secretary, Governance and Australian Public Service Transformation
Ms Rina Bruinsma, First Assistant Secretary, Governance and Australian Public Service Transformation
Mr Gareth Hall, Assistant Secretary, Governance and Australian Public Service Transformation
Mr Michael Di Francesco, Assistant Secretary, Governance and Australian Public Service Transformation
Mr John Sheridan, First Assistant Secretary, Business Enabling Services
Ms Lucelle Veneros, First Assistant Secretary, Business Enabling Services

Outcome 3—Support for parliamentarians and others as required by the Australian government through the delivery of, and advice on, entitlements and targeted assistance
Ms Katherine Jones PSM, Deputy Secretary, Business Enabling Services
Mr David De Silva, First Assistant Secretary, Business Enabling Services
Mr Brent Heaver, Assistant Secretary, Business Enabling Services
Ms Lauren Barons, Assistant Secretary, Business Enabling Services
Ms Rachel Antone, Assistant Secretary, Business Enabling Services

General
Mr Scott Dilley, First Assistant Secretary, Business Enabling Services
Mr John Sheridan, First Assistant Secretary, Business Enabling Services
Mr Grant Stevens, Acting Chief Financial Officer, Business Enabling Services
Ms Cassie Alexander, Assistant Secretary, HR Branch, Business Enabling Services
Ms Carolyn Driessen, Assistant Secretary, Parliamentary Coordination and Corporate Engagement, Business Enabling Services
Ms Dana Sutton, Assistant Secretary, Legal and Assurance Branch, Business Enabling Services
Mr Dean Edwards, Assistant Secretary, Facilities Management Branch, Business Enabling Services

Independent Parliamentary Expenses Authority
Ms Anwyn Godwin, Chief Executive Officer
Ms Lauren Alcantara, Branch Manager
Mr Michael Frost, Branch Manager
Mr Tony de Smet, Acting Branch Manager
Mr Craig Maconachie, Chief Financial Officer
Ms Petra Gartmann, Branch Manager, Finance, Executive Support and Assurance

Australian Electoral Commission
Mr Tom Rogers, Electoral Commissioner
Mr Jeff Pope, Deputy Electoral Commissioner

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE
Mr Tim Courtney, First Assistant Commissioner
Mr Andrew Gately, First Assistant Commissioner
Mr Paul Pirani, Chief Legal Officer
Mrs Erin Clark, Chief Finance Officer
Mrs Lynn White, Assistant Commissioner

Future Fund Management Agency
Mr David Neal, Chief Executive Officer

Commonwealth Superannuation Corporation
Mr Peter Carrigy-Ryan, Chief Executive Officer
Mr Andrew Young, Chief Operating Officer

Australian Naval Infrastructure Pty Ltd
Mr David Knox, Chief Executive Officer

ASC Pty Ltd
Mr Stuart Whiley, Chief Executive Officer and Managing Director
Mr Martin Edwards, General Manager, Maritime Services Group
Mr Ashley Menadue, Chief Financial Officer

Committee met at 09:01

CHAIR (Senator Paterson): I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today the committee will continue its examination of the budget estimates for 2019-20. It will hear from department and agencies of the Finance portfolio as listed on today's program. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 24 May 2019 as the date for the return of answers to questions taken on notice. Officers should be aware that the date has effect notwithstanding the potential prorogation of the parliament. The committee has further scheduled a hearing on Friday 12 April for cross-portfolio Indigenous matters and is due to report on Tuesday 14 May 2019.

Under standing order 26 the committee must take all evidence in public session. This includes answers to questions taken on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. 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 adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying a 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; witnesses are instead required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. Officers are requested to keep opening statements brief or to seek to incorporate longer statements into the Hansard.

ASC Pty Ltd

[09:04]  
CHAIR: I welcome the Minister for Finance and the Public Service, Senator the Hon. Mathias Cormann; Ms Rosemary Huxtable, Secretary of the Department of Finance; Mr Stuart Whiley, Chief Executive Officer and Managing Director of ASC Pty Ltd; and other officers. Minister, do you wish to make an opening statement?

Senator Cormann: No, thank you.

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

Mr Whiley: No, thank you.

Senator WONG: Can I start by asking where the budget statements in relation to the ASC are.

Mr Whiley: The annual report?

Senator WONG: Apart from in the annual reports, where are the financial statements in relation to the ASC?

Senator Cormann: The ASC is a government business enterprise.

Senator WONG: I'm completely aware of that.

Ms Hall: The relevant estimates in relation to ASC would appear in Finance portfolio budget statement. The relevant numbers in there for the purposes of the budget would be the forward dividend profile—

Senator WONG: I'm interested that there is so little information in your PBS in relation to this entity. Can you take me to where it is. It's not listed in any of the entity resource statements. I think there is some reference in a budget measure, although that may be to ANI. Where in the PBS is the reference to ASC? Take me to the page.

Ms Hall: Mr Jaggers is getting the relevant page that refers to ASC dividends. GBEs and other PNFCs outside the general government sector appear in relevant areas of the budget
papers only in relation to capital flows to and from government and dividend flows. As you'd
be aware, GBEs prepare corporate plans which are published on an annual basis by 31
August. ASC's forward financial projections are reflected in the corporate plan.

Senator WONG: Can I have a copy of the corporate plan.

Ms Hall: We'll get that for you shortly.

Senator WONG: You were about to tell me where the dividend or capital information
appears in the PBS.

Mr Jaggers: It's in the aggregates in the portfolio budget statement.

Senator WONG: In other words it's not separately identified.

Mr Jaggers: It's not separately identified.

Senator WONG: Let's get the page and disaggregate. I want to understand the financial
position of the entity.

Mr Jaggers: I might have to get the reference for you and come back to you.

Senator WONG: I will wait while we get the corporate plan and disaggregate. A lot of
focus has been on ASC. I want to understand its financial position better then have some
questions about employment decisions.

Ms Hall: ASC's statement of corporate intent, which is a summary of the corporate plan,
was published on ASC's website on 31 August.

Senator WONG: I'm asking as a senator in Senate estimates if you could table it,
please.

Ms Hall: Yes.

Senator WONG: Sorry, I have a lot of data across a lot of committees.

Senator Cormann: We'll get a hard copy for you as soon as possible.

Senator WONG: Thank you. How are we going, Mr Jaggers?

Ms Hall: On page 58 of the Finance portfolio budget statements, the budgeted financial
statement tables, the comprehensive income statement doesn't separately disaggregate the
dividends paid from ASC to the government. It would be included in the line—

Senator WONG: The bottom line:

Total comprehensive income/(loss) attributable to the Australian Government.

Ms Hall: That's right.

Senator WONG: What is it, though?

Ms Hall: We'll get that for you shortly. What is the dividend profile paid—

Senator WONG: From ASC over the forward estimates.

Senator Cormann: We might need to check that there is no commercial-in-confidence
implication in this, consistent with the sorts of conversations you and I had some years ago in
relation to these matters—

Senator WONG: That's a long time ago. I've forgotten it all. It would be seven years—six
and a bit.

Senator Cormann: I remember those conversations fondly as if they were yesterday. We
have to make sure, consistent with past practice, that we don't—
Senator WONG: You'll check that, but do we have the past dividends?


Senator Cormann: I've got the statement of corporate intent for 2018-23 to table.

Senator WONG: Thank you. Mr Jaggers, do you want to say something?

Mr Jaggers: I was just going to indicate that, in terms of financials for ASC, the key documents will be its audited annual reports. In those audited annual reports, ASC has revenue numbers and expenditure numbers. In 2017-18 the total revenue was $765.1 million with total expenditure of $719.5 million, leaving a net profit after tax of $32 million. That's reported in each of the annual reports which are the audited financial statements.

Senator WONG: How much of that—so which year was this?

Mr Jaggers: It was 2017-18.

Senator WONG: So half of it was paid as dividend—$16 million?

Mr Jaggers: That's right, yes.

Senator WONG: I'd be interested in what the investment plan was in relation to the other $16 million. Can you help me, Mr Whiley? Ms Hall, you're getting information about the disaggregation of the dividend assumed in the comprehensive income statement over the forward estimates and seeing whether you can provide me that?

Ms Hall: Yes.

Senator WONG: While that's happening: Mr Whiley, are you able to explain to me the plans behind the decision around how you dealt with your profit, of which, I think, half was dividend and half remained in the entity?

Mr Whiley: Broadly, I can give you where we spend some of the money off the bottom line in terms of investment, in terms of the business moving forward. As a business, we're primarily focused on Collins, and, obviously, we have got to deliver the AWD and OPV projects. One of the core tenets, certainly in recent years, has been the retention and development of capability to protect Collins as a business, and we've been growing—

Senator WONG: Retention and capability of Techport, did you say?

Mr Whiley: No, of the capability. Apologies; I'm a bit deaf at the moment. My ears are blocked.

Senator WONG: Okay, why don't you slow down and I'll slow down and speak more clearly. So one of the priorities going forward has been technical—

Mr Whiley: The retention of ASC resource capability. While Techport has been growing and new contracts have been coming in, we've seen a significant rise in attrition of our resources.

Senator WONG: To decode that: trying to keep skilled workers until more work comes on and not losing them?

Mr Whiley: Trying to keep skilled workers? Yes and no. While we had shipbuilding as an entity, we were looking for new work. Primarily the investment in the bottom line has been
protecting the Collins workforce over recent times. It's about making sure we have the right skills and resources to keep Collins relevant and deliver the skills we need for Collins. We've developed a group, the maritime support group, who come out of the separation of ASC Shipbuilding and ourselves. They're looking to grow a broader portfolio to try and support all the new work that's happening in the precinct and in the maritime space in terms of Australia's naval development capability. We're trying to give our workforce more opportunities to do some other work, and, therefore, provide some buffer between that and our Collins work.

Senator WONG: Is there no financial statement in what you've just given me? No; it's just a glossy. Can I get any numbers? This is a statement of corporate intent—that's nice—but it's just a bunch of pictures and words from Mr Carter. I was actually hoping for some numbers.

Ms Huxtable: We're also providing the annual report for you; we're getting it printed now. The annual report will show the financial flows in respect of the previous financial year.

Senator WONG: I don't need the whole report; I don't really need all of the pictures. I can take it, if you want, but I just want to look at the statements.

Ms Huxtable: Have you got the annual report, Stuart?

Mr Whiley: I haven't got the annual report, no.

Ms Huxtable: How long is it?

Mr Whiley: How long is the annual report? I don't know—about that thick, I suppose.

Senator Cormann: Normally, the annual report is dealt with in the October estimates.

Senator WONG: I know. But, because you don't disaggregate in the budget papers, you have to go back to that, don't you?

Senator Cormann: You never used to disaggregate in the budget papers either. In order to be helpful: I have sought advice, and we haven't previously been asked to disaggregate. There is commercial sensitivity in terms of the forward projections. What I suggest we do is take the question on notice with a view to providing you with as much information as we can without harming the public interest.

Senator WONG: I still want the statements, because I'm going to ask you, Mr Whiley, about what assumptions you're making in the statements.

Senator Cormann: I think that's coming.

Senator WONG: Mr Whiley, when you say 'retain capability', what do you mean? To put it in plain English: is it trying to make sure you retain sufficient skilled workers not only for Collins sustainment but also for potential engagement in the Future Submarines?

Mr Whiley: Yes, that's part of it. Primarily it is Collins. If I go back to our strategy: our strategy is a four-pronged strategy. At the centre of it is delivering on Collins. The next element—

Senator WONG: This is sustainment and—

Mr Whiley: Sustainment, and life-of-type extension.

Senator WONG: I was about to say 'and LOTE'.

Mr Whiley: And LOTE, which is really important. The next part is leveraging off of that. That is what I tried to explain a few minutes ago—how we can utilise those skills in a broader
sense across the Australian industry and, maybe, broader industries. The third part is about the workforce, about keeping this core capability. The skills of the engineers and tradespeople I have on Collins are unique. Those skills and knowledge to keep Collins only exist in ASC; they don't exist anywhere else in the world. I need to be able to protect that. Finally, there's the digital transformation of the business. Our systems and processes have come from the eighties. Collins is required into the late 2040s, so we need a business that actually supports that model going into the late 2040s.

Senator WONG: Sorry; how did you describe the fourth part?

Mr Whiley: The digital transformation is taking our corporate systems and business processes up to be more valid and more user-friendly into the late 2040s, effectively.

Senator WONG: I'd like to understand the labour force numbers that you have identified as being necessary to the four-pronged strategy, particularly for the first three prongs. Delivering on sustainment and LOTE and leveraging off of that, which, I assume—that mean the Future Submarines, does it?

Mr Whiley: Yes.

Senator WONG: The third is the core capability of workers, which is obviously integral to the first two. Have you considered internally, for your planning purposes, what your workforce profile needs to be—how many of these skilled workers you need to retain in Adelaide in order to ensure you are in a position to deliver on both the Collins extension and the Future Submarines project?

Mr Whiley: We have. It's a complicated model, because it is dependent on when needs arise. The life-of-type extension is now in its concept phase, and then it will go into a detailed design and planning phase. Collins is an ongoing capability, and we have got the Future Submarines starting to grow. We also need to mitigate against the attrition numbers that we will potentially see in the market; those attrition numbers are increasing with more and more jobs coming out. So it is quite a complicated equation.

On the way we developed it for Collins: we looked at it and said, ‘What are the absolute core capabilities that we have to keep?’ We have identified them, and there are approximately 300 people we need to keep for Collins; those are some trades but primarily engineers. Then we've got another 300 who have skills and capabilities that are really important to Collins. It would be disruptive if we lost them, but we could share those skills if we needed to. The rest of the workforce has the capability to provide a buffer for those 600, effectively.

Senator WONG: Right. So, basically, 300 must-have, 300 desirable—is that a better way—

Mr Whiley: Yes.

Senator WONG: So that's a workforce of 600 that you're seeking to maintain through this period of transition?

Mr Whiley: And I need the greater—

Senator WONG: Sorry, just to be clear, we're only talking about subs here; we're not talking about shipbuilding.

Mr Whiley: We're only talking about Collins, primarily. We're not even talking about the future; we're only talking about Collins.
Senator WONG: Okay.

Mr Whiley: But that's just from a skills retention piece. It's not the actual number doing the work; it's a skills piece.

Senator WONG: I'll come to shipbuilding and the BAE transfer et cetera, but are you ASC submarines? What do you call yourself?

Mr Whiley: ASC.

Senator WONG: Just ASC?

Mr Whiley: Yes.

Senator WONG: We're leaving aside shipbuilding at the moment.

Mr Whiley: Yes.

Senator WONG: Obviously your work is focused around Collins sustainment plus—what did you call that? The maritime support group.

Mr Whiley: Yes, that's right.

Senator WONG: They're really the two main components of your work. Is the maritime support group primarily focused on the Future Submarines or also on life-of-type extension?

Mr Whiley: No, life-of-type sits inside the Collins team. The maritime support group looks at the Future Submarines, ships and other opportunities.

Senator WONG: Tell me about the ASC workforce over the last couple of years: what has happened in terms of the numbers?

Mr Whiley: The numbers have been pretty static, although we've seen higher levels of attrition inside the engineering areas. So, we've managed to retain numbers, total numbers, but we've lost skills and capability.

Senator WONG: To whom?

Mr Whiley: To competitors, to other industries. Attrition, on the engineering front, has increased over the last two or three years.

Senator WONG: How many have we lost?

Mr Whiley: I think, over the last two years—since January 2018, we've have lost 15 engineers.

Senator WONG: What's that as a proportion of your engineering cohort?

Mr Whiley: Just under 10 per cent.

Senator WONG: Is that a faster attrition rate than you've previously had?

Mr Whiley: Sorry, I didn't quite hear that.

Senator WONG: Is that a higher attrition rate than you have previously had?

Mr Whiley: Yes. The attrition rate has significantly increased, probably doubled, over the last couple of years.

Senator WONG: Why are people leaving?

Mr Whiley: I think it's the opportunities they see for using their skills in a broader market. There are fantastic opportunities in the maritime space in Australia. There's a lot of great work out there.
Senator WONG: And uncertainty about what you're going to do.

Mr Whiley: Yes, I think a bit of uncertainty comes to play in that. The average tenure of those employees, engineers, is about 12 years. If you've been doing that, it would maybe be about seeing if the grass is greener or taking the opportunity to try some different things.

Senator Cormann: To flesh that out, there are exciting opportunities. The submarine Attack class workforce, at its peak, is expected to average 1,100 direct jobs. The shipbuilding Hunter class frigate workforce, at its peak, is expected to provide 1,500 direct jobs. The Arafura class patrol vessels, the OPVs—400 direct jobs. Infrastructure development at Osborne South Naval Shipyard and Osborne North submarine construction yard—400 jobs at Osborne South and 600 across both shipyards. At the Pacific Patrol Boat Replacement Program, there will be another 200 direct jobs. So the future opportunities in the naval shipbuilding space are obviously fantastic, and people are taking opportunities to take them on.

Senator WONG: That's excellent. I'm asking, though, because South Australians do care about ASC—

Senator Cormann: A lot of the work will happen in South Australia—most of the work.

Senator WONG: I want to understand the implications of the attrition rate doubling. I want to understand what your projections are and what your assessment is of the impact on capability of having an attrition rate that is doubling of your skilled personnel—engineers.

Senator Cormann: Who are not disappearing from planet Earth.

Senator WONG: They are disappearing from this entity—

Senator Cormann: They are going into other naval shipbuilding.

Senator WONG: which is the entity which is responsible for Collins, life-of-type extension and potentially Future Submarine.

Senator Cormann: But which was responsible in the past.

Senator WONG: Why will you not let him answer?

Senator Cormann: This is an important point. The Air Warfare Destroyer project is obviously coming well and truly to a close. As indicated previously to Senator Gallacher, it's like when you're building three houses and the house construction is completed, you don't keep all of the painters or all of electricians or all of the plumbers that worked on the construction of those three houses.

Senator WONG: These are submarines. They're not houses. They are much more complicated.

Senator Cormann: It is the same principle. When the air warfare destroyer ships have been built then obviously some of the people who were involved in those projects will take on other projects, which are going to be available. Because we have invested $89 billion into our future shipbuilding program, compared to zero under the previous government, and committed to 54 vessels, to build 54 vessels, whereas the previous government committed to zero, the future is now much brighter than what it was.

Senator WONG: Alright. When we have finished with that lecture, I am actually interested in ASC, the entity. You have given evidence today, Mr Whiley, that the attrition...
rate for engineers has doubled over the last couple of years. You've also given evidence both now and previously—and I would concur with you—that this is a uniquely qualified workforce. The engineering skills, the technical skills, associated with submarine sustainment are of a particular class and a particular type. They are not people who are easily replaced. It is not like you are doing submarine sustainment somewhere else. What is the risk of you losing this many engineers? What is the risk of that attrition rate continuing or worsening? And what is your assessment about the impact that would have on ASC's capability?

**Mr Whiley:** If I go back to the work I referred to about the 300 and the 600 and what have you, understanding those core intrinsic skills that keep Collins at sea and keep it safe and operational, those are the skills that we can't afford to lose. Those are the people that we've got to keep, and plus those other 300 who are capable of doing that. So we've got a retention program that is aimed at focusing on those people and how we can protect those people and keep them focusing on Collins. While we've got that in mind, the risk is manageable. It is not desirable, obviously, but it is understandable. We have got to keep the focus on those numbers. We are not believing ourselves that we've got this right, so we got some third parties to come in to validate those numbers, those people and those skills, who understand the submarine environment. So we're testing those numbers.

**Senator Wong:** How do you keep them? These people don't want to design infrastructure. They are engineers who are world-class, working on submarines. It is a very particular set of skills. If they feel that there is sufficient uncertainty around Future Submarines et cetera, how do you keep them?

**Mr Whiley:** We are aimed at improving ASC's value proposition to keep ASC an attractive place to work. The whole point of the MSG group is to give some of the workforce opportunities they are seeking when they leave the company to go and do diversity. So we are looking to provide opportunities so they can leave Collins for a short period of time, maybe go and work on the Future Submarine, work on the Swedish program, work in Canada or work on a number of other different projects—we are trying to explore those—but then to be able to reach back and actually bring them back into the Collins family, if we need them. So the retention is focused on providing a career opportunity inside the company for people to develop on. It's also focusing on making sure that ASC is a place where people want to work—so, improving the value—and then looking at salaries and making sure we are competitive and we've got other things that are attractive for them to stay at ASC.

**Senator Wong:** Do you think you can halt the acceleration of the attrition rate?

**Mr Whiley:** We're certainly working really hard to halt it—yes.

**Senator Wong:** What's the number now? Of that 600, where are you in relation—

**Mr Whiley:** We've still got the 600. It's a capability. That's what we're protecting. The number we've got in total for Collins Class today is about 1,110. In the company in total, ignoring the nine people we've got working in shipbuilding, there are about 1,348—something like that. That's the total working in submarines, corporate and MSG, and it excludes the ones working in shipbuilding.

**Senator Wong:** That's Collins and MSG, plus corporate associated with it?

**Mr Whiley:** Yes.

**Senator Cormann:** Chair, I can table the financial information in the annual report.
Senator WONG: Thank you. What do the financial statements assume? What's the labour force number you're assuming over the next few years in submarines?

Mr Whiley: We're planning to keep this type of number. That's the number. Obviously, it will potentially—

Senator WONG: The 1,348 or 1,110 or 600?

Mr Whiley: It's actually 1,355 or 1,356. It's not an absolute number. It's in that ballpark. It's based on the work we know, but there is opportunity to win extra work and we may need—

Senator WONG: Are you telling me that for your planning, in terms of the finances of the entity, the working assumption feeding into your numbers for workforce in this part of the business is around 1,300?

Mr Whiley: Yes, approximately.

Senator WONG: Does it assume that you halt the attrition rate?

Mr Whiley: Even if we don't, we've got to recruit and replace and we've got to put programs in place to train those people as well. There's an action. These skills—

Senator WONG: Sorry, Mr Whiley—you said you've doubled the attrition rate. Hopefully I won't be on this side of the table, but, when you come to the next estimates or the one after that and you're asked about the attrition rate, what are you assuming your number will be? Will you have halved it?

Mr Whiley: I assume the attrition rate is about eight or nine per cent. We assume that in our planning assumptions.

Senator WONG: Currently, it's at 10 per cent per annum. Is that right?

Mr Whiley: Yes.

Senator WONG: I turn to life-of-type extension. I asked some questions, which you may or may not be aware of. They weren't that interesting, but they do go to life-of-type extensions.

Senator WONG: We think life-of-type extensions are very interesting.

Senator WONG: No—my questions might not have been that interesting. The evidence from Rear Admiral Sammut was that the intention was that you would commence life-of-type extension work during the full cycle docking?

Mr Whiley: Yes.

Senator WONG: I want to understand how that works and I want to understand whether discussions have been had with you. What are the resourcing implications and the cost implications of that?

Mr Whiley: I think life-of-type extension work starts today. It started actually 18 months ago. We're in what we probably call a concept development phase at the moment. Then, from 2020, we go into a detailed design and planning phase. That takes us up to the FCDs. The first life-of-type extension is 2026. That's when we really start doing the implementation, which I think is what Admiral Sammut was referring to. That is the first opportunity—

Senator WONG: Which year?
Mr Whiley: It's 2026.

Senator WONG: You say it starts today, which is great, but you mean planning. Actual work on the submarine which is contributing not only to the full cycle docking but also LOTE starts in 2026?

Mr Whiley: The physical work on the platform is in 2026.

Senator WONG: Are additional staff required for that?

Mr Whiley: That's happening today. We currently have about 30 in the team. That will rise to 60 later in the year and will go even higher in the planning and detailed design phase.

Senator WONG: This is MSG?

Mr Whiley: This is Collins team. Life-of-type was in Collins, I said.

Senator WONG: So there's a life-of-type extension team?

Mr Whiley: Yes.

Senator WONG: How many are in that team currently?

Mr Whiley: Today we've got 30 people in that team.

Senator WONG: And when is it rising?

Mr Whiley: I think it's going to peak in this concept phase at about 60 over this next six months.

Senator WONG: This is the concept phase.

Mr Whiley: Yes.

Senator WONG: And then what is the plan for actual, hands-on personnel?

Mr Whiley: There's another ramp-up into the detailed design phase, to probably around 200. And I'm sorry to emphasise this, but this, for me, is the most important part of life-of-type—

Senator WONG: I agree.

Mr Whiley: because if we don't get the design and planning right we're going to fail on implementation.

Senator WONG: Yes.

Mr Whiley: So, once we get into the implementation phase—again, we haven't actually done the analysis to understand the work that's coming out in terms of the maintenance and the work that then goes in, in terms of the life-of-type extension work.

Senator WONG: Sorry—you've gone 30 to 60 concept phase—

Mr Whiley: It's about 200, then to about 200 in the detailed phase—

Senator WONG: Then 200 for detailed design, and then implementation?

Mr Whiley: Again, we haven't done the analysis to understand what that work is and how many people we need and how long.

Senator WONG: But the people you require to go from 60 to 200—this a very complex task. And we've not done a life-of-type extension on the submarine such as you were being asked to do, as a nation?

Mr Whiley: No.
Senator WONG: Ever?
Mr Whiley: Ever.
Senator WONG: Do you feel a bit nervous?
Mr Whiley: As you know, I've been through Collins—
Senator WONG: You have, and you did a very good job.
Mr Whiley: I'm both looking in anticipation—as an engineer, I think it's a great challenge in front of us. It is a difficult challenge. I think this is some of the exciting work I could offer my engineers to help with their retainment. And I think this is a great opportunity to actually grow greater capability to then seed some of the other programs. So, it's a fantastic opportunity.
Senator WONG: So basically I think what you're telling me is that as yet you don't know how many more staff you will need by 2026 to do the life-of-type extension.
Mr Whiley: If any.
Senator WONG: I'm a little confused—and maybe some of this is still at the conceptual phase—it seemed to me that what Defence was suggesting was that you would do components of life-of-type extension work in each of the full-cycle docking rounds. Is that your understanding?
Mr Whiley: The life-of-type extension work scope—and there are about 120 elements to the work scope—is broken down into three discrete phases. Because one of the underlying planning assumptions is that we don't disrupt the two-year full-cycle docking, we do some of the work scope which is in the FCD and then the remaining work scope in other docking opportunities that occur in the life cycle of the platform, whether it be the intermediate docking or the mid-cycle docking of the platform. But the majority of the work—certainly the major work—will be done in that major FCD in 2026, and then following with the other platforms.
Senator WONG: So, most in FCD, some in intermediate, some in mid-cycle—I've forgotten where they all go, but that's not to the point right now. But would it be fair to say that this is all still conceptual?
Mr Whiley: It's very conceptual at this stage.
Senator WONG: So, nobody has actually worked out how we do this?
Mr Whiley: This is the work we've got to do over the forthcoming years.
Senator WONG: I assume that the 200 in detailed design and the additional implementation personnel are not included in your 600 planning.
Mr Whiley: As people they may be.
Senator WONG: Sorry—as a resource allocation.
Mr Whiley: No, they're going to be on top of that. So, we need to grow our capability. We need to go to market as well and actually have—
Senator WONG: So, you're going to have to go to market and get more skilled people to do the life-of-type extension. Is that correct?
Mr Whiley: Or, alternatively, we'd get them into Collins and we'd give them the lower-level, less-skilled work and move the people out of Collins to do the life-of-type extension.

Senator WONG: But either way it's additional staff.

Mr Whiley: It's additional people.

Senator WONG: And additional skilled staff.

Mr Whiley: Yes.

Senator WONG: Have you worked out how much that's going to cost—just the staff costs?

Mr Whiley: No.

Senator WONG: Have you and Defence worked out how much additional charge there will be, given your contract is with Defence, for life-of-type extension?

Mr Whiley: That's some of the work we're doing in this conceptual phase at this point.

Senator WONG: Has how much it will be yet been agreed with you?

Mr Whiley: No.

Senator WONG: Just remind me: life-of-type extension and FCD are not funded through the capital budget, are they? This involves how much Defence pays to ASC—how do they pay you, notionally? Monthly? Yearly?

Mr Whiley: We get paid monthly, effectively.

Senator WONG: Is how much they pay you per month public?

Senator Cormann: I'd have to take that on notice because there'll be a level of sensitivity around it.

Senator WONG: I can probably look at revenue from government—revenue from rendering of services in 2017-18 was $755 million.

Senator Cormann: Obviously, the annual report reports the overall revenue, but it's not disaggregated—

Senator WONG: That's fine. Does this include subs plus something else?

Mr Whiley: Yes, everything else.

Senator WONG: Are you able to tell me how much you get for subs? Is it in the corporate plan? It might be in the corporate plan. It might be in the annual report.

Mr Whiley: I don't think we've got it here.

Senator Cormann: Why don't I take the same approach and say that we will be as helpful as we can be on notice, bearing in mind that we don't want to put information out into the public domain that would harm the public interest.

Senator WONG: Do you know how much more they're going to have to pay you?

Mr Whiley: No.

Senator WONG: But it will be more? I mean, life-of-type extension is—

Mr Whiley: The design work is going to be extra and there will be some premium inside the maintenance activities, yes.

Senator WONG: And presumably implementation is additional work?
Mr Whiley: Yes, but there'll be a decrease in some costs because we won't be doing some maintenance because we're replacing some.

Senator WONG: Has there been discussion about the cost of this?

Mr Whiley: We've done some preliminary work, which we provided to CASG.

Senator WONG: This is what defence procurement is called now—CASG?

Mr Whiley: Yes.

Senator WONG: Why do people change names? You always change names when you change government.

Senator Cormann: I think that is a matter for the Defence portfolio, I'm sorry to say.

Senator WONG: Everything got changed. What have those preliminary assessments been?

Mr Whiley: It's probably best to ask Defence those types of questions.

Senator WONG: Well, you did them.

Mr Whiley: Yes, I know, but it was done some time ago and I haven't got it in front of me, so I—

Senator WONG: Are we talking hundreds of millions?

Mr Whiley: I think you really have to ask Defence—

Senator WONG: I'm asking you, Mr Whiley.

Mr Whiley: I know you are, but I haven't got it in front of me.

Senator Cormann: If you want, we can take it on notice. He doesn't have it at his fingertips.

Senator WONG: But he knows it in his head—I know this bloke.

Senator Cormann: No, he said he doesn't. That's the whole—

Senator WONG: He does know it in his head; he knows broadly. There's not much he doesn't know about Collins.

Senator Cormann: Sure, he's an amazing guy, which is why we appointed him to the position, but, as we always do in estimates with this sort of question, we want to make sure that the information we provide is accurate. That is why, given the passage of time, we'll take it on notice.

Senator WONG: Can we confirm that as yet that's not reflected in the budget? Correct?

Mr Whiley: Correct.

Senator Cormann: Sorry, in which budget?

Senator WONG: Your budget or their budget. As yet, because he hasn't quantified it, I assume, unless you have become a much more generous finance minister than past finance ministers—

Senator Cormann: We don't reflect things that we haven't budgeted yet—

Senator WONG: Correct; you have not yet allocated or budgeted Defence for the revenue stream that they—

Senator Cormann: If he hasn't, we haven't.
Mr Whiley: No, we haven't got it.

Senator WONG: You're shaking your head, Ms Hall. You haven't yet reflected the money that Defence gets to pay you for what it's going to cost for life-of-type extension—correct?

Mr Whiley: That's correct.

Senator WONG: How many Collins go through an FCD before the life-of-type extension start date? I appreciate you're saying the work starts now et cetera, but actually the implementation work doesn't start till 2026, so how many FCDs are there up to that point?

Mr Whiley: If there are five life-of-type extension platforms, there'll be five FCDs after that.

Senator WONG: No, between now and then.

Mr Whiley: It's every two years, so there are three more to go, effectively.

Senator WONG: Are you doing any LOT work in those FCDs?

Mr Whiley: There is some LOT work being done in some of the platforms, yes. I'm not sure it's actually been an FCD. We might be trying to do some in an MCD, mid-cycle docking. We take any opportunity we can and, if the work package is—

Senator WONG: Has that been reflected in your contractual arrangements with Defence yet?

Mr Whiley: Not yet, no.

Senator WONG: That's not budgeted for yet, is it?

Mr Whiley: That's not budgeted for anything. It's a concept.

Senator WONG: Just very quickly, can I flick to shipbuilding?

Mr Whiley: Yes.

Senator WONG: I just wanted to make sure. Transfer of shipbuilding to BAE, is that now complete?

Mr Whiley: Yes, that's complete.

Senator WONG: No matter outstanding as yet?

Mr Whiley: Nothing's outstanding

Senator WONG: ASC, who were working on the OPV project as at last year, given the transfer, who are they employed by now?

Mr Whiley: The people working for the build are employed by ASC Shipbuilding, which is a subsidiary of BAE. ASC has a small oversight team, about a six or seven management team, and the rest of the employees are ASC Shipbuilding.

Senator WONG: Which is a BAE—

Mr Whiley: Subsidiary.

Senator WONG: How many of them are there in that?

Mr Whiley: As of the 23rd we had 137 ASC Shipbuilding people working on OPV.

Senator WONG: How many?

Mr Whiley: One hundred and thirty-seven.

Senator WONG: As of what?
Mr Whiley: As of 23 March.

Senator WONG: I think you may have been asked questions about this already. Was this Senator Patrick's FOI?

Senator PATRICK: Quite possibly.

Senator WONG: The Booz Allen Hamilton document.

Senator PATRICK: Yes, that's mine.

Senator WONG: Do you want to ask questions about that, or have you already done that?

Senator PATRICK: I've just turned up for a front seat, Senator Wong!

Senator Cormann: Senator Patrick had a very good crack last week.

Senator WONG: I know he did, but I was otherwise engaged. I've tried to stay out of finance for the last five years.

Senator PATRICK: I discovered they'd sold ASC for a dollar, so—

Senator WONG: I'm sorry?

Senator PATRICK: They sold the ASC Shipbuilding workforce for a dollar.

Senator Cormann: Hang on, that is a bit misleading.

Senator WONG: That's what workers are worth, under—

Senator Cormann: Given the point that you've made now, I need to put on the record that the Commonwealth of Australia retains a sovereign share in ASC Shipbuilding, while BAE manages the program, and that the ASC Shipbuilding subsidiary will revert to the Commonwealth following delivery of the ninth ship, thereby ensuring the retention in Australia of intellectual property, the highly skilled workforce and the associated equipment, and that the subsidiary will be transferred back to the Commonwealth, for $1 in return. So it is essentially just a legal construct to facilitate the building of the future frigates in a way that BAE has full management control and responsibility during the period of the build. But, at the end of it, all of it comes back to the Commonwealth for $1. I couldn't let it hang that somehow we sold this for $1. There it is, out there.

Senator WONG: Why are workers only worth a dollar? It's actually a reasonable question.

Senator Cormann: There's a lot of history, though, here, including the learnings from the AWD program where one of the problems was—it's not a partisan point; it's something that I think governments of both persuasions have grappled with—a lack of clear lines of accountability and responsibility.

Senator WONG: I think the coalition government sought, reasonably, to spread risk. But the spreading of risk was done in a way that meant lines of accountability were not sufficiently clear.

Senator Cormann: This time around—

Senator WONG: I think that is a learning outcome.

Senator Cormann: But in this future frigate program we've sought to learn from that and the structure that is in place is for that purpose, to better manage risk.
Senator WONG: Senator Patrick, did you get to whether or not this headcount drawdown plan was something that they had—

Senator Cormann: Senator Gallagher went through that in some detail.

Senator WONG: I want to know. What's the answer: is this the headcount drawdown plan?

Mr Whiley: I don't know what—sorry, I'm not—

Senator WONG: Senator Cormann was saying this was—

Senator Cormann: Senator Gallagher went through the headcount and the future expectations in some detail last—

Senator PATRICK: I presume that is the document that shows there will be a decrease—but they don't. So they planned the workforce decrease but they're not telling us what it is.

Senator WONG: But they are not telling us how many. It is redacted.

Senator PATRICK: That is right. That is the one. That is definitely—

Senator WONG: Did they ever tell you how many?

Senator PATRICK: No, they didn't.

Senator Cormann: Just to remind you that there will be 1,100 additional direct jobs under the Future Submarine program—1,500 additional direct jobs under the future frigates shipbuilding program—

Senator WONG: We have just had a conversation about that—

Senator Cormann: Four hundred additional direct jobs under the Offshore Patrol Vessel program and about 600—

Senator WONG: It is like asking carpenters to be sparkies.

Senator Cormann: That is somewhat misleading.

Senator WONG: There are some transferable skills, but when we are told they can help build the infrastructure. These are—

Senator Cormann: That is not quite right. Obviously we are not building infrastructure. We are building new submarines. We are not building infrastructure, we are building future frigates. Obviously, there is a significant boost in jobs across many different aspects of the naval shipbuilding industry. As a result of decisions we have made in government, the future is much brighter for anyone involved in this industry.

Senator WONG: Well, okay. There is a clear AWD headcount drawdown plan. Was this trajectory now essentially being managed by BAE?

Mr Whiley: I am not sure what you're referring to. I have not seen that piece of paper so I don't—

Senator WONG: Does someone want to give that to him? Senator Cormann says this was—

Senator Cormann: I was thinking of something different. I was thinking about Senator Gallacher asking about this.

Senator WONG: I thought you had asked questions about this.

Senator PATRICK: I have, but in previous estimates. The FOI—
Senator WONG: I just want to know what the status is.

Senator Cormann: This is quite old.

Senator WONG: It is?

Senator Cormann: In terms of BAE, we obviously cannot answer questions—

Senator WONG: I want to know what the arrangements were on transfer, though. The transfer is only just now complete, correct—by the end of last year?

Mr Whiley: Maybe if I explain the roll off on AWD processes. The roll off is determined by the AWD Alliance, in terms of the numbers we need. We then inform BAE that these are the numbers we need to support the job, and they then manage the delta.

Senator WONG: This is Senator Patrick's FOI from last year, I think.

Senator PATRICK: That's right. It is only a year old.


Senator PATRICK: Yes.

Senator WONG: I just want to understand if this reflects what is happening to the former AWD workforce when employed by you, and now employed by BAE, effectively—that drawdown?

Mr Whiley: Again, I don't know the document.

Senator WONG: Haven't you tabled this previously?

Senator PATRICK: I probably have, because I probably talked about it when I got the FOI. I recall it had a graph that I think was around about 2022, where the turnaround was—

Senator WONG: Correct. 2015 to 2019 in FTEs but then they have redacted the actually numbers, but the trajectory is pretty clear. I assumed everybody had this, because it had been asked. I just wanted to go back to it. Can we table this, if it hasn't already been tabled? This is my only copy, so I will need it back. I will come back to that. Senator Patrick can check it. I think it is his.

As part of the transfer of the 137 to BAE, I assume there were discussions about the future workforce requirement and what would happen to the employees?

Mr Whiley: The transfer of 137—that is the number of people on the OPV project at the moment—the labour hire numbers.

Senator WONG: I thought you told me that 130 people were transferred.

Mr Whiley: No, we are working under labour hire arrangements to contract BAE to provide 137 people to build the OPV.

Senator Cormann: That was part of the transition.

Senator WONG: Can we just—

Senator Cormann: No, I am being helpful—

Senator WONG: Well, you are not, because I just want him to finish before you jump in. Go on.

Mr Whiley: As the demand increases we will go to BAE and ask for more labour and they will then provide that labour. So that number will increase.
**Senator WONG:** So this number of 137 is legally employed by BAE but labour hired to you?

**Mr Whiley:** Yes, that's correct.

**Senator WONG:** But that wasn't my question. My question was: how many were transferred at the time that the legal employment of those personnel was transferred to the BAE subsidiary?

I thought your evidence about that—

**Mr Whiley:** I haven't got that number, I think.

**Senator WONG:** How many more than the 137 were actually transferred? I think that would be the question.

**Mr Whiley:** I actually am not sure.

**Senator Cormann:** The number is actually 770.

**Senator WONG:** Thank you.

**Senator Cormann:** This process was managed, obviously, through—

**Senator WONG:** Okay. So 770 were transferred to BAE—

**Mr Whiley:** Yes.

**Senator WONG:** of which 137 currently are employed by ASC Shipbuilding, which is a subsidiary of BAE, and labour-hired back to you?

**Senator Cormann:** Yes, but the way to look at this is that what was transferred with the sovereign share was the ASC's shipbuilding business, which obviously still had some outstanding work in terms of finalising the AWD program and also the offshore patrol vessel program, and getting themselves into position to build the future frigates. So this is still part of the transition to make sure that we minimise the level of disruption for relevant staff in that period.

**Senator WONG:** So, Mr Whiley, 770 is the figure that got transferred, and 137 are labour-hired back to you?

**Mr Whiley:** Yes.

**Senator WONG:** So what happens to the remainder?

**Mr Whiley:** We've got another 405 being labour-hired back to us, currently supporting the AWD. The remainder are sitting inside ASC Shipbuilding doing other work related to the Hunter class or anything they may be working with in terms of—

**Senator WONG:** Hang on. I thought the 137 was the AWD.

**Senator Cormann:** No, the 137 is just for the offshore patrol vessels, and then there is also still the AWD program.

**Senator WONG:** I have just written that down incorrectly. So there are 137 for OPVs and 405 for the AWDs. And the remainder?

**Mr Whiley:** They're inside the BAE-ASC Shipbuilding family. They may be working on Hunter class. They may be working on other work.

**Senator WONG:** So, of the 770, since the legal transfer has there been any attrition.

**Senator Cormann:** That is not something that we can answer.
Senator WONG: Of course he knows them. It's all a legal framework. They're still there.
Senator Cormann: No.
Senator WONG: You reckon he doesn't know?
Senator Cormann: He can't know, and he's not entitled to answer, because it is not part of ASC anymore.
Senator WONG: He's entitled to answer. Of course he is. It's not that he can't answer.
Senator Cormann: No.
Senator WONG: He knows how many of them walked out the door. It's all there. You can go there.
Senator Cormann: No, 770 have been transferred into the BAE business. This is now a matter for BAE.
Senator WONG: I understand that. That is self-evident.
Senator Cormann: Mr Whiley can't answer questions relating to the staff—
Senator WONG: And I'm not saying he's answering as the employer, but as somebody who works there that basically is still dealing with these employees who've been labour-hired back—
Senator Cormann: He cannot answer on behalf of BAE.
Senator WONG: Do you know how many have been let go, from your own knowledge?
Mr Whiley: No, actually I don't., because, as I said, BAE—
Senator Cormann: It would be entirely inappropriate for the CEO of ASC—
Senator WONG: Why are you so nervous about this?
Senator Cormann: Because it would be entirely improper and inappropriate for the CEO of ASC Pty Ltd to comment in response to the question that you've asked, and you know it.
Senator WONG: Okay, shall we just get ASC Shipbuilding to estimates, then?
Senator Cormann: You can't. It's not—
Senator WONG: I can do a lot of things.
Senator Cormann: Well, sure.
Senator WONG: We can summons a lot of people, actually.
Senator Cormann: Not under this estimates. If you want to set up an inquiry, —
Senator WONG: We can probably do that, but anyway—
Senator Cormann: if you think that it's in the national interest—
Senator WONG: I just want to ask this, if Senator Patrick hasn't asked this. I just want to understand. I assume, Mr Whiley, you were part of the negotiations with BAE in relation to transfer of employees.
Mr Whiley: Yes.
Senator WONG: Can someone provide him with the document I've just tabled, or do you want to table it, Senator Patrick—if Senator Patrick wants to give more information about his FOI? But clearly this is a consultant document done for ASC prior to the transfer of staff to BAE. I want to understand page 11, the headcount drawdown plan, which obviously has a
trajectory that is declining, but the numbers have been redacted. I want to understand whether this strategy was part of the discussions with BAE when you were transferring staff.

Mr Whiley: This particular document here?

Senator WONG: Yes.

Mr Whiley: No.

Senator WONG: This strategy?

Mr Whiley: This is a totally unrelated strategy. This is a production saving initiative that was carried out in ASC Shipbuilding in about 2015 to try and save funding and costs.

Senator WONG: It can't have been carried out in 2015, because it's a —

Mr Whiley: It's got '2015' on it.

Senator WONG: But it's a 2016 document, and you'll see the trajectory goes from 2015 to 2019. It's not past; it's projected.

Mr Whiley: Up at the top it says '2015-19 FTEs'.

Senator WONG: No. It says '2015 to 2019, in FTEs'.

Mr Whiley: Yes.

Senator WONG: My point is—

Mr Whiley: About four years ago this study was done.

Senator WONG: True, but the projection is over a period till now.

Senator Cormann: We've provided information in terms of the staffing projections now.

Mr Whiley: The program may have moved on from here anyway. It's not related.

Senator WONG: That's fine. Are you coming back to me on the dividend that you're assuming going forward?

Senator Cormann: I've taken that on notice on the basis that we will provide what we can without harming the public interest.

Senator WONG: What is the extent of your labour hire workforce within the submarines component, Mr Whiley?

Mr Whiley: It varies. If I look at the numbers we have today, we have about 130 labour hire in South Australia and Western Australia. It depends on where we are in the cycle of maintenance in the specific dockings we do.

Senator WONG: What's the trajectory around that? What's the trajectory today?

Mr Whiley: I think the numbers for labour hire will remain constant. We have to try to manage core capability within a budget, so we have to look at how we do that. Labour hire is used to meet the peaks and troughs in terms of the schedule demand. Labour hire is a core tenet of our strategy moving forward. I think our numbers are pretty stable for maintenance, and we will continue to use labour hire. The numbers ebb and flow as per the program's demand.

Senator WONG: Do you have the annual report?

Mr Whiley: No, I don't have it in front of me.
**Senator WONG:** You should have. I think we did discuss this. On page 3 of the annual report is 'Revenue from rendering of services'. That is such a lovely imprecise term, but anyway. You are taking on notice, Minister, the forward projections. I think Ms Hall told me that for 2017-18 it was $16 million — no, you gave me the dividend.

**Senator Cormann:** We gave the dividend numbers —

**Senator WONG:** So for 2017-18 and 2016-17 how much was paid to ASC by the Commonwealth for the submarines project?

**Ms Hall:** We'll have to get back to you on notice with that one.

**Senator WONG:** Why don't we do it this way? You're taking on notice the forward estimates figures for this, but I'm going to ask about the past. In 2017-18 and 2016-17, how much did the submarines component of ASC's work cost Defence?

**Ms Hall:** We'll have to take that on notice.

**Senator WONG:** Do you get paid for the MSG as well?

**Mr Whiley:** No.

**Senator WONG:** So it is just the Collins sustainment. I want the Collins class sustainment numbers. Thank you.

**CHAIR:** Thank you, Senator Wong. Senator Patrick, do you have any questions?

**Senator PATRICK:** Just following on from Senator Wong, it is apparent from the Defence budget that submarine sustainment work is basically sitting somewhere between $550 million and $600 million per annum. This goes a little bit to the question Senator Wong asked. How much of that component goes to ASC?

**Mr Whiley:** I think that's the question they've taken on notice.

**Senator PATRICK:** Just a feel?

**Senator Cormann:** It's a good way of framing the same question.

**Senator PATRICK:** Sure, I'm just trying to get to the next question, which is: has that number changed substantially? Irrespective of what it is, is it roughly the same?

**Mr Whiley:** It has been pretty constant. It fluctuates by 10 to 15 per cent in the year depending on the scope of work we're doing.

**Senator PATRICK:** Sure, so a little bit of variation but pretty much consistent.

**Mr Whiley:** And it's scope dependent.

**CHAIR:** Thank you, Senator Patrick. There are no further questions for ASC. I thank you very much for your attendance here and your evidence this morning.

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**Australian Naval Infrastructure Pty Ltd**

[10:05]

**CHAIR:** I welcome Mr David Knox, Chief Executive Officer of Australian Naval Infrastructure Pty Ltd. Mr Knox, do you wish to make an opening statement?

**Mr Knox:** I'd like to table a photograph of progress in order to answer Senator Patrick's question from Senate estimates of a few days ago, if that's possible.
Senator WONG: A photograph?
CHAIR: Of course. That sounds very visual.
Senator WONG: Did you go and take it yourself, Mr Knox?
Mr Knox: I did not, no.
CHAIR: A drone, I presume.
Mr Knox: We used a drone, yes.
CHAIR: Operated in accordance with CASA's regulations?
Mr Knox: Absolutely. Yes, you're quite right.
Senator WONG: Unlike Mr Ashby!
Mr Knox: Senator Patrick, you asked a question about—
CHAIR: Mr Knox, just before we proceed: we'll trust your judgement, because I don't have expertise in this, that tabling this and making this public causes no issues.
Mr Knox: That's correct.
CHAIR: Please proceed.
Mr Knox: Senator Patrick asked a question on milestones and the forward path for the Osborne South project. I want to reiterate again, as I've done before, that we are aiming to complete this project in March 2020. That will enable BAE or ASC Shipbuilding to come into the shipyard and fully commission it end to end in time to start building the future frigates in accordance with the program. The photograph I've just shared with you basically has the two really big buildings in the foreground. The one on the left is—
CHAIR: We haven't got it yet.
Mr Knox: You haven't got it? I'm sorry.
Senator WONG: He has to go and copy it.
Mr Knox: Sorry. Shall I wait?
CHAIR: If there are other matters you could deal with in the meantime—
Senator WONG: I can ask questions.
Mr Knox: I can certainly take questions.
CHAIR: How about we go to Senator Wong's questions? Then we'll come to this matter.
Senator Cormann: Let's do it the traditional way. That sounds like a plan.
Senator WONG: I want to ask about the guarantee in respect of Naval Group. The 'Statement of risks'—Budget Paper No. 1, statement 8—says:
… (ANI) is responsible for the construction of a purpose built Submarine Construction Yard and providing access to the yard to Naval Group Australia and Naval Group South Australia …
It's not South Australia; it's 'SA', which is French for 'Pty Ltd', isn't it?
Mr Knox: That's right, yes.
Senator WONG: There's a typo in there.
Mr Knox: Yes, that's right.
Senator WONG: It's just misexpressed, I think, the first time Naval Group SA is identified in that statement.

Mr Knox: That's correct.

Senator WONG: So, Ms Huxtable, whoever did statement 8 needs to understand that 'SA' means something different in this context.

Mr Jaggers: Yes.

Senator WONG: I didn't notice it; someone else noticed it.

Mr Jaggers: Yes, we understand that.

Senator WONG: It's fine. It then says:

… the Australian Government has entered into a Deed of Guarantee and Indemnity with Naval Group—the two entities, so this is the French entity and the Australian entity, wholly owned—whereby the Australian Government has agreed to provide a guarantee in respect of ANI's financial obligations under the … Access arrangements with—the two entities. Can you tell me about your involvement in that, if any.

Mr Knox: Yes. This was an enabling guarantee to allow us to move forward with agreeing the terms of access for Naval Group into the submarine yard once the submarine yard is complete, and also a guarantee in the case that, for whatever reason, ANI doesn't deliver certain components of the yard in accordance with Naval Group's contract with the Commonwealth. This guarantee, of course, is between the Commonwealth and Naval Group, so the question is actually for Finance.

Senator WONG: No, I'm just asking about your engagement in it.

Mr Knox: We obviously have been part of two important things with Naval Group. Firstly, during the build of the yard, we're building the yard in accordance with their design specification—their functional requirements. One aspect of that is they're also purchasing the equipment which is going to go into the yard. So we've signed an agreement with them, which is the terms, and in those terms it details how we will work together in that period where the yard is being constructed. That's called the coordination agreement. Secondly, we've also agreed with Naval Group an outline of the terms of access once the yard is finished. So those are the two agreements ANI have been signed.

Senator WONG: So does the guarantee only relate to the second of those agreements, Ms Huxtable?

Ms Huxtable: Sorry?

Senator WONG: I would like to ask about this guarantee now because it is easier if I have both ANI and Finance here. Do we need to get a Finance officer to the table?

Ms Huxtable: No, the Finance officers are here.

Senator WONG: Is the guarantee only in respect of the second agreement that Mr Knox just gave evidence about? He said there's coordination and then an access agreement.

Mr Jaggers: The guarantee relates to the coordination agreement.

Senator WONG: No, I don't think that's right.

Mr Jaggers: The guarantee—
Senator WONG: It says access arrangement in the last line item in the entry.

Mr Jaggers: It's both agreements. The coordination agreement has indemnities that go both ways between ANI and Naval Group under that coordination agreement.

Senator WONG: Let's start at the beginning, shall we? We have two agreements between ANI and Naval Group SA and Naval Group Australia Pty Ltd. One is the wholly-owned Australian entity and the other is the French entity—correct? So we've got Naval Australia and Naval SA. Then we have two agreements with ANI: one is a coordination agreement—correct?

Mr Knox: Yes.

Senator WONG: And the second is an access agreement?

Mr Knox: Yes.

Senator WONG: Can you just explain to me again what the coordination agreement actually relates to?

Mr Knox: The coordination agreement is an agreement between us and Naval Group to allow them access to the yard while it's being constructed by ANI.

Senator WONG: Why do they need to access while construction is under way?

Mr Knox: They need to do that because Naval Group will be supplying the key equipment which is going into the yard in order to actually build the submarines. ANI—we—will provide the infrastructure around the sheds, the cranes et cetera but not the key welding and cutting equipment. That's being provided by Naval Group. We need to give them access during the construction period, so it's just a simple way of managing all issues from safety to how they're going to proceed so that we can give them access in a reasonable way into the yard.

Senator WONG: This is with both Naval entities—the French entity and the subsidiary?

Mr Knox: In reality it's with the people on the ground from Naval Group who are actually—

Senator WONG: But the legal framework is with both?

Mr Knox: I'd have to check which company it's actually with.

Senator WONG: Mr Jaggers or Mr Sorbello?

Mr Sorbello: The guarantee is with both the parent and the Australian subsidiary.

Senator WONG: Is that a reasonable assessment or descriptor—not that I'm being critical, Mr Knox—of the coordination agreement? It's essentially enabling access. Equipment can be brought from France, I assume?

Mr Knox: Not necessarily but, yes, equipment can be introduced by Naval Group into the yard.

Senator WONG: For the purposes of constructing submarines?

Mr Knox: For the purposes of finishing submarines, yes.

Senator WONG: What about the access agreement? You said there were two agreements?
Mr Knox: Once we've constructed the yard, obviously, we then hand over the whole yard to Naval Group for them to actually execute the program—and that's the access agreement.

Senator WONG: To make sure you actually give it to them? It's not like you can run off with it; it's right there.

Mr Knox: One, is we give it to them; and, two, is that they pay us a leasing fee.

Senator WONG: So, it's a leasing arrangement?

Mr Knox: A licence it is, in fact.

Senator WONG: A licence?

Mr Knox: Yes.

Senator WONG: A licence to use the facility but ANI retain ownership?

Mr Knox: Yes, we continue to own all the facilities, and there are a number of aspects of the access agreement that just define—

Senator WONG: Are damages quantified in either agreement?

Mr Knox: Yes. You mean if Naval Group damage the facilities?

Senator WONG: No, no, no. For any failure—the second one is kind of binary; either they can use it or they can't. But, for the first one, obviously there could be questions about whether access was provided, whether something happened. I'm asking: does the coordination access agreement quantify or at least provide a method of quantification for damage and loss resulting from a breach?

Mr Knox: It provides a framework under which those discussions would take place, should that happen.

Senator WONG: Is there any number mentioned? Is there an upper limit on the risk to the taxpayers?

Mr Jaggers: There is an upper limit in the deed, but it hasn't been disclosed in the statement of risk, for commercial reasons.

Senator WONG: I'm asking you what it is.

Senator Cormann: For commercial reasons—I will give the same qualifier—we'll take it on notice to see whether we can assist you in a way that doesn't harm the public interest.

Senator WONG: Was that something that was discussed at ministerial level between counterparts in the French government and the Australian government—the quantity, the upper limit of taxpayers' exposure?

Mr Jaggers: The negotiation of the deeds occurred at officials level.

Senator WONG: But the SPA was also raised between Mr Pyne and the French minister; we know that.

Senator Cormann: At the Defence portfolio level, firstly. Secondly, I won't be able to assist you today by providing an answer to the question you're asking, but I'm happy to take it on notice and assess how much we are able to provide you without harming the public interest.

Senator WONG: Sure. I understand these are negotiations between the Defence portfolio and Naval Group in its various forms, but the sort of prudence associated with exposing
taxpayers to a guarantee is something Finance would usually provide advice on. Were you asked to provide advice on this?

Ms Hall: Yes, we were.

Senator WONG: When were you asked to provide advice, Ms Hall?

Ms Hall: We were involved and working with the Department of Defence from about July last year, July 2018, up until the conclusion of negotiations in January-February 2019.

Senator WONG: Did Defence want a higher level of guarantee than Finance was prepared to agree to?

Ms Hall: I'd have to take that detail on notice.

Senator WONG: Were you involved in that, Ms Hall, or was it someone else?

Ms Hall: I was involved in some of the discussions.

Senator WONG: And was the Finance advice to try and lower the exposure to taxpayers?

Ms Hall: The approach we took to the provision of the guarantee was as per the policy guidance with respect to issuing warranties, indemnities and guarantees. There were risk assessments done; the approvals of the finance minister were sought; and, ultimately, the overall package associated with the strategic partnering arrangement and the associated arrangements with ANI for access and coordination were all approved through the normal government processes.

Senator WONG: So the SPA went through a similar process?

Ms Hall: Yes.

Senator WONG: Is there a guarantee in the SPA too?

Ms Hall: You'd have to refer that question to Defence.

Senator WONG: Why is that not stated in here? There is no statement of risk in relation to the SPA, is there? Have I missed it? That would be bad.

Ms Hall: No.

Mr Sorbello: No. I understand Rear Admiral Sammut addressed these questions on Friday. I think he mentioned that the indemnities, or contingent liabilities, were approved inside Defence's authority, as given by the finance minister.

Senator WONG: No, that was in respect of a different question.

Mr Sorbello: I thought it was in relation to the SPA, sorry.

Senator WONG: It was in respect of a different question.

Senator Cormann: You are going inside the Defence portfolio.

Senator WONG: I'm entitled to ask. Finance has a role. I would have thought even you, as finance minister, would ensure your department provided advice in relation to indemnities and guarantees. I am—

Senator Cormann: And we have handled all that in the appropriate way.

Senator WONG: Then you should answer the question, Mr Sorbello, rather than simply flicking it—

Senator Cormann: But the question you've asked is a question for Defence to explain.
Senator WONG: back to Rear Admiral Sammut. I'm asking you a question based on Ms Hall's evidence: did Finance provide advice in relation to indemnities or guarantees within the SPA, as opposed to—separate from—the ANI guarantee?

Mr Sorbello: No. It was within Defence's remit.

Senator WONG: You did not provide any advice in relation to the SPA because of the quantum? You can't just nod; you have to say yes.

Mr Sorbello: Sorry. Yes.

Senator WONG: But you have had to provide advice in relation to the ANI guarantee?

Mr Sorbello: Yes.

Senator PATRICK: What's the threshold—

Mr Jaggers: Defence's threshold for guarantees and indemnities is $50 million. That's the delegation, so a guarantee or indemnity above that level would need to be approved under the PGPA Act by the finance minister.

Senator PATRICK: Thank you.

Senator Cormann: Which is consistent with the PGPA Act.

Senator WONG: You should have chosen a better name for that act!

Senator Cormann: We love the PGPA Act!

Senator WONG: It's too long! I am confused, and, perhaps, Mr Sorbello, you can enlighten me on why the SPA—and I assume it's because there are subsidiary contracts where any potential loss would actually crystallise—which is for the largest procurement project in the nation's history, has an indemnity that is within Defence's ceiling, such that you don't have to provide advice, but ANI, which is building, effectively, a shipyard, a submarine yard, is the subject of Finance advice and a disclosure in the statement of risks.

Ms Hall: Perhaps just to draw the distinction, the arrangements between Defence and the SPA—incorporating various provisions, including indemnities—would have been negotiated as a package of arrangements. So indemnities and other elements will reflect all of the commercial terms of those arrangements. So the negotiated position that was arrived at, as Mr Sorbello indicated, was within Defence's delegation with respect—

Senator WONG: But you can understand, from the outside—

Ms Hall: Yes, I can.

Senator WONG: why that looks weird. It is the largest procurement project the country has done—the future submarines project plus sustainment.

Ms Hall: Yes.

Senator WONG: And you're saying to me, 'It's all right, any potential damage or indemnity or guarantee in that is beneath $50 million'—that's the combination of the two pieces of evidence—'but we had to put in the statement of risks a guarantee in respect of ANI, which is building a shipyard.'

Senator Cormann: Yes, but—

Senator WONG: Sorry, I'm not diminishing it. I'm just saying—

Senator Cormann: You've got to look at it in proportion to contract value, though.
Senator WONG: Sorry?

Senator Cormann: You've got to look at it in the context of the contract value that is dealt with at this level compared to the Defence acquisition program.

Senator WONG: That's not the argument; that's not the evidence, though. That's not what we are talking about.

Senator Cormann: Defence has a different level of delegation.

Senator WONG: No, that's not the issue. The issue is, on that evidence Finance and Defence have made an assessment that any risk or indemnity or guarantee under the SPA is less than $50 million. Can someone explain that to me?

Senator Cormann: The risk profile with ANI is different on the basis that it is a government business enterprise, which, obviously, is starting off. And in the context for the contract with the Commonwealth, with Defence, which is appropriately resourced in a very sizeable acquisition and build program, obviously the risk profile is different and the delegations are different, consistent with the PGPA Act. So it is as I've indicated.

Senator WONG: Has Finance assessed the risk to taxpayers as a consequence of the SPA, or potentially arising under the SPA?

Ms Hall: That question could be better answered by Defence.

Senator WONG: I asked if you had done that?

Ms Hall: The delegate responsible for approving the entry of the Commonwealth—with the resources of Defence behind it—into that contract would have undertaken that assessment. The distinction with respect to the guarantee disclosing the statement of risks regarding ANI was because the Commonwealth needed to guarantee ANI's obligations—ANI is a separate legal entity, a company with limited resources and not with a balance sheet sufficient to be able to—

Senator WONG: Yes, I get it: whereas, with the contract with the SPA, everybody's up for it; we're up for it, no matter what, and there's no corporate entity that they can—yes, I get that.

Senator Cormann: That's it.

Ms Hall: That's the distinction.

Senator WONG: But I'm asking a different question and you're trying to handball me back to Defence, who have already been on. Oh, they are on tomorrow again.

Senator Cormann: Defence are coming up again this week, and it is their core responsibility.

Senator WONG: I'm asking you whether Finance provided advice to Defence about the financial risks associated with the SPA. Did you provide advice during the negotiation?

Ms Hall: Finance wasn't involved with the negotiation of the SPA. Finance was only involved with respect to ANI's involvement in relation to the agreements that it was entering into with Naval Group and in relation to the guarantee.

Senator WONG: So should I understand that to mean that at no stage was Finance asked to provide advice to Defence about whether the SPA gave rise to risks to the taxpayer and whether those risks were reasonable?
**Senator Cormann:** Defence is accountable—

**Senator WONG:** Minister—

**Senator Cormann:** Let me answer the question.

**Senator WONG:** I am entitled to ask her what advice Finance—

**Senator Cormann:** You are entitled to ask, and I am entitled to answer. That's entirely appropriate.

**Senator WONG:** Well, I'll ask the question again.

**Senator Cormann:** And you can.

**Senator WONG:** Why are you so frightened of them answering?

**Senator Cormann:** I've been very quiet and very calm.

**Senator WONG:** Why do you not wish them to answer whether they provided advice about the risks associated with—

**CHAIR:** Order! Let the minister answer the question, Senator Wong.

**Senator Cormann:** I am at the table to answer questions. The accountable portfolio for this—

**Senator WONG:** That's not the test—

**CHAIR:** Order! Senator Wong!

**Senator Cormann:** The accountable portfolio for this is the Defence portfolio. As part of being responsible decision-makers they have to make judgements in terms of appropriately operating within their delegations. Senator Wong, if you want to test and scrutinise that, these are questions for them. I think the Finance officer has explained to you the Finance department's involvement in the context of interaction with ANI. Ultimately, the decision in relation to the SPA was a government decision taken at a cabinet level or a cabinet subcommittee level.

**Senator WONG:** I can read press releases. Can I get back to the question.

**Senator Cormann:** I'm not reading a press release at all. I'm just looking straight ahead.

**Senator WONG:** I am entitled to ask—

**Senator Cormann:** And I am entitled to answer.

**Senator WONG:** You haven't answered it.

**Senator Cormann:** You are not even letting me finish my answer. This is quite discourteous.

**Senator WONG:** Finish! It is really boring. Everybody knows what you are doing; you're fobbing me off to deal with Defence. I am not asking for that.

**Senator Cormann:** When you ask questions in the wrong committee, it is very difficult to be helpful. The questions that you are asking are questions that squarely go to the Defence portfolio. They do not go to the Finance portfolio, for reasons that have been very clearly explained to you by Ms Hall.

**Senator WONG:** Have you finished?

**Senator Cormann:** I have finished.
**Senator WONG:** I am not asking about the Defence portfolio; I am asking about their work—and that is an entirely appropriate thing.

**Senator Cormann:** And she has explained their work.

**Senator WONG:** You did not let her answer. I will ask the question again, after that very lengthy discursive fob-off. Was Finance asked to provide advice, or did Finance provide advice, to Defence about any potential risk to taxpayers from the SPA?

**Ms Hall:** Not to my knowledge.

**Senator WONG:** You were never asked?

**Ms Hall:** Not to my knowledge.

**Senator WONG:** Thank you. See, wasn't that easy! I am happy to defer to Senator Patrick for a period.

**Senator PATRICK:** I'm fine; I was just coming to watch!

**Senator Cormann:** See, some people want to watch this live! Others watch it online, apparently. So every now and then we've got to live up to expectations!

**Senator WONG:** We've had a lengthy discussion. There are lots of acronyms, which you are probably more across than I am—LOTEs, FCDs, MCDs and even ICDs. But I just want to understand whether there are any infrastructure implications from the intention that has been flagged by Defence, and also by Mr Wiley this morning, to essentially do life-of-type extensions during the full-cycle docking process.

**Mr Knox:** ANI's role is in building infrastructure—

**Senator WONG:** I appreciate that.

**Mr Knox:** not in maintaining submarines.

**Senator WONG:** Is there any effect—

**Mr Knox:** No.

**Senator WONG:** You can see what I'm saying. There is a timing issue—

**Mr Knox:** Yes.

**Senator WONG:** Where is the work done? You say you don't do it, it is going to be done at ASC. Tick. Secondly, what does that mean? Does that have any implications for ANI in terms of your infrastructure and your understanding of the timing of the build?

**Mr Knox:** We're going to build the Future Submarine construction yard in such a way that it has no effect on future decisions which are made. And we have, as I've said before, the space to do that. The submarine construction yard is currently being designed by Naval Group and then will be approved by Defence. It will be passed to us and we will build it with sufficient flexibility to cater for future decisions.

**Senator WONG:** What year are you currently planning as the commencement of the construction of the Future Submarines?

**Mr Knox:** Future Submarines?

**Senator WONG:** Yes, Future Submarines.

**Mr Knox:** That will be a process. The first phase of that process is that we've been asked to complete two critical pieces of infrastructure first. One is the Combat System Physical
Integration Facility—and there is an acronym if you want one. That is Lockheed Martin's facility for some of the critical systems which will go in the submarine. We've been asked to construct that. The second thing we've been asked to do is the platform land-based test facility, which basically will test the propulsion system. We have been asked to build those two critical facilities.

Senator WONG: My question, still, is about dates.

Mr Knox: I apologise that we cannot absolutely nail that down, but we are to deliver those facilities in early 2022 in order to allow those facilities to be utilised by Naval Group and Lockheed Martin.

Proceedings suspended from 10:31 to 10:44

CHAIR: Just before we return to questions for ANI, there is an update to the program, for anyone watching from home.

Senator WONG: All those people sitting at home watching!

CHAIR: Those many fans. The program will continue as scheduled for the next few witnesses. We'll turn to the Future Fund Management Agency after ANI and then the Commonwealth Superannuation Corporation. When we are scheduled to go to Department of Finance at about 11.15 am, rather than starting with outcome 1, we are going to start with Senator Seselja's responsibilities with the Department of Finance. That includes his part of program 2.1 and his part of program 2.5, which of course includes government advertising. Then we will continue through Senator Seselja's responsibilities, including outcome 3, the Independent Parliamentary Expenses Authority and the AEC and, after those are concluded, we'll return to Minister Cormann's areas of responsibility within the Department of Finance, being outcome 1 and the other parts of outcome 2. I hope that's sufficiently clear.

Senator PATRICK: Did you want to say something about the photo, Mr Knox?

Mr Knox: I tabled the photo really to give you a good feeling for progress. To answer your question around milestones, which we'll answer on notice subsequent to this, in the foreground of that photograph is building 22, which is where the major ship assembly will take place. It's going to be big enough to hold two frigates side by side, or two destroyers, in fact, side by side—a very substantive building. The critical path item there is the jacking. You will see those yellow jacks. They are going to lift this whole wall into the vertical position, then we'll move down throughout the whole building and complete it. We've done that really for safety reasons so that people are not working at extreme height, so it's a much safer way to do this building.

The one behind it is where the blocks are going to be assembled, the block assembly hall. It's going to be largely completed by this year, and obviously it's well on, with all the steel up. Behind that—you can't really see it in this photograph—is building 20, where all the steel fabrication will take place. That, in some respects, is the really critical hall for the perspective of ASC Shipbuilding, because that's where they'll first go in order to start cutting steel and welding it and start making blocks. So there's a lot of attention going into supplying equipment into that hall.

I wanted to share with you the progress, in response to your question. Ultimately we are targeting to have this yard ready to hand over to BAE at the end of the first quarter of 2020.
Senator WONG: Which yard?

Mr Knox: This yard—the southern shipyard, where we're going to build the frigates, the Hunter class frigates.

Senator PATRICK: So the space for the future submarine shipyard is to the north of those two buildings?

Mr Knox: Directly to the north.

Senator PATRICK: Just to be clear, there's no need to take up space on ASC North, where they currently do full-cycle dockings?

Mr Knox: We have sufficient space to the north to cater for all future decisions that may or may not be made.

Senator PATRICK: Minister Pyne had made some claim that there wasn't much space out there. I thought he might have been talking about a different part of the world.

Mr Knox: He may have been talking about something else. We have sufficient space to cater for all foreseeable outcomes.

Senator PATRICK: Fantastic. Thank you.

Senator WONG: All foreseeable outcomes, including where the FCDs are done?

Mr Knox: Yes.

Senator WONG: Is that what that answer means?

Mr Knox: That's correct, yes.

Senator WONG: Have you been briefed on that answer?

Mr Knox: Yes, that's correct.

Senator WONG: Yes—

Mr Knox: No, no, I haven't been briefed on the answer. No. Sorry, no, Senator.

Senator WONG: Intake of breath from the other end of the table!

Mr Knox: No, no. We are very fortunate here that we have a unique opportunity to build really great yards and we have plenty of space. It is quite unique. We're not squeezing it into a small space.

Senator WONG: We know it well. Senator Patrick's questions essentially asked about where I wanted to get to. I just want to ask about the additional equity injection.

Mr Knox: Yes.

Senator WONG: There's a capital measure at page 184 of the budget papers, an additional equity injection. I assume that means you previously had an equity injection.

Mr Knox: Yes.

Senator WONG: Can you take me through the financial arrangements and the provision of equity by the government into ANI since you were—when were you legally created?

Mr Knox: I started in June 2017.

Senator WONG: No, the entity.

Mr Knox: March 2017.

Senator WONG: Since March 2017, how many equity injections have there been?
Mr Knox: Since March '17 the government has been funding ANI through equity injections on a monthly basis, and that is in order to supply sufficient funds in order to construct this and to buy assets.

Senator WONG: On a monthly basis?

Mr Knox: Yes. We ask on a monthly basis. Some months we don't ask for any equity injection. Most months we do.

Senator WONG: You're not publishing it for commercial sensitivities. I think the evidence is that they ask each month. It's an odd way to do it, but anyway.

Mr Jaggers: We have an equity funding agreement with ANI for the commitments that the government has made and they draw down under that agreement on a regular basis as needed, as Mr Knox indicated.

Senator WONG: An equity fund agreement or an equity funding agreement?

Mr Jaggers: Equity subscription agreement, I think we call it.

Senator WONG: I just want to know what name you want me to call it.

Mr Jaggers: Equity funding agreement.

Senator WONG: When was that agreement entered into?

Ms Hall: In the 2016-17 financial year.

Senator WONG: Where is that disclosed? Was there a budget measure, as a capital measure?

Ms Hall: Yes, Senator.

Ms Huxtable: It could have been in 2016-17 MYEFO.

Senator WONG: Was it also NFP then or have you actually disclosed, at some point, a figure associated with this agreement?

Mr Jaggers: The annual report of ANI discloses the equity contributions injections that have been made by government. In the 2016-17 annual report and the 2017-18 annual report from ANI there are references—

Senator WONG: Do you want to give them to me now? We can sit here and wait for them.

Senator Cormann: We can provide them.

Senator WONG: He's got them there. Ms Hall is pointing at his screen.

Mr Jaggers: The equity injection in 2016-17 was $40 million, and in 2017-18 it was $279.5 million.

Senator WONG: You're presumably not going to give me 2018-19, 2019-20?

Mr Knox: No. The reason they're not for publication is that they are commercially sensitive.

Senator WONG: Can I ask what the assumptions are underpinning them?

Mr Jaggers: In relation to the latest equity commitment that the government made to ANI, it was costed on the basis of the future work, the next tranche of future work, for the submarine construction yard. So it relates to the Attack class yard and also some of the ANI's overheads in delivering the construction project.
Senator WONG: The Hunter class? I won't press the—

Mr Jaggers: Sorry, Senator. It was Attack class, so future submarines.

Ms Huxtable: Just to be clear, the first equity funding agreement, or the original provision—we will come back to you on whether that was the 2016-17 budget or the 2016-17 MYEFO—was in respect of the Osborne South yard, so the frigate yard, and the capital measure in this budget is predominantly in respect of the Osborne North yard, which is the Attack class submarine yard.

Senator WONG: And do both of them go over a number of years?

Ms Huxtable: Yes.

Senator WONG: A forward estimates period or shorter or longer?

Mr Jaggers: It's about that range. Yes, I think it's over—

Senator WONG: What are the assumptions about dates for various milestones in relation to—I'm sorry, which is the frigate yard? The south?

Ms Huxtable: The south.

Mr Jaggers: It's contained in the equity funding agreement and the drawdown profile. I don't have the details of that at hand.

Senator WONG: Are there any particular milestones you can give us? Does it assume the date by which the yard will be operational? Do you know what I'm saying?

Mr Knox: Yes. The key date is the end of the first quarter 2020 for us to complete what we call the greenfield build of the Osborne South shipyard. We are funded to deliver that date.

Senator WONG: And the equity agreement assumes that date?

Mr Knox: Yes, it does.

Senator WONG: Was the other one, the second one—the future submarines?

Mr Knox: For the Future Submarines we will be funded so we can deliver those two facilities—the combat system physical integration facility and the Platform Land Based Test Facility.

Senator WONG: By?

Mr Knox: I think it's early 2022.

Senator WONG: Is it correct to say you've only been funded to date under the equity agreement for those milestones?

Mr Knox: We've also been funded to acquire the original land, which we have, which we're building all of this on.

Senator Cormann: Which included transaction with the South Australian state government.

Senator WONG: Yes, but these are not the only facilities which will be required for Future Submarines, correct?

Mr Knox: Yes, that's correct. There is the larger submarine yard, which is still under design.
Senator WONG: Correct, and that's my point. There's additional work and additional infrastructure which will be required. I'm assuming from what you said that the current equity funding agreement relates to the two objectives, the two milestones—

Mr Knox: It does.

Senator WONG: by the date you've identified, which are the platform land based test and the combat system physical integration.

Mr Knox: That's right.

Senator WONG: They're the two objectives, or outcomes, which are the subject of the current equity agreement, and the broader Future Submarines construction facility—what did you call it?

Mr Knox: We call it the main works.

Senator WONG: And the main works are not yet the subject of an equity agreement?

Ms Hall: The most recent equity injection in the 2019-20 budget also included funding for the planning and the detailed design of the Attack class submarine construction yard.

Senator WONG: So funding ANI for the planning and design of the yard but not actually for the construction of the yard?

Ms Hall: That's correct.

Senator WONG: What is the time frame around the former that's assumed in the funding agreement?

Ms Hall: The funding is provided over two years from 2019-20.

Senator WONG: To 2020-21?

Ms Hall: Yes.

Senator WONG: Is there a reason why there's nothing beyond that for Future Submarines at this point?

Ms Hall: Further funding decisions in relation to the construction of the yard will be taken once the detailed design and planning is complete.

Senator WONG: Would it be correct to say that the government has only currently budgeted for the equity injections which are currently assumed under the various equity agreements that you've described?

Ms Hall: The budget includes the equity for all decisions taken to date.

Senator WONG: Taken to date: which is—

Senator Cormann: This is an important point. As is the case with all infrastructure, you've obviously got to conduct the proper design and costings work before you can make the next wave of decisions, so we're going through it in an orderly process.

Senator WONG: Yes, but the orderly way means, just so we're clear, there's no equity funding as yet in the federal budget for the construction of the main work facility for the Future Submarines, correct?

Senator Cormann: That is right—

Senator WONG: Thank you.

Senator Cormann: because the design work is yet to be undertaken.
Senator WONG: I am done. That was fun!

CHAIR: As there are no further questions for ANI, I thank you for your attendance and your evidence here this morning.

Future Fund Management Agency

CHAIR: The committee will move to the Future Fund Management Agency. I welcome Mr David Neal, Chief Executive Officer of the Future Fund Management Agency, and officers from the Department of Finance covering program 2.8, Australian government investment funds. Mr Neal, do you wish to make an opening statement?

Mr Neal: I don't.

Senator McALLISTER: Budget Paper No. 1 indicates an upward revision to non-tax receipts of 1.9 billion and states that is largely driven by the future fund. I know that the returns for March haven't been settled, but can you give us an indication of how you think you went?

Mr Neal: I don't have the specific numbers, but it was quite positive. Markets were pretty strong, so there'll be a pretty good return. It'll be good, positive money made. I don't have the actual number for you.

Senator Cormann: But it gets reported in the usual way.

Mr Neal: We report that around about the third or fourth week of the month, so a couple of weeks.

Senator McALLISTER: It's only that it appears so prominently in BP 1. I wondered if you'd just talk us through that, maybe from a Department of Finance—

Senator Cormann: BP1 is not a matter for Mr Neal.

Senator McALLISTER: No, but it is for the Department of Finance, and it's relevant to the Future Fund because it goes to that very specifically—

Senator Cormann: Yes, and of course we make assumptions, as we make across all sorts of revenue and expenditure items, but Dr Stein Helgeby is the best—

Ms Huxtable: Sorry, do you have a page number?

Senator McALLISTER: Yes. It's 4-14, statement 4.

Senator Cormann: This is non-taxation receipts?

Senator McALLISTER: Correct.

Dr Helgeby: Thank you for the page reference. It's a reference to a 2018-19 figure, so it's three-quarters of the way through the year, and it's built on monthly experience, monthly year-to-date experience, but it doesn't break it down further at this point in time. Are you asking for a further breakdown?

Senator McALLISTER: I'm really just trying to understand. There's been a choice made in BP1 to call out the Future Fund's contribution to the upward revision in non-taxation receipts, and I'm trying to understand at what point in time that calculation—as Dr Helgeby says, there's an assumption made—

Senator Cormann: This is for 2018-19, for the last financial year.
Senator McALLISTER: Correct. I'm asking Mr Neal about performance to March. He's saying he doesn't have the figures with him. I'm trying to understand what the reference in 4-14 is based on.

Senator Cormann: As you would know, I release regular monthly financial statements, and we obviously do have information up until the end of December. We've got two quarters for 2018-19 with certain indications, and then obviously we have got an established methodology to make these assessments and update these assessments at every budget and budget update, and the usual methodology was followed.

Senator McALLISTER: Can you just tell me what that is, Dr Helgeby? Mr Neal can't tell me what the March results are, so I assume that, whatever the methodology is, it probably doesn't include the March results.

Dr Helgeby: The methodology basically is to look at the actuals at the latest appropriate time relative to the construction of a particular set of estimates. Not only do we have the year-to-date figures to 31 December from the Future Fund; as the minister said, we publish monthlies, and I think we've definitely published the January monthly at this point of time—

Senator Cormann: It is already published all the way to the end of February.

Dr Helgeby: Yes. So, by the time the budget numbers are constructed, we have quite a lot of data about the year to date. In effect, what this paragraph in the budget papers is simply doing is saying that, if we take that experience year to date and then we apply normal assumptions about returns for the rest of the year, which are assumptions that then flow into the future years, the Future Fund is a major explanation for the movement you're talking about. What those sections of the budget papers do is that they simply call out which are the bigger numbers that move within that total, and all that section is doing is saying that the Future Fund is a big mover within that total.


Dr Helgeby: When you get into the forward years, you apply a projection methodology or an estimation methodology. What this one is pointing to is actually an experience. We don't apply that experience going forward; we apply a projection methodology going forward.

Senator Cormann: The difference is that for 2018-19 we have obviously a proportion of lived experience which helps to improve our assessment of what we expect will happen, whereas, looking forward, consistent with normal practice, we use forecasting projection methodology, including making assumptions on how different items of revenue and different items of expenditure will track, given economic and other relevant parameters.

Senator McALLISTER: In relation to the forecast for 2019-20, what is being assumed about the general trajectory for the Future Fund? I ask because, on that same page, there's an indication that non-taxation receipts are revised downwards. There's an indication that that reflects lower than expected state and territory contributions to the NDIS and lower than expected receipts from the Pharmaceutical Benefits Scheme, but it's silent about the performance of the Future Fund, and I'm really just trying to understand where it's going.

Senator Cormann: That's a fair question, and I think you are asking for a disaggregation of that line item. Consistent with our usual practice, what I would say is that we will take that on notice and provide that information for you on notice.
Senator McALLISTER: Just in the same line of questioning—and this is perhaps for Mr Neal—what downside risk do you see in that 2019-20 financial year?

Mr Neal: You're asking me what the returns will be in the future, which is obviously difficult.

Senator McALLISTER: No, I'm not asking you for a quantitative assessment. I'm really asking about your view about the market in that financial year. My next question, if it assists in providing context, is about how you're adjusting your portfolio to what you're seeing in the next 12 months.

Mr Neal: I think the best way to answer that is that the Future Fund is designed to strive for quite strong long-term real returns and, to do so, needs to take a fairly considerable amount of risk in its portfolio. So we always understand that, from year to year, we may have quite significant drawdowns in the returns, quite poor or even negative returns in a particular year. That's a function of being quite significantly exposed to markets. That could happen next year. It could happen the year after. It happens from time to time. The thing about a long-term portfolio is that you ride those periods out, and, in the end, you expect that that risk you're taking is rewarded with higher returns.

Do I think there's anything particularly special about next year? Not really. Actually the environment at the moment has started to look a little stronger. The actions of the Federal Reserve and other sorts of risks in the market have tempered a little since the last time we spoke, and, if anything, we're a little more positive on the markets. The best way to ask an investor is always to ask them what their portfolio looks like. We are about neutrally risked, if you like. What we believe is a normal, neutral amount of risk that we would carry—we're about that. We're not higher or lower. One thing we are doing in the portfolio is looking to make sure we have more flexibility in the portfolio, so we are looking to, at the margin, reduce the amount of illiquid investments we have. That gives us some optionality to change strategy in the future. I think that's the best way of answering your question.

Senator McALLISTER: We've talked about that before. That is a continuation of the trajectory you've described in the past?

Mr Neal: Yes. A plan like that is a sort of two-year plan, really. When you've got a big portfolio, it takes a long time to make those adjustments. I think, as we talked about before, we're not panic-selling things; we're not rushing anything. It's at the margin of the portfolio, but I think it's an important move.

Senator McALLISTER: We've discussed at estimates on numerous occasions the approach that the Future Fund is taking to venture capital, and you've been very helpful in talking through that. Are there any developments on that front that you would like to update us with?

Mr Neal: I don't think there's any update since the last time we spoke, no.

Senator McALLISTER: I gather you've had a few new hires. There are a couple of media releases on your website. Can you just update the committee on what's happening in relation to staff and personnel, for your senior staff?

Mr Neal: Yes. You may remember that last year I restructured the agency, and that led to the creation of a few new roles. I'm pleased to say that we've just filled the last of the senior
roles that were created as part of that restructure, which is a deputy CIO position for portfolio strategy.

Senator McALLISTER: That was Ms Brake?

Mr Neal: That's right; that is Sue Brake. Also, the head of our private equity team left at the end of last year, so we've just replaced him.

Senator McALLISTER: Who's been appointed?

Mr Neal: It's a lady called Alicia Gregory.

Senator McALLISTER: We've talked a little bit before about the gender balance in senior roles at the Future Fund. I note that these two appointments happen to be women. How is the gender balance now in the senior team?

Mr Neal: It's not sufficiently balanced. I think that would be the first thing I would say. We would like it to be more balanced. We think having a balanced, diverse workforce, not just in gender but diverse in all its respects, is good for decision-making, so we would like to have more diversity in our senior team. Clearly, it helps having Sue and Alicia join us, but I think we have more work to do. It takes time. So I would say we're still behind where I would like us to be, but we're working on it.

Senator McALLISTER: Do you have an updated organisational chart that you could provide, or is the one on the website up to date?

Mr Neal: I'm not completely sure whether we have an organisational chart on the website. I'm certain that we can provide you a chart. Presumably a chart of the senior staff is what you're looking for. We can do that.

Senator McALLISTER: Yes. The website has some photos, but it doesn't really describe the structure.

Mr Neal: I can explain it to you.

Senator McALLISTER: Yes, that'd be good. It doesn't describe the structure, and it doesn't really include either of the two appointments we've just referred to, presumably because they sit one layer down or two layers down.

Mr Neal: Yes. The agency is divided into a number of business units. We have the investment business unit, which is headed by Raphael Arndt, and he has three deputy CIOs that manage the three key areas: public markets, private markets and portfolio strategy.

Senator McALLISTER: That's where Ms Brake will be working?

Mr Neal: That's right. We then have a business unit for operations, which runs the back and middle office, the settlement of trades, making sure that the money is kept safe. We have a business unit which is headed by Gordon McKellar, our COO. We have a business unit for legal and risk, so we have our general counsel and our chief risk officer, Cameron Price, who heads that unit. We have a unit for finance, which is headed by our chief finance officer, Paul Mann. We have a business unit we call organisational development, which is headed by Liz McPherson. That runs what you might call the PMO, the project management office, so it runs projects, change and internal communications. It runs our HR and our learning and development function. We have a technology business unit, headed by our Chief Technology Officer—that was one of the new appointments from the restructure last year—Richard Large, who joined in February.
Senator McALLISTER: With you, that's then a seven-person team?
Mr Neal: That's right—the management committee.
Senator McALLISTER: Of whom one is a woman?
Mr Neal: That's correct.
Senator McALLISTER: Does it look a little bit more balanced in some of the layers below?
Mr Neal: Yes. I probably do have some statistics for the split further down, if you'll bear with me. Across the agency as a whole, we have 83 males and 78 females.
Senator McALLISTER: Eighty-three men and 78 women.
Mr Neal: I think these are end-of-June numbers—last year, actually.
Senator McALLISTER: That's the annual report figures?
Mr Neal: Yes. I don't think I have an updated set of numbers here. Obviously we'd be able to get those if you're interested in them.
Senator McALLISTER: It's sometime since we've discussed it, but, has there been any work on pay gap in the organisation in recent times?
Mr Neal: I think we've had this conversation before. We work very hard to make sure that people doing the same job get paid the same, irrespective of gender or any other characteristic of that person. So people with the same skills and the same capability doing the same role should get paid the same amount, and we work very hard to make sure that is the case. If you define gender gap that way, then I am confident that we don't have a gender gap.
Senator McALLISTER: We've talked about it before—that's not the way the Workplace Gender Equality Agency, which is a government agency, defines it or calculates it.
Mr Neal: Obviously you've observed that we have fewer females at senior levels than we would like, and people at senior levels get paid more. So when you look at that aggregate statistic, then that's correct: there is a pay gap.
Senator McALLISTER: Yes. From a process perspective, have you been preparing information for the board about the pay gap?
Mr Neal: The board's remuneration nominations committee gets a report of the pay of every single person in the agency and has the opportunity to review all of that, and it reviews the senior people more directly each year.
Senator McALLISTER: But I'm trying to understand whether pay gap analysis has been done in the organisation, or when was the last time it was done.
Mr Neal: We've not provided that specific pay gap analysis to the board. I think because they look at each individual, so we've not provided that analysis.
Senator McALLISTER: I am just having a look at the reported salaries. Even at that senior management level, for the management committee, the highest salary listed is $1.2 million total remuneration but the lowest salary within the management committee is Ms McPherson, who happens to also be the only woman on the management committee. Has the board made inquiries about those circumstances?
Mr Neal: Yes, the board reviews the salaries of all of these people. It's difficult to answer these questions because they are about specific individuals, and so—

Senator McALLISTER: This is published—

Mr Neal: It is.

Senator McALLISTER: so there is published information about each of the members. And, in fact, I'm incorrect: the highest salary is for Mr Gilmore, who receives $1.36 million total remuneration.

Mr Neal: That was a termination benefit.

Senator McALLISTER: Okay. So, in fact, it remains the case that the highest salary is for yourself, as is ordinarily the case for the CEO. So the board is presented, as part of ordinary briefings and also to sign off on the annual report, with a set of salary figures for the management committee that shows that the one woman out of the seven people on the management committee also happens to be the person on the management committee receiving the lowest salary—half the salary of the CEO, for example. I'm not asking you to explain it, although you may choose to, but I am asking whether the board has specifically sought a response from the management team about the gender composition of the executive and the remuneration outcomes by gender in the executive team.

Mr Neal: I think the best way for me to answer it is that there has been a response on the remuneration. There has been a response, so action has been taken.

Senator McALLISTER: So are you saying that action has been taken in relation to specific salaries, publicly reportable salaries, for the management committee?

Mr Neal: Yes.

Senator McALLISTER: And is that the action referred to in the footnote, which says: Elizabeth McPherson's maximum at risk performance related pay percentage changed—or is it a subsequent action?

Mr Neal: It does relate to that; that's part of the change.

Senator McALLISTER: Right. If we looked at the composition of the organisation overall, the 83 men and the 78 women working everywhere else, are we going to find the same differentials, where the women are employed in lower paid jobs than the men?

Mr Neal: As I think we've talked about, the gender diversity is much stronger at the middle and lower parts of the organisation. It's the same thing that we've just said—we don't have enough female representatives at senior levels to achieve our desired diversity characteristic—and so, yes, there are more women getting the lower paid jobs. Generally, it's the more senior jobs that are the more highly paid jobs.

Senator McALLISTER: Okay. What other best practice organisations do is they establish a plan to address gender diversity. Does such a plan exist for the Future Fund?

Mr Neal: It does. We have an inclusion and diversity plan. I think we've provided that to you in the past.

Senator McALLISTER: Has it been updated recently?

Mr Neal: No, I don't believe so.

Senator McALLISTER: Is it being implemented?
Mr Neal: Yes, it is.

Senator McALLISTER: Is progress being demonstrated?

Mr Neal: Yes, I believe so.

Senator McALLISTER: Well, is there evidence of progress?

Mr Neal: We've just talked about our last two senior hires. I think that's some demonstration of progress. Let me give you some statistics. I think we can boil the different elements of the plan down to: we needed to improve our recruitment processes, and, in particular, we needed to work hard to make sure that we were getting a balanced input into that recruitment process. The tendency, when we were just going to market, was that we would get 80 per cent male responses and 20 per cent female responses, and, of course, if you start with that then that makes it very hard. We have been working really hard to make sure that we have had an equal balance going into the process.

Once you're in a process, you then need to make sure that that is a fair process. We've done a lot of work on trying to make sure that the assessment process itself is balanced. Since we started this plan—we started collecting statistics on 1 January 2016, and up until the beginning of February we had, across all of the jobs, just over 900 applications in total; 580 of those were male and just over 300 were female so that's what I am talking about with the biased field that we play with in finance. We shortlisted 155 females and 152 males. That's the starting point for us; it's to make sure that we're balanced at the start. It's very easy to not be balanced at the start, so we've fixed that.

Then, as I mentioned, we've improved our processes for assessment. So when you look at the appointments over that whole period, we've actually hired 19 females and eight males over that period. Sorry, no: that's in FY18. In FY17 it was 15 females and 12 males. Many of those are at middle and lower positions, so it's still not fixing it. We need to fix the senior position. At level 5 and above, which is what we've described as our leadership levels, we've hired five females and nine males. Actually this would be before the last two appointments we've just talked about so that is perhaps seven and nine now. I think there is evidence that there has been a change. There is a step change in the way we're doing things; there's a step change in the beginnings of the process. Of course it takes a long time to change the overall picture, but I think we're on the right track.

The other part of the plan is changing the culture of the place. It's very clear to us that you need to have an inclusive culture if you want diversity to survive. You need to create the environment where a more diverse collection of people can thrive. We've had a series of all staff offsites, we've had leadership offsites, we've had a series of initiatives to try to encourage a more inclusive culture, and I think that is the other really important part of our plan.

Senator McALLISTER: Okay. Look, I just wanted to ask, quite separately, about the budget treatment of drawdowns. There's a decision to defer drawdowns until at least 2026-27—that's correct?

Ms Huxtable: I think this is more a matter for us—

Dr Helgeby: Yes, Senator. That's correct.

Senator McALLISTER: Okay. Is it also correct that the Future Fund is excluded from the underlying cash balance based on the legislation not allowing drawdowns before 2020?
Dr Helgeby: Senator, I might take you to—

Senator Cormann: The first point I would make is obviously, from when the Future Fund earnings become available to meet Commonwealth liability is consistent with the act, which was the earliest of 1 July 2020 or when the outstanding unfunded public sector superannuation liability has been fully covered on the basis of actuarial advice, Labor, in the 2012-13 MYEFO, flagged how this would be treated in budget terms from the relevant period onwards. For the last two years now, ever since the 2020-21 financial year has been inside the forward estimates, Future Fund earnings have been reflected against the bottom line, consistent with the legislation, consistent with what the Gillard government announced in the 2012-13 MYEFO and consistent with reality to reflect the fact that this is a revenue source that is now available to meet unfunded public sector liabilities, and indeed to fund the public sector liabilities from that time onwards.

Senator McALLISTER: I'm just trying to understand that last piece of evidence, Minister, because there is a decision of government not to draw down on the fund and yet it is included in the underlying cash balance.

Senator Cormann: That is a sensible decision by government, because the—

Senator McALLISTER: I'm not arguing whether or not it's sensible; I'm trying to understand why it feeds through into the budget treatment.

Senator Cormann: I'm explaining it to you.

Senator McALLISTER: I just don't want to take it too long.

Senator Cormann: No; I'm going to be concise. If I hadn't been interrupted, I would have been even faster. I would have been finished by now. It's very simple. We made a decision not to draw down, essentially, because the full public sector superannuation liability hasn't been covered yet but also because the net return achieved from our investments in the Future Fund by far exceeds the public debt interest cost of maintaining a higher level of gross debt than would be the case if the Future Fund investments were drawn down. But that doesn't change the fact that, consistent with what was envisaged in the Labor's 2012-13 Mid-Year Economic and Fiscal Outlook that, from 1 July 2020 onwards, the earnings from the Future Fund are one of the revenue sources available to meet the Commonwealth liabilities and to help fund an item of expenditure that is real and that is related to public sector superannuation.

Senator McALLISTER: I want to ask about the impact of the Future Fund on net debt. Mr Neal, do you consider your impact on net debt in your investment strategy at all? Is it a factor?

Mr Neal: No, not at all.

Senator McALLISTER: Can you give us a high-level view about the trajectory for the use of collective investment vehicles in the portfolio? I understand it's just under half of the total portfolio value at the moment?

Mr Neal: I don't think there's a trajectory. I imagine that the structure of the portfolio we have now is likely to be very similar to the way it is. The Future Fund is now a fully mature portfolio that's built out. I have no reason to think that would change meaningfully.
Senators McAllister: This might be one for Finance. What do the estimates assume about the level of use of collective investment vehicles in the portfolio over the forward estimates?

Dr Helgeby: We don't specifically make any assumptions about types of investments that the Future Fund has but we do roll forward on equities. The biggest exclusion from the calculation of net debt compared to gross debt is equity. We know at any one point in time what level of equity the fund has, so they are excluded in the calculation of net debt. Collective investment vehicles are accounted for—

Senators McAllister: I've actually read the PBA paper, so I do know what you're talking about. What share is assumed in the forward estimates about the equity component of the Future Fund over the forwards?

Dr Helgeby: It would basically be the same as it is now.

Senators McAllister: Stable. Is that the same for the medium term?

Dr Helgeby: The medium-term numbers done beyond the forward estimates are done in Treasury. Certainly to the extent that we are involved in the forward estimates period, there is a consistent level of equity.

Senators McAllister: Into the medium term?

Ms Huxtable: No; you'd have to ask Treasury.

Senators McAllister: So you can confirm that, for the forwards, it's stable, and then Treasury are responsible for the medium term?

Dr Helgeby: Yes.

Senators McAllister: I may have some more questions about this but I think they are probably best pursued in outcome 1 rather than here. That's all that I have for Mr Neal.

Chair: Thank you, Senator McAllister. If there are no further questions to the Future Fund Management Agency, I thank you for your attendance here today and for your evidence. The committee will move to the Commonwealth Superannuation Corporation. After the Commonwealth Superannuation Corporation, we will be returning to the Department of Finance but it will be program 2.5, Government advertising and other responsibilities, under Senator Seselja.

Commonwealth Superannuation Corporation

[11:34]

Chair: I now welcome Mr Peter Carrigy-Ryan, Chief Executive Officer of the Commonwealth Superannuation Corporation; Mr Andrew Young, Chief Operating Officer, and officers from the Department of Finance covering program 2.7, Public sector superannuation. Mr Carrigy-Ryan, do you wish to make an opening statement?

Mr Carrigy-Ryan: Thank you. I do not wish to make an opening statement.

Chair: Thank you. Senator McAllister.

Senators McAllister: Mr Carrigy-Ryan, I want to ask you how the organisation is responding to the recommendations of the royal commission into banking and superannuation. There were a number of recommendations that will require legislation to be
implemented. I am keen to understand whether you're taking any steps now, ahead of time, to prepare for those changes.

**Mr Carrigy-Ryan:** The answer is yes. That program of work is being undertaken through our board governance committee and the board. There are the recommendations that were made in the royal commission report and also the recommendations that were made in the CBA report last year. We were one of the superannuation funds that APRA asked to give a response to those recommendations. So there are a number of things. That's a public document, as you know. We have gone through and provided a response to APRA as to what action we are taking on each of the recommendations. So we have a comprehensive work program over the next 12 to 18 months. Yes, there is legislation for quite a bit, but we are not pre-empting. I think we've decided to do some things in front of the game, if you will, in relation to them, certainly around our governance issues in the policies that we have—conflicts of interest and those sorts of things. That's quite a substantial body of work. Of course, when the recommendations are subject to parliamentary consideration and legislation, and further regulatory outputs, there will be more to do.

**Senator McALLISTER:** Sure. I appreciate why you are hesitant to know the mind of the parliament in advance of time. However, there are a series of things which it is generally agreed ought to happen across the aisle. Are you doing anything, for example, around recommendation 3.1, that there be no other role or office for trustees?

**Mr Carrigy-Ryan:** Yes. That will obviously form part of the board governance process. So that's an example. Yes, we are rewriting or reconsidering—the committee is reconsidering its policies in relation to all of those matters, as they are in relation to conflicts, compliance, governance, risk, remuneration, culture and all of those issues that the royal commission dwelt upon.

**Senator McALLISTER:** What's the output for this governance committee? When will they conclude their work and what will be the nature of the output they will produce?

**Mr Carrigy-Ryan:** There is a schedule for each of those different components of work over the course of the current calendar year. Again, that is subject to the actual detail of implementation of some of those recommendations from both the regulators and the parliament over the course of that time.

**Senator McALLISTER:** What I'm really trying to get at is whether you are planning to make changes around some of those key areas that were highlighted by Commissioner Hayne prior to legislation requiring you to. Are you taking—

**Mr Carrigy-Ryan:** Do we want to get in front of the curve?

**Senator McALLISTER:** Do you wish to get in front of that curve?

**Mr Carrigy-Ryan:** The answer is yes. For a long time we have prided ourselves as an organisation in relation to our governance arrangements, our governance standards. We were the first superannuation fund in Australia to implement a global best practice investment governance structure in 2008. We think it's important, given who we are, our constituency and our stakeholders, that we have the highest and best standards that we can possibly have. All of those matters to which I have referred—conflicts, compliance, governance and risk—we are reviewing each of the policies we have in respect of those. A number of those are on our
websites. We are doing that now, yes, in advance of, say, detailed implementation decisions by the parliament or the regulators on a number of those recommendations.

Senator McALLISTER: There has already been legislation to ban exit fees and to make insurance opt in for people under 25. How are you going at implementing those changes?

Mr Carrigy-Ryan: Implementation action is underway. As you know, a number of those things start on 1 July. In relation to our PSSap and our ADF super funds, that is underway. I can give you some statistics on that if you are interested in what we're doing.

Senator McALLISTER: Sure.

Mr Carrigy-Ryan: We are in the process of communicating to approximately 9,000 of our PSSap members for lapses that will occur between 1 July 2019 and January 2020—this is in relation to insurance—and there are a significant number of those that may occur over that time. This is out of a contributor population of just over 100,000 and obviously a number of about 35,000 to 40,000 of preserved members who may be impacted by that.

Senator McALLISTER: So it's just under 10 per cent of your contributor population?

Mr Carrigy-Ryan: Yes. Contributor and preserver population. There will be members with preserved accounts who are in that category. Similarly, in relation to inactive accounts and fees on low balances, there'll be components of that from both the contributor and preserver parts of our member base.

Senator McALLISTER: When you talk about insurance arrangements lapsing, that is the 9,000 contributors or preserved accounts who will need to take positive action over the next few years, given the new arrangements in relation to insurance; do I understand that correctly?

Mr Carrigy-Ryan: Yes.

Senator McALLISTER: Are you still charging exit fees?

Mr Carrigy-Ryan: No. Similarly, that arrangement comes into place on 1 July this year. I haven't got the revenue details with me. It's not a voluminous amount of revenue we get from it but obviously that won't be charged in the future—like every other fund.

Senator McALLISTER: So you are still charging exit fees until such time as the legislation takes effect?

Mr Carrigy-Ryan: Yes, that's correct. Because we've got to make system changes to be able to do that, through our admin systems, and that is with our scheme administrator Mercer. As you may know, the industry is making those changes—Link, Mercer all of the administrators for those products that are impacted by it—in a fairly rapid manner over the course of the next couple of months.

Senator McALLISTER: What's the issue with Mercer? Can't you just switch it off, or am I oversimplifying this? Is it the commercial arrangements with Mercer that make it difficult?

Mr Carrigy-Ryan: No, it's not that. The systems and arrangements we have in relation to superannuation products that have different investment options, that have different contributions, that have insurance with them, are quite complex. The systems that run those products are quite complex as well. It's making sure that when you do make adjustments, or changes, that they work effectively. You don't want to affect a whole contributor base with
changes that are only applying to a select few. Here you've obviously got to work out which components are impacted and which aren't. So it's not a simple task. The industry does have—

Senator McALLISTER: Really? In relation to exit fees, is it really that complex?

Mr Carrigy-Ryan: I think anything to do with a superannuation scheme administration operating system is complex. That is my experience. We run one internally for a number of defined benefit schemes and between benefit entitlements, benefit shapes, taxation, regulatory and everything else that goes with it, there is nothing that isn't complex.

Senator McALLISTER: I appreciate that. It's almost certainly true in relation to overall administration of superannuation. But I'm asking specifically about exit fees. Why could you not make a board-level decision to waive them, given the recommendation of the commission?

Mr Carrigy-Ryan: I think we could make a board-level decision to do that, but I don't think the implementation time frame, given that we're only talking about 1 July, would now change.

Senator McALLISTER: I want to go back to the 9,000 members who will need to take positive action to opt into life insurance. What are you projecting in terms of those who will and those who won't?

Mr Carrigy-Ryan: I don't know. I don't think you can project that. I don't know the answer to that question. As you know, most of this insurance was done on an opt-out basis. I honestly do not know what people will do. I don't think we have experience in the industry yet of a regime that is, bluntly, the reverse to what it was.

Senator McALLISTER: Have you determined the threshold at which a failure of people to opt in will have a material impact on the policies of the remaining participants in that life insurance scheme?

Mr Carrigy-Ryan: I haven't got the statistics with me. Certainly the industry has done that and the underwriters have done that—AIA and every other participant in that business. I don't have those numbers with me, but I can certainly get them and provide them. That information has been made public, though—the impact that different changes to insurance might have on the premium pool that's received. I can get those numbers for you. I don't have them with me.

Senator McALLISTER: I'm really trying to understand how the CSC is thinking about it as a specific business challenge rather than an industry-level challenge. There were a range of representations made to me and, I'm sure, lots of other colleagues about the significance of those changes to life insurance. I'm trying to understand how your organisation is dealing with that challenge.

Mr Carrigy-Ryan: In a sense, being part of the premium pool, if you will, our group insurer for PSSap is AIA, which has, obviously, a large number of superannuation funds that are—

Senator McALLISTER: Signed up.

Mr Carrigy-Ryan: signed up to it. Our member base has a particular set of differences compared to some other funds in terms of claims history, in terms of risk and those sorts of things. As you would expect, every industry has a different characterisation, if you will. I
suppose one of the things that we're thinking about is where it is appropriate, and in what sorts of occupations that we might have, because we cover a large range of occupations. It might be appropriate to suggest to people that they might want to think about staying insured and the impact that it might have on them over the longer term if they were, for example, wanting to re-enter that in future years. It's very difficult to project, but I don't think generally our response would be different to a number of industries, with the exception that there are a number of specifics, like emergency workers and perhaps building workers, where there may well be a different set of considerations that would apply.

**Senator McALLISTER:** Which part of your membership would you identify as being particularly affected, thinking about the public sector workers?

**Mr Carrigy-Ryan:** An example of that is the AFP.

**Senator McALLISTER:** Yesterday there was an online article from Alice Uribe in *Professional Planner* where Ms Uribe canvassed pay levels and executive pay in the superannuation sector. She identified Ms Tarditi, your CIO, as one of the most highly paid members in the super sector. Is that correct?

**Mr Carrigy-Ryan:** That is published information. We publish it on our website, as you know, as does every other super fund, in accordance with ASIC requirements. It is a matter of public record what I get paid, what my chief investment officer gets paid, what my chairman gets paid and what my senior executive get paid.

**Senator McALLISTER:** I am asking about the relativity to other senior executives in the sector. Is it correct that your CIO is one of the most highly paid staff in the super sector?

**Mr Carrigy-Ryan:** Yes, that is correct. Those numbers were published, I think, on 5 April. That's correct.

**Senator McALLISTER:** How long has Ms Tarditi been with the CSC?

**Mr Carrigy-Ryan:** Over 10 years.

**Senator McALLISTER:** Do the CSC's returns compare favourably with the market performance over that time?

**Mr Carrigy-Ryan:** Yes, they do. We don't target a return related to other funds; we target a return related to our balanced fund. It's a real return of 3.5 per cent, but our outcome is focused around a retirement outcome to an ASFA standard for a percentage of our members. We do look, of course, at relative returns. If you look at relative returns for the major funds over the 10 years to 31 December 2018, you will see that there is 0.7 per cent difference between the top and bottom quartiles. So performance differentiation amongst the funds is not significant given that you can have performance in a month of 2.5 per cent, as we saw in January. So if you take a good month off and put a bad month on, or vice versa, you can end up with it being very different on the tables.

**Senator McALLISTER:** Is Ms Tarditi's salary reflective of the returns of the fund?

**Mr Carrigy-Ryan:** The salaries for our staff reflect the competitive market that we operate in for those skills, as does every other superannuation fund. We compete in the marketplace for people, we compete for investments and we compete in our defined contribution business for members, like every other fund. If you look through the list of the
top 10—and you've obviously got a copy of it—you can see that's reflected in what people get paid. It is a competitive market.

Senator McALLISTER: It is, but you're paying the most.

Mr Carrigy-Ryan: No, we're not paying the most. There are more highly paid people. I think my colleague is No. 3 or No. 4 on that list. But I would have thought that a number of those people are probably in the ballpark, if you will.

CHAIR: As there are no further questions for the CSC, I thank you very much for your evidence and your attendance here this morning.

Department of Finance

[11:53]

CHAIR: As previously advised, the committee will now move to the Department of Finance but, rather than commencing on outcome 1, will commence on outcome 2.5 on government advertising. Senator Seselja will be joining us for this part and we will then continue to Senator Seselja's responsibilities, including outcome 2.1 and outcome 3—the Independent Parliamentary Expenses Authority and the AEC—before returning to the rest of the Department of Finance and Minister Cormann's responsibilities later in the afternoon. We might just suspend for a moment to allow Senator Seselja to join us.

Proceedings suspended from 11:53 to 11:56

CHAIR: The committee will now resume and, as flagged, we are proceeding with outcome 2.5, government advertising. I welcome Senator the Hon. Zed Seselja. Minister, do you have an opening statement?

Senator Seselja: No, I'm okay.

Senator WONG: We will try to do this efficiently. We have asked some questions on this previously—I think I asked them three years ago—and the processes and the government advertising framework were set out. I want to start just by going through the meetings of the SDCC and the ICC, please. I assume, Ms Huxtable, you were aware of the evidence that was given—it was a long time ago—yesterday morning.

Ms Huxtable: It was yesterday morning. I saw some of it, but I can't say that I saw all of it.

Senator WONG: You're not hanging off our every word about these, but I'm sure others—

Ms Huxtable: I had a few other things on yesterday. But, yes, I certainly saw some of it.

Senator WONG: Can we just confirm the process by which government advertising is approved? I think the evidence from PM&C is that SDCC—which is a subcommittee of the cabinet, the Service Delivery and Coordination Committee—has to sign-off on anything above $500,000. Is that correct?

Dr Helgeby: That is correct.

Senator WONG: There is also an ICC. As at the time of the 2017-18 report, the members of that were Williams, Faulks and Hazell. Has that changed?

Ms Huxtable: No, Senator.
Senator WONG: They provide advice to secretaries or CEs of entities for expenditure over $250,000?

Ms Huxtable: Yes, that's correct.

Senator WONG: I will use this as the baseline. This is your 2017-18 report on campaign advertising. For the current financial year, how many ICC approvals for expenditure in excess of $250,000 have there been?

Dr Helgeby: The simplest way of getting to that number is how many campaigns there are.

Senator WONG: Excellent, you got there first. Fantastic. I was trying to get there. Let's just go straight to that.

Dr Helgeby: They only deal with campaigns above $250,000.

Ms Huxtable: We did actually go through this last Thursday. I think we read the campaigns into the Hansard, but we can go through those.

Senator WONG: You can keep doing that if you like, Ms Huxtable; but I am here now. I was in another committee, and I ask questions the way I ask them. I'm asking the questions again.

Ms Huxtable: That's fine, Senator. As I have said, we can read through those again.

Senator WONG: Just give me the number, and the total quantum associated with this. This is ICC approvals in the 2018-19 financial year to date.

Dr Helgeby: There are 15 campaigns.

Senator WONG: In the 2018-19 financial year to date? That is different to the evidence I got at PM&C. That was 15—

Ms Huxtable: Can we just clarify that? It's as at a date. That 15 is as at 8 April 2019.

Dr Helgeby: There are 15 in the market.

Ms Huxtable: There are 15 campaigns.

Senator WONG: Hang on; this is different. I asked about ICC; I haven't got to SDCC. I asked about ICC approval, which is a lower threshold. Is that same as the SDCC approval?

Dr Helgeby: Anything above—

Senator WONG: No, sorry; I'll ask the question again. I asked you for the number of campaigns in the 2018-19 year to date—we'll come to what's been approved since 8 April—by the ICC. You've given me a number of 15. That is the number I was given by Prime Minister and Cabinet as the number approved by the SDCC. Do I infer from that that everything that the ICC has approved has gone to the cabinet subcommittee?

Dr Helgeby: In practice, yes.

Senator WONG: Even though there's a different threshold?

Dr Helgeby: Yes.

Senator WONG: What's been approved since 8 April?

Dr Helgeby: Approved since 8 April?

Senator WONG: By the ICC. Has anything else been approved?
Dr Helgeby: No.

Senator WONG: Has anything else gone to the ICC?

Dr Helgeby: No.

Senator WONG: What is the total value of the 15 campaigns approved?

Dr Helgeby: We report financial values of advertising campaigns in the annual report—

Senator WONG: I'm asking you now.

Dr Helgeby: The value of a campaign is only measurable once the campaign has finished.

Senator WONG: What is the expenditure approved for the 15 campaigns, then? Please don't divert from this. This is a legitimate—

CHAIR: Senator Wong, Dr Helgeby hadn't even begun his answer to your question before you accused him of diverting.

Senator WONG: I'm inviting him not to.

CHAIR: I'm sure he won't.

Senator WONG: I will come to expenditure to date, but I want to know the value of the campaigns approved by the ICC and the cabinet.

Dr Helgeby: The ICC does not approve campaigns.

Senator WONG: What is the value of the 15 campaigns? Can we not dance around this, please?

Dr Helgeby: The value of a campaign is only determined—

Senator WONG: No, that's not correct. That is how much is actually expended.

Senator Seselja: How about you let him finish his answer?

Senator WONG: I want to know how much expenditure on the 15 campaigns has been authorised. It is a legitimate question. Please answer it.

Dr Helgeby: The authorisation of spending is done by individual departments.

Senator WONG: Can we not do this dance-around? You and I both know that, if the SDCC has approved it, there is a budget number associated with each campaign. You can give me all these process answers, Dr Helgeby—"The actual expenditure's approved by the SDCC', et cetera—but I want to know up to how much has been approved for spend on the 15 campaigns. It is a legitimate question. Can you please answer the question?

Ms Huxtable: We don't have an answer to that question.

Senator WONG: That's ridiculous.

Ms Huxtable: Well, we don't have an answer—

Senator WONG: How can you not have an answer to that question?

CHAIR: Senator Wong, allow Ms Huxtable to answer the question before you interject.

Senator WONG: The documents must have been prepared—

CHAIR: Senator Wong, there will be plenty of time for you to ask follow-up questions. Please allow the officials to answer the question before you do so.
Ms Huxtable: The actual conduct of the campaign and the role of the ICC in respect of the campaign is with the department involved with that campaign and the accountable authority.

Senator Wong: You must know—I asked questions of the senior minister, the Minister for Finance, yesterday. I was told to come here, because Finance knows everything about the SDCC. PM&C deferred to you because you do all the work; they only do the logistics and you do all the work. I am not asking about actual expenditure yet—I will ask about that. I am asking what has been approved by the cabinet subcommittee for campaign advertising expenditure in the 15 campaigns that have been approved by the government up to 8 April. It is a legitimate question, and the officials should answer it.

Senator Seselja: Just before that: I will clarify what you claim Minister Cormann said. I will read what Minister Cormann said yesterday:

Finance will be able to provide you the best available information in a way that is consistent with the information that you provided when you were the finance minister.

That's what he said would be provided. In fact he is being generous to you, because you provided twice-yearly reports.

Senator Wong: It is April. The election is coming up. People are interested. How much has been approved?

Senator Seselja: You are demanding a daily update—

Senator Wong: No, I'm not.

Senator Seselja: and you know—

Senator Wong: Would you like to read the beginning of the opening statement?

Chair: Order, Senator Wong!

Senator Wong: Would you like to read the opening statement?

Chair: Order!

Senator Wong: Why the cover-up? Tell us how much money you've ticked off on to spend—

Chair: Order! If we could just lower the tone.

Senator Wong: No, I'm not going to lower the tone. It's outrageous.

Chair: Order! The committee will suspend for a private meeting—

Senator Wong: I refuse to—how much of taxpayers' money has been approved to spend on advertising!

Chair: Order! Senator Wong, the committee will suspend for a private meeting if you continue yelling.

Senator Wong: Fine. And I expect people to answer the question.

Chair: Senator Wong, the committee and the government have been very generous in accommodating your request that this matter be brought upon early. The only thing I ask in return, for the accommodation that the committee has provided in re-arranging the program for your convenience, is that you ask your questions in a respectful way—that you do not
shout, that you do not speak over officials and the minister. In return, I will ask them to provide answers in a prompt way to you.

 **Senator WONG:** Thank you.

 **CHAIR:** But this has to proceed in an orderly way; otherwise, the committee will suspend for a private meeting, as many times as is necessary, in order for this to be held in an orderly way.

 **Senator WONG:** We can stay here until 11 o'clock at night. I'm really happy to.

 **CHAIR:** We are all equally happy to, Senator Wong, if necessary.

 **Senator WONG:** It is a legitimate question. Dr Helgeby—

 **CHAIR:** Of course, the questions are legitimate but please conduct yourself in a way that allows officials to answer the questions rather than have you speak over them.

 **Senator WONG:** Fine. The minister's political response is not to the point. Dr Helgeby, we know, and you've told us, that 15 campaigns were agreed by the SDCC and have been approved. We know that because PM&C told us that and you have confirmed that. I am not asking, as yet, expenditure to date, I am asking: what was the approved figure through that cabinet process? Now you know it. So please provide it.

 **Senator Seselja:** Can I just check, Chair, when the cameras are behind us, are they taking shots of—

 **Senator WONG:** I have no idea. No, they're taking them of me yelling, probably.

 **CHAIR:** Thank you, Senator Wong, that wasn't a question to you; that was a question to me. I hope and I'm sure that media in the room understand the responsibilities for photographing. They're nodding.

 **Senator WONG:** They're a long way back.

 **CHAIR:** They are a long way back but, they also have very long lenses.

 **Senator WONG:** That's true.

 **CHAIR:** And I think all senators have an equal concern—

 **Senator WONG:** But if they can get the figures that are in front of the minister, that'd be good!

 **CHAIR:** Order, Senator Wong. I'll accept a nod from the cameramen at the back that they understand responsibilities. Thank you. Senator Seselja.

 **Senator WONG:** No, the question is to Dr Helgeby.

 **CHAIR:** Sorry, Dr Helgeby.

 **Dr Helgeby:** Could I turn to Budget Paper No. 2.

 **Senator WONG:** No, don't, please. Really.

 **Senator Seselja:** Perhaps you could allow the official to answer the question.

 **Senator WONG:** I know what Budget Paper No. 2 will tell me. I've looked at Budget Paper No. 2.

 **Senator Seselja:** On a number of occasions you've interrupted, so it would be good if the officials could be allowed to answer.
Senator WONG: He's avoiding again.
Senator Seselja: No, he's not.
Senator WONG: He is. I know he is—and he knows I know he is.
CHAIR: Senator Wong, if you feel that he is avoiding your question—
Senator WONG: Do we need—
CHAIR: Order, Senator Wong. If you feel that he's avoiding your question then after he has provided an answer, if it's not to your satisfaction, please ask as many follow-up questions to clarify as you deem necessary. But please allow him to at least get a few words out before you do so.

Senator WONG: I'm going to say to the officials, and to the minister: do you need, again, to hear the statement that the chair reads out at the beginning of the estimates hearing about what questions should be asked and answered? There is nothing cabinet-in-confidence about the decision that I am asking about. You and I both know it is information which will be made public. I am asking the approved budget for 15 campaigns, which is in your knowledge, is it not, Dr Helgeby?
Dr Helgeby: Senator, no, it isn't.
Senator WONG: How can that be the case?
Dr Helgeby: Because the role of Finance in this scheme—
Senator WONG: I'm asking for the decisions made by SDCC. How much money have they approved?
Dr Helgeby: If I can go to approvals, then, I will take you to Budget Paper No. 2. On page 25 of Budget Paper No. 2 there is mention of $24.2 million in 2018-19, the relevant financial year, for Treasury to conduct a communications campaign focused on improving the integrity of the tax system. Questions were asked of the Treasury on 5 April at estimates, on this matter, and they added to that a figure on spending to date, on page 90 of Budget Paper—

Senator WONG: I know what this is. You support SDCC. That was the clear evidence from Prime Minister and Cabinet, that all of the work is done by Finance.
Ms Huxtable: SDCC is a committee of cabinet and that's—
Senator WONG: There's a lot of handballing backwards and forwards, Ms Huxtable, but I was referred to you and I would invite—
Ms Huxtable: Our role is in respect of the ICC and, yes, we do provide to SDCC—
Senator WONG: Thank you.
Ms Huxtable: through our minister, the Special Minister of State. But SDCC is a committee of cabinet and is subject to all the normal confidentiality and other provisions that PM&C manages.

Senator WONG: I am asking for the amount that they have ticked off on, on the 15 campaigns that we know about? Why is the government wanting to keep that secret?
Ms Huxtable: It's a cabinet-in-confidence matter.
Senator WONG: Now it's a cabinet-in-confidence matter? It took us a while to get to that—
Ms Huxtable: It's because it's information that's been provided to a cabinet committee.

Senator WONG: That's taken a while, hasn't it?

Ms Huxtable: To be honest, I don't know exactly what the approval process is in respect of those campaigns with SDCC.

Senator WONG: I'm asking for how much is approved. First I was told that you don't know and now that it's cabinet-in-confidence.

Ms Huxtable: Some of it is clearly in budget papers.

Senator WONG: That's only the ones you're choosing to disclose. What is it you haven't disclosed?

Ms Huxtable: In addition to that—and the reason I was making the comment I was earlier about the evidence we gave last week—we made clear then that these questions really need to be directed to the individual portfolios because they are the ones who are managing the campaigns. As I understand it, they have been asked those questions and some have provided information on notice—

Senator WONG: I want the total number. What's wrong with the total number?

Ms Huxtable: I don't have the total number.

Senator WONG: Minister, even Malcolm Turnbull is commenting on the amount of government advertising. He said today when he launched a book by former senator Natasha Stott Despoja:

There is a lot of government advertising on at the moment and most of it is not particularly compelling.

A former Prime Minister of yours! I just want how much is being spent and so do the public. Why are you hiding it?

Senator Seselja: Senator Wong, you are, again, asking for information—

Senator WONG: No, I'm asking you: why won't you give it to us?

Senator Seselja: Yes, you are asking me; you are asking for information in a form that it hasn't been provided in the past. You are asking for a daily update, which is simply not capable of being given.

Senator WONG: No.

Senator Seselja: You are.

Senator WONG: I'm asking in April about how much—

Senator Seselja: I'm going to finish. You are asking us to adhere to a standard that you never adhered to. In fact, when you were last in government, your government policy was twice-yearly updates. That was your policy. We've had officials in here just six days ago provide you up-to-date figures up to the end of January, because they are the figures that they can accurately provide to you.

Senator WONG: What is he talking about? This is the expenditure figures? I'm coming to that. We're not talking about them. You don't listen, do you?

Senator Seselja: You are asking for a daily update—

Senator WONG: I'm talking about approval—

Senator Seselja: And you're asking to get into the deliberations of cabinet.
Senator WONG: No, I'm not. Your mental agility is generally a bit slow—
Senator Seselja: You are asking us to have a level—
CHAIR: Order.
Senator WONG: You're not actually on point. I'm sorry. It's true. He's not on point.
Senator Seselja: Frankly, Senator Wong, you are trying to lecture us.
Senator WONG: No, I'm not. I'm just asking a question.
Senator Seselja: You are. And given your record both in terms of disclosure of these things and ignoring caretaker conventions during campaigns, we're not going to be lectured to by you.
Senator WONG: I thought you wanted to stop people-smuggling too, Zed. I thought you wanted to stop people-smuggling too.
Senator Seselja: We're not going to be lectured to by you.
Senator WONG: It was a unity ticket. Can I just go back. You're wrong; I'm not asking for a daily update. You are also wrong; I haven't asked for expenditure. I've asked for the approved budget amounts. You just don't listen, do you? I'm not asking for a daily update; I'm asking for how much, between 1 July last year and 8 April. That is hardly, by anybody's standard, a daily update. It is how much has been approved for that period?
Senator Seselja: And you've got your answer. We're not—
Senator WONG: Which is you're not going to tell me.
Senator Seselja: We are not giving a rolling update, as you would like—
Senator WONG: How is it a rolling update, when it's like nine months in?
Senator Seselja: That's what you're asking for.
Senator WONG: It's nine months in. It's not really rolling—
Senator Seselja: And you've got figures to the end of January.
Senator WONG: What were the expenditure figures to the end of January? And then I'd like—
Senator Seselja: I can repeat the evidence from last—
Ms Huxtable: From July to December, it was $38 million, from memory.
Dr Helgeby: $38.1 million.
Ms Huxtable: For January, it was $8 million.
Senator WONG: What's amazing is, in the period between 1 January and 8 April, the value of contracts on AusTender for campaign advertising, $139 million.
Senator Seselja: We know that, and you went back and forth with Minister Cormann on this about the misleading nature—
Senator WONG: It's amazing. This is the problem when you don't give us how much, because we have to go to public information, you say that's wrong, and we say you've have signed up to $139 million of expenditure since the beginning of the year on campaign advertising.
Senator Seselja: Minister Cormann—
Senator WONG: Do you think this is the way you can buy yourself an election, Senator Seselja—$139 million?

Senator Seselja: clearly explained to you that it is a completely misleading number.

Senator WONG: Is this how you think you'll buy yourself the election—you just use taxpayers' funds to flood advertising across the country?

Senator Seselja: If I can finish, Minister Cormann—

Senator WONG: Sorry, it's $136.9 million.

Senator Seselja: explained to you chapter and verse yesterday in relation to the misleading nature of how you were seeking to use those numbers, and you know they have no veracity.

Senator WONG: If it's misleading, why won't you give us the actual figure? This is the problem.

Senator Seselja: We give the figures in the ordinary way.

Senator WONG: So everybody is clear what is happening: the government has approved 15 campaigns for this financial year. They have refused to tell Australians how much money—how much of your money—they will use on these campaigns. What we do know is that, although they only spent $38 million in the last half of last year, they have ticked off on $136 million worth of advertising contracts since 1 January, but this minister is not going to tell you how much of your money is being spent. Brilliant.

Senator Seselja: What the government is doing is providing far more information than you ever provided when you were in government, including the most recent figures that can be given—much more up-to-date information than you gave out when you were in government—and that information has been provided in detail.

Senator WONG: Who is responsible for the AusTender documentation? Is that Finance?

Ms Huxtable: It is Finance; it's a different outcome, however.

Senator WONG: You want me to come back later or do you want to just finish it now?

Ms Huxtable: It depends on the question probably as to whether we can respond to it now.

Senator WONG: I want to know how many advertising campaign contracts have been approved but are not yet lodged in AusTender?

Ms Huxtable: I don't think we'd know the answer to that question anyway, because the responsibility for putting the information into AusTender is a matter for the entity, and they have to do that within a statutory period—I think it's 42 days. But we wouldn't know what contracts they had entered into, I don't believe.

Senator WONG: Senator Cormann read the 15 out quickly. I'll read through it and then can you add to it? Two campaigns on Defence Force recruiting; online safety—

Ms Huxtable: Hold on.

Senator WONG: Or do you have something you can table? Does it have numbers next to it? You could table something with numbers next to it, then we would all be friends again!

Ms Huxtable: We don't have anything to table. We do have something to table on the under 250, because we were going to table it last Thursday and then forgot. We can table that.
Senator WONG: Okay, but I'm asking these questions now.

Ms Huxtable: For the over 250, if you want to go through the list or do you want me to?

Senator WONG: Which way would you like to, Ms Huxtable?

Ms Huxtable: I'm easy.

Senator WONG: You are not giving me the information I want, so I'm going to be amenable on this issue.

Ms Huxtable: In the ATO there's the taxable payments reporting scheme campaign and the phoenix campaign.

Senator WONG: Okay, he had done it in a different form. So you go. So ATO?

Ms Huxtable: Is taxable payments reporting scheme.

Senator WONG: And phoenix?

Ms Huxtable: Phoenix was as at last week but it's finished this week. Sorry: strike phoenix.

Senator WONG: Sorry, these are the 15 campaigns agreed? What list am I getting now?

Dr Helgeby: So this is as at 8 April—those campaigns in the media. When we were asked a similar question last week, there was a sixteenth. That sixteenth is the phoenix campaign.

Senator WONG: Are you giving any expenditure details or budget details associated with these campaigns?

Ms Huxtable: No, it's just a list of the campaigns.

Senator WONG: Okay, because you don't want to give them. ATO, taxable income?

Dr Helgeby: The taxable payments reporting scheme in the ATO.

Senator WONG: Phoenix, which has now finished?

Dr Helgeby: Finished between last Thursday and today. Department of Communications and the Arts' national online safety campaign, defence department Defence Force recruiting—

Senator WONG: Two campaigns?

Dr Helgeby: Well, the way we think about Defence Force recruiting, we think about it as one campaign but they have multiple brands, if you like, that they run through that. Education and Training has the Quality Schools reform program. The Department of Environment and Energy has the energy for the future campaign.

Senator WONG: Is this spruiking the 12th or the 13th energy plan?

Ms Huxtable: I don't think we have any more information. It's just energy for the future to help energy consumers take practical actions to reduce their energy bills.

Senator McALLISTER: So, 'You're on your own'!

Senator WONG: Basically, 'You're on your own, because we can't work it out; we can't get anything through our party room!' Sorry, go on, sorry.

Dr Helgeby: Department of Health has several. It has Head to Health, which is a mental health program; the health star rating system, which is pack labelling; maternal vaccinations; Pharmaceutical Benefits Scheme, which is about low-cost disease-preventing and life-saving medicines; and private health insurance, which is about changes that came into effect on 1
April. The Department of Home Affairs has an offshore campaign. It's called You Will Be Turned Back. It's not visible in Australia; it's offshore. The Department of Infrastructure, Regional Development and Cities has Building Our Future. The Department of Jobs and Small Business has a jobs campaign. The Department of Social Services has a campaign called Building Employer Demand.

Senator WONG: What is that?

Dr Helgeby: It's about increasing the possibility and prospects of people with disabilities getting employment.

Senator McALLISTER: Which, of course, would actually involve properly implementing the NDIS—but anyway.

Dr Helgeby: And the Treasury has a tax and the economy campaign.

Senator WONG: What does that one do?

Dr Helgeby: It's about informing the community of the government's tax reform measures.

Senator WONG: Are there any campaigns authorised which are not yet running?

Dr Helgeby: Senator, a campaign doesn't exist until it starts.

Senator WONG: Oh, please.

Dr Helgeby: At any one point in time, there are campaigns that are running and then there are people who are working on different dimensions. For example, there'll be people working on different dimensions of Defence Force recruiting.

Senator WONG: Are there any campaigns in respect of which the government has authorised expenditure but which have not yet commenced?

Dr Helgeby: No.

Senator WONG: Do you attend the SDCC meetings?

Dr Helgeby: No, I don't.

Senator WONG: Who does from Finance?

Dr Helgeby: Typically, a more junior-level officer attends as a note-taker.

Senator WONG: They can probably tell us what was approved.

Dr Helgeby: It's not normal practice to disclose cabinet processes.

Senator WONG: Can you explain to me why there's been an uptick in these meetings? There were 15 meetings of, basically, the advertising committee of the cabinet between 1 July and 31 December 2018. But there have already been 10 meetings to date in this calendar year, in three and a bit months. It's basically double the rate.

Ms Huxtable: We're not responsible for scheduling the SDCC meetings.

Senator WONG: No, you're not.

Ms Huxtable: No.

Senator WONG: Even though PM&C handballed most things to you.

Ms Huxtable: It's a cabinet committee.

Senator WONG: I know it's a cabinet committee. Who prepares the submissions for ICC?
Dr Helgeby: Departments prepare the material for ICC.

Senator WONG: But Finance manage the paperwork for that?

Dr Helgeby: We manage the paperwork for it.

Senator WONG: And you manage the paperwork for SDCC, according to the evidence yesterday.

Dr Helgeby: We don't manage the paperwork in terms of cabinet submissions. No, we don't manage that.

Senator WONG: What do you manage for SDCC?

Dr Helgeby: We provide advice to SDCC.

Senator WONG: Right, so you have provided advice. Does that advice go to the quantum of expenditure?

Dr Helgeby: We don't comment on the advice we provide to a cabinet committee.

Senator WONG: Effectiveness?

Dr Helgeby: We don't comment on the advice we provide.

Senator WONG: In Finance, does someone have a document which sets out how much has been approved to date? You must have that because you eventually have to do it; you eventually have to report it in this framework—correct?

Dr Helgeby: I don't have such a document. That is a report—

Senator WONG: Not you; Finance. This here is a schedule of advertising campaigns which includes expenditure across all of the campaigns in a financial year. You must have one of these to date.

Dr Helgeby: Sorry, which page are you on?

Ms Huxtable: You're talking about two different things, I think.

Senator WONG: Okay. I'll go to expenditure.

Ms Huxtable: What this is is a report on expenditure.

Senator WONG: I'll go to expenditure. We'll get off authorisation. You must have this to date?

Ms Huxtable: The latest information we provided and the latest reliable estimate that we have is at the end of January 2018.

Senator WONG: Which is the $38 million?

Ms Huxtable: That's the $38 million plus $8 million—so the $46 million. Because we've given more than a six-month period, we've added another month to that period, which is the last figure that is available to us.

Senator WONG: You don't have anything beyond that?

Ms Huxtable: No.

Senator WONG: There are exemptions from the guidelines. The SMOS can issue exemptions. I think the marriage equality postal survey was exempted. Have there been any exempted this financial year to date?

Dr Helgeby: No.
Ms Huxtable: No. There are some campaigns that aren't subject to the—

Senator WONG: They're below the threshold.

Ms Huxtable: No, there are other campaigns that aren't subject to the arrangement. The offshore campaign, for example, isn't subject to the ICC arrangements, and the Electoral Commission campaigns also aren't subject to the guidelines.

Senator WONG: You took me to Budget Paper No. 2, and there are various measures at each budget update which include advertising components. Of the 15 to date, are there any which have not been the subject of either a MYEFO measure or a current budget measure?

Dr Helgeby: Defence Force recruiting is one which would not normally be in that category. ATO often does campaigns which are above the $250,000 threshold but are funded from within a general appropriation. I think Smartraveller is—

Senator WONG: You didn't actually give us that one, but I assumed it was, because that's ongoing.

Dr Helgeby: Yes, it's kind of ongoing.

Senator WONG: Was that in 2015 or 2016, though?

Dr Helgeby: Actually, Smartraveller hasn't been in the market since December.

Senator WONG: Right. Can you go back to my question, though. I don't understand the answer. You've given me 15 campaigns to date. You don't want to give me the authorised figure, because you say you don't have it, and you're not giving me any further expenditure to date. But I'm asking which of them have not been the subject of a budget measure.

Dr Helgeby: Of the 15?

Senator WONG: Yes. We've had a MYEFO and a budget in the same period you've had 15 campaigns authorised. Have I misunderstood that?

Dr Helgeby: No.

Senator WONG: That's correct? So for Defence Force recruitment there's no budget measure, because they keep doing it.

Dr Helgeby: Yes. That one stands out in that group. I would have to take on notice exactly which ones, because there are a number. As I said, there are a number in the Health portfolio. There are about five of them in the Health portfolio.

Senator WONG: Can you come back today on that?

Dr Helgeby: We will endeavour to do that quickly.

Senator WONG: Thank you, or you could do it the other way around: which ones have been? I don't mind which of them.

Dr Helgeby: Yes.

CHAIR: Senator Wong, I note we're coming up to the lunch break.

Senator WONG: They're not giving me anything, so I haven't got much more.

CHAIR: Would it be helpful to you if we extend and go into to the lunch break a bit to get through these questions?

Senator WONG: Yes. Then we can get this done.

CHAIR: Can you give me an estimate of roughly how long?
Senator WONG: It depends what they say.
CHAIR: That is true but also not very helpful. Can you give me just an indication of how much longer you expect?
Senator WONG: Five or 10 minutes.
CHAIR: Thank you. We will continue, and we'll go to lunch later.
Senator WONG: So I am going to ask: how much is the government spending a day currently on advertising?
Dr Helgeby: We don't have a figure like that.
Ms Huxtable: Our last expenditure figure is as at the end of January.
Senator WONG: Senator Seselja, how much are you spending a day on government advertising?
Senator Seselja: Well, the answer that the officials have given is the latest update we have.
Senator WONG: A million? 600,000?
Senator Seselja: The answer that we've given is the latest update we've got up to the end of January, which was $38 million in the first six months of the financial year and $8 million in January.
Senator WONG: The Treasurer on Insiders said, 'We will continue to spend on government advertising.' Then, when pressed about how much it would cost the taxpayer, he said, 'All of that information will be available.' Was he saying actually saying all of that information will be available one day?
Senator Seselja: He was saying it will be available, and what we've done—
Senator WONG: But not before the election.
Senator Seselja: What we've done is make it available as soon as it reasonably is accounted for, and that is in stark contrast to former governments—including your own government, which had a policy of giving it out twice a year. We gave you, in estimates recently, updated figures, the most up-to-date figures, that the department has.
Senator WONG: I am asking, though, today for how much you are spending per day. We're in an unusual situation, aren't we? You can give me a long lecture about 'it's a prerogative of the Prime Minister and everybody is anticipating' but we know that an election has to be held in the month of May and we know that there was a lot of speculation and a lot of people on your side who thought the election was going to be called last weekend. We know that government advertising is continuing and taxpayers are continuing to fund it, and this has been a cause of some political controversy. So I am giving you the opportunity to tell us how much you are spending a day. We have calculated up to a million dollars a day. If that is not correct—
Senator Seselja: You've come up with, clearly, false numbers—
Senator WONG: No, no. Well, if that is not correct—
Senator Seselja: deliberately for political purposes—
Senator WONG: You can't have it both ways, Senator. You can't have it both ways.
Senator Seselja: so let's not treat those with any veracity.
Senator WONG: If that's the case, you tell us what the figure is.
Senator Seselja: We can tell you the figures once they are fully calculated, as they have been. As I say, it stands in stark contrast that just a few days ago you were getting figures to the end of January, when, in fact, when you were in government you chose to give them out twice a year. You talk about extraordinary circumstances. You went to an election and you engaged in partisan campaigning—
Senator WONG: No, no; that is not correct.
Senator Seselja: You did.
Senator WONG: It was to stop people smugglers.
Senator Seselja: Oh, is that what it was?
Senator WONG: And that supposedly is a unity ticket—
Senator Seselja: It wasn't to convince people you were finally going to get tough?
Senator WONG: so let's be clear about that.
Senator Seselja: I've got the correspondence. Mr Dreyfus acknowledged, when he directed—
Senator WONG: Six years later we're going to have an argument about this?
Senator Seselja: Well, you referred to it and you said that it's bipartisan, so—
Senator WONG: And that has all been ventilated and it is—
Senator Seselja: I'm happy to table—I will table—the letter in a moment—
Senator WONG: which has been tabled about 1,400 times. That's fine.
Senator Seselja: It goes to what you're saying being incorrect, so—
Senator WONG: How much are you spending per day?
Senator Seselja: I'm going to answer the question, because you've made a claim which is wrong.
Senator WONG: Is it a million dollars a day?
Senator Seselja: I'm going to finish answering this question.
Senator WONG: Is it a million dollars a day?
CHAIR: Order! Both Senator Seselja and Senator Wong, if you could not talk over each other that would be helpful.
Senator WONG: This might go for longer now, because he wants to go back over this, which I'm happy to.
Senator Seselja: I was finishing—
CHAIR: Order!
Senator WONG: A million dollars a day—is that what it is?
Senator Seselja: I was actually answering the question. You talked about extraordinary circumstances, and the extraordinary circumstances were that during an election campaign, during the caretaker period, you forced public servants to approve things they didn't want to approve when it came to your 'no boats' campaign—
Senator WONG: Yes—anti people smuggling.

Senator Seselja: and you acknowledged—it was acknowledged by Mr Dreyfus and it was acknowledged by Mr Burke, I think, in correspondence—that that campaign did not have the support of the opposition. So it was clearly a partisan campaign, aimed at your re-election, during the caretaker period. So we're not going to be lectured to by you.

Senator WONG: I'm just asking the question, Senator Seselja—

Senator Seselja: We've had a record of transparency that far out weights yours.

Senator WONG: which you're trying to pivot on.

Senator Seselja: Well, you didn't want me to answer it, so I'm happy to table that letter for the benefit of the committee.

Senator WONG: Table it. I don't care.

Senator Seselja: I will table it, because it goes to what you're saying being completely incorrect.

Senator WONG: Over the last half decade you've been in government, and more, you have tabled this document many times but, if you think that's a major political hit, you go right ahead. It certainly is an attempt at a diversion. I'm asking a simple question.

Senator Seselja: It goes to the point that—

Senator WONG: Is it a million dollars a day?

Senator Seselja: when it comes to both transparency and following proper process—

Senator WONG: Is it a million dollars a day?

Senator Seselja: we have a strong record, a much stronger record than you have.

Senator WONG: Is it a million dollars a day?

Senator Seselja: Senate Wong, the question has been answered several times. You've made up a number—

Senator WONG: No, we haven't. It's not made up.

Senator Seselja: it's completely fabricated—and what we have done—

Senator McALLISTER: is avoid the question.

Senator WONG: is avoid the question!

Senator McALLISTER: Repeatedly!

Senator Seselja: as those figures have become available is make those figures available.

Senator WONG: I do want to ask this question. I know officials get caught, particularly a few days out from an election, in a bit of a partisan contest. Whilst I understand the argument that you don't disclose cabinet decisions, we are talking about expenditure that's already running. So surely you can tell me, of the campaigns which are already running: what are they approved to spend up to?

Ms Huxtable: I don't believe so, because either the government has already made some statement about the campaign cost in the budget papers or the expenditure amount has been before a cabinet committee and has not been disclosed. So I don't think it's a matter then for officials to disclose that.
Senator WONG: Any AFMs—
Ms Huxtable: No. Finish your question, sorry. I was getting anxious for lunch.
Senator WONG: Have there been any advances to the finance minister in relation to expenditure associated with advertising?
Ms Huxtable: No, there's been no AFM.
Senator WONG: Okay. Well, I think we're clear: the figure of up to a million dollars a day hasn't been pushed back on and no figure's been provided. Thank you very much.
Senator Seselja: You just made up a figure. Thank you.

Proceedings suspended from 12:35 to 13:34

CHAIR: The committee will now resume. As flagged, we are working through the elements of the program that are within Senator Seselja's responsibility as the representing minister. Senator Farrell.

Senator FARRELL: Thank you, Secretary and Minister, for coming along today. We just had a private chat about the documents being tabled. If they have been printed up—
CHAIR: For my benefit, Senator Farrell: which documents?
Senator FARRELL: At the start of each of these sessions, the government tables a list of staffing.
CHAIR: Can I seek clarity? Are you seeking to start on outcome 3, or are we still doing outcomes 2.1 and 2.5?
Senator FARRELL: I'm sorry; I thought we'd moved on to three.
CHAIR: We actually didn't address 2.1 to the extent that that falls under Senator Seselja's representing responsibilities. We only did 2.5 with Senator Wong before the break, but, if we are ready to move on to outcome 3, I'm very happy to move on to outcome 3. As you say, the appropriate documentation should be tabled, as it is at this point.
Senator FARRELL: Sorry, Chair. I thought it was understood that we were moving on.

[13:36]
CHAIR: All good. For clarity, we're now in outcome 3. I don't imagine it will have changed much from the one that was tabled on Friday.
Senator Seselja: I believe it's the same document tabled for the second time.
CHAIR: We'll take that as tabled. Senator Farrell, you have the call.
Senator FARRELL: To be clear: this is exactly the same document as we got last week?
Ms Jones: Yes, it is the same document—no changes.
Senator FARRELL: Does that mean there has been no change to government staffing over that period of time, or does it mean that the time that it takes to get the information to you that would result in a change hasn't transpired?
Mr De Silva: It was done as at 1 April 2019. When we prepared it, we put a lock date of 1 April in anticipation of estimates last week, and it hasn't been updated since then.
Senator FARRELL: Okay. So, in fact, the government's numbers could have changed; it's just that this document hasn't been updated in the time that we've had since last week.
Mr De Silva: Yes, it was done as at 1 April. That's correct.

Senator FARRELL: Yes, so the government's numbers may or may not have gone up or down.

Ms Huxtable: I do not wish to interrupt, but I think that's consistent with how we would do it at every estimates. We would go to the most recent end of month or start of month. Whether estimates had been last week or this week—and, as it's turned out, it's both—we would be providing this document exactly in this form.

Senator FARRELL: And so we wouldn't have expected to get an updated chart until, say 1 May, if there had been some estimates after that.

Ms Huxtable: That's correct.

Senator FARRELL: Of course, if the election is not held in May, perhaps we might get another update.

Ms Huxtable: It would be when the next estimates would fall due. I think we traditionally only table this document at estimates, so that's three times a year on the current timetable.

Senator FARRELL: Yes. I was being a little bit facetious on that point. Are you able to tell us—again, I guess this figure probably hasn't changed since last week. It's here. I was going to ask the number of people paid above the band. That's also the figure as at 1 April. That's correct?

Mr De Silva: That's correct.

Senator FARRELL: So we've got that information as well. This is perhaps a question I could have asked last week. The figure's gone down a little bit. Do we happen to know why that is?

Mr De Silva: It's the same number of staff, so it's 42. In terms of the variance from a salary point of view, it's gone down because one person went above the range and one person came off, and it was just the difference between those two employees.

Senator FARRELL: Just run that by me again. How does that work?

Mr De Silva: There are still 42 staff with a salary above the range, but there have been two changes. One person who was on a salary above the range stopped, and another person went on, and it was the difference between the salaries of those two people.

Senator FARRELL: So the new person coming on to make up the number of 42 is on a lower salary than the person that they replaced?

Mr De Silva: Correct.

Senator FARRELL: Why is that? Why weren't they paid at the same rate?

Ms Jones: I think it's just a function of the numbers. It happens that there were 42 and there are 42, but the construction of the aggregate amount is obviously the value of those 42 individual salaries, and that's changed.

Senator FARRELL: I understand all of that, but I understood Mr De Silva to say that this was a replacement.

Mr De Silva: No, I'm not saying it was for the same role.

Senator FARRELL: Okay. Sorry, I've misunderstood.
Mr De Silva: There were 42, and there are still 42, but the composition of that has changed.

Senator FARRELL: I've misunderstood. I thought you were saying that this person was a replacement for the other person.

Mr De Silva: No.

Senator FARRELL: I was just querying why their wage rate, therefore, would be lower than the person that they've replaced, but that's the answer to that question. As you will recall, last time I showed you a document which had come from 1 May 2012, and the government's been so kind as to produce some documentation in the last session about decisions that were made by previous Labor governments. As you might recall, that document showed you which ministers had people above the band. Of course, it was a much lower number than this figure. I think it was a figure of 28. Given you've had that information for a week or so now, Minister, has the fact that the Gillard government provided that information resulted in you changing your mind about whether or not you're going to provide this information to us?

Senator Seselja: You'll have to remind me of the exchange.

Senator FARRELL: It was only last week. You haven't forgotten it already?

Senator SESELJA: I'm just not quite remembering the exact exchange.

Senator FARRELL: The point I was making on the last occasion was that during the time of the Gillard government, as part of their transparency arrangements, they provided estimates with documents that showed, if staff were being paid above the band, where those staff were located. For instance, in the Prime Minister's office there were two people who were paid above the band. In the office of Wayne Swan, the Deputy Prime Minister, there were two. Then there were a range of ministers who had either one or two people paid above the band. I presented that document to you. I guess my question is this: having had a bit of a chance to think about that and in order to match the transparency of the Gillard government, has the government given some consideration now to not only providing us with the total number of staff that are paid above the band but also telling us where those people are situated? Just to anticipate your answer there, we're not asking for those people to be identified. This is simply to show where it is that they're working.

Senator Seselja: I don't accept the premise of the question. We're talking about slightly different classifications, so I might get Ms Jones to go into that.

Ms Jones: As was noted last week by Secretary Huxtable, the list that is included in this document from 2012 relates to personal classifications which is different from people being paid a salary above the range. It's not entirely the same as the information that you're seeking in terms of identifying people within offices who are paid a salary above the range.

Senator FARRELL: I didn't pick that up last week then. You're saying that there's a difference between what was produced by the Gillard government in terms of personal classifications, which I've understood to be above the band. If those people aren't above the band, what were they?

Mr De Silva: If I can just explain: for an employee who's paid a salary above the range, all their terms and conditions are for one class of employee but they're getting paid above that. For personal classification above, all their terms and conditions will move to the higher
classification. So, one is all their terms and conditions—to use an APS equivalent—are for an APS6, but they're getting paid above the APS6 range. That's what the aggregate total is. For personal classifications, their role has been moved from an APS6 to an EL1, and the personal classifications are what that table was dealing with.

Ms Jones: Another way of thinking about that is: someone is at adviser position but their terms and conditions are actually paid at a senior adviser position—to use the language of roles that are used in parliamentarians' offices.

Senator FARRELL: Are what you've just described are what you'd call personal classifications that the Gillard government produced, or are they the classifications that the government is using for the purpose of this document?

Ms Huxtable: They're two different things—I think I have been through this before. The current government has tended to use this model of salaries above the range. The previous government used a different model which was, as the officer's explained, treating someone, for all intents and purposes, as at a higher position—operating at a higher position. They are different ways of, arguably, achieving a similar outcome, but I think, given that what we're actually talking about is the document that you have provided, it's not an apples-to-apples comparison. This salary's above the range information at the aggregate level—and we have talked about this at length, I know, before about the concern that, by disaggregating this information to the officer level, you could identify individuals. For that reason, it has only been reported, and I don't recall a time when it wasn't reported in this way as an aggregate, given our responsibility around not releasing personal information.

Senator FARRELL: But are you saying that, under the Gillard government's personal classification structure, you would have been unable to identify individuals with the provision of that information to estimates?

Ms Huxtable: To be honest, I don't—I mean, this is a historic document—have any capacity to say what that document would have done.

Senator FARRELL: Were you around the place when—no? Was anybody?

Ms Jones: No, Senator, I wasn't.

Ms Huxtable: No, none of us were around in 2012—not in these roles at least.

Senator FARRELL: I still haven't quite got my head around this. Let's put the Gillard government document behind us for a moment.

Senator McALLISTER: Ms Huxtable, you tabled this documentation on personal employee positions as at 1 April 2019. I think your evidence is that it's exactly the same as the document that was tabled last week in response to the same request.

Senator McALLISTER: I heard your advice to Senator Farrell and to the committee about the fact this is ordinarily done on an end-of-month basis in preparation for estimates. Can I ask you very specifically: has the total number of staff allocated to ministers increased from 408 since 1 April?

Ms Huxtable: I'm not aware that that's occurred. I'm not sure that I would necessarily be aware, but officers might have other—
Ms Jones: I think we'd need to take that on notice in terms of any changes because there are offs and ons on a weekly basis against all parliamentarians' offices. We update always just to a point in time at the month before estimates that we're appearing at. To do a further update to, say, today, we'd have to take that on notice.

Senator McALLISTER: There are offs and ons, but there's also the net effect of that within a constraint that the government imposes on itself and I'm trying to understand whether they have breached that constraint in the period since 1 April, when this document was prepared. You've taken that on notice. Is it possible to get back to us this afternoon?

Mr De Silva: I think we can. The total number is 452. It was 452 on 1 February and it was 452 on 1 April.

Senator McALLISTER: That's the total number across all government pool positions?

Mr De Silva: Yes, across all.

Senator McALLISTER: So the pool position number is 452?

Mr De Silva: Yes.

Senator McALLISTER: It would be good to know, over the course of this afternoon, whether that has changed since 1 April. In the same vein, could I ask whether the total number of staff allocated to the presiding officers has changed since 1 April.

Mr De Silva: If I can just go back to your first question, the total number is 452. The number split between parliamentary secretaries and ministers has changed. For ministers it's 408 now and it was 406. For parliamentary secretaries it's 22 and it was 24.

Ms Huxtable: Sorry, just to clarify, because I'm not sure that's quite the question you're asking: you're talking about between February and April?

Mr De Silva: 1 February to 1 April?

Ms Huxtable: Senator McAllister is asking from 1 April to—

Senator McALLISTER: To now.

Ms Huxtable: What day is it today? To 9 April. I think we'll definitely need to take that on notice because we just have to have another discussion. 1 April was last Monday. I'm not sure that we have the sort of real-time data. I'd be very surprised if we have anything that's changed since 1 April, but we can have a separate discussion with some of the other officers to see if there's anything at all.

Senator McALLISTER: Minister, do you have any knowledge of changes to the total number of pool staff?

Senator Seselja: No, I don't.

Senator McALLISTER: No knowledge?

Senator Seselja: No.

Senator McALLISTER: I ask because when we were at this point in the last election cycle, the government did make an increase to the total number of staff, and that was revealed at the estimates held just before the election. As you know, the relativity between government staffing and opposition staffing is meant to remain stable, yet, going into the last election, the government increased its own staff allocation. Has the same thing happened on this occasion, going into this election?
Senator Seselja: Not to my knowledge. I obviously have no knowledge of what you're talking about three years ago because I wasn't part of the executive. To my knowledge, there's been no change. All I'm aware of are the figures we have in front of us. I have no update on that.

Senator McALLISTER: Can you find out?

Senator Seselja: I can take it on notice, sure.

Senator McALLISTER: I'm not asking you to take it on notice; I'm asking whether you can find out today.

Senator Seselja: I can take that on notice and we can see what we can come back to you with.

Senator McALLISTER: What would be the process for approving additional staff? Who would be responsible for authorising that, minister?

Senator Seselja: I'll ask one of the officials.

Ms Huxtable: Finance collates this information and administers payments to staff and the like, but the actual decisions around the allocation of staff are not a matter for Finance.

Senator McALLISTER: Who are they a matter for?

Mr De Silva: It's a matter for the PM.

Ms Huxtable: For the Prime Minister.

Senator McALLISTER: Senator Seselja, do you think you could find out whether or not Department of Finance has an accurate record of the decisions taken by the Prime Minister?

Senator Seselja: I will do my best. I am advised that there's been no change since 1 April. That's no net increases, so there may be changes, I don't have the details of that.

Senator McALLISTER: I understand. I'm interested only in the total number of staff in the total government positions.

Senator Seselja: Yes. My advice is there's been no net change.

Senator McALLISTER: Thank you.

Senator FARRELL: Having a look at that figure of 42, I don't think I'm clear on, based on what you've just told me, exactly how those people are identified. Can I give you a simple example? Would a person fit into that 42 number if, for instance, they had been classified as an EO but been paid as an adviser? I've assumed that the people in this category of 42 were people that were simply getting an amount of money over and above the band but, from what Mr De Silva said before, I'm starting to get the impression that your classification might remain the same but your pay connected to that classification is now at a higher rate than that particular classification attracts.

Mr De Silva: If you're an adviser, instead of getting the salary of an adviser, you'll get all the terms and conditions as an adviser but your salary may be paid above the adviser range. So that salary is above the range but the terms and conditions stay as an adviser.

Senator FARRELL: Yes. Would you be identified at a higher rate of pay—I thought all along these people were people that were being paid over and above the rates in the band but, in fact, they might only be paid a couple of rungs above the band.
Ms Jones: I feel like those two things are almost the same thing.

Senator Farrell: Let's say I'm an adviser. All my terms and conditions are as an adviser—

Ms Jones: Yes.

Senator Farrell: But my employer thinks I'm worth more money so, therefore, I'm being paid as a senior adviser.

Ms Jones: It might not be exactly as a senior adviser, but it's definitely a salary above the adviser range.

Senator Farrell: Yes. These aren't linked to other higher grade classifications? Do you just pick a figure out of the air?

Ms Huxtable: It's discretionary.

Ms Jones: It is at the discretion of the Prime Minister and the parliamentarian.

Senator Farrell: My thinking was that these people were people who were being paid totally above all of the available bands but, in fact, that doesn't appear to be the case. Are you able to break that figure of 42 down and tell me how many people are in a particular band category but are been paid still within the structure, simply at a higher rate, vis-à-vis those people who are actually getting a payment above the total rate? Do you get the point I'm trying to make?

Ms Jones: I think I understand what you thought that it was. Of those 42, it's not that they are all, sort of, at this very upper limit that's above the total band; it's that they are paid above the top salary rate of that position. It could be at various increments above the top band of an advisor position, for example. We'd need to take it on notice to look at the request that you've made—

Senator Farrell: But you could provide that information without compromising any of your concerns about—

Ms Jones: We'll take that on notice.

Senator Farrell: You can't give me a ballpark figure as to those two different classifications, as to how many you think might—

Ms Jones: No, we haven't done that analysis, to be honest with you. We'd have to go away and do that analysis.

Senator Farrell: If you were going to stay within the band but pay somebody at a higher rate than their classification requires, why wouldn't a minister simply transfer the person to that higher classification?

Ms Jones: One of the reasons might be that, for each officer, there are usually a certain number that have been approved to be at an adviser level and senior adviser level. It would generally be in order to be able to fit within the allocations that have been made to a particular parliamentarian's office.

Senator Farrell: So there's a standard structure. The people in that office fit into that standard structure. But the minister decides to get around that by simply paying people at a higher rate—is that essentially what's going on here?
Ms Jones: I don't know if I would use the language of 'to get around it' but I think that is the situation.

Senator FARRELL: The penny's finally dropped for me. Thank you for that. I finally worked it out after three years of asking these questions. I've got it. Thank you. Let's hope that doesn't happen if there's a change of government.

Senator CICCONE: Does the department have a policy on workplace bullying?

Ms Huxtable: The department?

Senator CICCONE: Yes.

Ms Huxtable: In respect of the department itself?

Senator CICCONE: First the department.

Ms Huxtable: The department has a policy, and there is also a policy in respect of MOP staff and parliamentarians.

Senator CICCONE: That was my next question: is there one for MOP staff as well?

Ms Huxtable: Yes, that's correct.

Senator CICCONE: What happens when a staff member wants to report workplace bullying?

Ms Huxtable: Mr De Silva can take you through the policy. We can provide you with a link or a copy of the policy, if you wish. But it is set out in quite a deal of detail.

Senator CICCONE: I'm more interested in the process.

Ms Huxtable: Mr De Silva can talk you through the process.

Mr De Silva: MOP staff—an employee may call the help desk, they may send an email or they may call our work health and safety provider with an issue. It may be just a general inquiry to do with bullying and harassment. It may be that they'd like to make a complaint. The policy sets out the various steps that they can take. If they make a complaint—

Senator CICCONE: Could you run through the steps?

Mr De Silva: As I said, they may just wish to have general information about bullying and harassment—what constitutes bullying and harassment. They may say, 'Look, there's an issue that is going on and I'd like some advice about how to handle it.' We'll give them advice. We might get an inquiry saying, 'I'd like to make a complaint,' in which case we would take their details, get an understanding of what the facts are and talk them through what their options are. They may wish to deal with it themselves, and we may give them advice on how to have those discussions with the other person in the office. We may arrange for us to assist in those discussions or for a support person to help in those. We may arrange mediation or there could be a referral for an investigation from us. It really depends on what the circumstances are. We'd look at all the facts involved and give advice as to the steps they would like to take.

Senator CICCONE: What happens if the other party is a member of parliament? What would happen then?

Mr De Silva: If it's a member of parliament, the same process would occur. It's not like there's a different process if it's a member of parliament. Again, it might be: 'Here is a way to raise these issues with the member of parliament.' We may arrange an informal discussion between the employee and the member or we could do mediation. It would depend on the
facts involved, but the general process wouldn't change whether it's a MOP staff member or a member of parliament.

Senator CICCONE: So the department would make contact with the other party—

Mr De Silva: Yes.

Senator CICCONE: to advise them of any complaints. There have obviously been allegations over the last 12 months that a minister of the government—it was Minister Karen Andrews—had allegedly thrown an object at one of her staff last year. Is Finance aware of these allegations?

Ms Jones: Can we take that on notice, in terms of any formal complaint that's been made to us? I don't have any information on that here with me today. I'd need to check on that.

Senator CICCONE: The matter was, from what I understand, raised in the Education and Employment Committee earlier this year, so I'd be surprised that you wouldn't be aware of any allegations to date. Are you not sure that a complaint has been made?

Ms Jones: No. I would need to check whether the department has received any complaint. As to whether another department has received a complaint, I can't speak to that. I'd need to take on notice to check on whether the Department of Finance has received a complaint.

Senator CICCONE: So you're not sure whether a staff member or the minister has actually contacted the department for advice in relation to an incident?

Ms Jones: I'm not personally aware. I would need to check that.

Senator CICCONE: Has any advice been sought by any parties—legal advice or any other advice—for that matter, in relation to an incident relating to Minister Andrews?

Ms Jones: Senator, we wouldn't normally confirm or deny any requests in relation to legal advice. Generally, that type of information is confidential and we wouldn't normally confirm or deny that.

Senator CICCONE: That's been the standard practice?

Mr De Silva: That's been the standard practice.

Senator CICCONE: What actions, if any, have been taken to investigate this matter, if there is a matter that you can or can't confirm?

Ms Jones: I'm happy to take that on notice—obviously subject to the first inquiry: have we received a formal complaint?

Senator CICCONE: You also have to take on notice whether an investigation has taken place?

Ms Jones: Yes, Senator.

Senator CICCONE: Has the Special Minister of State been informed of an incident relating to Minister Andrews?

Ms Jones: We would need to take that on notice.

Senator CICCONE: There's nothing in your packs that suggests otherwise? I would have thought, given it's a minister of the Crown, you'd be quite well briefed about this issue, if it truly did take place or not?
Mr De Silva: I think it does go to the personal information regarding the parliamentarian and, in accordance with past practice, beyond general information, we wouldn't go into the details.

Senator CICCONE: Senator Seselja, are you aware of any incidents regarding Karen Andrews?

Senator Seselja: No, I'm not.

Senator CICCONE: Are you aware if the Prime Minister's office has sought advice in relation to any incidents involving the minister?

Senator Seselja: No.

Senator CICCONE: What process does the department undertake to ensure the safety of staff in a minister's office or in an electorate office or in any office here at Parliament House?

Ms Jones: As Mr De Silva described, we're responsible for supporting the bullying and harassment policy, so we do a lot of work with officers to ensure that there's an understanding of the framework, the policy and the options that are available. We also have training. Online training is provided. We're pleased to say that, in recent months, a significant number of staff from here at Parliament House have been accessing the online training.

Senator CICCONE: Is that training compulsory or voluntary?

Mr De Silva: It's voluntary.

Senator CICCONE: Is it offered to every staff member?

Mr De Silva: It's offered to all staff and all parliamentarians.

Senator CICCONE: What's the take-up rate?

Mr De Silva: I think in the last 12 months there were over 500.

Ms Huxtable: Over the last 12 months, around 511 bullying and harassment awareness training courses have been completed, including 42 in the last quarter.

Senator CICCONE: How soon would you be able to provide answers to those questions on notice? Is it something you can provide later today?

Ms Huxtable: We would need to check. Obviously some of us are going to be here for the rest of the day. We'll get back to you as soon as we can.

Senator CICCONE: It would be a quick phone call to find out if there were any incidents I guess.

Ms Huxtable: We'll do the best we can.

Senator CICCONE: Today would be good.

Senator FARRELL: Chair, when I came in I indicated I was starting at outcome 3. I was unaware that we did have one or two questions in respect of outcome 2.1. I wonder whether it's too late.

Ms Huxtable: Can you tell me what area in particular?

Senator FARRELL: Senator McAllister could identify.

CHAIR: Before we do, I have a question in outcome 3. I want to check if any other senators have questions in outcome 3 because then we can release those officers and go to outcome 2.1 for Senator McAllister.
I want to follow up a question on notice from the last round of estimates in February. It is F039. It was in response to questions asked by Senator Marshall. I don't completely follow the department's answer. He was talking about parliamentarians who had had formal complaints made against them to the department and also workers compensation claims made against parliamentarians. It's a short answer, so I'll read it out for the benefit of everyone who doesn't have it in front of them. The answer from the department says:

For the one formal investigation in relation to claims against a parliamentarian, there were no related workers compensation claims.

Of the seven formal complaints against a parliamentarian, there were three related workers compensation claims, two of which related to one parliamentarian.

I just don't understand the second clause in that sentence. I wonder, Mr De Silva, if this is something you could expand upon. There were three related workers compensation claims against one parliamentarian but only two of which related to that one parliamentarian? Does that mean the third one was against multiple members of parliament?

Mr De Silva: There were three claims made against two parliamentarians, so one parliamentarian had one workers compensation claim and one parliamentarian had two workers compensation claims.

CHAIR: It says:

Of the seven formal complaints against a parliamentarian, there were three related workers compensation claims, two of which related to one parliamentarian.

Ms Huxtable: I think the misinterpretation is that in that context 'a parliamentarian' is generic; it's not a single parliamentarian—

Senator McALLISTER: It's against parliamentarians.

Ms Huxtable: Yes, a parliamentarian or parliamentarians.

CHAIR: Right. When you say there are seven formal complaints against a parliamentarian, that's any parliamentarian, not any particular parliamentarian?

Mr De Silva: Correct, in a generic sense.

Ms Jones: Yes, that's right.

CHAIR: So there have been three upheld compensation claims; correct?

Mr De Silva: There were three compensation claims. There was one compensation claim against one parliamentarian and there were two compensation claims against another. I'd need to take on notice what the outcome of those were.

CHAIR: My impression, if my memory is correct, is that we were only talking about the successful compensation claims. I briefly pursued this with Comcare last week in another committee and that seemed to be the understanding, but I don't want to verbal them. I can pursue it with them again later this week, if necessary. Of this parliamentarian who has had two compensation claims made against them, whether or not they were upheld or not, my understanding from Senator Marshall's questions is that he was trying to establish how many complaints had been made against that parliamentarian. Could you clarify of the seven formal complaints made against any parliamentarian—that particular parliamentarian had two compensation claims made against them—how many formal complaints were made against that parliamentarian?
Mr De Silva: I'd most likely have to take that on notice. I don't think I've got that breakdown of information here.

CHAIR: I think we all know who the parliamentarian is, without naming them—you included, Mr De Silva. It shouldn't be at all difficult, given this has been an issue pursued in this committee over multiple rounds of estimates, to have that information?

Mr De Silva: As I said, I will take it on notice.

CHAIR: Why do you need to take it on notice?

Mr De Silva: As I said, I don't have that information here in terms of the breakdown.

CHAIR: Okay. I look forward to that answer on notice and, as I flagged, if necessary, I'll pursue it with Comcare as well.

Mr De Silva: Okay.

CHAIR: Are there any further questions under outcome 3?

Senator FARRELL: Yes, I have a couple of other questions following on from the staffing information which we were just provided with. Just going back to the staffing documentation: would you be able to tell us the make-up of the government's staffing committee?

Ms Huxtable: Sorry, Senator, can you ask that question again?

Senator FARRELL: Sure. We've been talking about the level of staffing, the number of staff. I'm assuming that there is a government staffing committee who deals with these appointments?

Ms Huxtable: That's not a matter for this department. I don't actually know the sorts of intricacies of how the government allocates its staff, but I believe, if there is such a staffing committee, that would be managed in the Prime Minister's office.

Senator FARRELL: Then perhaps I can ask the minister. Can you tell us how the government staffing arrangements are made?

Senator Seselja: No, I can't. As indicated, it's a matter for the Prime Minister's office, so it's not something I have direct knowledge of or, indeed, in my representing capacity, have responsibility for today.

Senator FARRELL: You are representing the Special Minister of State, and the Special Minister of State has no role in the government staffing committee?

Senator Seselja: Not to my knowledge. I can take it on notice, but I would assume it would be something out of the Prime Minister's office.

Senator FARRELL: How do you employ your staff? If you have to employ somebody or if somebody leaves and you've got a new person, how do you do it?

Senator Seselja: It would normally be through some exchange of letters, but I would have to refresh my memory as to exactly the detail of that process. It is a matter for Prime Minister and Cabinet, but I can take that on notice, if you'd like, if you're interested in how my staff are employed.

Senator FARRELL: No. I'm just trying to work out how the government staffing arrangements work, and I thought, since you're a minister, you might have some personal knowledge.
Senator Seselja: As an assistant minister, we get a very small allocation, I'll say to you, so we don't go through the process very often.

Senator FARRELL: How many staff do you have?

Senator Seselja: I think it's on the list somewhere. I have two as a result of being an assistant minister.

Senator FARRELL: When did you employ those two?

Senator Seselja: You want to get into the detail of my individual staff members?

Senator FARRELL: Well, I do want to ask some questions about how the staffing committee works. I'm trying to refresh your memory by drawing attention to how—

Senator Seselja: As interesting as it is, we are getting into a matter that's not the responsibility of this part of estimates. I'd be happy to take it on notice, but it's not something—

Senator FARRELL: With respect, Minister, my guess is that the Special Minister of State has a role in the staffing arrangements of this government. I'd be very surprised if that's not the case in this government—in fact, very surprised, indeed—so I'm just trying to refresh your memory as to what might have happened when you employed people. You've said you've employed two people. Can you recall how those appointments came about?

Senator Seselja: As I say, I can take more detail on notice. Obviously, I would be reluctant to get into the detail of a very small number of staff within my office. As we've done for other offices, in terms of identifying individuals—

Senator FARRELL: No, Minister—

Senator Seselja: Sure. I get that, but I'm just putting it by way of background.

Senator FARRELL: Minister, just so you're clear on this—

Senator Seselja: Okay, you be clear.

Senator FARRELL: I'm not seeking to identify who your staff are, how much they're being paid—all of those sorts of things. I'm trying to get at how the government process works for the selection of staff, and if you can help me I'd much appreciate it. I'm asking you these questions about your own staff, not to identify those staff members but simply to refresh your memory as to how the process might have worked in terms of the employment of staff. I'm not seeking any details whatsoever about the personal arrangements of your staff; I'm simply asking about the process. How does the government's process work in terms of the employment of staff? My particular question, if you can assist me with this, is: who's on the Government Staffing Committee? I don't know if anything I've said enables you to refresh your memory there.

Senator Seselja: I'm happy to take it on notice, but I don't have that information.

Senator FARRELL: The difficulty with taking it on notice, Minister—or Assistant Minister—is that we're probably not going to get that information before the election. What date did we pick—24 May? The election may well and truly be over by then, so it's not of much value to us in the lead-up to the election. You're obviously getting some information on that little machine you've got in front of you. There's nobody on there that's listening—
Senator Seselja: And what I've advised you is that it's the responsibility of the Prime Minister's office. That's not something that I'm here in that capacity representing. And, to further assist you, I've offered to take it on notice. But you're asking for an area outside of what we're covering here.

Senator FARRELL: That's where we're in disagreement. Is there anybody on the end of that little machine who can tell you whether or not the Special Minister of State is part of the Government Staffing Committee?

Senator Seselja: As I said, it's the Prime Minister's office's responsibility, so it would technically be a matter to ask PM&C. But, to assist you, I'll take it on notice and we'll see what additional information we can get you.

Senator FARRELL: I'm trying to get it before you take it on notice.

Senator Seselja: To be fair, though, you're talking about trying to get it urgently now. This is not something that's dramatically new. It's not something that you couldn't have asked at any other estimates, including last week and in February and last year and the year before. But it's not the area I have responsibility for, so I have undertaken to assist you by taking it on notice.

Senator FARRELL: That's the bit I don't get.

Senator Seselja: But it's really something you should have been asking in PM&C.

Senator FARRELL: I understand that it's the Prime Minister who makes the decision about who gets appointed. He's the final arbiter of that issue and he issues the directive. But I'm assuming, and perhaps I'm wrong on this, that you've got some sort of staffing committee that assists the Prime Minister in that process backing up the individuals who are going to be employed in your offices and that the Special Minister of State, which I understand you are responsible for, has a role in that process. If the answer to that is no, then I accept that I'm asking the wrong person. But, surely, there's somebody at the end of that machine there from the Special Minister of State's office who can tell us—yes or no—is the Special Minister of State one of the people in the Government Staffing Committee?

Senator Seselja: As I say, it's the responsibility of the PMO, so it's not for this area. But I've taken it on notice, and any additional information we can get you we will.

Senator FARRELL: I have some additional questions that you might be able to assist us with if you're going to go down that track. My first question is: can you tell us the current make-up of the Government Staffing Committee? My second question is: when were changes last made to the make-up of that committee? My third question is: when was the last time that this committee met? My next question is: are there any meetings scheduled in the next six weeks? My final question is: can staffing appointments be made without going through that committee?

Senator Seselja: I'll take all of those on notice.

CHAIR: If there are no further questions for outcome 3, I'll thank the officials for your attendance and evidence here today and we'll go back to 2.1, for Senator McAllister's questions, before moving to IPEA.

[14:27]
Senator McALLISTER: Ms Huxtable, on Friday, 29 March, Minister Cormann announced appointments to five government boards. When did you become aware that those appointments were to be announced?

Ms Huxtable: I'd probably need to see the media release to know which boards that relates to.

Senator McALLISTER: The relevant references are—

Ms Huxtable: Sorry, there might be some confusion. In respect of 2.1, this part of the program, I believe, relates to Minister Seselja's responsibilities, which go to acts of grace and debt waivers.

Senator McALLISTER: So in fact we could deal with this in 2.1 when we come back to 2.1?

Ms Huxtable: The rest of 2.1 is Finance mainstream, so it might be best to come back to it at that point.

CHAIR: When Minister Cormann comes back, we will go back through his responsibilities for Finance, including 2.1, just not for acts of grace and waiver of payments.

Senator McALLISTER: If that's the case, I actually don't have anything for this part of 2.1?

CHAIR: In that case, the committee can now move to the Independent Parliamentary Expenses Authority.

Independent Parliamentary Expenses Authority

[14:30]

CHAIR: I welcome back Ms Annwyn Godwin, Chief Executive Officer, Independent Parliamentary Expenses Authority, and officers. Ms Godwin, would you like to make an opening statement?

Ms Godwin: I don't have a formal opening statement, Chair, but I would like to give some updated figures, if I may?

CHAIR: That would be helpful. Thank you.

Ms Godwin: Senator Farrell, at the hearing last week, asked me some questions about travel advice statistics. The statistics that I gave last week were as at the end of February. Now, because we're at the beginning of April, we can give you the updates for the end of March, if you would like?

Senator FARRELL: That would be very helpful. Thank you.

Ms Godwin: Since IPEA's inception, we have logged 21,648 unique client contacts. Of those, there have been 407,593 transactions, which is a total dollar or value figure of $122,743,155.36. I don't have the statistical breakdown for those in quite the amount of detail that I would usually have, but we still believe that they are tracking around the same figures. Staff matters are around 55 per cent; parliamentarians' matters are around 24 per cent; reporting matters, 12 per cent; PEMS matters, four; and audit matters, three. The reason I'm saying that we think that those stats are running pretty well on trend is that the figures, when we look at them broken down by the month and what's coming in, are approximately the same as what we would have had in previous transactions or previous periods that we reported on.
I've got a little bit more detail, if you want me to go into anything else, but that was just to give you an update from the last time that we met.

**Senator FARRELL:** Thank you. It's good to see some public servants answering questions, even before we ask them sometimes. If you've got some more details there, I would appreciate them.

**Ms Godwin:** Certainly. I'll try and give you the updated figures and then take you through them.

**Senator FARRELL:** Before you do that, just so I'm clear: there were roughly 4,700—

**Ms Godwin:** 407,593 transactions.

**Senator FARRELL:** Sorry, 400?

**Ms Godwin:** 407,593 transactions.

**Senator FARRELL:** And that equalled the $122 million figure?

**Ms Godwin:** Yes.

**Senator FARRELL:** And you were going to say something?

**Ms Godwin:** I've got the figures that we had as at 28 February, which are the figures I gave you last week. Then we've got the figures as of 31 March. At month's close, we've been able to update that second set of figures. I advised you last week that we averaged around 17,887 transactions. I can now tell you that, with the additional information, it is 17,570. Last time around that was $5,338,436.94 a month. It's now tracking at $5,237,332.28 per month. The figures are going up slightly—there are rough changes—but basically they're within the ballpark of what we would expect, and we don't consider it to be any sort of outlier or anomaly trend coming through.

**Senator FARRELL:** Would you expect that figure to be going up a little bit during the course of an election campaign?

**Ms Godwin:** This is our first election campaign. I'm not exactly sure what to expect. We're trying to be as prepared as possible, but I think it's new ground for all of us in this space.

**Senator FARRELL:** I'll come back and ask you some questions on that in a moment. I think you said four per cent of the transactions are PEMS transactions. Was that the figure?

**Ms Godwin:** Those were some of those unique client contacts. About four per cent of the queries are PEMS-related queries. They could be anything, from a query to do with a logon, or if someone got stuck at a certain point in going through a process. A whole range of queries would come under that PEMS heading.

**Senator FARRELL:** So people would know that the PEMS is the automated method, up to a point, of dealing with these travel and other claims. Are you able to break down for us, or at least give us a ballpark figure—and you can do it either in terms of transactions or dollar value—of the number of people that are using the PEMS, and what that equates to, and how many people are continuing to use the old method?

**Ms Godwin:** I don't have detailed information on that for two reasons. The first one is that we only look at the travel and the travel-related side of things and we're not particularly
tracking individual transactions as they go through the system at this point in time. As you are aware the PEMS, the Parliamentary Expenses Management System, is a project that is being run by the Department of Finance. The second thing is that even though we know that there is quite a high number, in the ballpark of the high 90s, of people logging onto the system, what that's translating into actual transactions that are coming through—I don't have line of sight of that sort of information to be able to provide it to you. It's something you need to ask the Department of Finance.

**Senator FARRELL:** They don't provide you with that sort of information, or do you just not ask for it because you don't need it?

**Ms Godwin:** I'm not exactly sure what their reporting requirements for that are at this point—certainly not the travel and the travel-related side of things that we've been working on. We do know that we get transactions that will come through both manually and through the system. As I said to you before, we then print those out and manually put them into the system. We haven't been tracking those as they come through. I'll just check with my colleague.

**Mr Frost:** At the moment, and as we discussed before, you can load the information into PEMS. We print it out at our end and then manually enter it. At the moment we don't have access to the data at the back end of PEMS. We hope to have that in the future and then we'll have more reporting capability, including for claims and reporting of claims and audit processes. At the moment we would have to manually count manual claims versus PEMS claims, and we haven't undertaken that at this stage.

**Senator FARRELL:** In terms of the time it takes to process, because you still haven't got that back-end part of it finalised—when do you think that's going to happen?

**Ms Godwin:** My understanding is that the whole system is looking to be implemented by April 2020. There has been a delay in that process. Originally it was due I think by 1 July of this year, but there has been a delay.

**Senator FARRELL:** When you say 'whole system', we're not just talking about the IPEA side of the transactions; we're talking about something broader than that, are we?

**Ms Godwin:** That's my understanding. It includes the functionality for the audit function and also the reporting function. It's all three components from an IPEA perspective—the transactional component that we have through our travel and advice team; the reporting, which is putting all the information together, having that in a certification process and being able to publish that data; and the third part, from an IPEA perspective, which is about accessing the audit trails and audit information. Those three component parts come together for our purposes, and they are not due to be finalised until April 2020.

**Senator FARRELL:** In terms of the speed with which the transactions are dealt with, is there a difference at the moment between the manual receipt of the document and the PEMS receipt? Is it a faster process at the moment? Do you get your claims processed faster if you go through the PEMS?

**Ms Godwin:** We haven't given a priority approach to it in that sense. I think I've mentioned to you previously, one of the by-products, or the inadvertent efficiency that's come through from the system, is that when people put it through the PEMS we don't have to go back as much to query people's handwriting or exactly which box they've ticked. But, because
we still have to manually process it once it's come in, which stream it's come to us by does not really make much of a difference.

Senator FARRELL: When you receive a PEMS claim, you obviously punch that information in. Is that the end of your role in that transaction or do you still carry through some further implementation?

Ms Godwin: We still do some checks on that information as it comes through, particularly if the information is incomplete or it could be considered to be confusing or, in some cases, even contradictory. If you want more details on that I can refer to my colleague.

Senator FARRELL: Yes, thank you.

Mr Frost: At the moment, the information comes in through PEMS or it'll come through in a manual form. Either of those processes will have the same data entry process undertaken by an entry officer. It then moves to a certification officer—a more senior staffer with an increased set of skills—who certifies that information. That information then feeds into our financial system, banks the money and a parliamentarian or their staffer is paid their allowance. That information then flows to our reporting system. It will flow through to your monthly management report and onto a parliamentary quarterly expenditure report. So that's the workflow.

PEMS, once it's completed in April 2020, may undertake some of those steps for us, and we hope it does. That's the idea of having an online, seamless tool. You answer the questions as you're processing the claim yourself and entering the data yourself—yourself or your staff—and those questions are strong enough from an audit perspective to move you through some of those stages. There still will be a checking function back at IPEA, but it won't be as detailed or as lengthy or involve as many staff as it would have through a manual process.

Senator FARRELL: If it works the way you hope, what aspects of that process would you expect PEMS to be doing in terms of a computerised processing exercise?

Mr Frost: We're partnering with Finance in this project, and they are the lead partner in the project itself. But PEMS was put together as a project to provide an online, integrated solution for parliamentarians and their staff to help manage their office. Travel claims are just one aspect of that. It'll help with office claims as well. We'll have better relationships with providers externally, so the data comes through in load processes that automatically can get processed. Reports should be able to be generated by a parliamentarian or their staff back at their end—they can run their own reports—and they'll have access to all their information, including real-time budgets, so that as you spend money or go to incur a cost you'll be able to see that up on your dashboard on your screen.

It will also help the backend process in that we've got a 20-year-old system at the moment which needs replacing and this will replace that system as well. There are efficiencies around that as well in replacing that system. It's smarter technology, and we'll hopefully be able to tweak it and move it around as we need to to provide better services and adapt to different legislation. So there are lots of advantages from the backend.

Hopefully, it's all integrated in terms of payroll linking through to claims for allowances and building a dashboard so that you and your staff can actually manage your office. They are the major benefits of the system—speed of processing, turning around claims much quicker, and a lot more accurate information rather than handwriting and scanning forms and sending
them through and then transposing that into a system that's 20 years old. It's a modern technology system for parliamentarians and their staff.

**Senator FARRELL:** Would you see that system speeding up the whole process, or do you think there will still be an element of delay in the process?

**Mr Frost:** As the information is fed in it will go through a series of business rules in the system—which are being built at the moment—and it will definitely speed things up. Claims should be turned around really quickly, reports should be able to be generated really quickly and information should be made available just as quickly.

**Senator FARRELL:** And how will MPs be able to get access to this reporting function? Will they be able to go online and put in the request themselves or will they have to ring someone in your office and get them to do it?

**Mr Frost:** The reporting functionality hasn't been built yet; it's just being looked at and is starting shortly. You would imagine that it will be online. It is an online tool available to parliamentarians and their staff to run their own reports and manage their office. They will have access to their own data. Staff will have access, as authorised, to run reports, look at those budgets and manage those budgets, claim expenses as needed across not only travel but their office as well.

**Ms Godwin:** As Michael said, we are just at that phase of doing some of the conceptual thinking about how that will all come together, so we don't have all the detail for that. You might want to ask the Department of Finance in the future about some of those issues to do with the construction then implementation of the PEMS project but that is certainly what we are envisaging will come out of the project.

**Senator FARRELL:** You presumably have some input into that part of the program that is going to include your responsibilities?

**Ms Godwin:** Certainly. Both myself and Michael are on the governance arrangements for the project. Our staff have been very involved in developing the specs—the building designs and things like that—for the IPEA related components of that, which has been particularly the travel related components. We have also been looking at the domestic side of things and we are just starting to move into the overseas travel component. They are well progressed in terms of the design component of the build. We have been heavily involved in that so there is a lot of practical input that is coming in from IPEA about what we think is the right construction of that framework.

**Senator FARRELL:** Do you have a specialist person in your office who deals with this or are you just getting information from your staff and they are providing it to whoever is doing the computer side of it in Finance?

**Ms Godwin:** There are a couple of things that have been put in place. We had an IT officer. We realised quite quickly in coming on board that we actually needed someone who could work on the PEMS project rather than more generalist IT so that role morphed into a contractor role. I have talked to you before about some of the specialists we have brought on board. That person is a specialist for us and does all of the day-to-day interactions with PEMS. We have also taken one of our very skilled travel advice people who had been across all of the different of the travel area offline. She works with the IT people and also has been
involved in some of their training of some of the parliamentarians and their staff up here in
the office.

We have pulled together a full-time team working in that space. Obviously us as line
managers are heavily fully involved in that component. Also for user development and what
are the specifications, do these work and do these fit our requirements—user stories et
cetera—we pull staff off from business-as-usual areas on a regular basis to make sure that,
each step of the way, what is being put forward as the specifications for this project are
practical and are fitting our needs. We are heavily invested in this because we see this
technology as something that really sets IPEA up for the future and we need to make sure that
it is as capable as possible. I think they are all the resources we have pulled across.

Senator FARRELL: How much of your time is being spent getting this up and running?

Ms Godwin: My time goes up and down, depending on a range of priorities and when we
have our steering committee meetings. It's a regular item on our discussions on our executive
team as well as physical presence at steering committee meetings and also preparing for those
so that we can have the best input that we can. It has certainly been something that has been
quite consuming for IPEA as a project but worth the investment, we believe.

Senator FARRELL: Do you have a regular steering committee meeting once a week or
once a fortnight?

Ms Godwin: For PEMS?

Senator FARRELL: Yes.

Ms Godwin: The project board meets once a fortnight, and I think the steering committee
meets once a month. I know we meet after the project board.

Senator FARRELL: What happens once a fortnight?

Mr Frost: There is a project board meeting with stakeholders across Finance and IPEA.

Senator FARRELL: Who else is involved? Obviously, you have your section that you
are dealing with. But who else are you meeting with at these meetings?

Ms Godwin: We are straying into some questions for Finance as the project leader on this.

Senator FARRELL: They don't answer any questions, so any information you can give
us about what is going on in Finance is very much appreciated.

Ms Godwin: I would just like to put a caveat around it and say I don't know all of the
issues so I am giving you a response that may not be complete. Certainly there is myself and
other members who are stakeholders on the steering committee that I am on. There are a
couple of external people who come in who are also on that, there is the project team leader
and there is a chair so there is a core group of people who are on that governance, but they do
have independent external people to give expert advice. But I may not know all of the
governance arrangements; they are just what I have observed.

Senator FARRELL: I think you said that, originally, it was planned that you would be up
and running by 1 July this year.

Ms Godwin: Yes.

Senator FARRELL: What has been the reason for pushing it back until next year?
Ms Godwin: I think there are a number of reasons. You need to look at the timing of an election as one component of it. I think there are other things about the scope of what was being proposed. Further than that, you would need to ask the Department of Finance.

Senator FARRELL: Is that because you have expanded your horizons on this or is it for other reasons?

Ms Godwin: I don't know that there was a full understanding of the scope and role of IPEA and how we would operate in practice when the establishment phases for the project were put in place. It was a transition phase. I think some of it started before IPEA was established and then some of it finalised post IPEA so there were some assumptions that were made about how things might work. Subsequent to that, we've had to work with Department of Finance and the project to tease out what are our requirements in practice, so that has taken a bit more time than was envisaged.

Senator FARRELL: If a PEMS claim is put in, what is the process then between when you process the claim and the payment is made? What actually happens in that back end?

Ms Godwin: I am going to hand over to the project board person.

Mr Frost: A claim comes through PEMS or a manual form arrives via Outlook.

Senator FARRELL: It makes no difference?

Mr Frost: It makes no difference. At the moment, PEMS provides a number of front-end forms that parliamentarians and their staff can fill in. It saves filling in the manual form and going through that process. It does help us obtain much clearer contained information—date fields, signatures, those sorts of things. Previously, someone might have inadvertently forgotten to put the right date or they put the wrong year or not signed it properly or filled in the wrong field. It does minimise all those errors so the data is much better in the state that it comes to us but then we do extract it and put it into the same system we've been using since 1999.

Senator FARRELL: What then happens? I am interested at what happens at the back end.

Mr Frost: It then flows through. We have an entitlements management system called EMS. It flows from that system, which is information management system, to a financial system and the financial system actually undertakes the banking arrangements.

CHAIR: Senator Farrell, before we proceed, I know we have questions from other senators to IPEA. Could you give me an indication of how much longer you have?

Senator FARRELL: I will probably be about another 15 minutes.

CHAIR: In that case, is this a point to pause, because I wouldn't mind sharing the call around to other senators.

Senator FARRELL: Sure. Yes, I don't would hold it up.

Senator HUME: I have questions regarding the Herald Sun article that was published this morning on the front page but also in a double spread on pages 6 and 7, about Senator Carr and Mr Shorten using the services of F&M Printing, which I understand is a backyard printer caught up in this 'cash for stacks' issue. For anyone at the desk that's not familiar with the 'cash for stacks' issue, it was reported when whistleblowers claimed that electorate offices for some of the Victorian state MPs were allegedly creating and submitting false invoices for
printing work that was never actually done, and the printing firms would then allegedly take a small cut and then send the rest of the cash back to the MPs' offices, and then that cash was allegedly used to pay for Labor Party memberships in what is colloquially known as branch stacking—hence 'cash for stacks'. So I'm wondering whether IPEA is familiar with the issue, to begin with.

Ms Godwin: I'm certainly aware of the media coverage of that particular case.

Senator HUME: Can IPEA confirm that over the last decade Senator Carr ordered $117,000 worth of printing from F&M Printing?

Ms Godwin: I'm not in a position to confirm the information that's provided in that press clip. The reason for that is that we have a protocol and an escalation process that we go through for all issues that we see. Information comes to us through a range of sources. One is obviously through media. One is through emails that might come direct to us or phone calls that will come direct to the advice line. There also could be some transfer of information from other agencies that may have also received emails and things that have come to them. So there are a whole range of things that come through to us, and what we have done is to put publicly on our website what we call a statutory audit function and the escalation process. It's a document that looks like this.

So the first phase that we go through is to do a preliminary assessment of any information that's comes through. In that preliminary assessment, we ask two key questions. The first one is, 'Has a work resource been used?' and the second one is, 'Does the resource appear to have been used outside the relevant framework?' Depending on that initial assessment that we do, we could then escalate that. In a lot of cases that come through, we may in fact look at it and say there has been no work resource used at all, so obviously that case then ceases at any further point in escalation. It can then go to an assurance review, and it could also escalate to a formal audit.

So there are a couple of things to do with that. One is that the press clip has only just come through. It's certainly something that we would look at through this process. I don't have any further detail on it. The second thing is that, as cases go through this escalation process, we don't usually make public comment on them in case we do something that could inadvertently undermine the case or create problems for us further down the track. I'm not trying to be difficult; I'm just saying that's the process that we go through. We are aware of it, and it will go through the process like everything else. I do have a colleague here who might be able to provide just a little bit more detail. There are also potentially some jurisdictional issues with this particular case.

Ms Gartmann: We are aware of the issue and acknowledge that it is possible that some work expenses were used. It's a printing expense. However, you might be aware that there's currently an investigation ongoing in the Victorian jurisdiction. So, as Annwyn Godwin has pointed out, IPEA is going through its assurance process but also watching what will happen in the investigation.

Senator HUME: Ms Godwin, you said that you initiate investigations based on advice from whistleblowers, media or other agencies. Can you say whether it's one or all three of those sources?
Ms Godwin: That was a general statement. I didn't specifically refer to whistleblowers, but it could be from a whole range of sources. There's no particular agency that's referred that particular case to us at this point in time, but on occasions an email will have come through or public contact has come through to a different department, and it's to do with travel or travel related expenses, and they've felt that it was appropriate to refer that to us. In those cases, again we go through the same process and just take that as another source of information that we have, which could be a flag just to say that you need to have a further look at something that is going on in the space. We're quite open to receiving that sort of information, because it's just another piece of information that's intelligence for us to look at.

Senator HUME: So this is something you've been aware of for some time—this issue with Senator Carr and F&M Printing. I know you've said that the article only came out today, but it's been around for a while—it's been reported before. I'm wondering whether, in the investigation that IPEA are doing, IPEA would have Senator Carr's printing orders checked, in light of the claims that Victorian MPs' offices have used that same printer to generate the fake invoices in the past? Is that enough?

Ms Godwin: There are two parts to this. One is that I wouldn't say that we're at any sort of investigation stage we're looking at as part of preliminary assessment. This is one of a number of cases that have come through that we would look at. The second thing is that in this particular case we were monitoring it all, just keeping an eye on it—a watching brief—because it was of interest. F&M per se was of interest to us because of interrelationships with parliamentarians. It wasn't specifically that we were looking at this with regard to Senator Carr.

Senator HUME: Would you look at the work expenses, the printing claims, of any member of parliament who had used F&M Printing in the past? Is that the red flag that IPEA would use?

Ms Godwin: It could be a flag, but at this point in time it hasn't been a flag that we have pursued. We do try to triage cases that come through. There's a number of them at any one point in time. We do try to triage things. It hasn't been a particular flag for us at this point in time. I'm just looking at my colleague who actually looks after the audit assurance area and she is confirming that.

Senator HUME: Surely the Victorian IBAC investigation into this wouldn't have jurisdiction over federal expenses?

Ms Gartmann: I'm not in a position to discuss what their jurisdiction is. I quite simply haven't looked. I've raised the issue of the investigation, because what it might do is shed some light on issues or produce some facts that may become relevant to us. In some ways it would seem a bit duplicative if we were both looking at the issue.

Senator HUME: If IBAC were looking at the same issue that IPEA was looking at?

Ms Gartmann: It is possible that they would uncover some evidence or something that is useful to IPEA if IPEA were then to conduct its own investigation.

Senator HUME: But IBAC wouldn't audit federal parliamentarians' expenses?

Ms Gartmann: No, but I imagine the issue is similar between the federal and state politicians. It might be that there is some useful information, which is why we're watching the investigation.
**Senator HUME:** The report said that Senator Carr has used this particular printer, F&M Printing, 54 times over the last decade, but two of those times have actually been since F&M Printing was identified as of interest to IBAC. Is that enough of a red flag to IPEA to do a separate investigation of federal parliamentarians' expenses?

**Ms Godwin:** One of the things is about the way we look at our resources. We try not to be duplicative in this space, as my colleague said. What has been a practice in other organisations that I've worked for is that we tend to do things on a consecutive basis, rather than on a concurrent basis. That is to say: let's see the process they've gone through and what issues have come up from their perspective, which is what Petra Gartmann has been talking about. Then, once that is finalised, that there is nothing that we do that could potentially undermine or compromise that particular process that they've gone through. It also in some ways can potentially do some of the investigation and work for us and it's much more efficient for us to then come in on a consecutive basis rather than a concurrent basis. So, we are certainly aware of it, but we have taken no active steps at this point, post flagging it and logging it through our system to potentially action as other information comes forward.

**Senator HUME:** Does that suggest that IPEA would not investigate the expenses of a federal parliamentarian if they were under investigation by a state authority?

**Ms Godwin:** I don't think that is a conclusion I would want you to draw. It's just that the timing of the process that we would go through may not be concurrent with what's happening in that particular jurisdiction. It really depends. Each thing that we look at is really on a case-by-case basis. Every case has its own nuances and its own twists and turns and situations. So we do look at them individually in that sense, but we're also aware of the wider environment which we're operating in. I do not want to compromise a process that someone else is doing, so at the moment it's a bit of a watch-and-see on that particular process.

**Senator HUME:** Has IPEA had any contact with IBAC on this particular issue?

**Ms Godwin:** No, I can confirm that IPEA has not had any contact with IBAC on this particular issue.

**Senator HUME:** Then why are you waiting for them to finish their reporting before you undertake your preliminary report?

**Ms Godwin:** For the reasons I just outlined—

**Senator FARRELL:** Probably because it's just a beat-up, I think. That'd be the simple answer.

**Senator HUME:** Yes, and nothing has come of it. There's probably a very good reason why nothing has come of it—because there's absolutely nothing in it.

**CHAIR:** IBAC doesn't seem to think so.

**Senator HUME:** No, it continues on with its investigation. Sorry, I've got to get this straight, Ms Godwin. You did say that you wouldn't investigate something if it was under state investigation and that you're waiting. So, in this case, what will trigger you to have a look at the case from a federal perspective?

**Ms Godwin:** I don't think I said I wouldn't investigate it under that process. I do think there's an issue about—I don't want to compromise or undermine another process that's going
on. I believe that there are some real advantages to us waiting to see what comes out of that process, which then may assist us. But if there were a whole series of things that came up in the space which I thought were appropriate for us to be investigating in our triage process—because, as I said, this is one of a number of issues that are going through our system at any one time. I can change the priorities on those, but at this point in time it's not hitting the flags that would say that I would want to give it a different priority to one that's just going through the system that we've got. It's not that I wouldn't do it; I just want to confirm that. But at the moment it's not one that says, 'Let's do it concurrently with them.' My view at the moment is that we should do this consecutively. It's logged. It's going through this process that we go through, as is the case for all the things that we do. We're watching IBAC, but that doesn't mean that we've made contact with them.

Senator HUME: Have they made contact with you? Have they sought any information about federal parliamentarians' expenses from you?

Ms Godwin: No. I did mention that it's a watching brief: let's just see how this is unfolding at this point in time; when and if it's appropriate, we will take that appropriate action.

Senator HUME: Can I confirm that it is logged for investigation in your system?

Ms Godwin: It's logged to go through our statutory audit function. So it is logged to go through this system. I'm just wary—

Senator HUME: So there will be an audit into Senator Carr's use of F&M Printing?

Ms Godwin: As you go through, at the bottom of each section—'Preliminary Assessment', 'Assurance Review' and 'Audit'—it identifies potential pathways. The potential pathways from that preliminary assessment are: no further action; undertake administrative remedial action; assurance review, which could mean it gets escalated to the next process; audit, or possible referral to the AFP. If it were escalated to an assurance review process, we would go through an additional process. The preliminary assessment basically eliminates a lot of things quite quickly. If someone alleges that a work expense has been incurred—to make up a hypothetical example: 'I saw a member of parliament at the Gold Coast. They were there, and we shouldn't be paying taxpayers' money for them to go to the Gold Coast'—we do a check on that and, if there's no Commonwealth expense incurred, it doesn't go any further for us. We eliminate quite a lot of things through that preliminary assessment. If, however, we do find that there has been some expense and it's not obvious to us the reasons why and there do seem to be some queries, we would then escalate it to the assurance review and there are more detailed questions that then kick in at that point. For example:

- Does the individual agree with IPEA's preliminary assessment and agree to make a repayment?
- Does IPEA have all the required information and is there an educative purpose or benefit from publishing some or all of the findings?
- Does there appear to be serious fraud or other criminal conduct?

If we consider there were some issues, we then have further potential pathways that we can use:
1. No further action
2. Undertake administrative remedial action
3. Consider/implement recommendations, including an IPEA-initiated Ruling—an audit or again—

4. Referral to AFP

And only after we've gone through these very specific steps do we then consider whether or not a formal audit is the third part in this process, so we can then do a formal audit. So I can't give you a blanket response to your question which says that I will definitely do an audit of Senator Carr's expenses in this area because I haven't actually gone through these processes. These are the processes that have been agreed by the members of the authority. They are on our website, as is the protocol and the misuse of parliamentary expenses, which also gives more underlying detail at the back of this.

Senator HUME: So, it's been logged into your system and you're monitoring it, but then you have to go through these processes—is that correct?

Ms Godwin: So it's logged into our system for us to go through the process. We're monitoring what's happening in IBAC and what's happening in the press, which is what we do on a regular basis—that's the component part of it. We are working this way through this very open process about what we do.

Senator HUME: So you're aware of it. You've logged it. You're monitoring the issue. In your evidence in estimates in February, I noted that you said you'd employed a former AFP officer to help with your investigations and audits of expenses. I'm wondering whether that particular AFP officer, now employed by IPEA, has had any previous involvement with the investigation into F&M Printing because, obviously, that would align nicely?

Ms Godwin: I'm reluctant to answer a question about what an officer's done in a previous agency, particularly in that agency. I wouldn't want to breach any—I don't know what their privacy, security or information-sharing arrangements are, so I am reluctant to answer that particular part of the question. I could of course take that question on notice, but I would need to liaise with the other agency about that and I cannot guarantee where they will land on that particular process.

Senator HUME: Is the agent in the room?

Ms Godwin: I don't know, Senator.

Senator HUME: I'm just wondering whether we could ask him, if it's appropriate—or her; I should've said.

Ms Godwin: Sorry, I was just distracted there for a moment.

Senator HUME: I'm just wondering if we ask the agent directly—the former AFP member—if they're in the room, whether they have had any investigations in the past in their former role and anything to do with investigating F&M Printing.

Ms Godwin: Again, I would be reluctant to answer that question on the grounds that it's to do with that person's engagement in a former agency. That former agency happens to have a whole range of particular security and privacy related issues, and I would want to discuss that with that agency so that we were not breaching any arrangements that they might've had in place.
Senator HUME: The reason I ask is that the evidence you gave in February was that the particular former AFP officer had worked on multiple cases and that was why his skill set was so valuable for the role, and you did offer those details last time round.

Ms Godwin: They were generic details; they were not specific to any one particular case or one particular situation.

CHAIR: Being cognisant of the case that you raise, Ms Godwin, perhaps Senator Hume could place these questions on notice for you—

Ms Godwin: I'm happy to do that.

CHAIR: and come back to the committee, if necessary, consulting with the AFP about your answers. I think it's appropriate that you have time to go away and reflect on it, but it's also fair that Senator Hume have an opportunity to ask those questions.

Ms Godwin: I'm certainly very comfortable with that, which is why I offered to put them on notice. There are some technicalities there I would not want to inadvertently breach, and I would prefer to be able to discuss those with the other agency.

Senator HUME: I understand. With your indulgence, Chair, I have a couple more questions, and then we can move on.

CHAIR: Thank you.

Senator HUME: This particular printer, F&M Printing, has been described in the media as a backyard printer. I have a picture. I won't bother tabling the picture.

CHAIR: No props please, Senator Hume, as you well know.

Senator HUME: 'Backyard printer' I think is an appropriate phrase, because it looks like somebody's house. I know Senator Carr is a very great supporter of small businesses, but we are talking microbusiness here. Have you done any investigations in the past to these backyard printers and the use of parliamentarians using backyard printers or is that something that would raise a red flag to you?

Ms Godwin: IPEA's processing components are that we administer the travel and travel related expenses.

Senator HUME: It says on your website that you do audits into work expenses.

Ms Godwin: That's right. I was going to clarify for the committee that the maps in the Department of Finance does the administration for the other related expenses, including printing and comms and things like that. We wouldn't do any of that preliminary work. That would be something that they would need to administer. There are some arrangements between us that if there was an issue that they thought looked a bit unusual then they could flag that with us. And vice versa, as we're going through things we might find something and we would flag that with them. There are some arrangements between the two components. I'm looking again at my colleagues to confirm, we have not to date undertaken an audit, or a process that I'm aware of, that has involved that particular stream of expenses as has been identified.

Senator HUME: Should everything line up—should the investigation into Senator Carr's expenses that have been logged and that've been monitored—and should IBAC come and say, 'Yes, there is something to investigate here,' should you undertake that investigation and find there has been inappropriate use of this backyard printer, would you then investigate all other
parliamentarians use of that particular backyard printer as well? Because Mr Shorten's name has come up. I understand that his name has come up in the past, that he has used this backyard printer, I think, four times and that was largely in 2010 and 2011. How far back do you go when you are looking at an investigation like this and how much broader do you make the investigation?

Ms Godwin: I'll refer to my colleague about the actual time frames that we can look at for audits. But, again, in this phase of audits that we look at we don't tend to do them as groups. These are more individual processes that we go through. What we would look to see is—as I said, each case is individual—what are the particular circumstances that are involved in this particular case? We would then log it and go through exactly the same process. That's for an individual case.

Senator HUME: You do a different investigation per individual—

Ms Godwin: That's right.

Senator HUME: not an investigation of an issue, is that correct?

Ms Godwin: That's through this process. I'm just about to let you know about another process that we can go through, and that's called a thematic audit. We are in the process of finalising our very first thematic audit. A thematic audit is different to these ones. These are individual—logged, tracked, the whole thing. I think we have that bit worked out now. A thematic audit is when we take a line expense, which the first audit that we're looking at is for administrative supplies. We have engaged with an external company to assist us in this area and they have done some initial work on the systems and the information that we've got. They've taken all the information about a particular line expense plus supplemented that with some fieldwork, which has been randomly selected to give some fieldwork about things. Then they will then come back and give us some indications about what are the practices across that whole line expense. So, there is the potential in the future that we could look at printing and communications as a line expense to do a thematic audit on. It could also be that we would look at—you pick the line of expenses. We can choose whatever one—we were meant to do.

Senator HUME: On that, is this media report and everything else enough of a red flag for you to say, 'The next thematic audit that we will do will be on printing'?

Ms Godwin: It's actually not my call to do that. I report to members of the authority, which is, effectively, a board. It's actually the board's decision about what line expenses we would look at next, or what the priorities are.

Senator HUME: How do the board make up their minds as to what the next—

Ms Godwin: We give a whole lot of information. We give information on things that we may have picked up—things like media reports, or when we see great fluctuations in transactions and things like that. So, we can put information to the board.

Senator HUME: So, you're like a CEO and you make a recommendation to the board, and then the board will—

Ms Godwin: Well, we put information to the board; we don't tend to recommend, per se. But we put a whole lot of information to the board, and the board makes their own choices about what they think are the priorities. But this would certainly be something we would
include in that, because there have been some concerns raised. There are different ways of looking at this.

**Senator HUME:** We haven't heard the end of the issue—is that what you're telling us?

**Ms Godwin:** I think that it's something that we would want to discuss with the members of the authority and get their input into it. We also have an audit and risk committee and things like that, which also feed all that information in. But it's actually a bigger context that we look at than just individual cases that go through this process.

**Senator HUME:** Thank you.

**Senator FARRELL:** I have questions on the line of questioning. We've heard a terrible hatchet job—

**Senator HUME:** I didn't do it; the *Herald Sun* did.

**Senator FARRELL:** on one of our Senate colleagues, Senator Carr. And for good measure they've thrown in Mr Shorten, on the eve of the election.

**Senator HUME:** Again, it was the *Herald Sun*, not me.

**Senator FARRELL:** The *Herald Sun* article—I don't know if you've read it, Ms Godwin—referred to documents that were allegedly presented to estimates yesterday. In fact, to the best of my knowledge, those documents weren't presented, and I'd be happy to be corrected on that. Obviously, Senator Hume wasn't quite as smart as she thought she was.

**Senator HUME:** I doubt that.

**Senator FARRELL:** The document that I understand was used as the basis for these crazy allegations was this document here.

**CHAIR:** Senator Farrell, the 'no props' rule applies to you as well.

**Senator FARRELL:** I'm happy to present it to—

**CHAIR:** You can seek to have it tabled, if you like. Please don't wave it around for the cameras.

**Senator FARRELL:** I'll have it tabled. Can we table that document. It appears to be an official document from the government, or from your office. Could you tell us how the journalist would have got a copy of this document?

**CHAIR:** Just before we contemplate the tabling, Senator Farrell, I'm not aware of the origins of this document either. Perhaps you could assist us if you have information about where it's from.

**Senator FARRELL:** I don't, and that's why I'm asking the question. It would appear to be—

**CHAIR:** Senator Farrell, you've obtained this from somewhere, clearly. If you don't wish to identify your source, I would understand that. But if you are seeking to table a document, of which you are providing no origin at all, then I don't think the committee can do that.

**Senator FARRELL:** In that case, can I show the witness the document?

**CHAIR:** All evidence does stand to be taken in public session. I'm not really comfortable providing things to witnesses that are not available to everyone on the committee.
Senator FARRELL: Okay—you're happy to make all the allegations in the world, but when there's something that makes it very clear that there's a setup here—

CHAIR: Senator Farrell, please, this is a serious point about committee process and the tabling of documents. I'm not going to table any old document that you hand me—

Senator FARRELL: But serious allegations—

CHAIR: the origins of which I have no knowledge of and which you're not willing to provide.

Senator FARRELL: Serious allegations have been made under parliamentary privilege by Senator Hume.

Senator HUME: No, by the Herald Sun.

Senator FARRELL: You've repeated all of them here. What would appear to be an official government document has been given to the journalist. Do you know, Ms Godwin, where the journalist got this information from?

Ms Godwin: My apologies, Senator. I don't know what document you're talking about at this point in time.

Senator FARRELL: The journalist claims he has got the figure, and it seems to me the only organisation that could have that figure is IPEA. Is any other organisation collecting information about MPs' printing bills?

Ms Godwin: The Department of Finance—

Senator FARRELL: So Department of Finance also has access to this information?

Ms Godwin: As I said in response to Senator Hume, IPEA administers travel and travel-related expenses and the Department of Finance, through Ministerial and Parliamentary Services, administers the other expenses, which would include printing and communications-type expenses. I don't know the detail that's implied in that document, but we also, as you are aware, have information, which is on the website, when we report our quarterly expenditure reports. There is also, in line with government policy for transparency, information on data.gov.au, which would also identify printing and comms. It doesn't go down to all the detail. Sorry, I'm not aware of what the detail is. So there are some other sources; I'm just not sure.

Senator FARRELL: The chair is resistant to the tabling of the document. I won't seek to proceed with it.

CHAIR: Senator Farrell, I'm not resistant to tabling the document but I am not willing to table the document without some evidence of its origins, which you are unwilling to provide.

Senator FARRELL: I don't seek to table the document.

CHAIR: If there are no further questions, I will go to Senator Patrick.

Senator PATRICK: I'm guessing everyone will support my bill into the security vetting of ministers after listening to this! That's both sides of the table. It's so much easier being a crossbencher. Ms Godwin, I'm going to ask some questions about the Members of Parliament (Staff) Act. You monitor their travel and—
Ms Godwin: Travel and travel-related expenses, but the way they are brought on, numbers, I have no line of sight on any of that, except for what's reported, which is the information that we've been given from the Department of Finance.

Senator PATRICK: Do you conduct any investigations if an allegation is made or a concern is raised about a staffer?

Ms Godwin: The short answer is yes, and I will point you to the audit that we undertook of a particular staffer. It was our second audit that we undertook back in February of this year.

Senator PATRICK: You've done two audits—

Ms Godwin: Sorry. One audit of a staffer.

Senator PATRICK: I don't seek to identify any of these staffers.

Ms Godwin: It is public anyway.

Senator PATRICK: In the context of that, you talked before with the MPs about a preliminary assessment and then an assurance review. Is that the same terminology used for staffers?

Ms Godwin: That's correct, Senator.

Senator PATRICK: I don't intend to go to the identities, but how many preliminary assessments have you done on staffers?

Ms Godwin: I may need to take that on notice. I'm just checking whether my colleague has got the specific detail.

Ms Gartmann: Senator, I'm afraid we haven't broken it down into the assessments between members of parliament and staff in the briefing we have got here, but we would be very happy to take it on notice and come back to you.

Senator PATRICK: And I'm obviously not seeking to hold you to anything, but just in terms of order of magnitude, is it 10, is it 100, is it 1,000?

Ms Godwin: It's certainly not the latter!

Senator PATRICK: That's good news!

Ms Godwin: As in my answer to Senator Hume, a lot of the sources of information that feed into this are media and other components—emails, phone calls et cetera. Just to put it in some context, MOP staffers aren't necessarily as well known as parliamentarians, so they are not likely or as likely to hit those sorts of sources of information to come into us. I am just going to put it into a context: I would not think it was a particularly large number.

Senator PATRICK: I take the point that you make about erroneous claims or the unwarranted, ill-informed claims. The next question I was going to ask was 'How many staffers have been through an assurance review?', because I think it would be quite interesting to see that there would clearly be quite a difference in those numbers as well.

Ms Godwin: We actually had a question on notice previously, so I can give you an update from that. This was question on notice No. 42 for—

Senator PATRICK: From which senator?

Ms Godwin: It was Senator Waters on 26 February 2019. I'll just read the questions out and give you the answers, if that makes it easier.
Senator PATRICK: Sure. Thank you.

Ms Godwin: She asked:

During 2018:
(a) How many MOPS Act staff have been subject to a preliminary expenses misuse review?
(b) How many MOPS Act staff have been subject to administrative action to address a breach of the framework governing their entitlements?
(c) In how many cases has this involved a return of funds?
(d) How many MOPS Act staff have been subject to an assurance review or audit?
And the final question—there were five—was:
(e) How many MOPS Act staff have been referred to the AFP?

Between 1 January and 31 December 2018, in answer to the first question, it was two. That's two MOPS Act staff—

Senator PATRICK: What was the end date of this?

Ms Godwin: It was 31 December 2018, because her question was 'during 2018'. The second question, which was about administrative action addressing a breach of the framework governing their entitlements, was 18. The same for the next question, which was about 'in how many cases has this involved a return of funds'? And how many MOP(S) Act staff have—

Senator PATRICK: And how many was that? Was it 18 as well?

Ms Godwin: 18.

Senator PATRICK: The same number.

Ms Godwin: Yes, the same number. In (d), it was: 'How many MOP(S) Act staff have been subject to an assurance review or audit?' That was one. Then the final question was about how many MOP(S) Act staff have been referred to the AFP. The answer to that question was zero. So, if you're looking at that pyramid, which I think is what you were getting to, you can work out from there what has come through this process. Subject to the preliminary expenses review, it was two, but there were administrative actions that were taken that have come through from there.

Senator PATRICK: How do you get fewer preliminary reviews than you do—

Ms Godwin: It might have been something that has come through when we've done an administration process that has come through. We've got two that have hit this process and, then, how many that have actually been a breach of the framework and are returning the funds is 18, because we may have picked it up through another process and just gone back to them straightaway and said, as my colleague said before, 'You've put in the wrong date on a form,' or something, 'Can you confirm that date?' 'It's X.' 'Okay.' Therefore, we've recalculated it and they've just paid it back. We try to pick those things up on a regular basis, rather than always waiting for a formal process to come through.

Senator PATRICK: Okay. Maybe I'll just reframe my question on notice to say: can you please update Senator Waters's question?

Ms Godwin: Sure.
**Senator PATRICK:** Can I just get a feel for—and, once again, I'm not seeking to identify anything—the range of behaviour? Is it from egregious to simple mistakes?

**Ms Godwin:** I'm not across that level of detail.

**Mr Frost:** In general, there'll be inadvertent use of a Cabcharge card or travel in business class, and we've recovered the difference between economy and business—those minor administrative function-type arrangements. We identify them as part of our postpayment checking process, or we might identify them as part of the initial transaction, and we liaise with the office. We might write to the staff member or the parliamentarian and undertake some remedial action straightaway. It's dealt with in that way.

**Senator PATRICK:** I won't ask you about the assurance review, because there was only one, so I don't want to go there, but, at the high end of these preliminary assessments and administrative actions, is that the extent of it?

**Mr Frost:** Yes, pretty much.

**Senator PATRICK:** I'm going to ask this question and I'm just going to preface it by saying: this is not directed in any way at my staff. If a parliamentarian were to approach IPEA about their own staff, I presume that wouldn't raise a privacy concern for IPEA? The question goes to the ability for parliamentarians to talk to IPEA about their own staff and any conduct if, for example, these assessments and audits have revealed a problem.

**Ms Godwin:** I'd answer that question in a couple of ways. The first one is: any queries that come to our advice line are done on an absolutely confidential basis, and that's part of the way that IPEA was set up—so that parliamentarians would feel very open and free to talk to us about the issues. When we have more information and understand their particular circumstances, we can also help to guide people, whether it is about a travel or travel related decision or about other matters that may come up that are related to those sorts of things. So it could come up through that space, and that is certainly something that's done on a confidential basis.

As to the other way that it could potentially come up, as I said, we receive information from a whole range of different sources at different times, from people and from organisations, and we always treat that information with as much confidentiality as we can. I say 'as much confidentiality as we can', because there would be some legal circumstances where we would be required under a different jurisdiction to give information. But, again, if that were the circumstance, we would deal with that in exactly the same way. It would go through that process and then it would go through the preliminary assessment and the escalation process that we've talked about.

**Senator PATRICK:** I'd imagine that this is only in the event that you have a finding where someone's had to return some money or they've made a mistake, but I am really trying to establish whether IPEA would in fact approach a senator or a member and say, 'I just want to let you know that you've had a staffer that's done this and it's been corrected,' just so they are aware of it, because sometimes MPs or senators may become tarred with the conduct of their own staffers. That's kind of the nature of the question I'm asking. By the way, my staff have told me that they've turned the volume up on the television!

**Ms Godwin:** An open and trusting relationship, obviously. Petra Gartmann heads up the audit and assurance process, which includes those post-payment validations. Just for your
interest, it is on the sheet. So you can look it up in a bit more detail about how we handle and those sorts of issues. I'm going to pass to Petra to give you an understanding about how we deal with those sorts of things, because it's likely to come up through post-payment validation.

Ms Gartmann: As a general rule, there's no issue for IPEA in a member of parliament approaching us to give us information that relates to their staff or someone else.

Senator PATRICK: No, I am asking about receiving information about a staffer. Let's say one of my staffers went rogue and was doing all sorts of stuff and I'm not aware of it because of your confidentiality provisions. At what point do you raise that with me as a senator?

Ms Gartmann: You'll be pleased to know that there are a range of ways you will become aware. IPEA develops monthly management reports which are sent to your office. These will include a range of information about the movements of your staff and other relevant information.

Senator PATRICK: I've checked those regularly, so I know what you're talking about.

Ms Gartmann: Excellent. We're pleased about that. In the post-payment validation space it might be that IPEA is in touch with the office generally about some transactions that seem odd. Of course, your staff work under your instruction, so often there is a need for IPEA to get in touch with members of parliament to say, 'Can you confirm you instructed your staff member to be in place X?'

Senator PATRICK: But, in the case where someone has made an application for the return of funding or to be compensated for money that they've spent but they hadn't spent it, is that the sort of thing you'd raise with a member or a senator, or are you prevented from doing so?

Ms Gartmann: We're not prevented from doing so. I imagine we would consider those issues on a case-by-case basis. There might be other avenues, mechanisms or laws that are not under our control—such as the Privacy Act or other legislation—that might prevent us.

CHAIR: Thanks to the intrepid work of the secretariat, I am in a rare position, Senator Farrell, to assist you with an answer to the questions you were asking about the origin of that document that you had. The secretary has drawn my attention to a question on notice through the chamber which was asked by Senator Eric Abetz on 14 March 2009 and directed to the Special Minister of State.

Senator FARRELL: 2009?

CHAIR: Sorry; 2019—jumping a bit there. It was directed to the Special Minister of State and provides the table that you had as an attachment in response to the answer. Senator Cormann, acting as the representative of the Special Minister of State, notes in his answer that the data contained in this table, going back to 1 July 2009, is publicly available on the Independent Parliamentary Expenses Authority and Department of Finance websites. Are there any further questions for the Independent Parliamentary Expenses Authority? Senator Ciccone.

Senator CICCONE: In May last year Western Australian MP Andrew Hastie flew to South Australia to be a guest speaker at the South Australian Young Liberals Ball. He claimed travel allowance, flights and Comcars for the event. The total cost to the taxpayer was
$2,289.79. He also claimed the travel allowance as 'party duties'. I understand that IPEA has confirmed in the past that using parliamentary work expenses to travel to a ball hosted by a youth wing of a political party is a breach of the rules. Can you confirm that this is still the case?

Ms Godwin: I would like to preface any response by reiterating that we don't tend to comment on an individual's work expenses, for whatever reason. It may be that we are looking at that expense and, therefore, we wouldn't want to compromise or undermine the process that we went through. So I'm going to preface any comment in that way. I refer you now to my colleague, Mr Frost, who looks after the travel advice area.

Mr Frost: We would have to take on notice any details around parliamentarians travel for a number of purposes. The framework provides that they need to satisfy themselves that they have met the dominant purpose of parliamentary business, the value for money test, personal accountability and responsibility, and any conditions around the claim. I don't have the details of that travel in front of me, nor would we be able to pass comment on that individual travel without any further detail.

Senator CICCONE: Is it not the case that, if you were to travel interstate purely for a political party event, that would be in breach of the rules, it wouldn't be considered 'dominant'?

Mr Frost: Again, we don't have all the details, all the facts, in front of us.

Senator CICCONE: I'm not asking you for all the details; it's just a hypothetical, really.

Mr Frost: I would prefer not to comment on a hypothetical.

Senator CICCONE: If I were to travel to Sydney next weekend to attend a Young Labor event, would you consider that to be dominantly parliamentary business?

Mr Frost: If you asked my travel advice team, we would ask for all of the facts, including dates, times, the nature of the event and your version of what you think it falls under in terms of parliamentary business. Then we would shape that advice and help guide you and your staff to a decision that you would be comfortable with, or prepared to make and publicly justify, including, again, the test of dominant purpose. Parliamentary business is quite broad and it enables parliamentarians maximum capability to do their job and some flexibilities around that. Those decisions rest with the parliamentarian. We are here to help with guidance and advice and to shape those facts back to you, but that would be the nature of it.

Senator CICCONE: You can't give me any advice today about whether to fly up to Sydney next Monday, stay overnight for an event and come back Tuesday morning?

Mr Frost: Again, if you wish to put that to my advice team, we will shape some advice to you. We would come back and ask you for the times, the flights, the nature of the event and any other activities around that event; you may have more activities that you are going to do. The answer may come back that we don't think it meets the framework. Again, the final decision would rest with you. But we are happy to give definitive advice, and it would depend on all of those facts.

Senator CICCONE: What happens if there is a case where evidence does pop up? Does IPEA look at stories, whether they are in the Herald Sun or any other papers, and then review
where a member of parliament has undertaken travel? Will you review a case where travel allowance and other travel expenses have been claimed at taxpayer expense?

**Mr Frost:** The CEO has just gone through the steps we go through with preliminary assessments. The information gathering that we do, including media and reports, and information that is passed on to us goes through a preliminary assessment and then we will work through the process as discussed earlier.

**CHAIR:** Senator Ciccone, I'm advised that Andrew Hastie was invited to be a guest speaker at the Murray Bridge RSL in Adelaide, and that was the main purpose of his trip. Are there any further questions for IPEA? Senator Polley.

**Senator POLLEY:** This process has been in place for some time now. As I understand it, there were some teething problems in relation to how the system was working. There have been issues around access and security passwords. Have all the teething problems in the process now been worked through, or are there still issues outstanding in relation to being able to log on to ensure that you are able to process people's travel claims?

**Ms Godwin:** Senator, can I just confirm that you're talking about the Parliamentary Expense Management System.

**Senator POLLEY:** Yes.

**Ms Godwin:** I'm not in a situation to answer those questions. That is not my project. The IT in the project is run by the Department of Finance, and I do not have any information that I could share with you. You would need to ask that organisation.

**Senator POLLEY:** You do not have responsibility for PEMS?

**Ms Godwin:** No, I do not have responsibility for PEMS. That's with the Department of Finance.

**Senator POLLEY:** You process those travel claims through PEMS and they have to be certified through this process?

**Ms Godwin:** I think there are two parts to this. One is that, at the moment, you have an app that sits on your phone and allows you to access and put information into that system. That whole process has been under the auspices of the Department of Finance. We've had input to that project to develop the content of the app and what information we need to have put through for processing. Once you have completed your front-end of that app, it literally gets sent to us as an email. We then download that and manually put it into our system. At the moment, they are two very separate systems that are working. IPEA does not have responsibility for the front-end component of that. That is something you would need to speak to the Department of Finance about. Sorry I can't help you further.

**Senator POLLEY:** That short-circuits that!

**Senator CICCONE:** And they can't give you verbal advice either!

**Senator POLLEY:** I know.

**Senator McALLISTER:** And they don't stand by their advice either.

**CHAIR:** If there are no further questions for the IPEA, we will go to our scheduled break and return with the AEC.

*Proceedings suspended from 15:48 to 16:04*
CHAIR: The committee will now resume. Just a reminder: this is the last agency that will be represented by Senator Seselja, and then we'll return to the traditional Finance program with Minister Cormann.

Senator HUME: Mr Rogers, I want to return to the evidence that you gave to Senator Abetz on Thursday night about the AEC's investigation into whether GetUp is or isn't an associated entity. Just how long did that investigation take? How long did you allocate for it and how long did it take?

Mr Rogers: I'll have to check the detail, but, broadly, I think we were asked to look at it at a joint standing committee hearing, possibly in 2017—I'm getting Mr Pirani to check the dates—and we undertook a range of processes between 2017 and when we made the announcement.

Mr Pirani: The actual date was 28 November 2016, when it was raised by Mr Ben Morton at the Joint Standing Committee on Electoral Matters hearing.

CHAIR: I neglected to formally welcome Mr Rogers and officers from the AEC and to ask Mr Rogers if he wished to make an opening statement.

Mr Rogers: I do not.

Senator HUME: That was lucky! The date Mr Pirani gave was 2016, so that's been going on for some time. I'm not sure, Mr Rogers or Mr Pirani, whether I should be asking you this: was it a very detailed investigation? I'd assume if it went on for that long it must've been quite detailed.

Mr Pirani: Perhaps I should answer that one. Certainly, I've been involved in at least one, and possibly two, of the previous investigations into the activities of GetUp and whether it met the associated entity test, but certainly this was the most detailed one that we had undertaken. I think we've given evidence previously that we received six lever-arch folders full of material from GetUp itself. We also had a range of material that had been provided by a number of politicians and we obtained external legal advice on at least three occasions in relation to the conduct of the matter.

Senator HUME: What reporting years did the investigation examine? How far did you go back?

Mr Pirani: The two financial years under investigation were 2015-16 and 2016-17.

Senator HUME: So I want to clarify: it did cover GetUp's role at the 2016 federal election?

Mr Pirani: Yes, it did.

Senator HUME: What was the preliminary view that the AEC conveyed to GetUp about it being an associated entity?

Mr Pirani: The letter, by my recollection, stated that we felt that there was some prima facie material that pointed to GetUp possibly having a reporting obligation for the 2016-17 financial year.

Senator HUME: So the preliminary review that the AEC conveyed to GetUp was that it potentially was an associated entity?
Mr Pirani: That was the preliminary view, to which we then sought a response from GetUp and a whole range of material from GetUp. In considering all of that material, that was when we got a further legal advice from the Australian Government Solicitor and also advice from the DPP.

Senator HUME: May I ask: what party or parties did you form the view that GetUp was or may have been required to report as an associated entity of?

Mr Pirani: The allegation that had been put to us was that GetUp as an associated entity of the Greens and the Australian Labor Party.

Senator HUME: And that was the preliminary view that the AEC conveyed to GetUp?

Mr Pirani: No. I'd need to take on notice whether that was specifically in the letter, but certainly we indicated in the letter to afford GetUp natural justice that we had formed a preliminary view that there was some prima facie material and sought their response to that.

Senator HUME: Could you say, just in very broad terms, why you formed that preliminary view that GetUp was or may have been required to report as an associated entity of the ALP and the Greens?

Mr Pirani: It was based on examination of the public materials and information provided by GetUp during the course of the investigation.

Senator HUME: Thank you.

Senator FARRELL: Welcome to the AEC. You've got a big job ahead of you—and the question on everybody's lips is: when will the election be held? I want to ask you some questions about your website and evidence that Senator Cormann gave yesterday about meetings between you and the Prime Minister's office. We've spoken many times about the possible dates. The commission was very firmly of the view that the 18th was the last practical date for the election, but, if you were directed to do so, then you'd be able to hold the election on the 25th or even later. But you had on your website that effectively the 18th was the last date for the election. Why was that removed from the website?

Mr Rogers: I might do a prelim bit first. I'm not sure I ever said later than the 25th, just for the record.

Senator FARRELL: Okay. Your answer has always been that, if it were the 25th, then you'd make it work. I'm extrapolating from that that if it were the first, or whatever was the next date, then presumably you'd make it work then if you were so directed to do so by the government.

Mr Rogers: By the Governor-General. We would pull out all stops if the Governor-General told us to do something. If it was difficult, we'd invent new stops and we'd pull those out as well. I'm not sure I've ever advocated that it would be easy for us to do anything after the 25th. I have been very clear though, going quite some way back, that the more time we have, the happier I am; the less time we have, the less happy I am. I had made statements at both the joint standing committee and, indeed, estimates that I deliberately didn't want to get involved in the speculation of the election date. I've been very clear on that process, because it is a matter for the Governor-General and the Prime Minister.
I became aware at 6.30 last night that a member of the public had written to us to say that on the website it said 18 May—and that had been up there since I think 2016, by the way—and that was inconsistent with the statements that I had made. A staff member then took that document down. I became aware of it at 6.30 yesterday evening.

Senator FARRELL: You became aware of what?

Mr Rogers: The document was taken down from our website yesterday. Why did that occur? An inquiry went to a staff member. The staff member, quite reasonably, as we often do, decided to update that FAQ. We have a lot of FAQs on our website. He decided to update that FAQ. That's what occurred yesterday, and that's why it came down last night.

Senator FARRELL: So a member of the public contacted who in your office?

Mr Rogers: I'd have to give you the exact detail. But yesterday at a point in time a member of the public contacted our office and said that it appeared that the FAQ on our website was inconsistent with the statements I'd been making going back some time that we wouldn't be directed on a particular date. In fact, Senator, I remember you and I discussed this earlier in the year in February. I said I'm not joining in the speculation at whatever we're ordered to do. The staff member last night removed the FAQ to update it for that purpose. That's what occurred.

Senator FARRELL: What does it say now? Or has the thing been totally—

Mr Rogers: It's down. It hasn't yet gone back up.

Senator FARRELL: Just this question or other questions?

Mr Rogers: Just that bit.

Senator FARRELL: You found out last night, but when was it taken down?

Mr Rogers: It would have been yesterday, as I understand it. It was taken down at six o'clock last night.

Senator FARRELL: As a result of a complaint from a member of the public?

Mr Rogers: I'm not sure it was a complaint. Someone pointed out that the statement that the last possible date, which I think was based on the work put in that Parliamentary Library paper—and I think the FAQ even pointed to that Parliamentary Library paper—

Senator FARRELL: And that was based on information that you'd provided to the Parliamentary Library?

Mr Rogers: It was based on a whole range of information, not just from the AEC. It was a range of information.

Senator FARRELL: But your information, presumably, would have been the most crucial part of it, being the AEC.

Mr Rogers: It would have certainly been a crucial part of it. There are a range of other issues. As we've said previously, I don't determine the date of that election. I've been at pains not to speculate on the date of that election or provide advice about exactly when that day should be.

Senator FARRELL: Yesterday, evidence was given early in the piece that you'd met with the Prime Minister about—

Mr Rogers: No, Senator.
Senator FARRELL: Let me finish—

Mr Rogers: Not the Prime Minister.

Senator FARRELL: Let me finish. Evidence was given, as I understand it—and I wasn't present—that you'd met with the Prime Minister. Later, the finance minister, Minister Cormann, came in and corrected that evidence and stated that the meeting was not with the Prime Minister himself but, instead, with his chief of staff. You might recall that I asked some questions last week about whether you'd had any discussions with the government about the election and the answer to that question was no. Was there, in fact, a meeting?

Mr Rogers: Absolutely, there was a meeting, on Tuesday, 2 April.

Senator FARRELL: So before last week's estimates?

Mr Rogers: But we weren't asked whether there'd been a meeting, at last week's estimates.

Senator FARRELL: I thought we'd asked you a question about whether there'd been some discussions—

Mr Rogers: If I'm wrong, I apologise, but I do not remember you asking us a question about whether there'd been a meeting, and had you asked that question—

Senator FARRELL: Mr Pirani probably knows.

Mr Pirani: No, Senator, I don't recall you asking that question, because we would have said that we had a meeting.

Mr Rogers: It was a very public meeting. It was diarised as such.

Senator FARRELL: I may be mistaken in that regard. What happened in this meeting?

Mr Rogers: At that meeting, the PM's chief of staff, just to be clear—as you said, not the PM—asked a range of questions about the operation of the Electoral Act in terms of when the election could be held. There were even things like the operation of the Interpretation Act and whether public holidays counted as part of the period for the election. We provided advice on the operation of the Electoral Act and, during that meeting, Mr Pirani was present—

Senator FARRELL: I'll stop you there. You provided advice there and then, or you subsequently—

Mr Rogers: There and then.

Senator FARRELL: Who was at this meeting?

Mr Rogers: Mr Pirani was at the meeting. The chief of staff was at the meeting. There were three other members of, I presume, the Prime Minister's office present. They were introduced at the start of the meeting, but I can't remember their names. The chief of staff might be able to provide that information. We provided information about the operation of the Electoral Act, minimum periods and when roll closures generally occur. At the same time, I think we spoke about the practical issues of the issue of the writ, how we actually get the writ signed and those sorts of technical issues.

Senator FARRELL: It's fairly late in the piece for the Prime Minister's office to be asking those sorts of questions, isn't it?

Mr Rogers: That's a matter you'd have to take up with the Prime Minister's office. As I've said, I am absolutely trying to avoid being involved in this process. We're providing advice,
and it's purely technical advice, on the operation of the act and practical things. As you know, it's not just one writ. The writ for the House is signed by the Governor-General and then the Senate writs are signed by each of the state governors, and there is a degree of coordination involved in that process. We'd been discussing some of those coordination actions as well.

Senator FARRELL: How long did this meeting last?
Mr Rogers: I would have said no more than half an hour, if that.
Senator FARRELL: Who was the questioner? Was it the chief of staff?
Mr Rogers: The chief of staff.

Senator FARRELL: He asked all the questions. He quizzed you about the writs and about public holidays. What was your answer to the public holidays question?

Mr Rogers: Exactly as it was when we spoke at the last estimates, which is that public holidays are a complication. I think I mentioned last time—Mr Pirani might correct me—that, on some of the dates that are available, there may be an issue, depending on how the writ is constructed. For example, Anzac Day might exist during a pre-poll period, and what we would do during Anzac Day. There were issues like that. They were some of the practicalities that were discussed.

Senator FARRELL: Did anybody at that meeting raise the issue of what was on the website and the fact that the 18th was the last date?

Mr Rogers: No, that was not mentioned.

Senator FARRELL: There is no link between you removing that from your website and the meeting with the Prime Minister's chief of staff?

Mr Rogers: Not that I'm aware of but, just to be totally accurate: as I said, I became aware of this last evening as a result of an inquiry from a member of the public. I don't know who that member of the public was, but it was absolutely not mentioned. Mr Pirani can correct me on that.

Senator FARRELL: I imagine there are lots of helpful members of public in the Prime Minister's office.

Mr Rogers: We get lots of information from helpful members of the public.

Senator FARRELL: You said the meeting was diarised. Do you have a record of the meeting and the questions that were asked?

Mr Rogers: No, I do not. It was an extemporaneous meeting. The number of questions asked was probably only four or five. They were specifically technical questions exactly along the lines we've just said.

Senator FARRELL: Do you do this before every election? Is this customary?

Mr Rogers: We have provided advice to governments before pretty much every election.

Senator FARRELL: Would you have ever done it so late in the piece?

Mr Rogers: That's something I don't know. Again, the position of the advice we provide is always about the operation of the act rather than, 'You should do the election on this day,' or those sorts of issues.
Mr Pirani: I might be able to assist. I've been doing elections since 2007. The normal process is that we get asked for an indicative timetable for a range of dates. They are normally sent to the Department of the Prime Minister and Cabinet. Closer to just before when the Prime Minister makes the visit to the Governor-General, we get asked in confidence for a particular set of dates to confirm they are in in accordance with the requirements of the Electoral Act. Quite often that can happen the day before or on the actual day of the announcement of the election. We're responsible for inserting those dates in the writs. The writs for the election for the House of Representatives, the Senate and the two territories are prepared in my branch. We then take them over to the Department of the Prime Minister and Cabinet where they're lodged with the secretariat to the Governor-General, the Executive Council secretariat. They get lodged, then the Electoral Commissioner and I attend Government House after the writs have been signed by the Governor-General to retrieve the original writs, because the Electoral Commissioner has to forward those writs to the Australian Electoral Officers in the eight jurisdictions.

Mr Rogers: If I might add, just for the record: for the last large number of elections our formal advice has been watching on the TV the white car drive down Russell Drive to Government House. That's when we're aware.

Senator FARRELL: On what you said, Mr Pirani: you are really the first person that knows?

Mr Pirani: No, we are the people who prepare the draft writs, which have been prepared for several months.

Senator FARRELL: You keep inking-out the dates?

Mr Pirani: No dates are included in those draft writs. Any document you submit to the Executive Council first has to be cleared by the Executive Council secretariat. I think the first time my staff prepared these documents was last December. The dates are blank but all the writ documents are actually there, then we await the advice, which normally comes to us from the Department of the Prime Minister and Cabinet, for the actual dates. As I said, that can quite often be the actual afternoon when the Prime Minister is driving down to Government House.

Senator FARRELL: You get no prior notice of the date?

Mr Pirani: All the documents are prepared.

Senator FARRELL: The process is just to fill in the dates and away you go.

Mr Pirani: That's correct. The Department of the Prime Minister and Cabinet has to do the coordination exercise with the six states—because the Governor-General doesn't issue those writs; the state governors do—to make sure the same dates that are being set out in the writs we produce are in the writs that each of those six state governments produce, so we get the harmonisation of the Senate elections between what's in the writs that the Governor-General issues and in the six writs that the state governors issue.
Senator FARRELL: The Governor-General signs these documents?
Mr Pirani: That's correct.
Senator FARRELL: Where do you pick them up from?
Mr Rogers: Government House.
Senator FARRELL: You wander over and get the writs?
Mr Pirani: That's correct.
Senator FARRELL: The government doesn't need any further documentation from you? It has everything it needs to call the election?
Mr Rogers: That is correct.
Senator FARRELL: You agree?
Mr Pirani: I agree.

Senator FARRELL: I understand from our previous discussions that a number of the public holidays in April cause the commission some timing issues about key dates for the election. We're now talking about two dates: the 18th and 25th. Assuming an election on 18 May, the deadlines for lodgement of bulk nominations, single nominations and declaration of nominations may coincide with the weekend of Easter and Anzac Day, correct?

Mr Rogers: Depending on how the writ's constructed, some of those dates may fall over those periods, yes.
Mr Pirani: It depends on the actual date when a writ is issued. To have the 33-day minimum time period between the date of issue of the writ and polling day, which is the campaign period, a writ must be issued on a Monday, but if the writ gets issued on the previous Friday or the Thursday then there is a flow-through into the time period. We can have a whole range of variations if there's a time period that's longer than 33 days.

Senator FARRELL: If we assume the election is going to be on the 18th, is there any day of the week between now and Monday that makes the issue of the public holidays easier to deal with? Let's say it were Thursday of this week; does that make it easier for completing all of those legal requirements?

Mr Rogers: I might start off. In the interests of being helpful I might even breach my rule of not talking about this, but there are some things which will be easier to conduct over public holidays than others. Perhaps a couple of examples: if the close of rolls were on a public holiday, that is easier to deal with, because the vast majority of our enrolment applications occur online. If a public event such as the declaration of nominations, though, happened on one of those public holidays, or there were pre-poll voting over the Easter period or on Anzac Day, it presents some—I don't want to say challenges—issues for consideration that we have to work through.

Senator FARRELL: Were they some of the questions you were asked by the Prime Minister's chief of staff?

Mr Rogers: I'd have to confer with Mr Pirani, but they were possibly some of the questions asked.

Senator FARRELL: Why didn't the government ask for that sort of information in writing?
Mr Pirani: My experience is that that has never happened.

Senator FARRELL: How will the commission deal with these holidays and how will they affect the timetable for delivery of the federal election?

Mr Rogers: I will speak generically. At this stage at least, if Anzac Day fell over the pre-poll period, we would not provide pre-poll voting services, out of respect for Anzac Day. Nor would we provide pre-poll voting services on Good Friday or Easter Monday, out of respect for that celebration. Other than that, as I've said previously, if the writ directs us to do various things, we will do those things. That means we have to undertake actions during those holiday periods, so I suspect our staff are likely to work during a number of those periods, depending on how that writ is constructed. Mr Pirani might have extra but that's pretty much the operation.

Senator FARRELL: Did you want to add something?

Mr Pirani: No, that's essentially it.

Senator FARRELL: Is there anything legally preventing the commission from still requiring the lodgement of nominations on or around the public holidays?

Mr Pirani: The commission will be bound by the dates that are specified in the writ. So if the writ specifies that a close of nominations were to occur on a public holiday, then the AEC would be bound to comply with the date specified in the writ.

Senator FARRELL: Would any delay in requiring lodgement or declaration of nominations affect the delivery of the remainder of the election timetable?

Mr Pirani: The answer to that is no. The reason for that is that the nomination period is any time between 10 days or 27 days after the actual issue of the writ. It really depends on how the time frames in the writ are constructed, but, generally speaking, I can't see how, with a writ that would specify a polling day of the 18th, a delay in relation to the close of nominations would affect the actual polling day and the ability of the AEC to return the writ.

Senator FARRELL: Thank you, Mr Pirani.

CHAIR: Senator Farrell, for my benefit, do you have many more questions of the AEC? Just for the management of the committee's time.

Senator FARRELL: I do have a few, yes. I'll try and wrap it up in 10 minutes—

CHAIR: That would be great, thank you.

Senator FARRELL: and anything I haven't finished, I can put in notice. If the commission is really prompt, they might be able to get it back to us before the—

Mr Rogers: We're always prompt, Senator.

Senator FARRELL: Thank you, Commissioner. How many staff do you currently have? Perhaps some of these I'll read through and, rather than answer them now, you can take them on notice. If you're happy to get them back to me in good time, that solves my problem and allows us to continue with the program. How many staff do you currently have employed by the commission, including part-time and temporary staff? How many more will be required by the end of the campaign period or to run operations on polling day and the count itself? How does this compare, for example, with 2017, when no election was due for quite some time? In terms of the cost to the commission, can you explain to the committee the processes

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of contracting staff, given the date of the actual election is still unknown? That is to say, are
staff still contracted until the last possible date or placed on temporary contracts? Given the
belief by most commentators, based on the advice of the commission, that the last possible
date is 18 May—and I note your comments today—were the AEC contracting based on this
advice? Have contracts or staffing resources been amended to reflect the refusal by the Prime
Minister to call an election and the possibility of 25 May? Given your knowledge of the
process of conducting an election, how would a fixed parliamentary term benefit the
commission? Would it save the commission money? How would it allow you—

Mr Rogers: To be controversial, I'm happy to answer that one.

Senator FARRELL: Sure.

Mr Rogers: We'd absolutely save money.

Senator FARRELL: You're a big supporter of fixed terms?

Mr Rogers: I'm now speaking as commissioner here. I'm just saying, you've asked a
question about saving money. If it were a fixed term, it would save a significant amount of
money. Sorry, Senator, just to be very specific.

Senator FARRELL: Sorry, I didn't hear your answer; I thought you were making a
comment on it. Fixed parliamentary terms would save the taxpayer money?

Mr Rogers: Absolutely. It would absolutely save the taxpayer.

Senator FARRELL: Good. On the same issue of fixed parliamentary terms, how would it
save money? Would it allow you to amend your training and staff processes? If you so wish
to comment, would you believe it's a beneficial change? They're all the questions on staffing
and so forth.

Mr Rogers: I'm happy to take all those on notice.

Senator FARRELL: I've just got a couple of questions about social media. How many
actions has the AEC taken against authorised entities or entities which ought to be authorised
in the 2017-18 and 2018-19 years for publishing electoral material without authorisation? You
may wish to take that on notice.

Mr Rogers: In the interests of accuracy, we might take that on notice.

Senator FARRELL: What is the AEC doing about published material on social media
from new accounts without authorisation? What is the AEC doing about promoted material on
social media from new accounts?

Mr Rogers: That might also give me a chance to talk about something I mentioned very
briefly last week, which is that this election will be the first election ever that we're running a
campaign on social media to get people to consider—not the facts, because it's not our job to
become involved in the facts, but rather the source of that material and whether it's duly
authorised. The campaign, which I think we will roll out once the writ is issued is called 'Stop
and consider', and it's about trying to get people to think about the authorisation and the
source of that material. As I think I've said to this committee previously, we've got an
evolving and much better relationship with the large social media companies, and I think we
might have discussed that last time.

Senator FARRELL: We did.
Mr Rogers: They appear to be more willing to work with us to remove material that first of all breaches their own standards and then material that doesn't meet the Electoral Act. Mr Pirani may or may not wish to add to that.

Mr Pirani: We've had quite a few contacts with Facebook on specific ads and specific pages. Facebook has brought down every one that we have requested, so they have cooperated fully. But, again, most of the time, that isn't the first point of call. Facebook is not our first resort. First, we go back to the person, if we can identify them, who has posted it. We have had, I think, only one instance where a person has refused or failed to appropriately amend and include authorisation details on their social media page, and, in that instance, Facebook took it down for us.

Senator FARRELL: You think you've got sufficient resources to enforce—

Mr Rogers: We do think we do have that. Also, I'd like to look at it after the election, given this will be the first election where there's been such a focus on this. At this stage, the portents are good, but we would like to analyse it after the event.

Senator FARRELL: Does the AEC have a register of social media accounts which act in concert with political parties? Does the AEC have the tools to recognise where an account has been created purely for the purposes of promoting one political party or another?

Mr Rogers: I don't think we have a register, but what we do get is quite a significant volume of information from members of the public and political parties about that very issue, where other people identify exactly that. And it's useful for us, when we receive that information.

Senator FARRELL: Does the AEC monitor the administrators of political social media accounts to ensure that they comply with Australia's tough foreign interference laws?

Mr Pirani: We don't have a role in the administration of foreign interference laws. There is a ban in the Electoral Act in relation to the receipt of foreign donations, but there is no law that we administer that relates to foreign interference. That's a role for the Attorney-General's Department.

Senator FARRELL: What I'm asking is: we've seen in the United States, allegations of foreign governments interfering in—

Mr Rogers: Manipulating—

Senator FARRELL: Manipulating—and we've introduced laws to make it more difficult. There were some questions about that earlier today—

Mr Rogers: I might just say that part of what you're talking about will be covered by the activities of the Electoral Integrity Assurance Taskforce which will be running for this election. We've discussed at this group previously that it was stood up for the 'super Saturday' by-elections. At the request of the New South Wales Electoral Commissioner, we also stood it up for the New South Wales state election, and it will be in operation again for this election. There'll be a number of agencies participating in that, and that will enable us to make sure that we're able to be responsive to any indicators of exactly the interference that you're talking about.

Senator FARRELL: If the AEC recognises a non-compliant account, what are the mechanisms for enforcement? Do you seek them banned from the platform or prosecuted? If
so, how do you break the veil of anonymity of the web, if you're dealing with anonymous accounts?

**Mr Pirani:** That's why we need to have the close relationship that we've developed with Facebook, Twitter and the other social media sites, so that they are assisting us, if it is something that's truly anonymous, trying to identify who is behind it. They will then take some action, because the social media sites themselves are extremely concerned about some of the communications. Particularly in the days of heightened security and foreign interference, they're aware of those issues. Our first point is to try and identify. If we can't identify, we seek the assistance. We also have a power under the Telecommunications Act, under section 313, to seek and demand from an ISP that they take down a particular website or page. We haven't had to resort to that. Then, if we can eventually identify the persons behind it, we're able to take injunctive action under section 383 of our act and also seek civil penalties. So there's a whole regime of processes whereby we're able to escalate if we don't get appropriate responses when we raise it with the person at first.

**Senator FARRELL:** I also had some questions on Indigenous enrolment, but I'll put them on notice. Thank you for answering my questions.

**Senator McALLISTER:** I want to follow up with Mr Rogers about that interface that Senator Farrell was referring to. As Senator Farrell said, the foreign interference offences involve a range of offences associated with interfering in an election or an electoral process. You're in a unique position to observe those or evidence that might suggest such an offence has been committed. I assume the task force is there to ensure that a communication might take place if you saw anything that concerned you.

**Mr Rogers:** Absolutely. That's exactly right. As you've just pointed out, I am in a unique position to observe that. It's one of the reasons I've made the decision to run the social media campaign about 'stop and consider'. We are trying to learn from what others have been doing overseas with this and how to make sure that there isn't that sort of interference that you are talking about and that the senator was just talking about. The task force is specifically designed to do just that. We're pretty confident with how it will operate.

**Senator SPENDER:** I have two lines of queries. Firstly, has the commission ever, in the various inquiries that you submit to, raised the issue of section 314AC(2)? Just to give some context, section 314AC discusses the requirement of political parties, in their annual returns, to include the particulars of gifts if those gifts add up to more than the disclosure threshold. However, section 314AC(2) says:

In calculating the sum, an amount that is less than or equal to the disclosure threshold need not be counted.

My understanding of that is that, whilst donators might have to disclose the fact that they've given donations of $12,000 a million times in a year, a political party does not need to disclose that they have received donations of $12,000 a million times in a year. Presumably you're aware of that funny little loophole. Have you previously submitted on that particular subsection?

**Mr Pirani:** We have repeatedly raised this when questions have been asked, particularly by a former Greens senator here, about our ability to match donations with disclosure by a political party. That's one of the provisions that prevent us from doing so. We have repeatedly
Senator SPENDER: I've always found it peculiar that we have debates in parliament about this threshold or other changes but neither major party raises what seems to be the biggest gaping loophole in the entire scheme.

Mr Rogers: It has been the subject of many conversations both here and at the joint standing committee.

Senator SPENDER: The second line of query—and please excuse me if you've already covered this, either this week or last week—is about your timing after election day. I understand that changes to Commonwealth electoral law occurred this parliamentary term, relating to procedures from election day with regard to the count and who can do what and delegations and the like. Is it correct to say that that should ease and possibly quicken your count?

Mr Rogers: I'm always very nervous about the word 'quicken', but we proceed in a very accurate way. We have a saying: 'right and not rushed'. There were some administrative changes to the act which we think will make it easier for us in a range of ways, and it'll reduce some of the pressure that exists at election time in any case. If I think about some of those changes—Mr Pirani will correct me—one of those was about the DRO Senate count and how that is conducted, and in the last election that created some difficulty for us, some pressure. That has been removed. Mr Pirani might talk further—

Mr Pirani: Yes. There were two other key changes. One was that we now have the power under section 228 to move the ballot papers around by persons other than DRO—by authorised officers. The other key change was probably that we were able to commence preliminary scrutiny of the declaration envelopes that we have in our possession on the Monday before polling day.

Mr Rogers: But can we just be very clear with that, because sometimes people get confused: that is not opening the votes or counting those votes in any way, shape or form.

Mr Pirani: So the 228 change and some of the other changes were key to assisting us to get the ballot papers more quickly to the right place because the House of Representatives ballot papers still have to go to the correct DRO, the divisional returning officer, for the particular division to undertake the count, so part of the changes in 228 were to assist in facilitating that. Certainly there have been changes that assist us in streamlining the process, but it is still going to be a lengthy process.

Senator SPENDER: So you might not want to make any commitments, but those changes you've referred to have the potential to quicken the count?

Mr Rogers: They have the potential to reduce some of the pressure on the AEC, at that key point in time, to meet key deadlines.

Senator SPENDER: Do you know of any provisions that passed, this parliamentary term, that impede the count? I'm not aware of any, so—

Mr Rogers: No, I'm not.

Senator SPENDER: With reference to the last time, in 2016, which was a double dissolution election, is it fair to say that a double dissolution election has greater potential to
take a bit more time than an election with a half Senate election, because you're electing 12 candidates, for instance—

Mr Pirani: No, no. But the issue is: we still have the House of Representatives one in a double dissolution election, and it's the House which is quite often more slow. Now that we have the scanning processes that were introduced at the 2016 election, and getting all the Senate ballot papers to the eight locations where central Senate scrutiny will be conducted, in some ways that can speed up the process.

Senator SPENDER: But that was in place in 2016.

Mr Pirani: That was in place in 2016 for the first time.

Senator SPENDER: So the main things that could affect timing are the changes that you referred to in the previous question, not the fact that this won't be a double dissolution election?

Mr Pirani: That's correct, and also, as we gave evidence last week, the issue that we are probably more concerned about is the potential for there to be challenges to the count. That means that we might need to do a recount in a House of Representatives seat or that there might be reserve ballot papers that can only be determined by the Australian Electoral Officer. Any of those types of challenges have the potential to slow down our ability to complete the count and to return the writs.

Mr Rogers: Maybe I could summarise: many of those things or all of those things are outside the control of the AEC, so we have to see what occurs after the election and how—

Senator SPENDER: But there's no change in the law with regard to recounts at all. So they're the risks that you always faced with regard to recounts; they existed in the past.

Mr Pirani: But in the evidence that we gave last week, we drew attention to what occurred in Fairfax in 2013—

Mr Rogers: But you are right, Senator—there has been no change to the legislation.

Senator SPENDER: Yes. That's all for me.

CHAIR: If there are no further questions for the AEC, I thank you very much for your evidence and your attendance here tonight, and I wish you all the best for a busy number of weeks ahead. I thank Senator Seselja, also, for his attendance and his evidence here today. The committee will now move back to the Finance department with Senator Cormann.

Department of Finance

[16:52]

CHAIR: The committee will now resume to re-examine outcome 2, which falls under Senator Cormann's responsibilities. Senator McAllister.

Senator McALLISTER: Minister, have you used your powers under the advance to the finance minister since MYEFO?

Senator Cormann: The short answer is yes, and somebody will provide you with the details, but you do of course know that there is in the ordinary course of events a regular report to parliament in relation to the use of the advance to the finance minister. I believe there's been one occasion that I've used this since MYEFO for a specific purpose.
Ms Carroll: There have been two advances to the finance minister. There was one to the Department of Infrastructure, Regional Development and Cities on 18 December to fund the extension of the Drought Communities Program.

Senator Cormann: I think that was just before MYEFO.

Senator McALLISTER: How much was that for?

Ms Carroll: That was for $75,379,000.

Senator Cormann: Then there was one occasion in 2019.

Ms Carroll: Yes. Then there was a second one to the Department of Home Affairs to fund the cost of medical transfers to Christmas Island.

Senator McALLISTER: How much was that for?

Senator Cormann: $52.560 million. It was for the Department of Home Affairs to cover the shortfall between available appropriations and expected expenditure resulting from parliamentary amendments made on 13 February 2019 to change the Home Affairs Legislation Amendment (Miscellaneous Measures) Bill 2018. Based on advice from our national security officials, we needed to make certain additional provisions.

Senator McALLISTER: There was nothing in relation to any 2019-20 budget measure?

Senator Cormann: No. The 2019-20 in the periods between MYEFO and the budget, obviously, was covered by the supply bills, which haven't passed the parliament.

Senator McALLISTER: It was very close between that.

Senator Cormann: This is in relation to the 2018-19 financial year.

Senator McALLISTER: Great.

Senator Cormann: Something to understand about advances to the finance minister is that the power I have there with the advances is provided to me under the Appropriations Act, so the funds are appropriated to me for this purpose by the parliament. In relation to 2019-20, as you would know, the appropriations bills haven't actually been presented or passed yet.

Senator McALLISTER: Okay. Have you used it for any Community Development Grants Program projects?

Senator Cormann: No.

Senator McALLISTER: I will move to a different topic. I wanted to ask about the Emergency Response Fund. Page 8 of Budget Paper No. 2 sets out a plan to abolish the Education Investment Fund and replace it with an Emergency Response Fund. Can you confirm the target rate of return used to model this?

Dr Helgeby: A rate of return is really set by the investment mandate, and investment mandate is only set after the legislation is passed. But, as a guide, a rate of return similar to the Aboriginal and Torres Strait Islander Land and Sea Future Fund is used for funds which have a degree of risk attached to them but are not as long term as the Future Fund itself.

Senator Cormann: So it is a better return than plain cash but not the high level of return that you would receive for a long investment horizon where you assume more risk in expecting better returns as a reward.
Senator McALLISTER: So the Aboriginal and Torres Strait Islander Land and Sea Future Fund was used as the benchmark. What are the actual quantitative targets then?

Dr Helgeby: Are we talking about the ATSIL or are we talking about the—

Senator McALLISTER: This is for the Emergency Response Fund.

Dr Helgeby: The Emergency Response Fund is essentially to be created by abolishing the EIF and creating the ERF. The balance in the EIF at the time of abolition transfers across and then it grows from there, and it is proposed that there will be rules around how funds are withdrawn from that fund after creation.

Senator McALLISTER: Yes. At the moment, there's no spending budgeted for, but your evidence is that you'd anticipate developing a set of rules that trigger the use of the fund.

Dr Helgeby: Government's expressed its intentions in the creation of the fund and what it would want to do, and it's very clear that it would be an ongoing source of funds for recovery and response initiatives above and beyond existing programs. So it's not a first call, it's a subsequent call. It's very much more a last resort type of option.

Ms Huxtable: Could I also draw your attention, in Budget Paper No. 1 to 8-31, the 'Statement of risks.' There's a paragraph on the bottom of that page that provides some more information about the government's intentions in respect of disbursements from the Emergency Response Fund, capped at $150 million annually over the 2019-20 to 2023-24 period and from 2023-24 restricted to the value of average annual net earnings of the fund over the proceeding five years. It just gives you a sense of the disbursement methodology.

Senator McCARTHY: Has there been a problem in making payments for emergency responses? Have there been constraints?

Ms Huxtable: The current arrangements in respect of disaster recovery are also set out on that page, 8-31, and it sets out the way in which funding is provided to states and territories through the Natural Disaster Relief and Recovery Arrangements and the Disaster Recovery Funding Arrangements to assist with natural disaster relief and recovery costs. This isn't necessarily the portfolio, in terms of the way in which the disaster recovery arrangements are affected. I would say one of the issues has been about how to, in some ways, mitigate against disaster or put in place arrangements that are more about 'getting ahead of' rather than, so much, 'responding to'. And there have been considerable time lags in the way in which state and territory claims have come in.

You will probably be aware that there have been a number of movements of funds, in respect of disaster recovery arrangements, as audited statements from the states are being received. I think the responsibility for that is in the—I'm struggling a bit, but maybe the Treasury portfolio, in respect of the way in which those payments—

Mr Fredericks: It's Home Affairs.

Ms Huxtable: It's Home Affairs, is it? I'm sorry. It's just that the Treasury administers the payments to the states' elements of that, so, often, where there are movements of funds, I think that goes through the Treasury portfolio.

Senator McCARTHY: Would it have been possible to provide more for people affected by floods and fires this year if the fund had been in place?

Ms Huxtable: Sorry, I missed the beginning of that question?
Senator McCARTHY: Had the fund been in place this year, would it have been possible to provide more to people affected by flood and fire?

Senator Cormann: That's a hypothetical question. What I would say is our motivation with this, as indeed is our motivation with the Future Drought Fund, is to put the level of support required from time to time on a fiscally more sustainable basis and by putting in place a couple of funds that generate certain earnings, which, then, of course, contribute to the revenue flow for the Commonwealth for a particular purpose. We help ensure that future such liabilities, even as they arise, can be met on a fiscally more sustainable basis. So it's not so much about looking backwards, it's about looking into the future to make sure we have a better financial arrangement in place.

Senator McCARTHY: I'm just trying to understand. Are you saying that the NDRAA, at the moment, is met when called upon by consolidated revenue? This fund would substitute for that in cases—

Senator Cormann: It will complement. It gives you additional revenue flow that is available for that purpose. At the moment it's not available, because at the moment the—it's the same as with the Future Drought Fund. There was no dedicated fund generating a revenue flow that was appropriately higher than what is available through the BAS, and that's why we've made these decisions. We're looking at strengthening our fiscal capacity to deal with these events even as they happen. This is just another step in our broader budget repair strategy to make our fiscal position stronger and more resilient in the face of challenges that come our way from time to time.

Senator McALLISTER: Have we ever failed to meet claims made through the NDRAA?

Senator Cormann: Obviously not, but we've been in a deficit position for a very long time. We want to make sure that the budget position, our fiscal position, is on as strong a foundation and trajectory for the future as possible. This is a strategy to ensure that, in terms of dealing with relevant emergency events, we've got increased fiscal capacity to deal with these things in a fiscally sustainable basis.

Senator McALLISTER: Will it provide additional funds for disaster recovery?

Senator Cormann: That is the purpose—as required. Obviously these events are not necessarily predictable in terms of timing or frequency. Yes, it will provide additional funds for this purpose even as required because it will increase the revenue—

Senator McALLISTER: I just don't understand how they're additional if the terms of the NDRAA remain the same. The Commonwealth has to meet various claims made by states and territories under the NDRAA. I'm struggling to understand how the fund will create additional resources for national disaster recovery efforts because the provisioning for them is already provided under the existing NDRAA arrangements.

Senator Cormann: At the moment, it hits the bottom line at whatever level it is. It's not provisioned for; it just hits the bottom line and takes us backwards.

Senator McALLISTER: Right.

Senator Cormann: What we are doing through this fund is increasing the level of revenue for government by adjusting the investment mandate, as we have done for the Drought Future Fund. The Drought Future Fund is a $3.9 billion capital fund which not only is expected to
grow to $5 billion over the initial decade but is also expected to generate $100 million in additional funding to help drought-proof individual communities. This fund is the same strategy, and the strategy is to increase the revenue flow for government by adjusting the investment mandate in a prudent but nevertheless appropriate fashion. That is revenue that would not otherwise be available, and it helps us over time to improve the fiscal sustainability of dealing with these sorts of emergency events even as they arise.

Senator McALLISTER: I can see that it is intended to improve fiscal sustainability. I'm just struggling to see how it provides additional resources for disaster recovery in as far as there is an existing framework and the Commonwealth's never failed to meet its obligations through that framework. I just don't understand how, from the perspective of people experiencing national disasters, this provides any additional resources at all.

Senator Cormann: It provides additional revenue flow to fund the necessary support that needs to be provided. Instead of going into deficit or instead of going backwards, we'll be able to sustainably fund this sort of support on a fiscally more sustainable basis in the future. We think that is a very important consideration. You might have a different view. You might be quite happy to take the fiscal hit—

Senator McALLISTER: Can you not verbal me?

Senator Cormann: The implication of your question is that you are not concerned about being able to afford our obligations in this space on a fiscally sustainable basis.

Senator McALLISTER: I'm concerned about that but I'm interested in your claim and the advertising being undertaken around this program—

Senator Cormann: The claim is accurate.

Senator McALLISTER: that suggests additional resources will be available for future natural disaster recovery efforts.

Senator Cormann: Additional resources will be available.

Senator McALLISTER: Well, I don't think that will be the experience of the people on the ground because it sounds like the fund will be administered in the same way as existing arrangements.

Senator Cormann: Additional resources will be available—

Senator McALLISTER: To government.

Senator Cormann: by definition.

Senator McALLISTER: I think it sounds like semantics, Minister, because you're just going to continue operating the NDRAA without change. Are there any plans to change the kinds of things that the NDRAA might fund?

Senator Cormann: These are matters for the Home Affairs portfolio; these are not matter for the Finance portfolio.

Senator McALLISTER: I thought perhaps Ms Huxtable had made reference to the capacity to fund resilience and some different things—

Senator Cormann: I've made reference to making our funding arrangements more resilience.

Senator McALLISTER: I see—funding arrangements, not communities.
Senator Cormann: But this is looking at the finance side of it, which is what the Finance portfolio looks at. In terms of the substance of the actual program, that is very much a matter for Home Affairs.

Senator McALLISTER: You can't tell me whether the fund does anything to build resilience to natural disasters? I had thought Ms Huxtable—

Senator Cormann: These are matters for Home Affairs.

Senator McALLISTER: I see. On page 73 of BP2, the Climate Solutions Package is set out. Can I just confirm that the net spending—the actual expenditure—is $317 million of expenses, including the current financial year?

Senator Cormann: What is the question?

Senator McALLISTER: I'm trying to confirm the numbers, because the measure sets out some expenditure in the current financial year. I'm just trying to check what the total expenses are associated with the program.

Senator Cormann: Over 15 years from 2018-19, it's $3.5 billion. So obviously 15 years goes beyond the period of the current forward estimates into the medium term and beyond. The expenses over the forward estimates are as indicated.

Senator McALLISTER: Right. Okay.

Senator Cormann: I should rephrase: the additional funding allocated in this budget over the forward estimates are as indicated in this table, because, of course, there was previous funding already in the budget bottom line.

Senator McALLISTER: Are you in a position to provide the previously provisioned funding in the budget bottom line—

Senator Cormann: I'm happy to provide that on notice.

Senator McALLISTER: over the forwards?

Senator Cormann: I'm happy to provide that on notice.

Senator McALLISTER: It's not possible to provide it this evening?

Senator Cormann: No. Obviously, we've got to go back to previous information.

Senator McALLISTER: Okay. It's correct that there's $189 million for the Climate Solutions Fund over the forwards? That's what is indicated in the first dot point on page 74.

Mr Fredericks: Yes. That's correct. It's at the top of page 74.

Senator Cormann: Yes.

Senator McALLISTER: The balance of—

Senator Cormann: $189.1 million, is that what you said?

Mr Fredericks: Yes.

Senator McALLISTER: Correct. Yes. So the total figure over 15 years is $2 billion.

Senator Cormann: Yes.

Senator McALLISTER: But only $189.1 over the forwards?

Senator Cormann: Yes.
Senator McALLISTER: Okay. The expenditure on Snowy, which is set out in the third dot point on page 74, appears to have a cost of $9.8 million. That's $5.5 million for Department of Environment and Energy and $4.3 million for Finance.

Senator Cormann: But this is a departmental cost. Funding, of course, that is provided for the Snowy 2.0 project is in the second dot point, which is $1.38 billion. The $5.5 million is the departmental funding to the shareholder departments to provide appropriate Commonwealth oversight over the project.

Senator McALLISTER: Is that the total amount that those agencies are being provided or had there been previous provisioning?

Senator Cormann: Obviously, they have funding as a matter of course for their responsibilities as shareholder departments, but this is in the specific context of the Snowy 2.0 project where there is, of course, additional workload. As part of the overall decision that we've made to proceed and give shareholder approval for the Snowy 2.0 project, we also made that departmental allocation.

Senator McALLISTER: Okay. It's been on foot since, say, 2017. Were previous additional resources provided to those departments for that?

Ms Huxtable: We might have to take on notice the specific—

Senator Cormann: There was some, but—

Mr Fredericks: It was relatively minor.

Senator Cormann: This is not a big sum.

Senator McALLISTER: No. It's not. I'm just trying to get clarity around how the measure works. It's not a big 'gotcha' question. I'm just trying to understand.

Senator Cormann: We'll get it for you, but it wouldn't be a large number—if there was.

Senator McALLISTER: Right.

CHAIR: Senator McAllister, I have a related question, if that's okay.

Senator McALLISTER: Sure.

CHAIR: Minister, I understand in the environment and communications committee this week, the CEO of Snowy 2.0, Mr Paul Broad, said that Snowy Hydro did not ask the government for a $1.38 billion equity injection. Is that correct?

Senator Cormann: That's not correct. I've got in front of me the letter from the chairman of Snowy Hydro, Noel Cornish, dated 21 November 2018, essentially putting the business case for Snowy 2.0 and the project's business case. Relevantly, what it says is: 'The board's ability to reach final investment decision’—that is, for the project to go ahead, 'is ultimately subject to shareholder approvals and a series of commitments', which were being sought from the Commonwealth, and one of the commitments sought from the Commonwealth by the board of Snowy Hydro—and I'm quoting from the letter—was: 'a legally-binding equity subscription deed. This is required to be executed at a final investment decision confirming the Commonwealth's commitment to an equity subscription of $1.38 billion to be paid between financial year 2019 and financial year 2023. This is critical to enable the project to be delivered without jeopardising the company's investment grade credit rating.'
Then further down in the same letter: 'The board requests that the Commonwealth, as shareholder, provides the formal approvals and commitments sought to enable us to reach final investment decision on 12 December 2018.' Self-evidently, the project was only going to happen if the board signed off on the final investment decision. The advice from the board of Snowy Hydro to the Commonwealth was that, in order to be able to make a final investment decision, a legally binding equity subscription deed was required, with a Commonwealth commitment to an equity subscription of $1.38 billion, which is consistent with the statements I've made at various times on the public record.

CHAIR: Thank you for the clarification.

Senator McALLISTER: You are going to table the letter?

Senator Cormann: I'm happy to take on notice to what extent it can be tabled.

Senator McALLISTER: For heaven's sake.

Senator Cormann: It's a detailed letter which obviously involves some commercially sensitive information. The information I've just read out is already on the public record, but, if you're asking me formally to table it, I'll consider whether that can be done without harming the public interest in the next 24 hours.

Senator McALLISTER: What's the date of the letter?

Senator Cormann: 21 November 2018. It was signed by Noel Cornish AM, Chairman of Snowy Hydro Limited. It was addressed to both Minister Taylor, as the other shareholder minister, and myself.

Senator McALLISTER: As you're not going to table it, can you just—once more with feeling—tell me the language used?

Senator Cormann: I have read the precise quote. Under the headline 'Shareholder approval'—I'm not reading all of it because it's not all relevant, but the relevant bits: The board's ability to reach final investment decision, FID, is ultimately subject to shareholder approval and commitments as follows. Then there are three commitments sought. The second commitment is—and I'm directly quoting: 'A legally binding equity subscription deed. This is required to be executed at FID, confirming the Commonwealth's commitment to an equity subscription of $1.38 billion to be paid between financial year 2019 and financial year 2023. This is critical to enable the project to be delivered without jeopardising the company's investment grade credit rating.' Further—this is also a quote from the letter: 'The board requests that the Commonwealth as shareholder provides the formal approvals and commitments sought to enable us to reach FID on 12 December 2018.' Obviously, for the project to be able to happen—which I think was the nature of the question that you asked—the final investment decision is a prerequisite step. In the absence of a final investment decision by the board, the project would not have happened and, based on the advice that we received from the board and based on the requests for certain commitments, we made the decision to allocate $1.38 billion in equity over six years from 2019-20 to support the delivery of the Snowy 2.0 project. That is, of course, a very exciting project, which will help to improve the stability of energy supplies and energy affordability in the years and decades to come.
Senator McALLISTER: I was going to go to this later, Senator Paterson, but I may as well do it now. When did you communicate that legally-binding deed? When was that or your intention to provide such a deed transmitted?

Senator Cormann: Next the board did make a final investment decision. They signed off on the business case. They made a final investment decision and the expenditure review committee of the cabinet, at some point, made a decision to proceed, which was, of course, announced by the Prime Minister and various other ministers and myself together with Snowy Hydro a few weeks ago. I think there'd be a press release in relation to that on the public domain. That was in February. We'll get the date. It was sometime in February. It was very public, because the Prime Minister made the announcement together with, obviously, the leadership of—26 February was the date. We formally signed the equity subscription deed on 2 April 2019, so that is last week, in the context, on budget day.

Senator McALLISTER: The final investment decision, I think Mr Broad told us last night or yesterday, was made in December.

Senator Cormann: The date that I have in the letter was 12 December. We were advised on 21 November as to what would be required from the Commonwealth for the final investment decision to be made. One of the unequivocal requests from the company was for an equity subscription of $1.38 billion, which was described as critical to enable the project to be delivered without jeopardising the company's investment great credit rating.

Senator McALLISTER: What was the nature of the communication between the shareholders, ministers and the board between 21 November and 12 December?

Senator Cormann: Ms Hall will be able to talk you through the level of correspondence in the intervening period.

Ms Hall: The letter from the board on 21 November provided all of the detailed business case materials that the board were considering at its meeting on 12 December. The board subsequently provided further correspondence on 7 December with more detailed advice, including business case chapters, supporting material, supporting opinions from independent advisers and other material to inform government's consideration. There was extensive communication between shareholder departments and the company throughout December and January in preparation for the government's consideration in the ERC context in early February, which formed the basis of the decisions taken and the budget disclosures.

Senator McALLISTER: I'm still trying to understand, though, what assurances were provided to the board prior to their decision on 12 December, given that they'd indicated that they couldn't take a final investment decision until they'd received assurances from the shareholders.

Ms Hall: The ministers wrote to the board ahead of the final investment decision and provided an indication of the form of support that the board was seeking.

Senator Cormann: Essentially, to cut through it, what we said is we needed to know that the board had signed off before we would take it as a recommendation to ERC and cabinet. What we indicated to them was that they could make their final investment decision contingent on getting the assurances that they had previously sought. It's essentially what comes first. We, as a government, before we were prepared to put the taxpayer on the hook, wanted to know that the board was independently standing behind the business case and
behind all of the assumptions and all of the recommendations. But, instead of getting our
decision before they made the final investment decision, what we asked them to do was if
they were convinced that this was the right way forward and that the project stacked up—
which clearly they did—that they should make a final investment decision subject to final
shareholder approval on the terms that they've indicated. That is ultimately what happened.

Senator McALLISTER: That was communicated sometime between 7 and 12
December?

Senator Cormann: On 29 November, that was communicated back to the—

Senator McALLISTER: So that's happened on 29 November. Did you also, in that letter,
seek any additional information from the board? They subsequently write to you with
additional information. I'm asking whether you sought it.

Senator Cormann: What is difficult now is that you are going into the detail and into the
depth of cabinet deliberations, and that is obviously not something that we can assist you
with. This is a matter that was before cabinet. It is subject to cabinet deliberations, so there is
one aspect that we feel is important to clarify, given a level of public interest, but we can't
give you blow-by-blow description of every interaction that we've had on the way through.

Senator McALLISTER: Nonetheless, the board makes the final investment decision on
12 December and then sometime in early February—

Senator Cormann: Sorry, Ms Huxtable reminds me of an important point. We had asked
for the detailed business case, with all of the detailed substantiating information, and that
information was not provided in one go. It came through over a period, so what Ms Hall
indicated to you earlier is a reflection of that.

Senator McALLISTER: Amongst other things, she said there was correspondence from
the board to you on 7 December, which both ministers—

Senator Cormann: Which provided additional information, but that was, essentially, still
in continuation of information that had already been previously sought.

Senator McALLISTER: And ERC makes a decision about it in early February?

Senator Cormann: That's right, yes.

Senator McALLISTER: In Mr Broad's letter, which you cited at the beginning of this—

Senator Cormann: No. I said several times, it's a letter from the chairman, Mr Cornish.

Senator McALLISTER: My apologies—Mr Cornish. In Mr Cornish's letter on 21
November, the extract that you've read out indicates that the board said their final investment
decision would be contingent on the provision of a legally-binding deed.

Senator Cormann: A legally-binding equity subscription deed.

Senator McALLISTER: Is that the only option that was provided to you in that letter, or
did Mr Cornish set out—

Senator Cormann: No, there were no other options.

Senator McALLISTER: more than one scenario whereby government might support the
project that would facilitate a final investment decision?

Senator Cormann: The only financing option in the letter from the board dated 21
November, when it comes to funding support from the Commonwealth, is a request for a
legally-binding equity subscription deed. They said it was required to be executed at the final investment decision, confirming the Commonwealth's commitment to an equity subscription of $1.38 billion to be paid between financial years 2019 and 2023, which they said was critical to enable the project to be delivered without jeopardising the company's great investment credit rating. I should add here that we then went back to them to say, 'That's all nice and good, but before we can make our decision as shareholder we want to know that the board stands behind this project, subject to shareholder approval,' which, ultimately, is what the board decided to do, we then decided to proceed with the various commitments that were sought from us by the company, including the equity agreement, which was signed on 2 April 2019.

Senator McALLISTER: Can you explain why Mr Broad made the public remarks he did on 27 February, where he said:
"The government decided the way it wanted to balance out the funding. It wanted to sustain dividends," Mr Broad said. "It wanted to support the project with equity. These things are part of negotiations that go on. We never asked for it. We never asked for anything."

Senator Cormann: That's a very good question. All I can say is that these statements are inconsistent with the representations that the company made to us. They are inconsistent with the basis on which the Commonwealth made the decision to provide funding support for Snowy 2.0.

Senator McALLISTER: Was Mr Cornish's letter to you the result of a request from you or the department, or advice from you or the department that an equity financing model would be the only model the Commonwealth would consider?

Senator Cormann: The short answer to that is no. The longer answer is that obviously a project of this size, and the initial business case was—$3.8 billion to $4.5 billion was the range. There was always going to be capital required; the question was how that capital would be sourced, given that the Commonwealth is 100 per cent shareholder of Snowy Hydro. An alternative method could have been a dividend holiday, but could have also effectively been a capital injection by the Commonwealth on behalf of taxpayers using a different methodology. The firm proposition put to us by the board, having considered the business case, having considered the level of investment required—which, incidentally, went from the original estimate of $2 billion to a range of $3.8 billion to $4.5 billion. Obviously, what the Commonwealth sought from the company was reassurance that all of the numbers stacked up; that the project stacked up. We wanted to have certainty around the financing arrangements. We wanted to ensure that the financing arrangements wouldn't jeopardise the company's great credit rating. Individual people might have had individual views as to what they thought should have happened, but the board, having considered all of the potential options, speaking on behalf of the company, put to the government that, in order for this project to reach final investment decision—translated: in order for this project to happen—they required, among other things, a legally binding equity subscription deed, which was required to be et cetera et cetera.

Senator McALLISTER: What has been the dividend payment, for example, this year from Snowy to government?

Senator Cormann: We can't give you the forward. We can tell you what has been paid so far. There would have been changes, of course, because, historically, we were a relatively
small shareholder of Snowy Hydro. We are now the 100 per cent shareholder, so the dividend flows in relation to Snowy Hydro are changing.

Ms Danks: In 2017-18, the Commonwealth received $34.5 million. But, as Minister Cormann said, that was based on our 13 per cent shareholding.

Senator McALLISTER: What's the projection for 2018-19?

Senator Cormann: We went through this earlier in the day. Even Senator Wong accepted the fact that we can't give you projections in terms of expected dividends, because that is commercially sensitive. Let me make the general point in the context of your question—

Senator McALLISTER: Who is it commercially sensitive to?

Senator Cormann: To all sorts of people, including a company that operates on a commercial basis. It's commercially sensitive in terms of the interests of the Commonwealth on behalf of taxpayers. The point here is—

Senator McALLISTER: You've indicated a $25 million extra surplus dividend in 2021-22 and 2022-23 in the budget papers. It's a special dividend made explicit in the budget paper.

Senator Cormann: That is a specific decision to offset a specific item of expenditure. That is obviously not commercially sensitive, because it's not linked to the financial performance of the company. That is a specific decision to pay for a specific item of expenditure.

Senator McALLISTER: I suppose what I'm getting at is that it looks to me like you decided, collectively, that what you'd prefer is to have the dividends continue to prop up the surplus and to put the equity injection as a preferred model because you were seeking to organise your accounting arrangements to protect the surplus rather than what was actually—

Senator Cormann: That is not the case.

Senator McALLISTER: That's just what it looks like.

Senator Cormann: I'll leave the commentary to you. What I would say to you is that, whatever way the capital injection is made, it remains a capital injection. The letter from the board of Snowy Hydro, signed by the chairman, I presume, as a result of a decision made by the board on behalf of the company, is absolutely explicit in order to—

Senator McALLISTER: It's just that it's so strongly conflicted by the public statements by the CEO. It's an unusual situation. You'd accept that that's why someone's asking the question?

Senator Cormann: Indeed, I will be seeking an explanation from the board as to why there is this inconsistency between what clearly happened—what, clearly, the company put to us—and some of the public statements made by one of their representatives.

Senator McALLISTER: Given the uncertainty about Mr Broad's testimony in that regard—yesterday he indicated that the anticipated cost would be somewhere between $3.8 billion and $4.5 billion. Are you aware of that cost increase?

Senator Cormann: That is the best available advice to us. It is a figure that I've also referenced when we made the public announcement that the Commonwealth would support the project proceeding on 26 February.
Senator McALLISTER: He also said that there's an additional contingency allowance of $400 million.

Senator Cormann: He would be best placed to provide that information on behalf of the company. Obviously, I'm not on the inside of the company. I'm only, as a shareholder, privy to the communications that are made directly between the board and shareholders.

Senator McALLISTER: It suggests that the total cost of the project could be pushing $4.9 billion. It's a very significant increase on the $2 billion cost that was originally proposed.

Senator Cormann: It is an increase over $2 billion, which is why we asked the many questions that we did. But we are satisfied that it has the appropriate rate of return and that this is a project that will substantially deliver in the public interest. It is a significant investment, but we are confident that the $3.8 billion to $4.5 billion range remains the best possible estimate.

Senator McALLISTER: Except that Mr Broad was really specific that the additional $400 million contingency may be required to deal with the outcomes of the EIS, which has not yet been completed. He was at great pains in his testimony yesterday to point out how complex the project was, how environmentally complex—it's being conducted in the national park, it involves complex tunnelling operations. There's a lack of clarity at this stage about what the expectation might be once the EIS is finalised in relation to the spoil. It's a complex project, and a contingency of $400 million—there's every possibility that that will be required and utilised, is there not, given the EIS is yet to be financed?

Senator Cormann: The thing is, $3.8 billion to $4.5 billion is the best available estimate that's been put to us—it was scrutinised by all of our expert advisers—but it's an estimate. As is indicated in our statement of risks, and I would refer you to Budget Paper No. 1, page 8-11, where it says under Snowy Hydro Limited—Snowy 2.0, very clearly:

Project costs will not be finalised until all planning and environmental approvals are completed. Project risks include construction delays, cost pressures, and cash flow forecasts. These pressures are being mitigated through close management of the delivery program and engagement with key stakeholders. With a project of this size, magnitude and complexity, of course you would expect that there will be issues that need to be managed. We're very confident that they will be managed, but in the end, as is always the case, we need to review actual performance against estimates.

Senator McALLISTER: I imagine that's right. Mr Broad also indicated that all of these costs are denominated in 2017 dollars and that in fact the nominal cost of the project was likely to be much higher.

Senator Cormann: Again, we can keep going around and around here—

Senator McALLISTER: We're not going round and round. This is going up and up. It's more up and up than round and round. We've gone from $2 billion to a potential $4.9 billion.

Senator Cormann: Are you saying the Labor Party is opposed to Snowy 2.0?

Senator McALLISTER: No. I'm just interested in what the actual government's position is in terms of this business case.

Senator Cormann: The actual government's position is that our best available advice indicates to us that the cost estimate is $3.8 billion to $4.5 billion, that that is the range. I believe that Snowy Hydro is well equipped and in a good position to manage the risks that are
there when it comes to the delivery of this project, but nevertheless, as is always the case with projects of this nature, there are unknowns, known unknowns and unknown unknowns, and these things have to be managed along the way. The project costs will obviously only be able to be finalised after all of the relevant planning and environmental approvals have been completed. There is a way to go. We had enough confidence in the information in front of us to press the button and say that this is a good project that should proceed on the basis that the board of Snowy Hydro put to us.

Senator McALLISTER: Completion date?

Senator Cormann: 2025.

Senator McALLISTER: That's quite a long way away. It's now six years away. It was originally counted as a four-year project.

Senator Cormann: It's a very complex project. That is the timetable that we are currently working on. It involves drilling through rocks. It involves very serious work.

Senator McALLISTER: Yes, which is really the essence of my question. The figure was originally put to the public as being $2 billion. There is now been an approval provided on a cost estimate of $3.8 billion to $4.5 billion—

Senator Cormann: Which is why we were at pains to ensure that the board provided us with all of the detailed information as part of an appropriately detailed business case with sufficiently robust underpinning assumptions and the like. That is why also we wanted the board of Snowy Hydro to sign off before we were prepared to as shareholder ministers to take a recommendation to our Expenditure Review Committee.

Senator McALLISTER: Are you confident that the project can be completed in the cost, given the complexity?

Senator Cormann: I should say that we did do our own due diligence, including getting our own independent advice reviewing all of the relevant detail in the business case and, indeed, the underpinning assumptions.

Senator McALLISTER: Can I go back to BP2—this is just a question of detail. This is where we were before Senator Paterson had his question. The third dot point indicates that there is essentially $9.8 million being allocated to the Department of the Environment and Energy and the Department of Finance over the forwards. It says: The cost of this component will be offset by special dividends from SHL in 2021-22 and 2022-23. That's a dividend of somewhat more than $50 million. Is there a reason that the dividend is so much higher than the actual costs that it's intended to offset?

Senator Cormann: There are obviously public debt interest costs involved in the equity injection which are also offset through that special dividend.

Senator McALLISTER: Completely offset?

Senator Cormann: Yes, that aspect of it is completely offset.

Senator McALLISTER: When you say 'that aspect of it'—

Senator Cormann: The bit in that third dot point and the public debt interest component over the forward estimates period are fully offset.
Senator McALLISTER: So the combined cost of the departmental expenses and the interest associated with the equity injection is—

Senator Cormann: Fully offset through the special dividend over the forward estimates period.

Senator McALLISTER: The $50.6 million?

Senator Cormann: That's right.

Senator McALLISTER: That's the total cost of those things?

Senator Cormann: Over the forward estimates period.

Senator McALLISTER: Yes, understood. Thank you. Chair, I'm very happy to keep going, but I am conscious I've had a lot of time.

CHAIR: You have, but that's okay. For the benefit of the committee, we're due to break for dinner at 6.30. Do you think you'll be able to get your questions in this area done by then?

Senator McALLISTER: I hope so.

CHAIR: Very good.

Senator McALLISTER: It's a little dependent on the responses, but yes.

Senator Cormann: I think we've been very polite and very constructive.

CHAIR: And I'm sure you'll continue to be, Minister. Senator McAllister, you have the call to achieve that goal.

Senator McALLISTER: Okay. Can I take you to Budget Paper No. 2, page 103. That just sets out the continuation of the My Health Record. Obviously, the financials around that are in the text rather than in the table, because it's already been provisioned—do I understand that correctly?

Ms Huxtable: Yes, that's right.

Senator McALLISTER: It's $200 million, all to be paid in a single financial year, 2019-20?

Mr Fredericks: That's correct.

Senator McALLISTER: This is a terminating measure?

Ms Huxtable: There's been a year of funding. There's a year of funding provided through this measure.

Senator McALLISTER: Is there any funding for the program post 2019-20?

Senator Cormann: This is additional funding.

Senator McALLISTER: That's what I'm trying to understand.

Senator Cormann: This is a decision for 2019-20. Even as required, further decisions will have to be taken in future budgets. As you can see, in the table the government had already made provision for this.

Senator McALLISTER: So that was a decision taken but not yet announced?

Senator Cormann: There was a decision taken in the 2017-18 budget which was subsequently extended. Given that there is about $200 million in 2019-20 which is reflected in the budget bottom line but does not appear in the table, you can safely deduce from that
that it was previously a decision taken but not yet announced in one of the previous budgets or budget updates.

Senator McALLISTER: I will confess that I am not deeply familiar with the progress of the My Health Record at this point in time, but are we expecting it to be completed and finished by 2019-20?

Senator Cormann: That's a question for the Health portfolio. I'm sorry. At this stage, this is based on the best available information in front of us. Even as further decisions are required, that's going to be a matter to be considered at the appropriate time.

Senator McALLISTER: So it might be finished next year?

Senator Cormann: It's really a matter for the Health portfolio. We can't—

Senator McALLISTER: Well, you must know.

Senator Cormann: Well, no. We've got the financial information in front of us here in the context of the 2019-20 budget based on what the Health portfolio has submitted to us, which was accepted by the Expenditure Review Committee. Obviously, after this further $200 million of expenditure in 2019-20, we will have to take stock to assess where we are and whether there is any further requirement. The people that are best equipped to explain to you where that project is at and when it's likely to be finalised would, in all sincerity, be the Health portfolio.

Senator McALLISTER: Can we go to page 107 of Budget Paper No. 2. I'm just trying to understand what is new in this measure. Is it correct that this is just—

Senator Cormann: Which one? There's two of them on there.

Senator McALLISTER: My apologies. I'm referring to 'Supporting our hospitals, community health and hospitals program'. Is it simply the transfer of expenses from Health to Treasury? Is that all that has changed about this measure?

Mr Fredericks: In terms of the quantum, if you just flick over the page to the bottom of the measure, we're once again in the territory where provision for this funding had already been included in the forward estimates. So, in terms of the quantum of the measure, that had already been provisioned in an earlier economic update, so in a sense this is—

Senator McALLISTER: So there's this $1.3 billion over seven years from 2018-19, and the most recent update of that was in the MYEFO?

Mr Fredericks: The reason why there is a dash in the expense line is this same discussion that we've had on other occasions: the funding had been previously provisioned.

Senator McALLISTER: I'm trying to understand why it's a measure at all and what is new about either the table or the text? Is it the case that the only change to this measure is the transfer of the expenses from Health to Treasury?

Mr Fredericks: We'll just get some advice on the treatment as between Treasury and Health. I suspect that's something to do with an NPA, but, in fairness, this is the first time this measure has been announced. So, whilst it was provisioned in a previous MYEFO, you see here in the measure itself the articulation of the purposes of the program and expenditure of it. So, in a sense, it's government fulfilling its obligation to set out in a measure, at the first available opportunity, that which was previously provisioned. Actually, my colleague has raised an important point. The paragraph at the very end on page 108 says:
This measure builds on the 2017-18 Budget measure titled *National Health Funding Body — funding requirements.*

So there had been a previous measure, but obviously, sometimes that announcement is taken further and more detail is provided at a subsequent economic update, and we transparently identify that.

**Senator McALLISTER:** That's what I'm really trying to get to the bottom of: what has actually changed? It was announced in MYEFO. There's $1.3 billion over seven years to 2018-19 in the community health and hospitals program. How much of that is to be expended in the forward estimates?

**Mr Fredericks:** If you just look at the opening sentence of the measure, the $1.3 billion has been provided over seven years from 2018-19, so the measure itself is a seven-year measure—

**Senator McALLISTER:** Starting this year?

**Mr Fredericks:** I don't have the detail as to how much of that is provisioned over the forward estimates.

**Senator McALLISTER:** Can we get that?

**Ms Huxtable:** We could take it on notice.

**Mr Fredericks:** I think I might have to take that on notice.

**Senator McALLISTER:** It's a fairly significant element of the government's budget discussion, Minister. Can you just tell us how much of this actually gets spent? You may not have been listening. My exchange—

**Senator Cormann:** I was listening. What is your question? How much of it is going to be spent? That is reported.

**Senator McALLISTER:** It's not. There is a figure of $1.3 billion over seven years from 2018-19. I'm trying to understand, in the current year and in each year of the forwards—

**Senator Cormann:** We will provide that on notice.

**Senator McALLISTER:** You don't want to tell us? You don't want to tell the public?

**Senator Cormann:** The information that is relevant is published in the budget papers, but, to the extent that there is further underpinning information, we'll get that for you.

**Senator McALLISTER:** Ms Huxtable, what's been the growth of payments over the term of this government to 2018-19?

**Ms Huxtable:** I'll just see the way in which we have that. I've got all this data in here somewhere. The average annual real growth in payments between 2013-14 and 2022-23 is 1.9 per cent, so I have that.

**Senator McALLISTER:** So 2013-14 to 2022-23?

**Ms Huxtable:** Yes. I have some different iterations of this. I have that figure, and I also have a figure from 2019-20 to 2022-23, which is the current budget projection, which is average annual real growth in payments of 1.3 per cent.

**Senator McALLISTER:** So 1.3 over the period covered by the current budget, and 1.9, was it, for 2013-14?
Ms Huxtable: Yes, since 2013-14.

Senator McALLISTER: What's the historical average payments growth level?

Ms Huxtable: I think payments growth is all set out in one of these tables in the back of the budget papers. We'll just get it. It's table 1 on page 10-5. If you look at page 10-5 there's 'payments real growth', which sets out the year-on-year growth. In terms of then calculating that growth over different time periods, we'd probably have to take that on notice, depending on the particular time period that you were after.

Senator McALLISTER: Okay. What assumptions have been used for payments growth over the medium term in the budget?

Ms Huxtable: The medium term is the Treasury—so we're responsible for payments and the payments reporting up to the end of the forward estimates period, but the medium term is for the Treasury in the Department of the Treasury.

Senator McALLISTER: Right. So if we ask Treasury tomorrow, they will be able to tell us?

Ms Huxtable: Hopefully they're watching now and they'll be ready.

Senator McALLISTER: I asked the Future Fund this morning about whether net debt and the impact of Future Fund investment arrangements on net debt was a factor in their investment decision-making and they said no. I just wanted to ask about the paper released by the PBO into net debt and investment funds. They released it; it was their first report for 2019.

Dr Helgeby: Sorry, Senator; I'm just organising my stuff.

Ms Huxtable: Did you ask a question? If you wanted to ask a question about a PBO report—

Senator McALLISTER: I do, and Dr Helgeby says he's just organising his stuff.

Ms Huxtable: We'll all wait for that.

Senator McALLISTER: I'm happy to wait for that. I'm just interested in the department's response to the analysis undertaken by the PBO. The key idea in the report is that there's a widening gap between gross debt and net debt, and that it is largely due to a growth in government investment funds, especially the Future Fund. They make the point that estimates of net debt are increasingly sensitive to both the investment strategies and the particular investment structures adopted by these funds. I guess the broader argument around budget transparency is whether, notwithstanding that it's in compliance with the prescribed accounting treatment—

Senator Cormann: It is in compliance with accounting treatment—

Senator McALLISTER: Correct.

Senator Cormann: so it is an honest presentation of the relevant financial information, which is very important.

Senator McALLISTER: I'm not asserting dishonesty, Minister. The PBO sought to initiate quite an interesting conversation about the adequacy of the transparency arrangements for presentations around net debt, and I'm just wondering whether the Department of Finance has looked at it and has a response to it.
Dr Helgeby: We certainly have looked at it. My response is perhaps that I wouldn't want that to be taken in a formal sense, but perhaps we can make some observations about it. It is a think piece and, in essence, it is posing two questions. One is whether, in the longer run, for analytical purposes, it might be better to take a broader perspective and to focus on the balance sheet measure, which is a total measure, which is net financial worth. They also talk about this phenomenon, which you describe, which is that, over time, the net debt calculation has become much more subject to things which are not in the control of the government, and you touched on this this morning. Ever since the creation of the Future Fund, the net debt calculation has been affected by decisions taken by the Future Fund, with no heed of and no interest in its impact on net debt. For example, when the Future Fund was being established, it had a lot of cash. That cash, obviously, went into the net debt calculation. As the Future Fund became more mature, it put money into equity. In doing that, it swapped its investments from something which helped reduce—

Senator McALLISTER: It offset net debt.

Dr Helgeby: It offset net debt—to something which actually—

Senator Cormann: It offset gross debt.

Senator McALLISTER: Sorry, gross debt.

Dr Helgeby: Yes—to the net debt position. Yes, that's right. So, in one sense, decisions made by the Future Fund do impact on that.

Senator McALLISTER: I think the other point, though, that you're making—

Senator Cormann: Sorry, can you let him finish?

Senator McALLISTER: Sure.

Dr Helgeby: The other observation I was going to make is that, in many ways, what the PBO is doing is saying, 'Yes, we've got this definition of net debt which we've had forever and which every jurisdiction uses,' which is specified in what is called the Uniform Presentation Framework. But, in effect, they're saying, 'What if we had another definition of net debt as well?' So it's a think piece. It isn't a commentary, really, around existing practice. It just says: maybe the statisticians should go and have a think about whether or not we have another definition of net debt as well.

Senator Cormann: For the purposes of the government, we've got to comply with all of the relevant accounting standards, and the government's treatment of collective investment vehicles in its calculation of net debt is consistent, as Dr Helgeby says, with that of all the other state and territory governments' accounting treatment and, indeed, with that of previous federal governments of both political persuasions. It's an approach which is independently audited by the Auditor-General and routinely found to be consistent with relevant accounting standards. As you would be aware, having inherited a deteriorating net debt position, we now have been able to turn that situation around in the 2019-20 budget, with a return to surplus.

Senator McALLISTER: It's a projected return to surplus. You haven't actually returned to surplus.

Senator Cormann: Indeed, we now are projecting a reduction of net debt to zero per cent. We're projecting a reduction of government net debt to zero per cent and a slight net positive position of $1.2 billion by 2029-30.
Senator McALLISTER: You are very touchy about this. I really just want to talk about this think piece. I'm just wanting to talk about that.

Senator Cormann: I just thought I needed to make that point. Having inherited a trajectory where government net debt was going up, we are already in a position where government net debt as a share of GDP is coming down and is projected to reduce all the way down to zero per cent by the end of the decade.

Senator McALLISTER: Just going back to the actual content of the think piece, one of the observations they make is that the collective investment vehicles are all essentially treated as assets which may be offset against the gross debt, but they make the point that, if you look through it, about 50 per cent of it is actually equity.

Dr Helgeby: This is where it's really important to get to the overriding point they make. They're not calling into question the accounting treatment.

Senator McALLISTER: No, they are not.

Dr Helgeby: It is the accounting treatment that drives this. So, in assessing a collective investment vehicle, which is, as they describe it, just the name for a type of pooled investment fund, and they have many different structures for that, the first question that is asked from accounting perspective is: is it a debt-like instrument? If the answer is that it is a debt-like instrument, it is treated in a particular way. That is the accounting answer.

Senator McALLISTER: Sure, but that's not the question that's being addressed in the paper. The question is about whether such accounting treatment really responds to the actual analytical requirements of the budget process.

Dr Helgeby: I think they actually make a very clear distinction between saying that they're not raising any concern about the accounting treatment—

Senator McALLISTER: They do? They're asking a question about whether it's sufficiently transparent for the purposes of government budgeting.

Dr Helgeby: Yes. They're saying, 'Analytically, maybe, if we did it differently.' If you do numbers differently, you get different numbers.

Senator McALLISTER: Quite a lot of difference. Pretty big differences.

Dr Helgeby: But, if you do numbers the same way, you get the same answer; if you do numbers differently, you get a different answer.

Senator McALLISTER: Is the ABS doing any work on this, as far as you're aware?

Dr Helgeby: That I don't know.

Senator McALLISTER: Have you had any engagement with the IMF on these same questions? Are they looking at it?

Dr Helgeby: That I don't know. It wouldn't be us who engaged with the IMF.

Senator Cormann: That's the Treasury.

Senator McALLISTER: You never engage with the IMF?

Dr Helgeby: No. If I can just explain, the IMF is very important in this world, because out of their approach comes a thing called GFS, which is government finance statistics. Government finance statistics are administered through the ABS in Australia, and the ABS-GFS, if you like, is harmonised with accounting standards for the purposes of the production
of the financial statements. That's harmonised by the Accounting Standards Board. There's a concept, which has been around since about 2006 or 2007, of harmonisation of statistical concepts and accounting concepts. What we apply and what the government has applied since 2006 or 2007 is what we call the harmonised treatment or the harmonised statement. That is harmonisation that brings into account the IMF perspective and the accounting perspective that comes through international financial reporting standards.

**Senator McALLISTER:** Could I follow up on a couple of questions I asked last time. You took them on notice. There is a variation in expenses for the 2018-19 year of $3.65 billion. I asked you, Minister, what proportion of that arises from underspending in the NDIS.

**Senator Cormann:** Could you repeat that?

**Senator McALLISTER:** Sorry, I'll lean into the microphone. The last time we were here, we discussed the fact that there's a $3.65 billion variation in expenses for the 2018-19 financial year. I asked you what proportion of that arises from an underspend in the NDIS.

**Senator Cormann:** That is the question that you asked last week—

**Senator McALLISTER:** Correct.

**Senator Cormann:** I can tell you that the number is $876 million.

**Senator McALLISTER:** Thank you. The second question I asked, which you took on notice, was if we could go through the decisions taken but not yet announced that we're inputting in MYEFO and have now been announced.

**Mr Fredericks:** We can table an answer to that; we'll provide it to you—

**Senator Cormann:** We've got it here.

**Mr Fredericks:** in the same form as we do when you asked this as a question on notice. Could I just point out one thing in terms of the context for what you are getting, which is: normally, when you ask this question on notice, essentially, it's the first opportunity after an economic update. You're saying in the last three months what DTBNYA have been announced. We are in bit of a unique situation here where you are asking the question now after a budget about the previous economic update. In reality what you're getting is a list of all of the DTBNYA from previous economic updates that have effectively been announced in the budget just gone.

**Senator Cormann:** A decision taken but not yet announced in MYEFO but since has been published in the budget anyway gives you the reconciled list of what was previously already. The truth is: these measures here—

**Senator McALLISTER:** Or ought be in the budget.

**Senator Cormann:** are in Budget Paper No. 2 without numbers in the tables.

**Mr Fredericks:** Correct.

**Senator McALLISTER:** Thank you. That is precisely what I'm looking for. I think that is it for me on outcome 1. I have a couple of questions around—

**CHAIR:** I think you mean outcome 2 but—

**Senator McALLISTER:** No, I'm not into outcome 2 yet.

**CHAIR:** I thought we were doing outcome 2
Senator McALLISTER: We did get into Snowy Hydro, but you know—I've only got a small number of questions.

Senator Cormann: It's all good.

CHAIR: Okay. We'll continue with outcome 2 then. Senator McAllister.

Senator Cormann: So outcome 1 can go?

CHAIR: Yes.

Senator McALLISTER: Minister, on 29 March you published four media announcements announcing appointments to five government boards. Why did all these appointments happen on the same day?

Senator Cormann: Because they were the result of decisions that we made at a preceding cabinet meeting.

Senator McALLISTER: Was there a directive—

Senator Cormann: No.

Senator McALLISTER: or a decision to get them out of the door before the election was called?

Senator Cormann: No. We went through this of course in the Prime Minister's portfolio yesterday. There were a number of vacancies in a number of government business enterprises and relevant bodies, some of which were my direct responsibility like the ISCP Pty Ltd, and others where I have responsibility together with other shareholder ministers, such as Snowy Hydro, Australia Post, and Moorebank Intermodal. The announcements are a reflection of the decisions by government. Incidentally, one was a reappointment: Mr Lucio Di Bartolomeo who had previously been appointed as a member of the Moorebank Intermodal Company.

Senator McALLISTER: Can I ask you whether any of these appointments have links as donors or members to the Liberal and National Parties?

Senator Cormann: Not that I'm aware.

Senator McALLISTER: None of them?

Senator Cormann: One of them—let me have a look at the list here. To be honest, it's not a consideration, as it shouldn't be, but obviously Scott Mitchell is a former federal director of the National Party—I think, that is well-known and is, obviously, transparently understood. Since you asked me questions about Mario D'Orazio last week, I've had reason to talk to him and he's confirmed to me that he's not a member of the Liberal Party and that he's not a donor to the Liberal Party but that he has attended functions for both the Labor Party and the Liberal Party in the past in a professional capacity. I mean most of these people I don't actually personally know, to be honest.

Senator McALLISTER: Was the opposition consulted on any of these appointments?

Senator Cormann: No. As I indicated yesterday, and last week, we continue to be the government of the day. We're not in caretaker mode, and we continue to perform the functions and responsibilities of the elected government of the day.

Senator McALLISTER: When you're appointing people to boards, what consideration is given to achieving gender balance in government appointments?
Senator Cormann: That is obviously a very important consideration, and, generally, across the relevant Finance portfolio boards we've got a pretty good track record.

Senator McALLISTER: What's the proportion of women on boards in the portfolio?

Senator Cormann: We'll find that for you. We might have to take that on notice. But we do report that on a semi-regular basis through the government process.

Senator McALLISTER: Do you have a policy?

Senator Cormann: The government has a policy of seeking to achieve 50 per cent representation.

Senator McALLISTER: By any particular date?

Ms Huxtable: We're not the owners of the policy in that regard; I think that's the Prime Minister's department. But my understanding is that it's 40 per cent women and 40 per cent men, and 20 per cent either, effectively.

Senator McALLISTER: By a particular time?

Senator Cormann: This is a matter for the Prime Minister's portfolio—

Senator McALLISTER: Well, you must know; you're administering it in your own department.

Senator Cormann: Indeed, and obviously that is something we want to achieve now, and we've made significant progress since we came into government.

Senator McALLISTER: On what basis do you say you've made progress in your department?

Senator Cormann: Because we report—

Senator McALLISTER: Do you have any figures?

Senator Cormann: We've taken the updated numbers on notice. But, over time, I've provided reports through the cabinet process in terms of where we're at, and across the government it's certainly fair to say that we've made significant progress, and in the Finance portfolio we generally perform proportionately quite well.

Senator McALLISTER: 'Quite well'? You must know.

Senator Cormann: We're providing that on notice. We've got a whole series of boards, some of them jointly with others, ranging from the Future Fund to Snowy Hydro to Australia Post, you name it. So we'll provide that to you on notice.

Senator McALLISTER: I am troubled by the fact that you don't know when the target is to be achieved, given you've just made this series of appointments.

Senator Cormann: I'm working on the basis that the target is to be achieved at all times now. It's a target for us at all times, and we've always got to strive to reach it.

Senator McALLISTER: The striving is very welcome, but what about actually reaching it? Is there a point in time where you think you will reach it? You've just made a whole series of appointments. You've made—

Senator Cormann: Yes, I thought I had it right. The Australian government has committed to a gender diversity target of women holding 50 per cent of government board positions overall, and women and men each holding at least 40 per cent of positions at the
individual board level, a target that took effect from 1 July 2016. So, in appointing new GB board members, the government considers a broad range of diversity factors, including gender and geographic diversity, as well as the appropriate skills and experience mix required of the board. And I've taken on notice how the Finance portfolio is tracking in relation to these targets, which are in place as of now.

Senator McALLISTER: But a target without an end date isn't really a target; it's just an idea.

Senator Cormann: No, it's not just an idea. We are expected to meet that target now, as fast as we can if we're not there yet. And, as I've indicated to you, we'll be providing an update on notice in terms of where we're at.

Senator McALLISTER: Okay. Minister, I wanted to ask you about the solar thermal power plant at Port Augusta. There are media reports from Friday that the project will not go ahead. You've obviously been the owner of the arrangements with—

Senator Cormann: No, I haven't been the owner; that's not quite right.

Senator McALLISTER: Well, you've been the owner of the arrangements in the Senate with former Senator Xenophon and the Nick Xenophon Team. You said:

… in the lead-up to the last election, the coalition made a commitment to deliver a solar thermal plant in Port Augusta.

When did you first become aware, finally, that it had decided not to proceed or that it wasn't able to proceed on those terms?

Senator Cormann: I'll have to take that on notice. The last meeting would have been some time ago.

Senator McALLISTER: Last year?

Senator Cormann: Yes, definitely last year, not this year.

Senator McALLISTER: At that time, was it clear that they were struggling to obtain finance?
Senator Cormann: No. At that time, it was more a question of seeking clarifications on how the equity or concessional loan contribution from the Commonwealth would be structured and on what terms it would be available.

Senator McALLISTER: Does the $110 million commitment still stand? What's the status of it?

Senator Cormann: The short answer is yes, but you've got to have a project for to it be deployed and, unless there is a project, obviously it is not going to be deployed. That stands to reason.

Senator McALLISTER: This project wasn't on Minister Taylor's short list?

Senator Cormann: What do you mean?

Senator McALLISTER: Minister Taylor's got a short list of 12 projects, as part of some other process that is going on in the energy system.

Senator Cormann: You'd have to ask him that question. This is a commitment that we have made some time ago. We were absolutely up for it, but the company, which was selected by the state Labor government in South Australia some time ago, made a decision not to proceed and there's really nothing else that I can add to that.

Senator McALLISTER: Regarding the $110 million commitment, which you say is still on the table—

Senator Cormann: Well, it was an equity contribution. That's an important clarification.

Senator McALLISTER: Understood. What are you doing now to ensure that the promise to Port Augusta for a solar thermal project can be advanced?

Senator Cormann: Obviously, this is now, in the first instance, a matter for the new state government in South Australia. We were not the lead proponents here. We were a source of funding support for a project that wasn't initiated by us. It was very much something that was pursued at a state level, where the Commonwealth was prepared to help make it financially viable through an equity contribution or concessional loan arrangement, but there's got to be a state sponsored project available in order for that project to proceed.

Senator McALLISTER: So you're not taking any active steps?

Senator Cormann: Not in relation to this project, no.

CHAIR: Senator McAllister, are you seeking any extended time?

Senator McALLISTER: I don't think I have so much more to do that we would require officers back after dinner. I don't know what other senators want to do.

CHAIR: I think you're it.

Senator Cormann: You are literally it in the whole building.

Senator McALLISTER: Is that true?

Senator Cormann: That is true. You have been it for a while!

Senator McALLISTER: I don't know whether to be proud or embarrassed!

You have a new transparency portal: transparency.gov.au.

Senator Cormann: Indeed we do, and it is a very prized project—

Senator McALLISTER: What was its cost?
Senator Cormann: If I can put some context around this—

Senator McALLISTER: Just tell me the answer!

Senator Cormann: Very briefly. Ms Huxtable has provided very strong leadership to this. A couple of years ago we allocated to the Modernisation Fund $500 million out of a $1.9 billion additional efficiency dividend. The Modernisation Fund is designed to help build even better capability and indeed improve productivity, efficiency and so on across the public sector. One of the projects through that fund was the transparency portal. With those few remarks I will hand over to the secretary.

Ms Huxtable: We have developed the portal ourselves from within our own resources.

Senator McALLISTER: So, no additional resources. Did it have a budget though?

Ms Huxtable: The officers may help me with that. I expect it was a modest amount, however.

Dr Helgeby: It would have had a very modest budget.

Ms Huxtable: We might have to take that on notice. We don't actually have that figure. It's so modest it's not in the brief.

Senator McALLISTER: Will it outline how much the department spends on contractors and consultants?

Ms Huxtable: The transparency portal has several purposes. One is that it will provide one place where entities will lodge or post their annual report portfolio budget statement and corporate plan, digitally. In the last reporting year there were 15 portfolios of 15 departments who participated in a pilot of using a digital annual reporting tool for the annual report. The benefit of being able to post those documents digitally is that it then enables comparisons and contrasting across data sets across the documents. Where you have a performance reporting framework that crosses the annual report, the corporate plan, you will be able to see progress and you can do a compare and contrast on that. You can also compare agencies. So, you can look at demographic make-up or really whatever you wish to do in that regard. That's really its primary purpose at this point. We see it as a mechanism that can grow over time and enable the digital lodgement of information about government and can really support that capacity to interrogate data over time. Regarding the digital annual report, I would add that all entities will be moving to prepare their annual reports using the digital tool and lodging those on transparency.gov.au from the 2018-19 reporting year.

Senator McALLISTER: It will allow digitisation of annual reports, corporate plans and portfolio budget statements, but it won't provide additional information that's presently hidden, such as contractors and consultants?

Ms Huxtable: But it will provide the information that's currently available in those places and it will enable that information to be extracted, interrogated, analysed and compared—

Senator Cormann: And, of course, there hasn't been any material variation to the cost of contractors and consultants. There hasn't been any material variation to the cost of consultants as a part of overall contractors. Indeed, the cost of government administration, including the cost of the public service and the cost of contractors as a proportion of overall government expenditure continues to trend down, which is one of the significant achievements of our period in government so far.
Senator McALLISTER: I think if that's true you should just put that on the website then.

Senator Cormann: We report it in aggregate. It is absolutely accurate information.

Senator McCARTHY: I think we'd like to know what's happening with contractors and consultants.

Senator Cormann: Our budget papers are put together consistently with the Charter of Budget Honesty, and the information that is published in the budget paper is the best available information.

Senator McCARTHY: I think we're just going to have to agree to disagree because I think—

Senator Cormann: That's like agreeing to disagree that one plus one is two. It's just a fact. You might call it a convention, but I would say it's a mathematical reality that one plus one is two.

Senator McCARTHY: I think it's a certain reality that people want to see what is going on with contractors and consultants and the costs relative to actual public sector employment, and I don't understand why you've been so stubborn about providing it.

Senator Cormann: I'm not being stubborn about it at all. We are reporting—

Senator McCARTHY: You have been extremely stubborn over a long period of time.

Senator Cormann: I refer you to Budget Paper No. 4. It shows you in black and white that the cost of government administration as a proportion of overall government expenditure continues to fall, and the cost of government administration includes the cost of the Public Service as well as the cost of contractors as well as, incidentally, the cost of government advertising.

Senator McCARTHY: Right. It would be good to know, though, what proportion of that was spent on contractors and consultants.

Senator Cormann: We do report on these things. Consultants are reported. It's all reported.

Ms Huxtable: The consultant data is in the entity's annual reports that will appear on transparency.gov.au as part of the annual reporting tool.

Senator McCARTHY: Ms Huxtable, you're so enthusiastic about this project.

Ms Huxtable: I am; I love it. I love it all.

Senator McCARTHY: All right. They are all my questions.

CHAIR: I think we all share enthusiasm for such a great project. On that note, the committee will now adjourn until Friday, when we'll resume examination of the Prime Minister and Cabinet portfolio for the cross-portfolio Indigenous matters. I thank all officers and ministers who gave attendance here today and, of course, Hansard, broadcasting and the secretariat. The committee is now adjourned.

Committee adjourned at 18:31